

TOWN OF WESTFORD, MASSACHUSETTS
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

TOWN OF WESTFORD, MASSACHUSETTS

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INDEPENDENT AUDITORS' REPORT

To the Select Board
Town of Westford, Massachusetts

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, the budgetary comparison for the General Fund and the major special revenue fund, and certain pension and OPEB schedules be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 20, 2024 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

Marcum LLP

Andover, MA
March 20, 2024

TOWN OF WESTFORD, MASSACHUSETTS

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2023

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

Overview of the Financial Statements

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

Government-Wide Financial Statements

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

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

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

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

Fund Financial Statements

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

TOWN OF WESTFORD, MASSACHUSETTS

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2023

Governmental Funds

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

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

Proprietary Funds

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

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

Internal service funds are an accounting device used to accumulate and allocate costs internally among various functions. Specifically, internal service funds are used to account for self-insured employee health programs. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Fiduciary Funds

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

TOWN OF WESTFORD, MASSACHUSETTS

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2023

Notes to Financial Statements

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

Required Supplementary Information

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

Financial Highlights

- As of the close of the current fiscal year, net position in governmental activities was \$81,226,592, a change of \$(9,704,692), and net position in business-type activities was \$44,876,633, a change of \$1,321,505.
- As of the close of the current fiscal year, governmental funds reported combined ending fund balances of \$40,916,205, a change of \$1,369,726 in comparison to the prior year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$12,612,935 a change of \$(406,998) in comparison to the prior year.

TOWN OF WESTFORD, MASSACHUSETTS

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2023

Government-Wide Financial Analysis

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

	NET POSITION (in Thousands)					
	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Assets						
Current and other assets	\$ 58,849	\$ 54,263	\$ 14,806	\$ 12,968	\$ 73,655	\$ 67,231
Capital assets	<u>212,801</u>	<u>217,409</u>	<u>46,129</u>	<u>45,469</u>	<u>258,930</u>	<u>262,878</u>
Total Assets	271,650	271,672	60,935	58,437	332,585	330,109
Deferred Outflows of Resources	35,583	31,402	616	546	36,199	31,948
Liabilities						
Other liabilities	16,096	11,308	6,944	4,551	23,040	15,859
Long-term liabilities	<u>202,222</u>	<u>183,340</u>	<u>9,597</u>	<u>10,574</u>	<u>211,819</u>	<u>193,914</u>
Total Liabilities	218,318	194,648	16,541	15,125	234,859	209,773
Deferred Inflows of Resources	7,688	17,495	133	303	7,821	17,798
Net Position						
Net investment in capital assets	180,958	184,039	35,991	35,710	216,949	219,749
Restricted	25,014	22,221	--	--	25,014	22,221
Unrestricted	<u>(124,745)</u>	<u>(115,329)</u>	<u>8,886</u>	<u>7,845</u>	<u>(115,859)</u>	<u>(107,484)</u>
Total Net Position	<u>\$ 81,227</u>	<u>\$ 90,931</u>	<u>\$ 44,877</u>	<u>\$ 43,555</u>	<u>\$ 126,104</u>	<u>\$ 134,486</u>

As noted earlier, net position may serve over time as a useful indicator of the Town's financial position. At the close of the most recent fiscal year, total net position was \$126,103,225, a change of \$(8,383,187) in comparison to the prior year.

The largest portion of net position \$216,948,335 reflects our investment in capital assets (e.g., land, construction in progress, buildings and improvements, machinery, equipment, and furnishings, and infrastructure), less any related debt used to acquire those assets that is still outstanding. These capital assets are used to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

TOWN OF WESTFORD, MASSACHUSETTS

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2023

An additional portion of net position, \$25,014,440, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position reflects a deficit of \$(115,859,550), primarily resulting from unfunded pension and OPEB liabilities.

	CHANGE IN NET POSITION					
	(in Thousands)					
	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues						
Program revenues						
Charges for services	\$ 5,961	\$ 6,202	\$ 7,280	\$ 7,374	\$ 13,241	\$ 13,576
Operating grants and contributions	43,447	38,380	624	--	44,071	38,380
Capital grants and contributions	10	16	279	295	289	311
General revenues						
Property taxes	92,510	89,678	--	--	92,510	89,678
Excises	5,193	4,885	--	--	5,193	4,885
Penalties, interest, and other taxes	445	447	--	1	445	448
Grants and contributions not restricted to specific programs	2,514	2,804	--	--	2,514	2,804
Investment income (loss)	1,390	(78)	133	7	1,523	(71)
Other	913	1,649	113	109	1,026	1,758
Total Revenues	152,383	143,983	8,429	7,786	160,812	151,769
Expenses						
General government	13,981	10,488	--	--	13,981	10,488
Public safety	32,796	26,460	--	--	32,796	26,460
Education	88,752	85,455	--	--	88,752	85,455
Public works	14,780	14,204	--	--	14,780	14,204
Health and human services	3,679	2,982	--	--	3,679	2,982
Culture and recreation	5,097	4,416	--	--	5,097	4,416
Interest on long-term debt	1,119	1,752	--	--	1,119	1,752
Intergovernmental	562	589	--	--	562	589
Miscellaneous	30	99	--	--	30	99
Water services	--	--	4,777	5,151	4,777	5,151
Stormwater services	--	--	950	858	950	858
Ambulance and recreation services	--	--	2,671	2,657	2,671	2,657
Total Expenses	160,796	146,445	8,398	8,666	169,194	155,111
Change in Net Position						
Before Transfers	(8,413)	(2,462)	31	(880)	(8,382)	(3,342)
Transfers in (Out)	(1,291)	(1,215)	1,291	1,215	--	--
Change in Net Position	(9,704)	(3,677)	1,322	335	(8,382)	(3,342)
Net Position - Beginning of Year	90,931	94,608	43,555	43,220	134,486	137,828
Net Position - End of Year	\$ 81,227	\$ 90,931	\$ 44,877	\$ 43,555	\$ 126,104	\$ 134,486

TOWN OF WESTFORD, MASSACHUSETTS

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2023

Governmental Activities

Governmental activities for the year resulted in a change in net position of \$(9,704,692). Key elements of this change are as follows:

Increase in pension expense from GASB 68	\$ (1,501,680)
Increase in OPEB expense from GASB 75	(8,892,116)
Other	<u>689,104</u>
	<u>\$ (9,704,692)</u>

Business-Type Activities

Business-type activities for the year resulted in a change in net position of \$1,321,505. Key elements of this change are as follows:

Water Fund operations	\$ (230,752)
Stormwater Fund operations	814,837
Nonmajor enterprise funds (Primarily related to recreation operations)	<u>737,420</u>
	<u>\$ 1,321,505</u>

Financial Analysis of the Town's Funds

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

Governmental Funds

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

As of the end of the current fiscal year, governmental funds reported combined ending fund balances of \$40,916,205, a change of \$1,369,726 in comparison to the prior year. Key elements of this change are as follows:

General Fund results	\$ (325,462)
Community Preservation Act Fund results	(413,399)
Federal Grants Fund results	671,135
Town Capital Fund results	(2,148,703)
Nonmajor Governmental Funds results	<u>3,586,155</u>
	<u>\$ 1,369,726</u>

TOWN OF WESTFORD, MASSACHUSETTS

MANAGEMENT’S DISCUSSION AND ANALYSIS

JUNE 30, 2023

General Fund

The General Fund is the chief operating fund. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$12,612,935, while total fund balance was \$18,785,534. Unassigned fund balance decreased by \$(406,998), primarily from favorable budgetary results of \$4,247,487, less “Free Cash” of \$4,204,765 used to supplement the fiscal year 2023 budget and less \$100,625 used for the fiscal year 2024 capital budget. As a measure of the General Fund’s liquidity, it may be useful to compare both unassigned fund balance and total fund balance to General Fund expenditures. Refer to the table below.

General Fund	6/30/23	6/30/22	Change	% of General Fund Expenditures**
Unassigned fund balance*	\$ 12,612,935	\$ 13,019,933	\$ (406,998)	10.6%
Total fund balance	\$ 18,785,534	\$ 19,110,996	\$ (325,462)	15.9%

*These figures include the general stabilization fund.

**Expenditure amounts used to calculate the above percentages have been adjusted to exclude the on-behalf payment from the Commonwealth of Massachusetts to the Massachusetts Teachers Retirement System of \$11,023,342.

The total fund balance of the General Fund changed by \$(325,462) during the current fiscal year. Key factors in this change are as follows:

Revenues in excess of budget	\$ 1,995,681
Expenditures less than budget	2,376,701
Use of free cash	(4,304,765)
Other	<u>(393,079)</u>
	<u>\$ (325,462)</u>

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

	6/30/23	6/30/22	Change
General stabilization (unassigned)	\$ 5,627,249	\$ 5,387,262	\$ 239,987
Capital stabilization (committed)	521,978	499,717	22,261
Fire training tower capital stabilization (committed)	<u>79,414</u>	<u>76,027</u>	<u>3,387</u>
	<u>\$ 6,228,641</u>	<u>\$ 5,963,006</u>	<u>\$ 265,635</u>

TOWN OF WESTFORD, MASSACHUSETTS

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2023

Community Preservation Act Fund - Major Governmental Fund

The fund balance of the Community Preservation Act Fund changed by \$(413,399), primarily from the transfer of \$190,000 to the Conservation Trust Fund and \$312,000 to the Affordable Housing Trust Fund.

Federal Grants Fund - Major Governmental Fund

The fund balance of the Federal Grants Fund changed by \$671,135, primarily from timing differences between the receipt and disbursement of federal grants.

Town Capital Fund - Major Governmental Fund

The fund balance of the Town Capital Fund changed by \$(2,148,703), primarily from timing differences between expenditures on various Town capital projects and the permanent financing of those projects.

Nonmajor Governmental Funds

The fund balance of nonmajor governmental funds changed by \$3,586,155, primarily from timing differences between the receipt and disbursement of grants.

Proprietary Funds

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

Unrestricted net position of the enterprise funds at the end of the year amounted to \$8,885,794, a change of \$1,040,376 in comparison to the prior year.

Unrestricted net position of the internal service fund at the year end of the year amounted to \$(351,404).

Other factors concerning the finances of proprietary funds have already been addressed in the entity-wide discussion of business-type activities.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget resulted in an overall change in appropriations of \$4,287,723, primarily funded with use of free cash. The change between the original budget and final budget is primarily due to \$2,768,859 for capital appropriations. The actual results of both revenues and expenditures exceeded the budget.

TOWN OF WESTFORD, MASSACHUSETTS

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2023

Capital Assets and Debt Administration

Capital Assets

Total investment in capital assets for governmental and business-type activities at year-end amounted to \$258,929,534 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings and improvements, machinery, equipment, and furnishings, and infrastructure.

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

- \$827,032 for various buildings and building improvements.
- \$2,188,251 for various machinery and equipment.
- \$4,463,531 of construction in progress for various projects.
- \$(10,880,951) of depreciation expense.

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

Long-Term Debt

At the end of the current fiscal year, bonds and loans payable outstanding including unamortized premiums totaled \$37,350,773, all of which was backed by the full faith and credit of the Town.

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

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

Requests for Information

This financial report is designed to provide a general overview of the Town of Westford's finances for all those with an interest in the Town's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Town of Westford, Massachusetts
55 Main Street
Westford, Massachusetts 01886

TOWN OF WESTFORD, MASSACHUSETTS

STATEMENT OF NET POSITION

JUNE 30, 2023

	Governmental Activities	Business-Type Activities	Total
Assets			
Current Assets:			
Cash and short-term investments	\$ 34,219,237	\$ 12,617,621	\$ 46,836,858
Investments	21,725,368	--	21,725,368
Receivables:			
Property taxes	1,334,554	--	1,334,554
Excises	489,024	--	489,024
User fees	--	1,668,404	1,668,404
Departmental and other	385,502	39,494	424,996
Total Current Assets	58,153,685	14,325,519	72,479,204
Noncurrent Assets:			
Receivables:			
Property taxes	592,601	--	592,601
Departmental and other	--	480,622	480,622
Other noncurrent assets	103,285	--	103,285
Capital assets:			
Nondepreciable capital assets	41,807,793	6,853,902	48,661,695
Other capital assets, net of accumulated depreciation	170,992,756	39,275,083	210,267,839
Total Noncurrent Assets	213,496,435	46,609,607	260,106,042
Total Assets	271,650,120	60,935,126	332,585,246
Deferred Outflows of Resources			
Related to pension	12,775,116	221,462	12,996,578
Related to OPEB	22,807,652	394,435	23,202,087
Total Deferred Outflows of Resources	35,582,768	615,897	36,198,665

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

TOWN OF WESTFORD, MASSACHUSETTS

STATEMENT OF NET POSITION (CONTINUED)

JUNE 30, 2023

	Governmental Activities	Business-Type Activities	Total
Liabilities			
Current Liabilities:			
Accounts payable	4,033,015	327,053	4,360,068
Accrued liabilities	2,835,630	125,928	2,961,558
Unearned revenue	3,984,695	--	3,984,695
Tax refunds payable	550,422	--	550,422
Notes payable	4,158,100	6,490,800	10,648,900
Other current liabilities	533,783	--	533,783
Current portion of long-term liabilities:			
Bonds and loans payable	2,835,488	592,278	3,427,766
Compensated absences liability	101,936	11,098	113,034
Total Current Liabilities	<u>19,033,069</u>	<u>7,547,157</u>	<u>26,580,226</u>
Noncurrent Liabilities:			
Bonds and loans payable, net of current portion	27,100,030	6,822,977	33,923,007
Compensated absences liability, net of current portion	1,936,788	210,858	2,147,646
Net pension liability	64,051,465	1,110,359	65,161,824
Net OPEB liability	106,196,647	849,969	107,046,616
Total Noncurrent Liabilities	<u>199,284,930</u>	<u>8,994,163</u>	<u>208,279,093</u>
Total Liabilities	<u>218,317,999</u>	<u>16,541,320</u>	<u>234,859,319</u>
Deferred Inflows of Resources			
Related to pension	2,615,329	45,338	2,660,667
Related to OPEB	5,072,968	87,732	5,160,700
Total Deferred Inflows of Resources	<u>7,688,297</u>	<u>133,070</u>	<u>7,821,367</u>
Net Position			
Net investment in capital assets	180,957,496	35,990,839	216,948,335
Restricted for:			
Grants and other statutory restrictions:			
Community Preservation Funds	9,691,378	--	9,691,378
Circuit Breaker	2,427,520	--	2,427,520
School Choice	1,684,988	--	1,684,988
Library Construction Grant	1,584,919	--	1,584,919
Revolving Funds	3,319,241	--	3,319,241
Other	3,340,925	--	3,340,925
Endowment funds:			
Nonexpendable	877,462	--	877,462
Expendable	2,088,007	--	2,088,007
Unrestricted	<u>(124,745,344)</u>	<u>8,885,794</u>	<u>(115,859,550)</u>
Total Net Position	<u>\$ 81,226,592</u>	<u>\$ 44,876,633</u>	<u>\$ 126,103,225</u>

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

TOWN OF WESTFORD, MASSACHUSETTS

BALANCE SHEET GOVERNMENTAL FUNDS

JUNE 30, 2023

	General Fund	Community Preservation Act Fund	Federal Grants Fund	Town Capital Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets						
Cash and short-term investments	\$ 16,183,315	\$ 94,415	\$ 4,156,174	\$ 1,379,694	\$ 12,383,979	\$ 34,197,577
Investments	6,640,984	9,735,562	--	--	3,115,370	19,491,916
Receivables:						
Property taxes	1,902,429	24,726	--	--	--	1,927,155
Excises	489,024	--	--	--	--	489,024
Departmental and other	28,300	--	--	--	321,527	349,827
Total Assets	<u>\$ 25,244,052</u>	<u>\$ 9,854,703</u>	<u>\$ 4,156,174</u>	<u>\$ 1,379,694</u>	<u>\$ 15,820,876</u>	<u>\$ 56,455,499</u>
Liabilities						
Accounts payable	\$ 2,192,516	\$ 138,213	\$ 38,516	\$ 78,872	\$ 541,873	\$ 2,989,990
Accrued liabilities	762,043	386	4,573	--	110,822	877,824
Unearned revenue	--	--	3,984,695	--	--	3,984,695
Tax refunds payable	550,422	--	--	--	--	550,422
Notes payable	--	--	--	3,735,200	422,900	4,158,100
Other liabilities	533,783	--	--	--	--	533,783
Total Liabilities	<u>4,038,764</u>	<u>138,599</u>	<u>4,027,784</u>	<u>3,814,072</u>	<u>1,075,595</u>	<u>13,094,814</u>
Deferred Inflows of Resources						
Unavailable revenues	2,419,754	24,726	--	--	--	2,444,480
Fund Balances						
Nonspendable	351,404	--	--	--	877,462	1,228,866
Restricted	--	9,691,378	148,654	125,535	14,751,640	24,717,207
Committed	4,994,156	--	--	--	--	4,994,156
Assigned	827,039	--	--	--	--	827,039
Unassigned	12,612,935	--	(20,264)	(2,559,913)	(883,821)	9,148,937
Total Fund Balances	<u>18,785,534</u>	<u>9,691,378</u>	<u>128,390</u>	<u>(2,434,378)</u>	<u>14,745,281</u>	<u>40,916,205</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 25,244,052</u>	<u>\$ 9,854,703</u>	<u>\$ 4,156,174</u>	<u>\$ 1,379,694</u>	<u>\$ 15,820,876</u>	<u>\$ 56,455,499</u>

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

TOWN OF WESTFORD, MASSACHUSETTS

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

JUNE 30, 2023

Total Governmental Fund Balances	\$ 40,916,205
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.	212,800,549
Deferred outflows of resources related to pension to be recognized in pension expense in future periods.	12,775,116
Deferred outflows of resources related to OPEB to be recognized in pension expense in future periods.	22,807,652
Revenues are reported on the accrual basis of accounting and are not deferred until collection.	2,444,480
Internal service funds are used by management to account for health insurance activities. The assets and liabilities of the internal funds are included in governmental activities in the Statement of Net Position.	(351,404)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in governmental funds.	
Bonds payable	(29,935,518)
Net pension liability	(64,051,465)
Net OPEB liability	(106,196,647)
Compensated absences liability	(2,038,724)
Deferred inflows of resources related to pension to be recognized in pension expense in future periods.	(2,615,329)
Deferred inflows of resources related to OPEB to be recognized in pension expense in future periods.	(5,072,968)
Other.	<u>(255,355)</u>
Net Position of Governmental Activities	<u>\$ 81,226,592</u>

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

TOWN OF WESTFORD, MASSACHUSETTS

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

FOR THE YEAR ENDED JUNE 30, 2023

	General Fund	Community Preservation Act Fund	Federal Grants Fund	Town Capital Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues						
Property taxes	\$ 90,408,543	\$ 2,290,217	\$ --	\$ --	\$ --	\$ 92,698,760
Excises	5,175,615	--	--	--	--	5,175,615
Penalties, interest, and other taxes	428,739	7,917	--	--	--	436,656
Charges for services	310,298	--	43,930	--	4,250,453	4,604,681
Intergovernmental	31,443,539	934,577	2,708,964	--	10,933,006	46,020,086
Licenses and permits	1,255,427	--	--	--	--	1,255,427
Fines and forfeitures	95,731	--	--	--	--	95,731
Investment income	720,054	412,356	--	--	163,976	1,296,386
Other	390,250	--	--	--	310,261	700,511
Total Revenues	<u>130,228,196</u>	<u>3,645,067</u>	<u>2,752,894</u>	<u>--</u>	<u>15,657,696</u>	<u>152,283,853</u>
Expenditures						
Current						
General government	5,544,132	2,665,408	402,338	--	971,765	9,583,643
Public safety	11,810,688	--	852,783	776,531	1,088,026	14,528,028
Education	76,411,519	--	377,345	--	8,517,369	85,306,233
Public works	6,225,035	--	199,237	1,361,991	1,000,216	8,786,479
Health and human services	1,124,970	--	250,056	--	556,974	1,932,000
Culture and recreation	2,069,082	--	--	--	186,730	2,255,812
Employee benefits	19,990,543	--	--	--	--	19,990,543
Debt service						
Principal	4,952,850	520,950	--	--	--	5,473,800
Interest	784,286	370,108	--	--	--	1,154,394
Intergovernmental	561,893	--	--	--	--	561,893
Total Expenditures	<u>129,474,998</u>	<u>3,556,466</u>	<u>2,081,759</u>	<u>2,138,522</u>	<u>12,321,080</u>	<u>149,572,825</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>753,198</u>	<u>88,601</u>	<u>671,135</u>	<u>(2,138,522)</u>	<u>3,336,616</u>	<u>2,711,028</u>
Other Financing Sources (Uses)						
BAN issue costs	--	--	--	--	(30,526)	(30,526)
Transfers in	477,605	--	--	3,387	773,332	1,254,324
Transfers out	(1,556,265)	(502,000)	--	(13,568)	(493,267)	(2,565,100)
Total Other Financing Sources (Uses)	<u>(1,078,660)</u>	<u>(502,000)</u>	<u>--</u>	<u>(10,181)</u>	<u>249,539</u>	<u>(1,341,302)</u>
Change in Fund Balance	(325,462)	(413,399)	671,135	(2,148,703)	3,586,155	1,369,726
Fund Balances, at Beginning of Year	<u>19,110,996</u>	<u>10,104,777</u>	<u>(542,745)</u>	<u>(285,675)</u>	<u>11,159,126</u>	<u>39,546,479</u>
Fund Balances, at End of Year	<u>\$ 18,785,534</u>	<u>\$ 9,691,378</u>	<u>\$ 128,390</u>	<u>\$ (2,434,378)</u>	<u>\$ 14,745,281</u>	<u>\$ 40,916,205</u>

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

TOWN OF WESTFORD, MASSACHUSETTS

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

FOR THE YEAR ENDED JUNE 30, 2023

Net Changes in Fund Balances - Total Governmental Funds \$ 1,369,726

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

Capital outlay 4,598,628

Depreciation (9,206,906)

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

Repayments of general obligation bonds 5,473,800

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

(449,090)

Internal service funds are used by management to account for health insurance activities. The net activity of internal service funds is reported with governmental activities.

(1,444,167)

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

Change in pension expense from GASB 68 (1,501,680)

Change in OPEB expense from GASB 75 (8,892,116)

Change in compensated absences liability (7,014)

Bond premium amortization 32,113

Change in accrued interest on bonds payable 35,833

Other differences. 286,181

Change in Net Position of Governmental Activities \$ (9,704,692)

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

TOWN OF WESTFORD, MASSACHUSETTS

STATEMENT OF NET POSITION PROPRIETARY FUNDS

JUNE 30, 2023

	Business-Type Activities Enterprise Funds			Total	Governmental Activities
	Water Fund	Stormwater Fund	Nonmajor Enterprise Funds		Internal Service Fund
Assets					
Current Assets:					
Cash and short-term investments	\$ 7,309,720	\$ 4,007,332	\$ 1,300,569	\$ 12,617,621	\$ 21,660
Investments	--	--	--	--	2,233,452
Receivables:					
User fees	879,664	56,781	731,959	1,668,404	--
Betterments	39,494	--	--	39,494	--
Other	--	--	--	--	35,675
Total Current Assets	<u>8,228,878</u>	<u>4,064,113</u>	<u>2,032,528</u>	<u>14,325,519</u>	<u>2,290,787</u>
Noncurrent Assets:					
Receivables:					
Betterments	480,622	--	--	480,622	--
Capital assets					
Nondepreciable capital assets	5,050,660	1,528,495	274,747	6,853,902	--
Other capital assets, net of accumulated depreciation	38,282,110	29,566	963,407	39,275,083	--
Total Noncurrent Assets	<u>43,813,392</u>	<u>1,558,061</u>	<u>1,238,154</u>	<u>46,609,607</u>	<u>--</u>
Total Assets	<u>52,042,270</u>	<u>5,622,174</u>	<u>3,270,682</u>	<u>60,935,126</u>	<u>2,290,787</u>
Deferred Outflows of Resources					
Related to pension	221,462	--	--	221,462	--
Related to OPEB	394,435	--	--	394,435	--
Total Deferred Outflows of Resources	<u>615,897</u>	<u>--</u>	<u>--</u>	<u>615,897</u>	<u>--</u>
Liabilities					
Current Liabilities:					
Accounts payable	146,755	159,309	20,989	327,053	1,043,025
Accrued liabilities	81,869	362	43,697	125,928	1,599,166
Notes payable	3,460,800	3,030,000	--	6,490,800	--
Current portion of long-term liabilities:					
Bonds and loans payable	592,278	--	--	592,278	--
Compensated absences liability	6,615	965	3,518	11,098	--
Total Current Liabilities	<u>4,288,317</u>	<u>3,190,636</u>	<u>68,204</u>	<u>7,547,157</u>	<u>2,642,191</u>
Noncurrent Liabilities:					
Bonds and loans payable, net of current portion	6,822,977	--	--	6,822,977	--
Compensated absences liability, net of current portion	125,681	18,337	66,840	210,858	--
Net pension liability	1,110,359	--	--	1,110,359	--
Net OPEB liability	849,969	--	--	849,969	--
Total Noncurrent Liabilities	<u>8,908,986</u>	<u>18,337</u>	<u>66,840</u>	<u>8,994,163</u>	<u>--</u>
Total Liabilities	<u>13,197,303</u>	<u>3,208,973</u>	<u>135,044</u>	<u>16,541,320</u>	<u>2,642,191</u>
Deferred Inflows of Resources					
Related to pension	45,338	--	--	45,338	--
Related to OPEB	87,732	--	--	87,732	--
Total Deferred Inflows of Resources	<u>133,070</u>	<u>--</u>	<u>--</u>	<u>133,070</u>	<u>--</u>
Net Position					
Net investment in capital assets	33,471,771	1,359,004	1,160,064	35,990,839	--
Unrestricted	5,856,023	1,054,197	1,975,574	8,885,794	(351,404)
Total Net Position	<u>\$ 39,327,794</u>	<u>\$ 2,413,201</u>	<u>\$ 3,135,638</u>	<u>\$ 44,876,633</u>	<u>\$ (351,404)</u>

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

TOWN OF WESTFORD, MASSACHUSETTS

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2023

	Business-Type Activities Enterprise Funds			Total	Governmental Activities
	Water Fund	Stormwater Fund	Nonmajor Enterprise Funds		Internal Service Fund
Operating Revenues					
Charges for services	\$ 3,996,758	\$ 1,144,148	\$ 2,138,979	\$ 7,279,885	\$ --
Employee and employer contributions	--	--	--	--	15,724,442
Interest and penalties	71	73	--	144	--
Stop-loss insurance reimbursements	--	--	--	--	1,722,066
Other	113,068	--	--	113,068	--
Total Operating Revenues	<u>4,109,897</u>	<u>1,144,221</u>	<u>2,138,979</u>	<u>7,393,097</u>	<u>17,446,508</u>
Operating Expenses					
Salaries and benefits	1,292,179	84,567	1,767,072	3,143,818	19,003,635
Other operating expenses	1,619,450	840,521	813,241	3,273,212	--
Depreciation	1,582,745	--	91,300	1,674,045	--
Total Operating Expenses	<u>4,494,374</u>	<u>925,088</u>	<u>2,671,613</u>	<u>8,091,075</u>	<u>19,003,635</u>
Operating Income (Loss)	<u>(384,477)</u>	<u>219,133</u>	<u>(532,634)</u>	<u>(697,978)</u>	<u>(1,557,127)</u>
Nonoperating Revenues (Expenses)					
Intergovernmental revenue	--	--	623,836	623,836	--
Investment income	93,122	18,220	21,569	132,911	93,432
Interest expense	(282,549)	(24,840)	--	(307,389)	--
Total Nonoperating Revenues (Expenses), Net	<u>(189,427)</u>	<u>(6,620)</u>	<u>645,405</u>	<u>449,358</u>	<u>93,432</u>
Income (Loss) Before Transfers and Capital Contributions	<u>(573,904)</u>	<u>212,513</u>	<u>112,771</u>	<u>(248,620)</u>	<u>(1,463,695)</u>
Capital Contributions	278,877	--	--	278,877	--
Transfers In	64,275	602,324	624,649	1,291,248	19,528
Change in Net Position	<u>(230,752)</u>	<u>814,837</u>	<u>737,420</u>	<u>1,321,505</u>	<u>(1,444,167)</u>
Net Position, at Beginning of Year, as reclassified	<u>39,558,546</u>	<u>1,598,364</u>	<u>2,398,218</u>	<u>43,555,128</u>	<u>1,092,763</u>
Net Position, at End of Year	<u>\$ 39,327,794</u>	<u>\$ 2,413,201</u>	<u>\$ 3,135,638</u>	<u>\$ 44,876,633</u>	<u>\$ (351,404)</u>

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

TOWN OF WESTFORD, MASSACHUSETTS

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2023

	Business-Type Activities Enterprise Funds			Total	Governmental Activities
	Water Fund	Stormwater Fund	Nonmajor Enterprise Funds		Internal Service Fund
Cash Flows From Operating Activities					
Receipts from customers and users	\$ 4,175,549	\$ 1,165,269	\$ 2,081,184	\$ 7,422,002	\$17,807,306
Payments to employees	(1,172,873)	(80,133)	\$ (1,756,465)	(3,009,471)	--
Payments to vendors	(1,657,696)	(844,261)	(805,942)	(3,307,899)	(17,700,820)
Net Cash Provided By (Used For) Operating Activities	<u>1,344,980</u>	<u>240,875</u>	<u>(481,223)</u>	<u>1,104,632</u>	<u>106,486</u>
Cash Flows From Capital and Related Financing Activities					
Capital contributions	334,338	--	--	334,338	--
Acquisition, construction, and disposition of capital assets	(1,019,677)	(874,713)	(439,646)	(2,334,036)	--
Proceeds of notes	1,218,280	1,747,920	--	2,966,200	--
Principal payments on bonds and loans	(1,334,019)	--	--	(1,334,019)	--
Payments on notes	(82,000)	--	--	(82,000)	--
Interest expense	(299,838)	(24,840)	--	(324,678)	--
Net Cash (Used for) Capital and Related Financing Activities	<u>(1,182,916)</u>	<u>848,367</u>	<u>(439,646)</u>	<u>(774,195)</u>	<u>--</u>
Cash Flows From Noncapital Financing Activities					
Intergovernmental	--	--	167,128	167,128	--
Transfers in	64,275	602,324	624,649	1,291,248	19,528
Transfers out	--	--	--	--	--
Net Cash Provided By Noncapital Financing Activities	<u>64,275</u>	<u>602,324</u>	<u>791,777</u>	<u>1,458,376</u>	<u>19,528</u>
Cash Flows From Investing Activities					
Investment income	93,122	18,220	21,569	132,911	93,432
Investment purchases	--	--	--	--	(384,190)
Net Cash Provided by (Used for) Investing Activities	<u>93,122</u>	<u>18,220</u>	<u>21,569</u>	<u>132,911</u>	<u>(290,758)</u>
Net Change in Cash and Short-Term Investments	319,461	1,709,786	(107,523)	1,921,724	(164,744)
Cash and Short-Term Investments, Beginning of Year	<u>6,990,259</u>	<u>2,297,546</u>	<u>1,408,092</u>	<u>10,695,897</u>	<u>186,404</u>
Cash and Short-Term Investments, End of Year	<u>\$ 7,309,720</u>	<u>\$ 4,007,332</u>	<u>\$ 1,300,569</u>	<u>\$12,617,621</u>	<u>\$ 21,660</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used For) Operating Activities					
Operating income (loss)	\$ (384,477)	\$ 219,133	\$ (532,634)	\$ (697,978)	\$ (1,557,127)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities					
Depreciation	1,582,745	--	91,300	1,674,045	--
Changes in assets, liabilities, and deferred outflows/inflows					
Receivables	65,652	21,048	(57,795)	28,905	360,798
Accounts payable	(38,346)	(4,022)	1,618	(40,750)	1,043,025
Accrued liabilities	100	282	5,682	6,064	259,790
Compensated absences liability	10,608	4,434	10,606	25,648	--
Net pension liability and related deferrals	23,371	--	--	23,371	--
Net OPEB liability and related deferrals	85,327	--	--	85,327	--
Net Cash Provided By (Used For) Operating Activities	<u>\$ 1,344,980</u>	<u>\$ 240,875</u>	<u>\$ (481,223)</u>	<u>\$ 1,104,632</u>	<u>\$ 106,486</u>

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

TOWN OF WESTFORD, MASSACHUSETTS

STATEMENT OF FIDUCIARY NET POSITION FIDUCIARY FUNDS

JUNE 30, 2023

	OPEB Trust Fund	Custodial Funds
Assets		
Cash and short-term investments	\$ 625,235	\$ 455,435
Investments:		
Corporate equities	8,448,901	--
Fixed income mutual funds	3,943,093	--
Total Investments	12,391,994	--
Total Assets	13,017,229	455,435
Liabilities		
Other liabilities	--	219
Total Liabilities	--	219
Net Position		
Restricted for OPEB	13,017,229	--
Restricted for individuals and organizations	--	455,216
Total Net Position	\$ 13,017,229	\$ 455,216

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

TOWN OF WESTFORD, MASSACHUSETTS

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FIDUCIARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2023

	OPEB Trust Fund	Custodial Funds
Additions		
Employer contributions	\$ 4,809,887	\$ --
Fees collected for students	--	1,110,728
Investment income, net	1,162,350	--
Fees collected for Commonwealth of Massachusetts	--	22,213
Total Additions	5,972,237	1,132,941
Deductions		
Benefit payments to plan members and beneficiaries	3,538,142	--
Payments on behalf of students	--	1,059,449
Payment of fees to Commonwealth of Massachusetts	--	27,933
Total Deductions	3,538,142	1,087,382
Change in Net Position	2,434,095	45,559
Restricted Net Position		
Beginning of Year	10,583,134	409,657
End of Year	\$ 13,017,229	\$ 455,216

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

TOWN OF WESTFORD, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

REPORTING ENTITY

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

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-Wide Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Fund Financial Statements

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

TOWN OF WESTFORD, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

The Town reports the following major governmental funds:

- The *General Fund* is the Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The *Community Preservation Act Fund* accounts for funds used for the acquisition, creation, and preservation of open space, historic resources, and community housing.

TOWN OF WESTFORD, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Fund Financial Statements (Continued)

- The *Federal Grants Fund* accounts for all financial resources related to federal grants for the Town.
- The *Town Capital Fund* accounts for capital expenditures for the Town.

The proprietary fund financial statements are reported using the *economic resources measurement* focus and the *accrual basis of accounting*. Under this method, revenues are recognized when earned and expenses are recorded when liabilities are incurred. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of proprietary funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The Town reports the following major proprietary funds:

- The *Water Fund* is used to account for the Town's water operations.
- The *Stormwater Fund* is used to account for the Town's stormwater operations.

The Town's self-insured employee health program is reported as an internal service fund in the accompanying financial statements.

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

The Town reports the following fiduciary funds:

- The *Other Post-Employment Benefit Trust Fund* is used to accumulate resources for health and life insurance benefits for retired employees.
- The *Custodial Funds* account for fiduciary assets held by the Town in a custodial capacity as an agent on behalf of others and are not required to be reported elsewhere on the financial statements. Custodial funds include fees collected on behalf of student activity funds and the Commonwealth of Massachusetts for various license fees.

TOWN OF WESTFORD, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CASH AND INVESTMENTS

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

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

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

State and local statutes place certain limitations on the nature of deposits and investments available. Deposits in any financial institution may not exceed certain levels within the financial institution.

Investments are carried at fair value, except certificate of deposits, which are reported at cost.

PROPERTY TAX LIMITATIONS

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

CAPITAL ASSETS

Capital assets, which include property, plant, equipment, and infrastructure assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the proprietary financial statements.

TOWN OF WESTFORD, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CAPITAL ASSETS (CONTINUED)

Capital assets are defined by the Town as assets with an initial individual cost of more than \$50,000 and an estimated useful life in excess of five years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

<u>Assets</u>	<u>Years</u>
Buildings and improvements	20 - 40
Machinery, equipment, and furnishings	5
Infrastructure	30 - 75

COMPENSATED ABSENCES

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

LONG-TERM OBLIGATIONS

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

FUND EQUITY

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

TOWN OF WESTFORD, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FUND EQUITY (CONTINUED)

Fund Balance

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

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

TOWN OF WESTFORD, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FUND EQUITY (CONTINUED)

Fund Balance (continued)

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

Net Position

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

USE OF ESTIMATES

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

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

BUDGETARY INFORMATION

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

TOWN OF WESTFORD, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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

BUDGETARY INFORMATION (CONTINUED)

Departments are limited to the line items as voted. Certain items may exceed the line item budget as approved if it is for an emergency and for the safety of the general public. These items are limited by Massachusetts General Laws and must be raised in the next year's tax rate. Formal budgetary integration is employed as a management control device during the year for the General Fund, Community Preservation Act Fund, and proprietary funds. Effective budgetary control is achieved for all other funds through provisions of Massachusetts General Laws. At year-end, appropriation balances lapse, except for certain unexpended capital items and encumbrances which will be honored during the subsequent year.

DEFICIT FUND EQUITY

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

NOTE 3 - DEPOSITS AND INVESTMENTS

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

TOWN OF WESTFORD, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

DEPOSITS

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned. The Town does not have formal deposit policies related to the custodial credit risk of deposits.

As of June 30, 2023, \$8,688,021 of the Town's bank balance of \$49,809,691 was exposed to custodial credit risk as uninsured and/or uncollateralized.

INVESTMENTS

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

<u>Investment Type</u>	<u>Amount</u>
Corporate bonds	\$ 8,298
Corporate equities	15,373
Federal agency securities	1,200
Fixed income mutual funds	4,079
Market-linked certificates of deposit	243
U.S. Treasury notes	4,924
	<u>\$ 34,117</u>

Credit Risk - Investments in Debt Securities

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. For short-term investments that were purchased using surplus revenues, Massachusetts General Laws, Chapter 44, Section 55, limit the Town's investments to the top rating issued by at least one nationally recognized statistical rating organization (NRSROs). The Town does not have formal investment policies related to credit risk.

TOWN OF WESTFORD, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

INVESTMENTS (CONTINUED)

Credit Risk - Investments in Debt Securities (Continued)

As of June 30, 2023, the credit quality ratings, as rated by Moody's Investor Services, Inc., of the Town's debt securities were as follows (in thousands) (U.S. Treasury notes have an implied rating of AAA):

Investment Type	Amount	Rating as of Year End					
		AAA	A1	A2	Baa1	Baa2	Unrated
Corporate bonds	\$ 8,298	\$ 1,040	\$ 1,242	\$ 965	\$ 1,770	\$ 3,281	\$ --
Federal agency securities	1,200	1,200	--	--	--	--	--
Fixed income mutual funds	4,079	--	--	--	--	--	4,079
Market-linked certificates of deposit	243	--	--	--	--	--	243
U.S. Treasury notes	4,924	4,924	--	--	--	--	--
	<u>\$ 18,744</u>	<u>\$ 7,164</u>	<u>\$ 1,242</u>	<u>\$ 965</u>	<u>\$ 1,770</u>	<u>\$ 3,281</u>	<u>\$ 4,322</u>

Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, the Town will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Town does not have formal investment policies related to custodial credit risk.

As of June 30, 2023, all of the Town's total investments were subject to custodial credit risk exposure because the related securities were uninsured, unregistered, and/or held by the Town's brokerage firm, which is also the counterparty to these securities as follows (in thousands):

Investment Type	Amount	Held by	
		Counterparty	Counterparty's Trust or Agent
Corporate bonds	\$ 8,298	\$ --	\$ 8,298
Corporate equities	15,373	--	15,373
Federal agency securities	1,200	--	1,200
Market-linked certificates of deposit	243	--	243
U.S. Treasury notes	4,924	--	4,924
	<u>\$ 30,038</u>	<u>\$ --</u>	<u>\$ 30,038</u>

TOWN OF WESTFORD, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

INVESTMENTS (CONTINUED)

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributable to the magnitude of the Town's investment in a single issuer. The Town places no limit on the amount invested in any one issuer. The Town does not have formal investment policies related to concentration of credit risk exposure.

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

Interest Rate Risk - Investments in Debt Securities

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Town does not have formal investment policies limiting investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

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

Investment Type	Amount	Investment Maturities (in Years)				Not Readily Available
		Less Than 1	1-5	6-10	Thereafter	
Corporate bonds	\$ 8,298	\$ 1,585	\$ 6,713	\$ --	\$ --	\$ --
Federal agency securities	1,200	--	1,195	3	2	--
Fixed income mutual funds	4,079	--	--	--	--	4,079
Market-linked certificates of deposit	243	243	--	--	--	--
U.S. Treasury notes	4,924	1,298	2,640	986	--	--
	<u>\$ 18,744</u>	<u>\$ 3,126</u>	<u>\$ 10,548</u>	<u>\$ 989</u>	<u>\$ 2</u>	<u>\$ 4,079</u>

Foreign Currency Risk

Foreign currency risk is the risk that changes in foreign exchange rates will adversely affect the fair value of an investment. The Town does not have formal investment policies related to foreign currency risk.

At June 30, 2023, none of the Town's investments were exposed to foreign currency risk.

TOWN OF WESTFORD, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

INVESTMENTS (CONTINUED)

Fair Value

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

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

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

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

TOWN OF WESTFORD, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

INVESTMENTS (CONTINUED)

Fair Value (Continued)

The Town had the following fair value measurements (in thousands) as of June 30, 2023:

Investment Type	Amount	Fair Value Measurements Using:		
		Quoted prices in active markets for identical assets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Investments by fair value level				
Corporate bonds	\$ 8,298	\$ --	\$ 8,298	\$ --
Corporate equities	15,373	15,373	--	--
Federal agency securities	1,200	--	1,200	--
Fixed income mutual funds	4,079	4,079	--	--
Market-linked certificates of deposit	243	--	243	--
U.S. Treasury notes	<u>4,924</u>	<u>4,924</u>	<u>--</u>	<u>--</u>
	<u>\$ 34,117</u>	<u>\$ 24,376</u>	<u>\$ 9,741</u>	<u>\$ --</u>

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

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

NOTE 4 - PROPERTY TAXES AND EXCISES RECEIVABLE

Real and personal property taxes are based on market values assessed as of each January 1. By law, all taxable property must be assessed at 100% of fair cash value. Also by law, property taxes must be levied at least 30 days prior to their due date. Once levied, these taxes are recorded as receivables, net of estimated uncollectible balances.

TOWN OF WESTFORD, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 4 - PROPERTY TAXES AND EXCISES RECEIVABLE (CONTINUED)

Property tax revenues have been recorded using the accrual and modified accrual basis of accounting on the government-wide and fund basis statements, respectively.

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

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

A statewide property tax limitation known as "Proposition 2½" limits the amount of increase in the property tax levy in any fiscal year. Generally, Proposition 2½ limits the total levy to an amount not greater than 2½% of the total assessed value of all taxable property within the Town. Secondly, the tax levy cannot increase by more than 2½% of the prior year's levy plus the taxes on property newly added to the tax rolls. The actual fiscal year 2023 tax levy reflected an excess capacity of \$5,049.

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

Property taxes and excise receivables at June 30, 2023 consisted of the following:

	Current Portion	Long- Term Portion
Real estate taxes	\$ 663,429	--
Personal property taxes	145,051	--
Community Preservation Act	15,417	--
Tax liens	205,084	249,370
Deferred taxes	<u>305,573</u>	<u>343,231</u>
Total property taxes	<u>\$ 1,334,554</u>	<u>\$ 592,601</u>
Motor vehicle excise	<u>\$ 489,024</u>	<u>\$ --</u>

TOWN OF WESTFORD, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 5 - USER FEES RECEIVABLE

Receivables for user charges at June 30, 2023 consisted of the following:

	Amount
Water Fund	\$ 879,664
Stormwater Fund	56,781
Nonmajor enterprise funds	731,959
	\$ 1,668,404

NOTE 6 - CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Convert CIP	Ending Balance
Governmental Activities					
Capital Assets, Being Depreciated					
Buildings and improvements	\$ 181,051	\$ 600	\$ --	\$ 227	181,878
Machinery, equipment, and furnishings	42,651	1,362	--	319	44,332
Infrastructure	138,077	--	--	--	138,077
Total Capital Assets, Being Depreciated	361,779	1,962	--	546	364,287
Less Accumulated Depreciation For					
Buildings and improvements	(79,934)	(4,301)	--	--	(84,235)
Machinery, equipment, and furnishings	(28,031)	(1,433)	--	--	(29,464)
Infrastructure	(76,122)	(3,473)	--	--	(79,595)
Total Accumulated Depreciation	(184,087)	(9,207)	--	--	(193,294)
Total Capital Assets, Being Depreciated, Net	177,692	(7,245)	--	546	170,993
Capital Assets, Not Being Depreciated					
Land	37,224	--	--	--	37,224
Construction in progress	2,493	2,637	--	(546)	4,584
Total Capital Assets, Not Being Depreciated	39,717	2,637	--	(546)	41,808
Governmental Activities Capital Assets, Net	\$ 217,409	\$ (4,608)	\$ --	\$ --	\$ 212,801

TOWN OF WESTFORD, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 6 - CAPITAL ASSETS (CONTINUED)

	Beginning Balance	Increases	Decreases	Convert CIP	Ending Balance
Business-Type Activities					
Capital Assets, Being Depreciated					
Buildings and improvements	\$ 16,739	\$ --	\$ --	\$ --	\$ 16,739
Machinery, equipment, and furnishings	4,439	507	--	--	4,946
Infrastructure	51,217	--	--	69	51,286
Total Capital Assets, Being Depreciated	72,395	507	--	69	72,971
Less Accumulated Depreciation For					
Buildings and improvements	(11,495)	(644)	--	--	(12,139)
Machinery, equipment, and furnishings	(3,111)	(209)	--	--	(3,320)
Infrastructure	(17,416)	(821)	--	--	(18,237)
Total Accumulated Depreciation	(32,022)	(1,674)	--	--	(33,696)
Total Capital Assets, Being Depreciated, Net	40,373	(1,167)	--	69	39,275
Capital Assets, Not Being Depreciated					
Land	2,390	--	--	--	2,390
Construction in progress	2,706	1,827	--	(69)	4,464
Total Capital Assets, Not Being Depreciated	5,096	1,827	--	(69)	6,854
Business-Type Activities Capital Assets, Net	<u>\$ 45,469</u>	<u>\$ 660</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 46,129</u>

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

Governmental Activities	
General government	\$ 465
Public safety	930
Education	3,610
Public works	4,034
Health and Human Services	100
Culture and recreation	68
Total Governmental Activities	<u>\$ 9,207</u>
Business-Type Activities	
Water Fund	\$ 1,583
Nonmajor enterprise funds	91
Total Business-Type Activities	<u>\$ 1,674</u>

TOWN OF WESTFORD, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 7 - DEFERRED OUTFLOWS OF RESOURCES

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

NOTE 8 - UNEARNED REVENUE

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

NOTE 9 - NOTES PAYABLE

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

Purpose	Interest Rate	Date of Issue	Date of Maturity	Balance at 6/30/23
Governmental Activities				
Oak Hill infrastructure	4.00%	05/01/23	05/01/24	\$ 3,735,200
School access controls	4.00%	05/01/23	05/01/24	<u>422,900</u>
Total Governmental Activities				<u>4,158,100</u>
Business-Type Activities				
Town Farm Road water tank	4.00%	05/01/23	05/01/24	1,106,000
Oak Hill infrastructure - water	4.00%	05/01/23	05/01/24	2,354,800
Oak Hill infrastructure - stormwater	4.00%	05/01/23	05/01/24	2,030,000
Pond Brook culvert repairs	4.00%	05/01/23	05/01/24	500,000
185 N. Main culvert design	4.00%	05/01/23	05/01/24	<u>500,000</u>
Total Business-Type Activities				<u>6,490,800</u>
				<u>\$ 10,648,900</u>

TOWN OF WESTFORD, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 9 - NOTES PAYABLE (CONTINUED)

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

Purpose	Balance Beginning of Year	New Issues	Rollover	Paydown	Reclassification	Balance End of Year
Governmental Activities						
Oak Hill, Plan Road, Moor Road infrastructure	\$1,841,400	\$ --	\$ (1,821,600)	\$ --	\$ (19,800)	\$ --
School Access Control	567,400	--	(422,900)	(144,500)	--	--
Oak Hill infrastructure	--	1,913,600	1,821,600	--	--	3,735,200
School Access Control	--	--	422,900	--	--	422,900
Total Governmental Activities	<u>2,408,800</u>	<u>1,913,600</u>	<u>--</u>	<u>(144,500)</u>	<u>(19,800)</u>	<u>4,158,100</u>
Business-Type Activities						
Town Farm Road water tank	1,188,000	--	(1,106,000)	(82,000)	--	--
Oak Hill Infrastructure - Water	1,136,520	--	(1,148,400)	--	11,880	--
Oak Hill Infrastructure - Stormwater	982,080	--	(990,000)	--	7,920	--
Pond Brook culvert repairs	300,000	--	(300,000)	--	--	--
Town Farm Road water tank	--	--	1,106,000	--	--	1,106,000
Oak Hill Infrastructure - Water	--	1,206,400	1,148,400	--	--	2,354,800
Oak Hill Infrastructure - Stormwater	--	1,040,000	990,000	--	--	2,030,000
Pond Brook culvert repairs	--	200,000	300,000	--	--	500,000
185 N. Main Culvert Design	--	500,000	--	--	--	500,000
Total Business-Type Activities	<u>3,606,600</u>	<u>2,946,400</u>	<u>--</u>	<u>(82,000)</u>	<u>19,800</u>	<u>6,490,800</u>
	<u>\$6,015,400</u>	<u>\$ 4,860,000</u>	<u>\$ --</u>	<u>\$ (226,500)</u>	<u>\$ --</u>	<u>\$ 10,648,900</u>

TOWN OF WESTFORD, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 10 - LONG-TERM DEBT

GENERAL OBLIGATION BONDS AND LOANS

The Town issues general obligation bonds and direct borrowings to provide funds for the acquisition and construction of major capital facilities and equipment. General obligation bonds have been issued for both governmental and business-type activities. General obligation bonds and direct borrowings outstanding were as follows at June 30, 2023:

Governmental Activities	Original Issue	Serial Maturities Through	Interest Rate(s) %	Amount Outstanding as of 6/30/23
General obligation bonds				
Highway refunding 2014	12/17/14	04/25/24	1.54%	\$ 245,000
School 2016	11/10/16	06/30/37	2.08%	1,400,000
Dispatch center 2016	11/10/16	06/30/37	2.07%	700,000
Senior center refunding 2018	01/01/18	06/30/30	2.50 - 5.00%	1,350,000
Fire station 2018	01/01/18	06/30/30	2.50 - 5.00%	8,900,000
Refunding 2019	10/03/18	02/01/30	3.00 - 5.00%	2,715,000
Lowell Road	03/06/19	02/01/39	3.00 - 5.00%	3,270,000
Fire station 2019	09/16/19	08/15/37	2.25 - 5.00%	665,000
School windows 2019	08/14/19	02/15/34	2.00 - 5.00%	315,000
Roads 2019	08/14/19	02/15/29	2.00 - 5.00%	450,000
Roudenbush building 2019	08/14/19	02/15/39	2.55 - 4.00%	6,100,000
Abbot roof	08/15/21	08/15/41	3.00 - 4.00%	1,185,000
Roads 2022	06/01/22	05/23/42	4.00 - 5.00%	405,000
Westford Academy amenities building 2022	06/01/22	05/23/42	4.00 - 5.00%	1,175,000
Fire truck 2022	06/01/22	05/23/42	4.00 - 5.00%	635,000
Total General Obligation Bonds				<u>\$29,510,000</u>

TOWN OF WESTFORD, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 10 - LONG-TERM DEBT (CONTINUED)

GENERAL OBLIGATION BONDS AND LOANS (CONTINUED)

Business-Type Activities	Serial Maturities Through	Interest Rate(s) %	Amount Outstanding as of 6/30/23
Water Fund general obligation bonds			
2013 Water Fund bond	06/03/13 06/01/33	2.36%	\$ 835,000
2013 Water Fund bond	06/03/13 06/01/33	2.36%	305,000
Water Graniteville 2016	11/10/16 06/30/37	2.08%	280,000
Water Pleasant 2016	11/10/16 06/30/37	2.08%	350,000
Water Fund refunding	01/01/18 06/30/24	3.00 - 5.00%	50,000
Vine Brook water distribution system	09/16/19 08/15/37	2.25 - 5.00%	685,000
Groton and Dunstable Road water main extension	08/14/19 02/15/34	2.00 - 5.00%	335,000
Water tank	08/15/21 08/15/41	3.00 - 4.00%	2,165,000
Kirsi Circle water mains	06/01/22 05/23/42	4.00 - 5.00%	<u>1,175,000</u>
Total Water Fund General Obligation Bonds			<u>6,180,000</u>
Water Fund loans payable (direct borrowings):			
MWPAT DW 08-16	05/30/14 07/15/30	2.00%	101,226
MWPAT DW 09-07	07/15/10 07/15/30	2.00%	<u>843,267</u>
Total Water Fund Loans Payable (Direct Borrowings)			<u>944,493</u>
Total Business-Type Activities			<u>\$ 7,124,493</u>

TOWN OF WESTFORD, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 10 - LONG-TERM DEBT (CONTINUED)

FUTURE DEBT SERVICE

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

Governmental	Bonds		Total
	Principal	Interest	
2024	\$ 2,805,000	\$ 962,295	\$ 3,767,295
2025	2,570,000	861,475	3,431,475
2026	2,560,000	760,925	3,320,925
2027	2,565,000	664,775	3,229,775
2028	2,560,000	575,850	3,135,850
2029	2,490,000	493,735	2,983,735
2030	2,130,000	416,615	2,546,615
2031	1,855,000	349,355	2,204,355
2032	1,870,000	292,505	2,162,505
2033	1,395,000	235,603	1,630,603
2034 - 2038	5,655,000	640,061	6,295,061
2038 - 2042	1,055,000	51,663	1,106,663
	<u>\$ 29,510,000</u>	<u>\$ 6,304,857</u>	<u>\$ 35,814,857</u>

Business-Type	Bonds		Loans Payable (Direct Borrowings)		Total
	Principal	Interest	Principal	Interest	
2024	\$ 465,000	\$ 193,767	\$ 109,989	\$ 17,790	\$ 786,546
2025	415,000	176,791	112,203	15,568	719,562
2026	420,000	161,204	114,463	13,301	708,968
2027	415,000	146,429	116,769	10,989	689,187
2028	415,000	132,354	119,120	8,629	675,103
2029	420,000	117,677	121,519	6,223	665,419
2030	410,000	103,529	123,968	3,768	641,265
2031	410,000	89,527	126,462	1,264	627,253
2032	415,000	75,589	--	--	490,589
2033	420,000	62,239	--	--	482,239
2034 - 2038	1,295,000	180,632	--	--	1,475,632
2038 - 2042	680,000	41,600	--	--	721,600
	<u>\$ 6,180,000</u>	<u>\$ 1,481,338</u>	<u>\$ 944,493</u>	<u>\$ 77,532</u>	<u>\$ 8,683,363</u>

TOWN OF WESTFORD, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 10 - LONG-TERM DEBT (CONTINUED)

CHANGES IN LONG-TERM LIABILITIES

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

	Beginning			Ending	Less	Equals
	Balance	Additions	Reductions	Balance	Current	Long-Term
Governmental Activities	Balance	Additions	Reductions	Balance	Portion	Portion
Bonds payable	\$ 34,984	\$ --	\$ (5,474)	\$ 29,510	\$ (2,805)	\$ 26,705
Unamortized premium	458	--	(33)	425	(30)	395
	35,442	--	(5,507)	29,935	(2,835)	27,100
Compensated absences liability	2,032	36	(29)	2,039	(102)	1,937
Net pension liability	44,078	19,973	--	64,051	--	64,051
Net OPEB liability	101,789	4,408	--	106,197	--	106,197
	<u>\$ 183,341</u>	<u>\$ 24,417</u>	<u>\$ (5,536)</u>	<u>\$ 202,222</u>	<u>\$ (2,937)</u>	<u>\$ 199,285</u>
Business-Type Activities	Beginning	Additions	Reductions	Ending	Less	Equals
	Balance	Additions	Reductions	Balance	Current	Long-Term
	Balance	Additions	Reductions	Balance	Portion	Portion
Bonds payable	\$ 6,641	\$ --	\$ (461)	\$ 6,180	\$ (465)	\$ 5,715
Loans payable						
(direct borrowings)	1,817	--	(873)	944	(110)	834
Unamortized premium	308	--	(17)	291	(17)	274
	8,766	--	(1,351)	7,415	(592)	6,823
Compensated absences liability	196	26	--	222	(11)	211
Net pension liability	766	344	--	1,110	--	1,110
Net OPEB liability	844	6	--	850	--	850
	<u>\$ 10,572</u>	<u>\$ 376</u>	<u>\$ (1,351)</u>	<u>\$ 9,597</u>	<u>\$ (603)</u>	<u>\$ 8,994</u>

LONG-TERM DEBT SUPPORTING GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES

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

TOWN OF WESTFORD, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 11 - DEFERRED INFLOWS OF RESOURCES

Deferred inflows of resources represent the acquisition of net assets by the Town that apply to future reporting periods. Deferred inflows of resources have a negative effect on net position, similar to liabilities. Deferred inflows of resources related to pension and OPEB, in accordance with GASB Statements No. 69 and 75, will be recognized as expense in future years and are more fully described in the corresponding pension and OPEB notes. Unavailable revenues are reported in the governmental funds Balance Sheet in connection with receivables for which revenues are not considered available to liquidate liabilities of the current year.

NOTE 12 - GOVERNMENTAL FUNDS - FUND BALANCES

The Town's fund balances at June 30, 2023 were comprised of the following:

	General Fund	Community Preservation Act Fund	Federal Grants Fund	Town Capital Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable						
Advances to other funds	\$ 351,404	\$ --	\$ --	\$ --	\$ --	\$ 351,404
Permanent funds	--	--	--	--	877,462	877,462
Total Nonspendable	351,404	--	--	--	877,462	1,228,866
Restricted						
Community Preservation Act Fund	--	9,691,378	--	--	--	9,691,378
Capital project funds	--	--	--	125,535	454,692	580,227
Special revenue funds						
Town grants	--	--	148,654	--	1,770,588	1,919,242
School grants	--	--	--	--	10,058	10,058
Receipts reserved for appropriation	--	--	--	--	200,144	200,144
Town revolving funds	--	--	--	--	1,047,056	1,047,056
School revolving funds	--	--	--	--	2,272,185	2,272,185
School choice	--	--	--	--	1,684,988	1,684,988
Circuit breaker	--	--	--	--	2,427,520	2,427,520
School lunch	--	--	--	--	1,291,346	1,291,346
Town other	--	--	--	--	901,761	901,761
School other	--	--	--	--	603,295	603,295
Permanent funds	--	--	--	--	2,088,007	2,088,007
Total Restricted	--	9,691,378	148,654	125,535	14,751,640	24,717,207

TOWN OF WESTFORD, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 12 - GOVERNMENTAL FUNDS - FUND BALANCES (CONTINUED)

	General Fund	Community Preservation Act Fund	Federal Grants Fund	Town Capital Fund	Nonmajor Governmental Funds	Total Governmental Funds
Committed						
Reserved for continuing appropriations						
1st Responder TSSSTF	154,082	--	--	--	--	154,082
Fire training tower	476,840	--	--	--	--	476,840
Nabnasset fire renovations	300,000	--	--	--	--	300,000
Nabnasset parking improvements	191,000	--	--	--	--	191,000
Network upgrades	127,754	--	--	--	--	127,754
Dump Truck	260,000	--	--	--	--	260,000
Boston Road Non-participating	499,895	--	--	--	--	499,895
Town hall parking lot	550,000	--	--	--	--	550,000
Abbot WTTP rehabilitation	432,415	--	--	--	--	432,415
Other	1,400,778	--	--	--	--	1,400,778
Capital stabilization	521,978	--	--	--	--	521,978
Fire training tower capital stabilization	79,414	--	--	--	--	79,414
Total Committed	4,994,156	--	--	--	--	4,994,156
Assigned						
General government	277,192	--	--	--	--	277,192
Public safety	18,235	--	--	--	--	18,235
Education	311,808	--	--	--	--	311,808
Public works	30,182	--	--	--	--	30,182
Culture and recreation	6,042	--	--	--	--	6,042
Employee benefits	77,455	--	--	--	--	77,455
Reserved for petty cash	5,500	--	--	--	--	5,500
Reserved for expenditures	100,625	--	--	--	--	100,625
Total Assigned	827,039	--	--	--	--	827,039
Unassigned						
General Fund	6,985,686	--	--	--	--	6,985,686
General stabilization fund	5,627,249	--	--	--	--	5,627,249
Special revenue funds deficits	--	--	(20,264)	--	(537,141)	(557,405)
Capital project funds deficits	--	--	--	(2,559,913)	(346,680)	(2,906,593)
Total Unassigned	12,612,935	--	(20,264)	(2,559,913)	(883,821)	9,148,937
Total Fund Balances	\$18,785,534	\$ 9,691,378	\$ 128,390	\$ (2,434,378)	\$14,745,281	\$40,916,205

TOWN OF WESTFORD, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 13 - INTERFUND TRANSFERS

TRANSFERS

The Town reports interfund transfers between various funds. Most transfers result from budgetary or statutory actions, whereby funds are moved to accomplish various expenditure purposes. The following is a schedule of major interfund transfers for the year ended June 30, 2023:

Governmental Funds	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 477,605	\$ 1,556,265
CPA Fund	--	502,000
Town Capital Fund	3,387	13,568
Nonmajor Governmental Funds:		
Special Revenue Funds	201,262	493,267
Capital Project Funds	70,070	--
Trust Funds	<u>502,000</u>	<u>--</u>
Subtotal Nonmajor Governmental Funds	<u>773,332</u>	<u>493,267</u>
Subtotal Governmental Funds	1,254,324	2,565,100
Business-Type Funds		
Water Fund	64,275	--
Stormwater Fund	602,324	--
Nonmajor Enterprise Funds	624,649	--
Internal Service Fund	<u>19,528</u>	<u>--</u>
Subtotal Business-Type Funds	<u>1,310,776</u>	<u>--</u>
	<u>\$ 2,565,100</u>	<u>\$ 2,565,100</u>

Of the transfers into the General Fund, \$439,749 was transferred from the sale of real estate special revenue fund to expand the Town Hall parking lot. Of the transfers out of the General Fund, \$1,224,649 was transferred to the enterprise funds to subsidize the operating budgets.

TOWN OF WESTFORD, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 14 - MIDDLESEX COUNTY RETIREMENT SYSTEM

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

PLAN DESCRIPTION

Substantially all employees of the Town (except teachers and administrators under contract employed by the School Department) are members of the Middlesex County Retirement System (the System), a cost-sharing, multiple-employer, public employee retirement system (PERS). With the exception of teachers and certain administrators, all employees of the School Department are members. Eligible employees must participate in the System. The pension plan provides pension benefits, deferred allowances, and death and disability benefits. Chapter 32 of Massachusetts General Laws establishes the authority of the System, contribution percentages and benefits paid. The System Retirement Board does not have the authority to amend benefit provisions. Additional information is disclosed in the System's annual financial reports publicly available from the System located at 25 Linnell Circle, P.O. Box 160, Billerica, Massachusetts 01865.

Participant Contributions

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

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

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

TOWN OF WESTFORD, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 14 - MIDDLESEX COUNTY RETIREMENT SYSTEM (CONTINUED)

PLAN DESCRIPTION (CONTINUED)

Participant Retirement Benefits

A retirement allowance consists of two parts: an annuity and a pension. A member's accumulated total deductions and a portion of the interest they generate constitute the annuity. The difference between the total retirement allowance and the annuity is the pension. The average retirement benefit is approximately 80-85% pension and 15-20% annuity.

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

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

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

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

TOWN OF WESTFORD, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 14 - MIDDLESEX COUNTY RETIREMENT SYSTEM (CONTINUED)

PLAN DESCRIPTION (CONTINUED)

Participant Retirement Benefits (Continued)

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

Methods of Payment

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

- Option A - Total annual allowance, payable in monthly installments, commencing at retirement and terminating at the member's death.
- Option B - A reduced annual allowance, payable in monthly installments, commencing at retirement and terminating at the death of the member, provided however, that if the total amount of the annuity portion received by the member is less than the amount of his or her accumulated deductions, including interest, the difference or balance of his accumulated deductions will be paid in a lump sum to the retiree's beneficiary or beneficiaries of choice.
- Option C - A reduced annual allowance, payable in monthly installments, commencing at retirement. At the death of the retired employee, 2/3 of the allowance is payable to the member's designated beneficiary (who may be the spouse, or former spouse who has not remarried, child, parent, sister, or brother of the employee) for the life of the beneficiary. For members who retired on or after January 12, 1988, if the beneficiary pre-deceases the retiree, the benefit payable increases (or "pops up" to Option A) based on the factor used to determine the Option C benefit at retirement. For members who retired prior to January 12, 1988, if the System has accepted Section 288 of Chapter 194 of the Acts of 1998 and the beneficiary pre-deceases the retiree, the benefit payable "pops up" to Option A in the same fashion. The Option C became available to accidental disability retirees on November 7, 1996.

TOWN OF WESTFORD, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 14 - MIDDLESEX COUNTY RETIREMENT SYSTEM (CONTINUED)

PLAN DESCRIPTION (CONTINUED)

Participant Refunds

Employees who resign from service and who are not eligible to receive a retirement allowance are entitled to request a refund of their accumulated total deductions. Members voluntarily withdrawing with at least 10 years of service or involuntarily withdrawing, receive 100% of the regular interest that has accrued on those accumulated total deductions. Members voluntarily withdrawing with less than 10 years of service get credited interest each year at a rate of 3%.

Employer Contributions

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

The Town's contribution to the System for the year ended June 30, 2023 was \$6,263,082, which was equal to its annual required contribution.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

At June 30, 2023, the Town reported a liability of \$65,161,824 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2022. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At December 31, 2022, the Town's proportion was 3.839687%, which was an increase of 0.494920% from its proportionate share measured as of December 31, 2021.

TOWN OF WESTFORD, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 14 - MIDDLESEX COUNTY RETIREMENT SYSTEM (CONTINUED)

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

For the year ended June 30, 2023, the Town recognized pension expense of \$7,788,133. In addition, the Town reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 478,803	\$ --
Changes of assumptions	1,125,128	--
Net difference between projected and actual earnings on pension plan investments	5,238,783	--
Changes in proportion and differences between contributions and proportionate share of contributions	6,153,864	2,660,667
	\$ 12,996,578	\$ 2,660,667

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

Year Ended June 30	Amount
2024	\$ 1,625,808
2025	1,770,040
2026	2,393,781
2027	4,546,282
	\$ 10,335,911

TOWN OF WESTFORD, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 14 - MIDDLESEX COUNTY RETIREMENT SYSTEM (CONTINUED)

ACTUARIAL ASSUMPTIONS

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

Valuation date	January 1, 2022
COLA	3.0% of the first \$16,000 of retirement income
Salary increases	Varies by length of service with ultimate rates of 4.00% for Group 1, 4.25% for Group 2 and 4.50% for Group 4
Investment rate of return	7.15%, net of pension plan investment expense, including inflation.

Mortality rates for pre-retirement were based on the RP-2014 Blue Collar Employee Mortality Table projected generationally with Scale MP-2021. Mortality rates for healthy retiree were based on the RP-2014 Blue Collar Healthy Annuitant Mortality Table projected generationally with Scale MP-2021. Mortality rates for disabled retiree were based on the RP-2014 Blue Collar Healthy Annuitant Mortality Table set forward one year and projected generationally with Scale MP-2021.

TARGET ALLOCATIONS

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

TOWN OF WESTFORD, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 14 - MIDDLESEX COUNTY RETIREMENT SYSTEM (CONTINUED)

TARGET ALLOCATIONS (CONTINUED)

The target allocation and best estimates of arithmetic real rates of return for each major class are summarized in the following table.

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

DISCOUNT RATE

The discount rate used to measure the total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumed that the plan member contributions will be made at the current contribution rate and that employer contributions will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments to current active and inactive plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

TOWN OF WESTFORD, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 14 - MIDDLESEX COUNTY RETIREMENT SYSTEM (CONTINUED)

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

The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.15%, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate:

1% Decrease (6.15%)	Current Discount Rate (7.15%)	1% Increase (8.15%)
\$ 80,661,381	\$ 65,161,824	\$ 52,112,478

PENSION PLAN FIDUCIARY NET POSITION

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

NOTE 15 - MASSACHUSETTS TEACHERS' RETIREMENT SYSTEM (MTRS)

PLAN DESCRIPTION

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

TOWN OF WESTFORD, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 15 - MASSACHUSETTS TEACHERS' RETIREMENT SYSTEM (MTRS) (CONTINUED)

PLAN DESCRIPTION

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

BENEFITS PROVIDED

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

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

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

TOWN OF WESTFORD, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 15 - MASSACHUSETTS TEACHERS' RETIREMENT SYSTEM (MTRS) (CONTINUED)

CONTRIBUTIONS

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

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

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

ACTUARIAL ASSUMPTIONS

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

- (a) 7.00% investment rate of return, (b) 3.50% interest rate credited to the annuity savings fund and (c) 3.00% cost of living increase on the first \$13,000 per year.
- Salary increases are based on analyses of past experience but range from 4.00% to 7.50% depending on length of service.
- Experience study is dated July 21, 2014 and encompasses the period January 1, 2006 to December 31, 2011, updated to reflect post-retirement mortality from 2012 - 2020.
- Mortality rates were as follows:
 - Pre-retirement - reflects RP-2010 Teachers Employees mortality table (headcount weighted) projected generationally with Scale MP-2020 (gender distinct).
 - Post-retirement - reflects RP-2010 Teachers Employees mortality table (headcount weighted) projected generationally with Scale MP-2020 (gender distinct).

TOWN OF WESTFORD, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 15 - MASSACHUSETTS TEACHERS' RETIREMENT SYSTEM (MTRS) (CONTINUED)

ACTUARIAL ASSUMPTIONS (CONTINUED)

- Disability - assumed to be in accordance with the Pub-2010 Teachers Retirees mortality table (headcount weighted) projected generationally with Scale MP-2020 (gender distinct).

TARGET ALLOCATIONS

Investment assets of the MTRS are with the Pension Reserves Investment Trust (PRIT) Fund. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage. Best estimates of geometric rates of return for each major asset class included in the PRIT Fund's target asset allocation as of June 30, 2022 are summarized in the following table:

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

DISCOUNT RATE

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the Commonwealth of Massachusetts' contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rates. Based on those assumptions, the net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

TOWN OF WESTFORD, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 15 - MASSACHUSETTS TEACHERS' RETIREMENT SYSTEM (MTRS) (CONTINUED)

SENSITIVITY ANALYSIS

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

1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
\$ 32,734,080	\$ 22,888,138	\$ 20,094,302

SPECIAL FUNDING SITUATION

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

TOWN PROPORTIONS

In fiscal year 2021 (the most recent measurement period), the Town's proportionate share of the MTRS' collective net pension liability was \$135,595,004 based on a proportionate share of 0.523773%. As required by GASB 68, the Town has recognized its portion of the Commonwealth of Massachusetts' contribution of \$11,023,342 as both a revenue and expenditure on the Statement of Revenues, Expenditures, and Changes in Fund Balances, and its portion of the collective pension expense of \$11,154,012 as both a revenue and expense on the Statement of Activities.

TOWN OF WESTFORD, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 16 - OTHER POST-EMPLOYMENT BENEFITS

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

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

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

GENERAL INFORMATION ABOUT THE OPEB PLAN

Plan Description

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

Benefits Provided

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

Funding Policy

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

TOWN OF WESTFORD, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 16 - OTHER POST-EMPLOYMENT BENEFITS

GENERAL INFORMATION ABOUT THE OPEB PLAN

Plan Membership

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

Inactive employees or beneficiaries currently receiving benefit payments	618
Active employees	<u>994</u>
	<u><u>1,612</u></u>

INVESTMENTS

The OPEB Trust Fund's assets as of June 30, 2023 consisted of corporate equities and fixed income mutual funds.

Rate of Return

For the year ended June 30, 2023, the annual money-weighted rate of return on investments, net of investment expense, was 10.18%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

ACTUARIAL ASSUMPTIONS AND OTHER INPUTS

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

Inflation	2.50% per year
Salary increases	3.00% per year
Investment rate of return	5.56%
Municipal bond rate	4.13%
Discount rate	5.42% (previously 5.48%)
Healthcare cost trend rates	6.50% in fiscal year 2023 and an ultimate trend rate of 3.63% in fiscal year 2060
Retirees' share of benefit-related costs	40% for premiums for the PPO & Medicare Integrated Plans and 35% for others as well as 50% of premiums for life insurance. Participants pay 100% of premiums for dental insurance
Participation rate	80% of employees eligible to receive both medical and life insurance

TOWN OF WESTFORD, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 16 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

ACTUARIAL ASSUMPTIONS AND OTHER INPUTS (CONTINUED)

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

The actuarial assumptions used to calculate the actuarial accrued liability and the service cost primarily reflect the latest experience studies of the Massachusetts PERAC issued in 2014 and their most recent analysis of retiree mortality during 2015 and 2016.

TARGET ALLOCATIONS

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

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

Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return
Domestic Equity - Large Cap	40.75%	4.10%
Domestic Equity - Small/Mid Cap	6.50%	4.55%
International Equity - Developed Market	6.00%	4.64%
International Equity - Emerging Market	3.50%	5.45%
Domestic Fixed Income	24.75%	1.05%
International Fixed Income	4.25%	0.96%
Alternatives	7.75%	5.95%
Real Estate	1.75%	6.25%
Cash	4.75%	0.00%
	<u>100.00%</u>	

TOWN OF WESTFORD, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 16 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

CONTRIBUTIONS

In addition to the implicit subsidy contribution, the Town's policy to contribute amounts provided annually by the budget.

DISCOUNT RATE

The discount rate used to measure the net OPEB liability was 5.42%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate.

Based on those assumptions, the OPEB plan fiduciary net position was not projected to be available to make all projected future benefit payments of current plan members. As a result, a blended discount rate was used based on the combination of the investment rate of return of 5.56% through fiscal year 2074 and municipal bond rate of 4.13% thereafter.

NET OPEB LIABILITY

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

Total OPEB liability	\$ 120,063,845
Plan fiduciary net position	<u>13,017,229</u>
Net OPEB liability	<u>\$ 107,046,616</u>
Plan fiduciary net position as a percentage of the total OPEB liability	10.84%

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

TOWN OF WESTFORD, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 16 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

CHANGES IN THE NET OPEB LIABILITY

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

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan	Net OPEB Liability (a) - (b)
		Fiduciary Net Position (b)	
Balances, beginning of year	\$ 113,216,312	\$ 10,583,134	\$ 102,633,178
Changes for the year			
Service cost	3,216,021	--	3,216,021
Interest	6,284,840	--	6,284,840
Contributions - employer	--	4,809,887	(4,809,887)
Net investment income	--	1,162,350	(1,162,350)
Changes in assumptions or other inputs	884,814	--	884,814
Benefit payments	(3,538,142)	(3,538,142)	--
Net Changes	6,847,533	2,434,095	4,413,438
Balances, end of year	\$ 120,063,845	\$ 13,017,229	\$ 107,046,616

Changes of assumptions and other inputs reflect a change in the discount rate from 5.48% in 2022 to 5.42% in 2023.

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

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

1% Decrease (4.42%)	Current Discount Rate (5.42%)	1% Increase (6.42%)
\$ 12,637,035	\$ 107,046,616	\$ 91,617,286

TOWN OF WESTFORD, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 16 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

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

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

	Current Healthcare Cost Trend Rates (6.50%)	1% Increase (7.50%)
1% Decrease (5.50%)	Current Healthcare Cost Trend Rates (6.50%)	1% Increase (7.50%)
\$ 89,820,870	\$ 107,046,616	\$ 128,911,221

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

For the year ended June 30, 2023, the Town recognized an OPEB expense of \$13,787,330. At June 30, 2023, the Town reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 2,777,276	\$ 2,274,149
Change in assumptions	20,424,811	2,774,064
Net difference between projected and actual OPEB investment earnings	--	112,487
	\$ 23,202,087	\$ 5,160,700

TOWN OF WESTFORD, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 16 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

OPEB EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO OPEB (CONTINUED)

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

<u>Year Ended June 30</u>	<u>Amount</u>
2024	\$ 4,646,402
2025	3,368,553
2026	3,706,692
2027	3,777,767
2028	2,451,901
Thereafter	<u>90,072</u>
	<u>\$ 18,041,387</u>

NOTE 17 - SELF-INSURANCE

The Town self-insures against claims for most employee health coverage. Annual estimated requirements for claims are provided in the Town's annual operating budget.

HEALTH INSURANCE

The Town contracts with an insurance carrier for excess liability coverage and an insurance consultant for claims processing. Under the terms of its insurance coverage, the Town is liable for claims up to \$125,000 per individual. The claims liability represents an estimate of claims incurred but unpaid at year-end, based on past historical costs and claims paid subsequent to year-end. The claims liability does not include unknown loss events that are expected to become claims or expected future development on claims already reported because the town does not have a reasonable estimate of these amounts.

Changes in the aggregate liability for claims for the year ended June 30, 2023 were as follows:

Claims liability, beginning of year	\$ 1,339,375
Claims incurred/recognized in fiscal year 2023	19,003,635
Claims paid in fiscal year 2023	<u>(18,743,844)</u>
Claims liability, end of year	<u>\$ 1,599,166</u>

TOWN OF WESTFORD, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 18 - COMMITMENTS AND CONTINGENCIES

OUTSTANDING LEGAL ISSUES

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

GRANTS

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

ENCUMBRANCES

At year-end the Town's General Fund had \$720,914 in encumbrances that will be honored in the next fiscal year.

NOTE 19 - BEGINNING NET POSITION RECLASSIFICATION

The Town's major enterprise funds for fiscal year 2023, as defined by Governmental Accounting Boards Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, have changed from the previous fiscal year. Accordingly, the following reconciliation is provided:

	Nonmajor Enterprise Funds	Stormwater Fund
As previously reported	\$ 3,996,582	\$ --
Reclassify major fund in current fiscal year	<u>(1,598,364)</u>	<u>1,598,364</u>
As reclassified	<u>\$ 2,398,218</u>	<u>\$ 1,598,364</u>

TOWN OF WESTFORD, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 20 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 20, 2024, which is the date the financial statements were available to be issued.

TOWN OF WESTFORD, MASSACHUSETTS

REQUIRED SUPPLEMENTARY INFORMATION

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND

OTHER FINANCING SOURCES (USES) - BUDGET AND ACTUAL

(Unaudited)

FOR THE YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original Budget	Final Budget		Positive (Negative)
Revenues				
Property taxes	\$ 90,293,782	\$ 90,293,782	\$ 90,635,214	\$ 341,432
Excises	4,805,000	4,805,000	5,175,615	370,615
Penalties, interest, and other taxes	200,000	200,000	351,322	151,322
Payments in lieu of taxes	73,801	73,801	71,956	(1,845)
Betterments	4,842	4,842	5,460	618
Charges for services	330,000	330,000	307,206	(22,794)
Intergovernmental	20,335,861	20,335,861	20,497,987	162,126
Licenses and permits	922,500	922,500	1,255,627	333,127
Fines and forfeitures	41,000	41,000	95,731	54,731
Investment income	71,845	71,845	479,264	407,419
Other	102,518	102,518	301,448	198,930
Total Revenues	<u>117,181,149</u>	<u>117,181,149</u>	<u>119,176,830</u>	<u>1,995,681</u>
Expenditures				
General government	6,323,064	6,919,346	6,480,382	438,964
Public safety	12,461,920	12,987,314	12,620,410	366,904
Education	66,175,320	66,535,320	66,274,489	260,831
Public works	6,687,652	9,092,483	8,546,980	545,503
Health and human services	1,190,564	1,213,978	1,124,970	89,008
Culture and recreation	2,214,523	2,305,961	2,156,914	149,047
Employee benefits	20,353,254	20,353,254	20,241,888	111,366
Debt service	6,272,642	6,201,642	5,866,921	334,721
Intergovernmental	642,250	642,250	561,893	80,357
Total Expenditures	<u>122,321,189</u>	<u>126,251,548</u>	<u>123,874,847</u>	<u>2,376,701</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(5,140,040)</u>	<u>(9,070,399)</u>	<u>(4,698,017)</u>	<u>4,372,382</u>
Other Financing Sources (Uses)				
Transfers in	1,418,635	1,858,113	1,933,218	75,105
Transfers out	(2,144,310)	(2,501,674)	(2,701,674)	(200,000)
Use of free cash:				
Capital	316,520	3,085,379	3,085,379	--
OPEB	--	355,532	355,532	--
Operating	140,000	863,854	863,854	--
Use of restricted fund balance	1,643,162	1,643,162	1,643,162	--
Use of prior year fund balance (carryforwards)	3,766,033	3,766,033	3,766,033	--
Total Other Financing Sources (Uses)	<u>5,140,040</u>	<u>9,070,399</u>	<u>8,945,504</u>	<u>(124,895)</u>
Overall Budgetary Excess	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 4,247,487</u>	<u>\$ 4,247,487</u>

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

TOWN OF WESTFORD, MASSACHUSETTS

**REQUIRED SUPPLEMENTARY INFORMATION
COMMUNITY PRESERVATION ACT FUND (CPA) -
MAJOR SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES,
AND OTHER FINANCING SOURCES (USES) - BUDGET AND ACTUAL
(Unaudited)
FOR THE YEAR ENDED JUNE 30, 2023**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original Budget	Final Budget		Positive (Negative)
Revenues				
Property taxes	\$ 1,079,350	\$ 1,079,350	\$ 2,290,217	\$ 1,210,867
Penalties, interest and other taxes	--	--	7,917	7,917
Intergovernmental	--	--	934,577	934,577
Investment income	--	--	412,356	412,356
Total Revenues	<u>1,079,350</u>	<u>1,079,350</u>	<u>3,645,067</u>	<u>2,565,717</u>
Expenditures				
General government	5,974,783	5,974,783	5,974,783	--
Debt service	891,058	891,058	891,058	--
Total Expenditures	<u>6,865,841</u>	<u>6,865,841</u>	<u>6,865,841</u>	<u>--</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(5,786,491)</u>	<u>(5,786,491)</u>	<u>(3,220,774)</u>	<u>2,565,717</u>
Other Financing Sources (Uses)				
Transfers out	(502,000)	(502,000)	(502,000)	--
Use of committed fund balance	1,288,500	1,288,500	1,288,500	--
Use of prior year fund balance (carryforwards)	4,999,991	4,999,991	4,999,991	--
Total Other Financing Sources (Uses)	<u>5,786,491</u>	<u>5,786,491</u>	<u>5,786,491</u>	<u>--</u>
Overall Budgetary Excess	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 2,565,717</u>	<u>\$ 2,565,717</u>

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

TOWN OF WESTFORD, MASSACHUSETTS

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR GENERAL FUND AND CPA FUND BUDGETS**

FOR THE YEAR ENDED JUNE 30, 2023

BUDGETARY BASIS

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

BUDGET/GAAP RECONCILIATION

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

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

General Fund	Revenues	Expenditures	Other Financing Sources (Uses)
GAAP Basis	\$ 130,228,196	\$ 129,474,998	\$ (1,078,660)
To reverse unbudgeted GASB 24 Massachusetts Teacher Retirement System Contributions	(11,023,342)	(11,023,342)	--
To record use of prior year carryforwards	--	--	3,766,033
Current year carryforwards and continuing appropriations	--	5,113,678	--
To record use of free cash	--	--	4,304,765
To record use of restricted fund balance	--	--	1,643,162
Reclassification of budgeted transfers	--	310,204	310,204
Other adjustments	237,611	(691)	--
Reverse the effects of combining the General Fund and stabilization funds (GASB 54)	<u>(265,635)</u>	<u>--</u>	<u>--</u>
Budgetary Basis	<u>\$ 119,176,830</u>	<u>\$ 123,874,847</u>	<u>\$ 8,945,504</u>

TOWN OF WESTFORD, MASSACHUSETTS

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR GENERAL FUND AND CPA FUND BUDGETS (CONTINUED)**

FOR THE YEAR ENDED JUNE 30, 2023

CPA Fund	Revenues	Expenditures	Other Financing Sources (Uses)
GAAP Basis	\$ 3,645,067	\$ 3,556,466	\$ (502,000)
Prior year carryforwards	--	--	4,999,991
Current year carryforwards	--	3,447,588	--
To record use of committed fund balance	--	--	1,288,500
Other	--	(138,213)	--
Budgetary Basis	<u>\$ 3,645,067</u>	<u>\$ 6,865,841</u>	<u>\$ 5,786,491</u>

TOWN OF WESTFORD, MASSACHUSETTS

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

Middlesex Regional Retirement System									
Fiscal Year	Measurement Date	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Liability	Covered Payroll	Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll		Plan Fiduciary Net Position Percentage of the Total Pension Liability		
June 30, 2023	December 31, 2022	3.839687%	\$ 65,161,824	\$ 27,779,314	234.57%		52.61%		
June 30, 2022	December 31, 2021	3.344767%	44,844,218	26,671,296	168.14%		61.14%		
June 30, 2021	December 31, 2020	3.663938%	56,098,309	27,016,988	207.64%		53.42%		
June 30, 2020	December 31, 2019	3.717985%	59,489,841	25,881,068	229.86%		49.45%		
June 30, 2019	December 31, 2018	3.807483%	59,376,424	25,307,496	234.62%		46.40%		
June 30, 2018	December 31, 2017	3.642858%	51,698,881	24,255,608	213.14%		49.27%		
June 30, 2017	December 31, 2016	3.733888%	52,904,581	24,100,833	219.51%		45.49%		
June 30, 2016	December 31, 2015	3.671119%	47,358,134	22,663,136	208.97%		46.13%		
June 30, 2015	December 31, 2015	3.579206%	42,997,563	21,791,477	197.31%		47.65%		
Massachusetts Teachers' Retirement System									
Fiscal Year	Measurement Date	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Liability	Commonwealth of Massachusetts' Total Proportionate Share of the Net Pension Liability Associated with the Town	Total Net Pension Liability Associated with the Town	Covered Payroll	Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position Percentage of the Total Pension Liability	
June 30, 2023	June 30, 2022	0.523773%	\$ --	\$ 135,595,004	\$ 135,595,004	\$ 49,850,396	-- %	57.75%	
June 30, 2022	June 30, 2021	0.535797%	--	121,622,648	121,622,648	41,721,478	--	62.03%	
June 30, 2021	June 30, 2020	0.546525%	--	156,004,753	156,004,753	41,414,717	--	50.67%	
June 30, 2020	June 30, 2019	0.557575%	--	140,587,139	140,587,139	40,581,820	--	53.95%	
June 30, 2019	June 30, 2018	0.554299%	--	131,431,351	131,431,351	38,914,182	--	54.84%	
June 30, 2018	June 30, 2017	0.543505%	--	124,383,239	124,383,239	36,988,876	--	54.25%	
June 30, 2017	June 30, 2016	0.545467%	--	121,955,066	121,955,066	34,522,546	--	52.73%	
June 30, 2016	June 30, 2015	0.544034%	--	111,470,624	111,470,624	35,851,099	--	55.38%	
June 30, 2015	June 30, 2014	0.530452%	--	84,322,583	84,322,583	32,524,633	--	61.64%	

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

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

See independent auditors' report.

TOWN OF WESTFORD, MASSACHUSETTS

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF PENSION CONTRIBUTIONS

(Unaudited)

Middlesex Regional Retirement System								
Fiscal Year	Measurement Date	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll		
June 30, 2023	December 31, 2022	\$ 6,263,082	\$ 6,263,082	\$ --	\$ 28,731,016	21.80%		
June 30, 2022	December 31, 2021	5,950,276	5,950,276	--	27,564,717	21.59%		
June 30, 2021	December 31, 2020	5,473,719	5,473,719	--	26,165,009	20.92%		
June 30, 2020	December 31, 2019	5,152,765	5,152,765	--	26,526,702	19.42%		
June 30, 2019	December 31, 2018	4,902,690	4,902,690	--	25,332,458	19.35%		
June 30, 2018	December 31, 2017	4,619,903	4,619,903	--	24,859,402	18.58%		
June 30, 2017	December 31, 2016	4,238,879	4,238,879	--	24,563,761	17.26%		
June 30, 2016	December 31, 2015	3,993,806	3,993,806	--	23,192,937	17.22%		
June 30, 2015	December 31, 2015	3,808,963	3,808,963	--	23,244,988	16.39%		
Massachusetts Teachers' Retirement System								
Fiscal Year	Measurement Date	Actuarially Determined Contribution Provided by Commonwealth	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll		
June 30, 2023	June 30, 2022	\$ 11,023,342	\$ 11,023,342	\$ --	\$ 49,850,396	22.11%		
June 30, 2022	June 30, 2021	9,638,311	9,638,311	--	43,150,964	22.34%		
June 30, 2021	June 30, 2020	8,489,902	8,489,902	--	41,721,478	20.35%		
June 30, 2020	June 30, 2019	8,049,770	8,049,770	--	41,414,717	19.44%		
June 30, 2019	June 30, 2018	7,287,824	7,287,824	--	40,581,820	17.96%		
June 30, 2018	June 30, 2017	6,715,086	6,715,086	--	38,914,182	17.26%		
June 30, 2017	June 30, 2016	6,134,226	6,134,226	--	36,988,876	16.58%		
June 30, 2016	June 30, 2015	5,559,647	5,559,647	--	34,522,546	16.10%		
June 30, 2015	June 30, 2014	4,972,350	4,972,350	--	35,851,099	13.87%		

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

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

See independent auditors' report.

TOWN OF WESTFORD, MASSACHUSETTS

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY

(Unaudited)

	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability							
Service cost	\$ 3,216,021	\$ 2,417,074	\$ 2,216,467	\$ 2,144,399	\$ 2,874,731	\$ 2,695,924	\$ 3,379,477
Interest	6,284,840	5,422,209	5,194,612	4,712,132	4,487,338	4,871,606	3,932,112
Changes of benefit terms	--	--	--	(3,050,640)	--	--	--
Differences between expected and actual experience	--	(3,246,007)	--	3,713,568	--	--	(2,545,735)
Changes of assumptions	884,814	26,031,127	2,530,554	(6,561,176)	--	(12,065,335)	--
Benefit payments, including refunds of member contributions	(3,538,142)	(3,440,619)	(3,169,596)	(2,965,571)	(2,485,694)	(2,245,506)	(2,042,259)
Net change in total OPEB liability	6,847,533	27,183,784	6,772,037	(2,007,288)	4,876,375	(6,743,311)	2,723,595
Total OPEB Liability - Beginning	113,216,312	86,032,528	79,260,491	81,267,779	76,391,404	83,134,715	80,411,120
Total OPEB Liability - Ending (a)	120,063,845	113,216,312	86,032,528	79,260,491	81,267,779	76,391,404	83,134,715
Plan Fiduciary Net Position							
Contributions - employer	4,809,887	4,389,065	2,030,100	4,038,212	3,558,335	3,245,991	3,162,513
Net investment income (loss)	1,162,350	(749,724)	4,396,871	69,344	357,859	(4,960)	152,263
Benefit payments, including refunds of member contributions	(3,538,142)	(3,440,619)	(3,169,596)	(2,965,571)	(2,485,694)	(2,245,506)	(2,042,259)
Net Change in Plan Fiduciary Net Position	2,434,095	198,722	3,257,375	1,141,985	1,430,500	995,525	1,272,517
Plan Fiduciary Net Position - Beginning	10,583,134	10,384,412	7,127,037	5,985,052	4,554,552	3,559,027	2,286,510
Plan Fiduciary Net Position - Ending (b)	13,017,229	10,583,134	10,384,412	7,127,037	5,985,052	4,554,552	3,559,027
Net OPEB Liability (Asset) - Ending (a-b)	<u>\$ 107,046,616</u>	<u>\$ 102,633,178</u>	<u>\$ 75,648,116</u>	<u>\$ 72,133,454</u>	<u>\$ 75,282,727</u>	<u>\$ 71,836,852</u>	<u>\$ 79,575,688</u>

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

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

See independent auditors' report.

TOWN OF WESTFORD, MASSACHUSETTS

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES OF THE NET OPEB LIABILITY, CONTRIBUTIONS, AND INVESTMENT RETURNS (Unaudited)

	2023	2022	2021	2020	2019	2018	2017
Schedule of Net OPEB Liability							
Total OPEB liability	\$ 120,063,845	\$ 113,216,312	\$ 86,032,528	\$ 79,260,491	\$ 81,267,779	\$ 76,391,404	\$ 83,134,715
Plan fiduciary net position	<u>13,017,229</u>	<u>10,583,134</u>	<u>10,384,412</u>	<u>7,127,037</u>	<u>5,985,052</u>	<u>4,554,552</u>	<u>3,559,027</u>
Net OPEB Liability (Asset)	<u>\$ 107,046,616</u>	<u>\$ 102,633,178</u>	<u>\$ 75,648,116</u>	<u>\$ 72,133,454</u>	<u>\$ 75,282,727</u>	<u>\$ 71,836,852</u>	<u>\$ 79,575,688</u>
Plan fiduciary net position as a percentage of the total OPEB liability	10.84%	9.35%	12.07%	8.99%	7.36%	5.96%	4.28%
Covered Employee Payroll	\$ 69,309,760	\$ 67,291,029	\$ 66,756,835	\$ 64,812,462	\$ 60,760,942	\$ 57,273,016	\$ 57,373,661
Net OPEB Liability as a percentage of covered employee payroll	154.45%	152.52%	113.32%	111.30%	123.90%	125.43%	138.70%
<hr/>							
Schedule of Contributions							
Actuarially determined contribution	\$ 8,113,326	\$ 7,146,651	\$ 6,033,439	\$ 7,331,061	\$ 7,908,973	\$ 8,017,242	\$ 3,162,513
Contributions in relation to the actuarially determined contribution	<u>4,809,887</u>	<u>4,389,065</u>	<u>4,396,871</u>	<u>4,038,212</u>	<u>3,558,335</u>	<u>3,245,991</u>	<u>3,162,513</u>
Contribution Deficiency (Excess)	<u>\$ 3,303,439</u>	<u>\$ 2,757,586</u>	<u>\$ 1,636,568</u>	<u>\$ 3,292,849</u>	<u>\$ 4,350,638</u>	<u>\$ 4,771,251</u>	<u>\$ --</u>
Covered Employee Payroll	\$ 69,309,760	\$ 67,291,029	\$ 66,756,835	\$ 64,812,462	\$ 60,760,942	\$ 58,991,206	\$ 57,373,661
Contributions as a Percentage of Covered Employee Payroll	6.94%	6.52%	6.59%	6.23%	5.86%	5.50%	5.51%
<hr/>							
Schedule of Investment Returns							
Annual money weighted rate of return, net of investment expense	10.18%	-6.75%	24.63%	1.16%	6.63%	-0.12%	14.69%

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

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

See independent auditors' report.

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

To the Select Board
Town of Westford, Massachusetts

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Westford, Massachusetts (the Town), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated March 20, 2024.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

Marcum LLP

Andover, MA
March 20, 2024