TOWN OF FAIRHAVEN, MASSACHUSETTS

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

(With Independent Auditors' Report Thereon)

TOWN OF FAIRHAVEN, MASSACHUSETTS

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

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CBIZ CPAs P.C.

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Independent Auditors' Report

To the Honorable Select Board
Town of Fairhaven, 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 Fairhaven, Massachusetts (the "Town"), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

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

Basis 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 the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 16 to the financial statements, the beginning net position of the water and sewer enterprise funds and business-type activities has been restated for the correction of an error under GASB Statement #100, *Accounting Changes and Error Corrections*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, 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 the management's discussion and analysis and other required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 11, 2025, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters**.** The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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.

CBIZ CPAs P.C.

Boston, MA
August 11, 2025

Management's Discussion and Analysis

As management of the Town of Fairhaven, we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the year ended June 30, 2024. We encourage readers to consider the information presented in this report. All amounts, unless otherwise indicated, are expressed in whole dollars.

The Government Accounting Standards Board (GASB) is the authoritative standard setting body that provides guidance on how to prepare financial statements in conformity with generally accepted accounting principles (GAAP). Users of these financial statements (such as investors and rating agencies) rely on the GASB to establish consistent reporting standards for all governments in the United States. This consistent application is the only way users (including citizens, the media, legislators and others) can assess the financial condition of one government compared to others.

Financial Highlights

- The Town's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by $104.9 million at the close of 2024, an increase of $8.7 million in net position from the prior year.
- The Town has reported a $47.3 million net other postemployment benefits (OPEB) liability, as well as $4.7 million of deferred outflows of resources and $5.8 million of deferred inflows of resources related to OPEB on the statement of net position.
- The Town has reported a $18.5 million net pension liability, as well as $5.3 million of deferred outflows of resources and $36,000 of deferred inflows of resources related to pensions on the statement of net position.
- At the close of 2024, the Town's general fund reported an ending fund balance of $22.4 million, a decrease of $668,000 from the prior year. Unassigned fund balance for the general fund was $9.1 million, which represents 14.2% of general fund expenditures.
- The Town entered into an interim loan financing agreement with the Massachusetts Clean Water Trust (MCWT) in 2024 in connection with its Wastewater Treatment Facility upgrade project. The Town drew down $5.7 million of this funding during 2024 and $5.6 million of loan forgiveness was awarded by the MCWT. Please refer to Note 6 for additional information.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Town of Fairhaven's basic financial statements. The basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

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

The *statement of net position* presents information on all assets and deferred outflows and liabilities and deferred inflows, 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 of the Town is improving or deteriorating.

The *statement of activities* presents information showing how the Town's net position changed during the most recent 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 result in cash flows in future periods (e.g., uncollected taxes and earned but unused sick and vacation time).

Both government-wide statements distinguish functions of the Town 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 of the Town include general government, public safety, education, public works, health and human services, culture and recreation, and interest. The business-type activities include the water and sewer operations.

The government-wide financial statements include not only the Town of Fairhaven itself (known as the *primary government*), but also a legally separate public employee retirement system for which the Town of Fairhaven is financially accountable. Financial information for this *component unit* is reported separately within the fiduciary fund statements.

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities.*

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

Proprietary funds. The Town maintains two types of proprietary funds.

Enterprise funds are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Town uses enterprise funds to account for its water and sewer operations, both of which are considered to be major funds.

Internal Service funds are an accounting device used to accumulate and allocate costs internally among various functions. The Town maintains an internal service fund to account for self-insured employee health and dental programs.

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

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

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The Town's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $104.9 million at the close of 2024, an increase of $8.7 million from the prior year.

A significant portion of the Town's net position, $120.5 million, reflects its investment in capital assets (e.g., land, construction in progress, buildings, improvements, machinery and equipment, and infrastructure), less any related debt used to acquire those assets that are still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the investment in capital assets is reported net of its related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Town's net position, $13.8 million, represents resources that are subject to external restrictions on how they may be used. The remaining deficit balance of unrestricted net position of $27.4 million is due to the recognition of the net OPEB liability in the amount of $47.3 million and the net pension liability in the amount of $18.5 million. These are long-term unfunded liabilities that will not require significant short-term resources.

At the end of the current year, the Town is able to report positive balances in two of the three categories of net position, for the Town as a whole and for its governmental activities. The business-type activities report positive balance in both categories of net position. Details related to the Town's governmental and business-type activities follow.

Governmental activities. The Town's governmental assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $67.9 million at the close of 2024.

	2024	2023
Assets:		
Current assets	$ 48,613,409	$ 49,395,339
Noncurrent assets (excluding capital)	1,543,037	1,615,238
Capital assets, non depreciable	26,778,213	23,894,474
Capital assets, net of accumulated depreciation	65,788,667	64,736,789
Total assets	**142,723,326**	**139,641,840**
Deferred outflows of resources	**9,248,444**	**14,816,015**
Liabilities:		
Current liabilities (excluding debt)	7,128,617	8,486,451
Noncurrent liabilities (excluding debt)	63,457,489	67,642,578
Current debt	936,612	937,018
Noncurrent debt	5,336,200	6,272,811
Total liabilities	**76,858,918**	**83,338,858**
Deferred inflows of resources	**7,208,447**	**6,537,018**
Net position:		
Net investment in capital assets	86,361,142	81,488,508
Restricted	13,807,540	12,225,085
Unrestricted	(32,264,277)	(29,131,614)
Total net position	**$ 67,904,405**	**$ 64,581,979**

The governmental net position increased by $3.3 million during the current year. The increase was primarily due to the recognition of $5.0 million of capital grant revenue in connection with various state infrastructure grant programs and the federal American Rescue Plan Act (ARPA). This increase was offset by a combined increase of $2.2 million in the net OPEB liability, net pension liability, and related deferred inflows and outflows of resources.

Governmental expenses totaled $73.5 million, of which $31.7 million (43.2%) was directly supported by program revenues consisting of charges for services, operating and capital grants and contributions. General revenues totaled $45.1 million, primarily coming from property taxes, grants and contributions not restricted to specific programs, motor vehicle and other excise taxes, and unrestricted investment income.

	2024	2023
Program Revenues:		
Charges for services	$ 6,671,212	$ 6,675,109
Operating grants and contributions	20,060,103	19,680,714
Capital grants and contributions	4,988,124	714,332
General Revenues:		
Real estate and personal property taxes, net of tax refunds payable	34,093,371	32,032,868
Tax and other liens	294,375	111,333
Motor vehicle and other excise taxes	3,618,829	3,504,014
Community preservation tax	516,365	485,893
Penalties and interest on taxes	261,580	265,638
Grants and contributions not restricted to specific programs	4,305,452	4,020,626
Unrestricted investment income	1,974,746	997,961
Miscellaneous	4,802	157,580
Total revenues	**76,788,959**	**68,646,068**
Expenses:		
General government	6,236,388	5,667,411
Public safety	14,908,842	13,659,753
Education	42,216,481	39,868,886
Public works	6,560,132	6,949,748
Health and human services	1,322,651	1,280,742
Culture and recreation	2,045,392	1,611,882
Interest	186,795	231,533
Total expenses	**73,476,681**	**69,269,955**
Transfers	**10,148**	**-**
Change in net position	**3,322,426**	**(623,887)**
Net position, beginning of year	**64,581,979**	**65,205,866**
Net position, end of year	**$ 67,904,405**	**$ 64,581,979**

Business-type activities. Business-type assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $39.0 million at the close of 2024. Details of the key elements of business-type operations are presented on the following page.

		2024		2023
Assets:				
Current assets	$	12,882,376	$	8,448,290
Noncurrent assets (excluding capital)		206,729		343,253
Capital assets, non depreciable		14,891,487		8,044,838
Capital assets, net of accumulated depreciation		31,632,660		30,435,600
Total assets		**59,613,252**		**47,271,981**
Deferred outflows of resources		**783,416**		**1,223,781**
Liabilities:				
Current liabilities (excluding debt)		4,167,942		554,582
Noncurrent liabilities (excluding debt)		4,309,451		4,745,789
Current debt		2,948,338		783,000
Noncurrent debt		9,725,507		10,546,503
Total liabilities		**21,151,238**		**16,629,874**
Deferred inflows of resources		**253,054**		**242,997**
Net position:				
Net investment in capital assets		34,103,458		27,150,935
Unrestricted		4,888,918		4,471,956
Total net position	$	**38,992,376**	$	**31,622,891**

Business-type net position of $34.1 million represents the net investment in capital assets while $4.9 million is unrestricted. The Town's business-type net position increased by $5.4 million during the current year.

The water enterprise fund net position decreased by $52,000 in 2024. The decrease was the result of positive operating results offset by a change in long-term accruals.

The sewer enterprise fund net position increased by $5.5 million in 2024. This increase was primarily due to $5.6 million of capital contribution revenue recognized in connection with loan forgiveness received from the Massachusetts Clean Water Trust (MCWT).

	2024	2023
Program Revenues:		
Charges for services	$ 7,920,440	$ 7,551,264
Capital grants and contributions	5,626,762	-
General Revenues:		
Unrestricted investment income	89,933	54,683
Miscellaneous	2,798	6,529
Total revenues	**13,639,933**	**7,612,476**
Expenses:		
Water	3,339,389	3,343,497
Sewer	4,886,634	4,488,354
Total expenses	**8,226,023**	**7,831,851**
Excess (Deficiency) before transfers	**5,413,910**	**(219,375)**
Transfers	**(10,148)**	**-**
Change in net position	**5,403,762**	**(219,375)**
Net position, beginning of year - as previously reported	**31,622,891**	**31,842,266**
Adjustment - correction of an error	**1,965,723**	**-**
Net position, beginning of year - as restated	**33,588,614**	**31,842,266**
Net position, end of year	**$ 38,992,376**	**$ 31,622,891**

During 2024, the Town identified and corrected an error related to the accrual of unbilled water and sewer charges for services. In accordance with GASB Statement #100, *Accounting Changes and Error Corrections*, the Town has restated the beginning net position of the water and sewer enterprise funds and the business-type activities. Please refer to Note 16 for additional information.

Financial Analysis of the Governmental Funds

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

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

At the end of the current year, governmental funds reported combined ending fund balances of $36.2 million, of which $22.4 million is for the general fund, $34,000 is for the Town grants fund, and $13.8 million is for the nonmajor governmental funds. Cumulatively there was an increase of $253,000 in fund balances from the prior year.

The general fund is the chief operating fund. At the end of the current year, unassigned fund balance of the general fund totaled $9.1 million, while total fund balance was $22.4 million. Fund balance of $1.1 million was assigned for encumbrances, and $12.2 million was committed for subsequent year expenditures, continuing appropriations, and special purpose stabilization funds. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures. Unassigned fund balance represents 14.2% of general fund expenditures, while total fund balance represents 34.9% of that same amount.

The general fund experienced a decrease of $668,000 during 2024, which is primarily due to a $452,000 decrease from budgetary operating results. General fund revenues exceeded the budget by $1.4 million, expenditures were under budget by $1.4 million, and carryforwards increased by $955,000. These surpluses were offset by the use of $4.2 million of free cash to fund capital projects and supplemental appropriations.

The Town grant major fund experienced a decrease of $661,000 in 2024 and ended the year with fund balance totaling $34,000. The decrease was the result of expected timing differences between the receipt and expenditure of state and federal grant funding.

General Fund Budgetary Highlights

The Town adopts an annual appropriated budget for its general fund. The original 2024 approved budget for the general fund authorized $67.0 million in appropriations and other amounts to be raised, including $3.3 million of encumbrances and continuing appropriations carried forward from the prior year. An additional $176,000 of supplemental appropriations were approved in the final budget.

Revenues exceeded the budget by $1.4 million, with the largest surpluses relating to investment income, departmental and other receipts, and property taxes. Expenditures were under budget by $1.4 million.

Capital Asset and Debt Administration

Capital Assets. Total investment in capital assets for governmental and business-type activities at year-end amount to $139.1 million (net of accumulated depreciation). The investment in capital assets includes land, construction in progress, buildings, improvements, machinery and equipment, and infrastructure.

The Town invested approximately $8.5 million for governmental capital asset additions in 2024. The most significant capital activity related to the Union Wharf improvement project, Middle School roof replacement project, and various road and sidewalk improvement projects.

The Town invested approximately $9.5 million for business-type capital asset additions in 2024, of which $9.2 million related to sewer projects and $269,000 related to water projects. The most significant capital activity related to the Wastewater Treatment Facility upgrade project.

Debt Administration. The Town maintains an AA+ rating from S&P Global Ratings for general obligation debt.

Outstanding governmental long-term debt totaled $6.3 million at year-end, a decrease of $937,000 from the prior year. The decrease was due to $931,000 of scheduled principal payments and the amortization of bond premiums

Outstanding business-type long-term debt totaled $10.5 million, a decrease of $783,000 from the prior year. The decrease was due to $763,000 of scheduled principal payments and the amortization of bond premiums. Of the total business-type debt outstanding, $8.3 million relates to the sewer enterprise fund and $2.2 million relates to the water enterprise fund.

Please refer to notes 4, 6, and 7 for further discussion of the major capital and debt activity.

Requests for Information

This financial report is designed to provide a general overview of the Town of Fairhaven's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Town Accountant, Town Hall, 40 Center Street, Fairhaven, MA 02719.

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Basic Financial Statements

Town of Fairhaven, Massachusetts

Statement of Net Position

For the Year Ended June 30, 2024

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
CURRENT:			
Cash and cash equivalents	$ 29,077,385	$ 8,553,858	$ 37,631,243
Investments	14,622,303	1,686,973	16,309,276
Receivables, net of allowance for uncollectibles:			
Real estate and personal property taxes	424,271	-	424,271
Tax and utility liens	1,040,083	191,539	1,231,622
Motor vehicle and other excise taxes	264,533	-	264,533
User charges	64,505	2,450,006	2,514,511
Community preservation fund surtax	14,230	-	14,230
Community preservation state share	93,600	-	93,600
Departmental and other	607,822	-	607,822
Intergovernmental	217,494	-	217,494
Loans	370,903	-	370,903
Lease receivables	70,894	-	70,894
Tax foreclosures	679,486	-	679,486
Working capital deposit	1,065,900	-	1,065,900
Total current assets	48,613,409	12,882,376	61,495,785
NONCURRENT:			
Receivables, net of allowance for uncollectibles:			
Special assessments	681	206,729	207,410
Lease receivables	1,542,356	-	1,542,356
Capital assets, nondepreciable	26,778,213	14,891,487	41,669,700
Capital assets, net of accumulated depreciation	65,788,667	31,632,660	97,421,327
Total noncurrent assets	94,109,917	46,730,876	140,840,793
TOTAL ASSETS	142,723,326	59,613,252	202,336,578
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	4,727,000	581,000	5,308,000
Deferred outflows related to other postemployment benef	4,521,444	202,416	4,723,860
TOTAL DEFERRED OUTFLOWS OF RESOURCES	9,248,444	783,416	10,031,860

See notes to basic financial statements.

Town of Fairhaven, Massachusetts

Statement of Net Position (Continued)

For the Year Ended June 30, 2024

	Primary Government		
	Governmental Activities	Business-type Activities	Total
LIABILITIES			
CURRENT:			
Warrants payable	2,692,217	3,981,776	6,673,993
Accrued payroll	385,826	56,195	442,021
Health claims payable	803,384	-	803,384
Tax refunds payable	211,453	-	211,453
Accrued interest	38,815	71,840	110,655
Other liabilities	468,792	30,129	498,921
Unearned revenue	2,335,932	-	2,335,932
Landfill closure	25,000	-	25,000
Compensated absences	167,198	28,002	195,200
Notes payable	-	2,127,621	2,127,621
Bonds payable	936,612	820,717	1,757,329
Total current liabilities	8,065,229	7,116,280	15,181,509
NONCURRENT:			
Landfill closure	125,000	-	125,000
Compensated absences	1,504,785	252,021	1,756,806
Net pension liability	16,518,000	2,029,000	18,547,000
Net other postemployment benefits liability	45,309,704	2,028,430	47,338,134
Bonds payable	5,336,200	9,725,507	15,061,707
Total noncurrent liabilities	68,793,689	14,034,958	82,828,647
TOTAL LIABILITIES	76,858,918	21,151,238	98,010,156
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to lease receivables	1,613,250	-	1,613,250
Deferred inflows related to pensions	32,000	4,000	36,000
Deferred inflows related to other postemployment benefit	5,563,197	249,054	5,812,251
TOTAL DEFERRED INFLOWS OF RESOURCES	7,208,447	253,054	7,461,501
NET POSITION			
Net investment in capital assets	86,361,142	34,103,458	120,464,600
Restricted for:			
Permanent funds:			
Expendable	637,899	-	637,899
Nonexpendable	3,155,766	-	3,155,766
Gifts and grants	7,696,476	-	7,696,476
Community preservation	2,317,399	-	2,317,399
Unrestricted	(32,264,277)	4,888,918	(27,375,359)
TOTAL NET POSITION	$ 67,904,405	$ 38,992,376	$ 106,896,781

See notes to basic financial statements.

Town of Fairhaven, Massachusetts

Statement of Activities

For the Year Ended June 30, 2024

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue
Primary Government:					
Governmental Activities:					
General government	$ 6,236,388	$ 686,719	$ 612,328	$ 26,249	$ (4,911,092)
Public safety	14,908,842	2,477,340	731,082	2,511,766	(9,188,654)
Education	42,216,481	2,831,021	17,938,004	300,000	(21,147,456)
Public works	6,560,132	216,387	51,952	1,950,109	(4,341,684)
Health and human services	1,322,651	3,393	616,817	-	(702,441)
Culture and recreation	2,045,392	456,352	109,920	200,000	(1,279,120)
Interest	186,795	-	-	-	(186,795)
Total Governmental Activities	73,476,681	6,671,212	20,060,103	4,988,124	**(41,757,242)**
Business-Type Activities:					
Water	3,339,389	3,292,859	-	-	(46,530)
Sewer	4,886,634	4,627,581	-	5,626,762	5,367,709
Total Business-Type Activities	8,226,023	7,920,440	-	5,626,762	**5,321,179**
Total Primary Government	$ 81,702,704	$ 14,591,652	$ 20,060,103	$ 10,614,886	$ **(36,436,063)**

See notes to basic financial statements.

Town of Fairhaven, Massachusetts

Statement of Activities (Continued)

For the Year Ended June 30, 2024

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Changes in net position:			
Net (expense) revenue from previous page	$ **(41,757,242)**	$ **5,321,179**	$ **(36,436,063)**
General revenues:			
Real estate and personal property taxes, net of tax refunds payable	34,093,371	-	34,093,371
Tax and other liens	294,375	-	294,375
Motor vehicle excise taxes	2,347,758	-	2,347,758
Hotel/motel tax	469,071	-	469,071
Meals tax	468,484	-	468,484
Other excise tax	333,516	-	333,516
Community preservation tax	516,365	-	516,365
Penalties and interest on taxes	261,580	-	261,580
Grants and contributions not restricted to specific programs	4,305,452	-	4,305,452
Unrestricted investment income	1,974,746	89,933	2,064,679
Miscellaneous	4,802	2,798	7,600
Transfers, net	10,148	(10,148)	-
Total general revenues and transfers	45,079,668	82,583	45,162,251
Change in net position	3,322,426	5,403,762	8,726,188
Net position:			
Beginning of year, as previously reported	64,581,979	31,622,891	96,204,870
Adjustment - correction of an error	-	1,965,723	1,965,723
Beginning of year, as restated	64,581,979	33,588,614	98,170,593
End of year	$ 67,904,405	$ 38,992,376	$ 104,931,058

See notes to basic financial statements.

Town of Fairhaven, Massachusetts

Governmental Funds
Balance Sheet

For the Year Ended June 30, 2024

	General	Town Grants	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	$ 14,475,572	$ 2,907,284	$ 9,936,771	$ 27,319,627
Investments	10,567,155	-	4,055,148	14,622,303
Receivables, net of uncollectibles:				
Real estate and personal property taxes	424,271	-	-	424,271
Tax liens	1,040,083	-	-	1,040,083
Motor vehicle and other excise taxes	264,533	-	-	264,533
User charges	-	-	64,505	64,505
Community preservation fund surtax	-	-	14,230	14,230
Community preservation state share	-	-	93,600	93,600
Departmental and other	1,355	-	606,467	607,822
Intergovernmental	-	217,494	-	217,494
Special assessments	-	-	681	681
Loans	-	370,903	-	370,903
Lease receivables	1,613,250	-	-	1,613,250
Tax foreclosures	679,486	-	-	679,486
TOTAL ASSETS	$ 29,065,705	$ 3,495,681	$ 14,771,402	$ 47,332,788
LIABILITIES				
Warrants payable	$ 1,707,004	$ 749,484	$ 177,705	$ 2,634,193
Accrued payroll	373,982	5,170	6,674	385,826
Tax refunds payable	211,453	-	-	211,453
Other liabilities	468,792	-	-	468,792
Unearned revenue	-	2,335,932	-	2,335,932
TOTAL LIABILITIES	2,761,231	3,090,586	184,379	6,036,196
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	2,306,673	370,903	779,483	3,457,059
Deferred inflows related to lease receivables	1,613,250	-	-	1,613,250
TOTAL DEFERRED INFLOWS OF RESOURCES	3,919,923	370,903	779,483	5,070,309
FUND BALANCES				
Nonspendable	-	-	3,155,766	3,155,766
Restricted	-	34,192	10,651,774	10,685,966
Committed	12,175,771	-	-	12,175,771
Assigned	1,106,935	-	-	1,106,935
Unassigned	9,101,845	-	-	9,101,845
TOTAL FUND BALANCES	22,384,551	34,192	13,807,540	36,226,283
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 29,065,705	$ 3,495,681	$ 14,771,402	$ 47,332,788

See notes to basic financial statements.

Town of Fairhaven, Massachusetts

Reconciliation of the Governmental Funds Balance Sheet
Total Fund Balances to the Statement of Net Position

For the Year Ended June 30, 2024

Total governmental fund balances		$ 36,226,283
Capital assets (net) used in governmental activities are not financial resources and, therefore, are not reported in the funds		92,566,880
Accounts receivable are not available to pay for current-period expenditures and, therefore, are unavailable in the funds		3,457,059
The statement of net position includes certain deferred inflows of resources and deferred outflows of resources that will be amortized over future periods. In governmental funds, these amounts are not deferred		3,653,247
The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position		1,962,250
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due		(38,815)
Long-term liabilities are not due and payable in the current period and, therefore are not reported in the governmental funds:		
Bonds payable	(6,272,812)	
Net pension liability	(16,518,000)	
Net other postemployment benefits liability	(45,309,704)	
Landfill closure	(150,000)	
Compensated absences	(1,671,983)	
Net effect of reporting long-term liabilities		(69,922,499)
Net position of governmental activities		$ 67,904,405

See notes to basic financial statements.

Town of Fairhaven, Massachusetts

Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances

For the Year Ended June 30, 2024

	General	Town Grants	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:				
Real estate and personal property taxes,				
net of tax refunds	$ 33,970,601	$ -	$ -	$ 33,970,601
Tax liens	114,237	-	2,158	116,395
Motor vehicle and other excise taxes	2,294,595	-	-	2,294,595
Hotel/motel tax	469,071	-	-	469,071
Meals tax	468,484	-	-	468,484
Other excise tax	333,516	-	-	333,516
Charges for services	117,501	-	2,548,043	2,665,544
Penalties and interest on taxes	259,981	-	1,599	261,580
Fees and rentals	635,125	-	-	635,125
Licenses and permits	586,386	-	-	586,386
Fines and forfeitures	6,773	-	-	6,773
Intergovernmental - state aid	13,101,063	-	-	13,101,063
Intergovernmental - Teachers Retirement	4,178,421	-	-	4,178,421
Intergovernmental - other	-	4,829,224	4,909,460	9,738,684
Departmental and other	3,706,886	-	-	3,706,886
Community preservation taxes	-	-	517,072	517,072
Community preservation state match	-	-	102,996	102,996
Contributions and donations	-	-	1,006,979	1,006,979
Investment income	1,386,681	175	524,980	1,911,836
Miscellaneous	174,982	-	-	174,982
TOTAL REVENUES	61,804,303	4,829,399	9,613,287	76,246,989
EXPENDITURES:				
Current:				
General government	3,808,212	526,636	244,600	4,579,448
Public safety	10,355,027	3,425,165	127,659	13,907,851
Education	28,318,139	-	4,429,917	32,748,056
Public works	4,287,820	1,437,223	879,644	6,604,687
Health and human services	861,674	80,194	139,101	1,080,969
Culture and recreation	1,335,851	21,566	576,389	1,933,806
Pension benefits	3,440,055	-	-	3,440,055
Pension benefits - Teachers Retirement	4,178,421	-	-	4,178,421
Employee benefits	5,680,529	-	-	5,680,529
State and county charges	718,398	-	-	718,398
Debt service:				
Principal	931,000	-	-	931,000
Interest	200,556	-	-	200,556
TOTAL EXPENDITURES	64,115,682	5,490,784	6,397,310	76,003,776
EXCESS (DEFICIENCY) OF REVENUES				
OVER (UNDER) EXPENDITURES	(2,311,379)	(661,385)	3,215,977	243,213
OTHER FINANCING SOURCES (USES):				
Transfers in	1,665,148	-	21,478	1,686,626
Transfers out	(21,478)	-	(1,655,000)	(1,676,478)
TOTAL OTHER FINANCING SOURCES (US	1,643,670	-	(1,633,522)	10,148
NET CHANGE IN FUND BALANCES	(667,709)	(661,385)	1,582,455	253,361
FUND BALANCES AT BEGINNING OF YEAR	23,052,260	695,577	12,225,085	35,972,922
FUND BALANCES AT END OF YEAR	$ 22,384,551	$ 34,192	$ 13,807,540	$ 36,226,283

See notes to basic financial statements.

Town of Fairhaven, Massachusetts

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities

For the Year Ended June 30, 2024

Net change in fund balances - total governmental funds		$ 253,361
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	8,530,583	
Depreciation expense	(4,594,966)	
Net effect of reporting capital assets		3,935,617
Revenues in the Statement of Activities that do not provide current financial resources are unavailable in the Statement of Revenues, Expenditures and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable differ between the two statements. This amount represents the net change in unavailable revenue		479,060
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are unavailable and amortized in the Statement of Activities.		
Net amortization of premium from issuance of bonds	6,017	
Debt service principal payments	931,000	
Net effect of reporting long-term debt		937,017
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		
Net change in compensated absences accrual	54,085	
Net change in accrued interest on long-term debt	7,744	
Net change in deferred outflow/(inflow) of resources related to pensions	(2,577,000)	
Net change in net pension liability	2,747,000	
Net change in deferred outflow/(inflow) of resources related to other postemploym	(3,734,718)	
Net change in net other postemployment benefits liability	1,364,413	
Net change in landfill closure	25,000	
Net effect of recording long-term liabilities		(2,113,476)
The net activity of internal service funds is reported with Governmental Activities		(169,153)
Change in net position of governmental activities		$ 3,322,426

See notes to basic financial statements.

Town of Fairhaven, Massachusetts

Proprietary Funds
Statement of Net Position

For the Year Ended June 30, 2024

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Water	Sewer	Total	
ASSETS				
CURRENT:				
Cash and cash equivalents	$ 2,297,517	$ 6,256,341	$ 8,553,858	$ 1,757,758
Investments	-	1,686,973	1,686,973	-
Receivables, net of allowance for uncollectibles:				
Liens - user charges	72,695	118,844	191,539	-
User charges	1,008,410	1,441,596	2,450,006	-
Working capital deposit	-	-	-	1,065,900
Total current assets	3,378,622	9,503,754	12,882,376	2,823,658
NONCURRENT:				
Receivables, net of allowance for uncollectibles:				
Special assessments	-	206,729	206,729	-
Capital assets, non depreciable	3,084,930	11,806,557	14,891,487	-
Capital assets, net of accumulated depreciation	3,635,710	27,996,950	31,632,660	-
Total noncurrent assets	6,720,640	40,010,236	46,730,876	-
TOTAL ASSETS	10,099,262	49,513,990	59,613,252	2,823,658
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pensions	202,000	379,000	581,000	-
Deferred outflows related to other postemployment benefits	68,670	133,746	202,416	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	270,670	512,746	783,416	-
LIABILITIES				
CURRENT:				
Warrants payable	30,243	3,951,533	3,981,776	58,024
Accrued payroll	22,776	33,419	56,195	-
Health claims payable	-	-	-	803,384
Accrued interest	38,042	33,798	71,840	-
Other liabilities	137	29,992	30,129	-
Compensated absences	12,355	15,647	28,002	-
Notes payable	590,000	1,537,621	2,127,621	-
Bonds payable	263,265	557,452	820,717	-
Total current liabilities	956,818	6,159,462	7,116,280	861,408
NONCURRENT:				
Compensated absences	111,197	140,824	252,021	-
Net pension liability	705,000	1,324,000	2,029,000	-
Net other postemployment benefits liability	688,147	1,340,283	2,028,430	-
Bonds payable	1,988,655	7,736,852	9,725,507	-
Total noncurrent liabilities	3,492,999	10,541,959	14,034,958	-
TOTAL LIABILITIES	4,449,817	16,701,421	21,151,238	861,408
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pensions	1,000	3,000	4,000	-
Deferred inflows related to other postemployment benefits	84,492	164,562	249,054	-
TOTAL DEFERRED INFLOWS OF RESOURCES	85,492	167,562	253,054	-
NET POSITION				
Net investment in capital assets	3,878,720	30,224,738	34,103,458	-
Unrestricted	1,955,903	2,933,015	4,888,918	1,962,250
TOTAL NET POSITION	$ 5,834,623	$ 33,157,753	$ 38,992,376	$ 1,962,250

See notes to basic financial statements.

Town of Fairhaven, Massachusetts

Proprietary Funds
Statement of Revenues, Expenses and Changes in Net Position

Year Ended June 30, 2024

	Business-type Activities - Enterprise Funds			
	Water	Sewer	Total	Governmental Activities - Internal Service Fund
OPERATING REVENUES:				
Charges for services	$ 3,292,859	$ 4,627,581	$ 7,920,440	$ -
Employee and employer contributions	-	-	-	7,633,328
Other operating revenues	451	2,347	2,798	-
TOTAL OPERATING REVENUES	3,293,310	4,629,928	7,923,238	7,633,328
OPERATING EXPENSES:				
Cost of services and administration	976,283	2,169,991	3,146,274	-
Salaries and wages	663,267	1,172,829	1,836,096	-
Intergovernmental assessment	1,385,595	-	1,385,595	-
Depreciation	240,464	1,240,791	1,481,255	-
Employee benefits	-	-	-	7,865,391
TOTAL OPERATING EXPENSES	3,265,609	4,583,611	7,849,220	7,865,391
OPERATING INCOME (LOSS)	27,701	46,317	74,018	(232,063)
NONOPERATING REVENUES (EXPENSES):				
Investment income	598	89,335	89,933	62,910
Interest expense	(73,780)	(303,023)	(376,803)	-
TOTAL NONOPERATING REVENUES (EXPENSES), NET	(73,182)	(213,688)	(286,870)	62,910
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	(45,481)	(167,371)	(212,852)	(169,153)
CAPITAL CONTRIBUTIONS	-	5,626,762	5,626,762	-
TRANSFERS:				
Transfers out	(6,647)	(3,501)	(10,148)	-
CHANGE IN NET POSITION	(52,128)	5,455,890	5,403,762	(169,153)
NET POSITION AT BEGINNING OF YEAR, AS PREVIOUSLY REPORTED	5,065,058	26,557,833	31,622,891	2,131,403
ADJUSTMENT - CORRECTION OF AN ERROR	821,693	1,144,030	1,965,723	-
NET POSITION AT BEGINNING OF YEAR, AS RESTATED	5,886,751	27,701,863	33,588,614	2,131,403
NET POSITION AT END OF YEAR	$ 5,834,623	$ 33,157,753	$ 38,992,376	$ 1,962,250

See notes to basic financial statements.

Town of Fairhaven, Massachusetts

Proprietary Funds
Statement of Cash Flows

For the Year Ended June 30, 2024

	Business-type Activities - Enterprise Funds			
	Water	Sewer	Total	Governmental Activities - Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers and users	$ 3,293,529	$ 4,685,753	$ 7,979,282	$ -
Receipts from interfund services provided	-	-	-	7,742,488
Payments to vendors	(2,440,870)	(2,227,669)	(4,668,539)	-
Payments to employees	(590,637)	(1,066,388)	(1,657,025)	-
Payments for interfund services used	-	-	-	(7,960,151)
NET CASH FROM OPERATING ACTIVITIES	262,022	1,391,696	1,653,718	(217,663)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers out	(6,647)	(3,501)	(10,148)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Proceeds from the issuance of bonds and notes	590,000	7,164,383	7,754,383	-
Capital contributions	-	5,763,286	5,763,286	-
Acquisition and construction of capital assets	(357,230)	(5,577,360)	(5,934,590)	-
Principal payments on bonds and notes	(210,507)	(6,179,736)	(6,390,243)	-
Interest expense	(96,214)	(305,718)	(401,932)	-
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES	(73,951)	864,855	790,904	-
CASH FLOWS FROM INVESTING ACTIVITIES:				
Purchase of investments	-	1,475	1,475	-
Investment income	598	89,335	89,933	62,910
NET CASH FROM INVESTING ACTIVITIES	598	90,810	91,408	62,910
NET CHANGE IN CASH AND CASH EQUIVALENTS	182,022	2,343,860	2,525,882	(154,753)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	2,115,495	3,912,481	6,027,976	1,912,511
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 2,297,517	$ 6,256,341	$ 8,553,858	$ 1,757,758
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES:				
Operating income (loss)	$ 27,701	$ 46,317	$ 74,018	$ (232,063)
Adjustments to reconcile operating income to net cash from operating activities:				
Depreciation	240,464	1,240,791	1,481,255	-
Deferred (outflows)/inflows related to pensions	97,000	184,000	281,000	-
Deferred (outflows)/inflows related to other postemployment benefits	57,749	111,673	169,422	-
Changes in assets and liabilities:				
Liens - user charges	4,701	(14,952)	(10,251)	-
User charges	(4,482)	70,777	66,295	-
Departmental and other	-	-	-	75,860
Working capital deposit	-	-	-	33,300
Warrants payable	(16,814)	42,115	25,301	58,024
Accrued payroll	3,670	5,647	9,317	-
Health claims payable	-	-	-	(152,784)
Other liabilities	(2,654)	(3,680)	(6,334)	-
Compensated absences	11,211	(10,879)	332	-
Net pension liability	(118,000)	(219,000)	(337,000)	-
Net other postemployment benefits	(38,524)	(61,113)	(99,637)	-
Total adjustments	234,321	1,345,379	1,579,700	14,400
NET CASH FROM OPERATING ACTIVITIES	$ 262,022	$ 1,391,696	$ 1,653,718	$ (217,663)
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:				
Acquisition of capital assets on account	$ (1,916)	$ (3,897,978)	$ (3,899,894)	$ -

See notes to basic financial statements.

Town of Fairhaven, Massachusetts

Fiduciary Funds
Statement of Fiduciary Net Position

For the Year Ended June 30, 2024

	Pension and Other Employee Benefit Trust Funds (1)	Private Purpose Trust Fund	Custodial Fund
ASSETS			
Cash and cash equivalents	$ 486,089	$ 132,254	$ 2,287,240
Investments:			
Investments in Pension Reserve Investment Trust	90,541,376	-	-
U.S. government agencies	-	408,131	-
Government sponsored enterprises	-	59,785	-
Corporate bonds	-	527,781	-
Equity securities	-	195,062	-
Equity mutual funds	1,195,725	-	-
Fixed income mutual funds	1,435,545	10,775	-
Receivables, net of allowance for uncollectibles:			
Departmental and other	180,283	-	-
TOTAL ASSETS	93,839,018	1,333,788	2,287,240
LIABILITIES			
Warrants payable	-	-	45,702
Other liabilities	-	-	125,396
TOTAL LIABILITIES	-	-	171,098
NET POSITION			
Restricted for pensions	91,194,149	-	-
Restricted for other postemployment benefits	2,644,869	-	-
Held in trust for other purposes	-	1,333,788	-
Restricted for individuals, organizations, and other governments	-	-	2,116,142
TOTAL NET POSITION	$ 93,839,018	$ 1,333,788	$ 2,116,142

(1) The Pension Trust Fund is as of December 31, 2023.

See notes to basic financial statements.

Town of Fairhaven, Massachusetts

Fiduciary Funds
Statement of Changes in Fiduciary Net Position

For the Year Ended June 30, 2024

	Pension and Other Employee Benefit Trust Funds (1)	Private Purpose Trust Fund	Custodial Fund
ADDITIONS:			
Contributions and fees:			
Employer contributions	$ 4,545,626	$ -	$ -
Employer contributions for other postemployment benefit payme	1,959,830	-	-
Member contributions	1,532,037	-	-
Transfers from other systems	614,968	-	-
3(8)c contributions from other systems	151,640	-	-
State COLA reimbursements	21,068	-	-
Member makeup payments and redeposits	18,412	-	-
Private donations	-	95,843	-
Fees collected for Mattapoisett River Valley Water District	-	-	2,450,068
Fees collected for Water Supply Protection Committee	-	-	77,419
Fees collected for students	-	-	240,945
Fees collected for off-duty details	-	-	635,786
Fees collected for other individuals and organizations	-	-	223,947
Total contributions	8,843,581	95,843	3,628,165
Net investment income:			
Investment income	9,649,209	168,071	-
Less: investment expense	(438,122)	-	-
Net investment income (loss)	9,211,087	168,071	-
TOTAL ADDITIONS	18,054,668	263,914	3,628,165
DEDUCTIONS:			
Administration	104,455	-	-
Transfers to other systems	317,262	-	-
3(8)c transfer to other systems	416,136	-	-
Retirement benefits and refunds	6,182,239	-	-
Other postemployment benefit payments	1,959,830	-	-
Educational scholarships	-	22,535	-
Payments to Mattapoisett River Valley Water District	-	-	3,044,962
Payments to Water Supply Protection Committee	-	-	135,082
Payments on behalf of students	-	-	235,263
Payments for off-duty details	-	-	678,922
Payments to other individuals and organizations	-	-	193,483
TOTAL DEDUCTIONS	8,979,922	22,535	4,287,712
NET INCREASE (DECREASE) IN NET POSITION	9,074,746	241,379	(659,547)
NET POSITION AT BEGINNING OF YEAR	84,764,272	1,092,409	2,775,689
NET POSITION AT END OF YEAR	$ 93,839,018	$ 1,333,788	$ 2,116,142

(1) The Pension Trust Fund is as of December 31, 2023.

See notes to basic financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The Town of Fairhaven, Massachusetts is a municipal corporation governed by an elected Select Board. For financial reporting purposes, the Town has included all funds, organizations, agencies, boards, commissions and institutions. The Town has also considered all potential component units for which it is financially accountable as well as other organizations for which the nature and significance of their relationship with the Town are such that exclusion would cause the basic financial statements to be misleading or incomplete. As required by GAAP, these basic financial statements present the Town (the primary government) and its component units. One entity has been included as a component unit in the reporting entity because of the significance of its operational and/or financial relationship.

Component Unit Presented as a Fiduciary Fund – The following component unit is presented as a fiduciary fund of the primary government due to the nature and significance of the relationship between the Town and the component unit.

The Fairhaven Contributory Retirement System (System) was established to provide retirement benefits to Town employees, Fairhaven Housing Authority employees, and their beneficiaries. The System is presented using the accrual basis of accounting and is reported as a pension trust fund in the fiduciary fund financial statements.

The System issue a publicly available audited financial report in accordance with guidelines established by the Commonwealth of Massachusetts' (Commonwealth) Public Employee Retirement Administration Commission (PERAC). That report may be obtained by contacting the System's retirement administrator located at 40 Center Street, Fairhaven, MA 02719.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

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

Fund Financial Statements

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

Major Fund Criteria

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

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

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

Internal service funds and fiduciary funds are reported by fund type.

<u>C. Measurement Focus, Basis of Accounting and Financial Statement Presentation</u>

Government-Wide Financial Statements

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

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

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

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

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

Fund Financial Statements

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

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

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

The following major governmental funds are reported:

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

The *Town grant* fund is used to account for all financial resources related to Town (non-school department) federal, state and local grants.

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

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

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

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary funds principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The following major proprietary funds are reported:

The *water enterprise fund* is used to account for the water activities.

The *sewer enterprise fund* is used to account for the sewer activities.

Additionally, the following proprietary fund type is reported:

The *internal service fund* is used to account for the financing of services provided by one department to other departments or governmental units. This fund is used to account for self-insured employee health and dental programs.

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

The following fiduciary fund types are reported:

The *pension and other employee benefit trust fund* is used to account for the activities of the Retirement System and the Town's defined benefit healthcare plan, which accumulates resources to provide pension and other postemployment benefits to eligible retirees and their beneficiaries.

The *private-purpose trust fund* is used to account for trust arrangements that exclusively benefit individuals, private organizations, or other governments. Some of these trusts have donor restrictions and trustee policies that do not allow the endowment portion and any unrealized appreciation to be spent. The donor restrictions and trustee policies only allow the trustees to authorize spending of the realized investment earnings. The Town's educational scholarship trusts are accounted for in this fund.

The *custodial fund* is used to account for assets held by the Town in a custodial capacity as an agent on behalf of others. The Town's custodial fund accounts for funds collected on behalf of the Mattapoisett River Valley Water District, Water Supply Protection Committee, students of the Fairhaven Public Schools, and other individuals and organizations.

D. Cash and Investments

Government-Wide and Fund Financial Statements

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

E. Fair Value Measurements

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

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

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

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

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

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

Market price is affected by a number of factors, including the type of instrument and the characteristics specific to the instrument. Instruments with readily available active quoted prices generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value. It is reasonably possible that change in values of these instruments will occur in the near term and that such changes could materially affect amounts reported in these financial statements. For more information on the fair value of the Town's financial instruments, see Note 2 – Cash and Investments.

F. Accounts Receivable

Government-Wide and Fund Financial Statements

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

Real Estate, Personal Property Taxes and Tax Liens

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

Real estate tax liens are processed during the year on delinquent properties and are recorded as receivables in the year they are processed. Tax liens may be subject to foreclosure if the tax liens are not paid in accordance with the period required by the law (M.G.L. Ch.60, §50). Foreclosure proceedings are processed by the Collector or other tax lien custodian. Foreclosed properties can then be sold through advertised public auction or held for use by the Town.

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

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

Motor Vehicle and Other Excise Taxes

Motor vehicle excise taxes are assessed annually for each vehicle registered in the Town and are recorded as receivables in the year of the levy. The Commonwealth is responsible for reporting the number of vehicles registered and the fair values of those vehicles. The tax calculation is the fair value of the vehicle multiplied by $25 per $1,000 of value. Boat excise taxes are assessed annually for each boat registered and are recorded as receivables in the year of the levy. The Commonwealth is responsible for reporting the number of boats registered and the fair value of those boats. The tax calculation is the fair value of the boat multiplied by $10 per $1,000 of value.

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

Community Preservation Surcharges

Community preservation surcharges are levied annually at a rate of 2% of residents' real estate tax bills, with exceptions for the first $100,000 of residential property and property owned by qualified persons with low income and seniors (60+) with low or moderate income, as defined by DOR guidelines. The community preservation surcharges are due with the real estate tax on August 1st, November 1st, February 1st and May 1st and are subject to penalties and interest if they are not paid by the respective due date. Overdue surcharges are included on the tax liens processed on delinquent real estate taxes. Surcharges are recorded as receivables in the year of the levy.

Since the receivables are secured via the lien process, these accounts are considered 100% collectible and therefore do not report an allowance for uncollectibles.

Water and Sewer User Charges

Residential user fees are billed semiannually, and commercial fees quarterly, based on individual meter readings and are subject to penalties and interest if they are not paid by the respective due date. Water and sewer liens are processed annually and included as a lien on the property owner's tax bill. Water and sewer charges and liens are recorded as receivables in the year of the levy.

Since the receivables are secured via the lien process, they are considered 100% collectible and therefore do not report an allowance for uncollectibles.

Departmental and Other

Departmental other receivables consist primarily of amounts due from ambulance charges. These receivables are recorded when the applicable service has been performed. The allowance for uncollectibles is estimated based on historical trends and specific account analysis. The estimated allowance at June 30, 2024, was not material and therefore not reported.

Intergovernmental

Various federal and state grants for operating and capital purposes are applied for and received annually. For non-expenditure driven grants, receivables are recorded as soon as all eligibility requirements imposed by the provider have been met. For expenditure driven grants, receivables are recorded when the qualifying expenditures are incurred, and all other grant requirements are met. These receivables are considered 100% collectible and therefore do not report an allowance for uncollectibles.

Loans

The Town administers loan programs which provide housing assistance to residents. Upon issuance, a receivable is recorded for the principal amount of the loan. The receivables are secured via the lien process and accordingly, an allowance for uncollectibles is not reported.

Special Assessments

Special assessments consist of betterments levied on properties that have benefited from the construction of and improvements to the Town's sewer infrastructure system. The betterment assessment is a one-time tax that can be paid in a lump sum or apportioned up to a maximum of twenty (20) years and is designed to pay back all or a portion of the debt service associated with the project. These receivables are considered 100% collectible and therefore do not report an allowance for uncollectibles.

Lease Receivables

Right-to-use lease receivables are reported at the present value of noncancelable future lease payments and are offset by a corresponding deferred inflow of resources. Lease revenue is recognized when earned.

G. Inventories

Government-Wide and Fund Financial Statements

Inventories are recorded as expenditures at the time of purchase. Such inventories represent supplies for the government's use and therefore are not capitalized in the accounts.

H. Capital Assets

Government-Wide and Proprietary Fund Financial Statements

Capital assets, which include land, construction in progress, buildings, improvements, machinery and equipment, and infrastructure (e.g., roads, water mains, sewer mains, and similar items), are reported in the applicable governmental or business-type activity column of the government-wide financial statements, and the proprietary fund financial statements. Capital assets are recorded at historical cost, or at estimated historical cost, if actual historical cost is not available. Donated capital assets, donated works of art, historical treasures and similar assets, and capital assets received in service concession arrangements are recorded at acquisition value.

All purchases and construction costs in excess of $20,000 are capitalized at the date of acquisition or construction, respectively, with expected useful lives of greater than one year. Capital assets (excluding land and construction in progress) are depreciated on a straight-line basis.

The estimated useful lives of capital assets are as follows:

Capital Asset Type	Estimated Useful Life (in years)
Buildings	40 - 50
Improvements	20 - 40
Infrastructure	30 - 75
Machinery and equipment	5 - 10

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

Governmental Fund Financial Statements

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

I. Deferred Outflows/Inflows of Resources

Government-Wide Financial Statements

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The Town has reported deferred outflows of resources related to pensions and other postemployment benefits in this category.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources,* represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The Town has reported deferred inflows of resources related to lease receivables, pensions and other postemployment benefits in this category.

Governmental Fund Financial Statements

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

J. Interfund Receivables and Payables

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

Government-Wide Financial Statements

Transactions of a buyer/seller nature between and within governmental funds and internal service funds are eliminated from the governmental activities in the statement of net position. Any residual balances outstanding between the governmental activities and business-type activities are reported in the statement of net position as "internal balances".

Fund Financial Statements

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

K. Interfund Transfers

During the course of operations, resources are permanently reallocated between and within funds. These transactions are reported as transfers in and transfers out.

Government-Wide Financial Statements

Transfers between and within governmental funds and internal service funds are eliminated from the governmental activities in the statement of net position. Any residual balances outstanding between the governmental activities and business-type activities are reported in the statement of activities as "Transfers, net".

Fund Financial Statements

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

L. Net Position and Fund Equity

Government-Wide Financial Statements (Net position)

Net position reported as "net investment in capital assets" includes capital assets, net of accumulated depreciation, less the principal balance of outstanding debt used to acquire capital assets. Unspent proceeds of capital related debt are not considered to be capital assets. Outstanding debt related to future reimbursements from the state's school building program is not considered to be capital related debt.

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

"Permanent funds – expendable" represents the amount of realized and unrealized investment earnings of donor restricted trusts. The donor restrictions and trustee policies only allow the trustees to approve spending of the realized investment earnings that support governmental programs.

"Permanent funds – nonexpendable" represents the endowment portion of donor restricted trusts that support governmental programs.

"Gifts and Grants" represents restrictions placed on assets from outside parties.

"Community preservation" represents amounts raised for the purpose of ongoing community preservation activities.

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

Fund Financial Statements (Fund Balances)

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

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

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

"Committed" fund balance includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority. Town Meeting is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

"Assigned" fund balance includes amounts that are constrained by the Town's intent to be used for specific purposes but are neither restricted nor committed. The Select Board has by resolution authorized the Town Accountant to assign fund balance. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment.

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

The Town's spending policy is to spend restricted fund balance first, followed by committed, assigned and unassigned fund balance. Most governmental funds are designated for one purpose at the time of their creation. Therefore, any expenditure from the fund will be allocated to the applicable fund balance classifications in the order of the aforementioned spending policy. The general fund and certain other funds may have more than one purpose.

M. Unavailable Revenue

Fund Financial Statements

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

N. Pensions

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

O. Long-term debt

Government-Wide and Proprietary Fund Financial Statements

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

Governmental Fund Financial Statements

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

P. Investment Income

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

Investment income from proprietary funds, trust funds, and internal service funds is retained within the respective fund.

Q. Compensated Absences

Employees are granted vacation and sick leave in varying amounts based on collective bargaining agreements, state laws, and executive policies. Compensated absence liabilities related to both governmental and business-type activities are normally paid from the funds reporting payroll and related expenditures. Compensated absences are reported in governmental funds only if they have matured.

Government-Wide and Proprietary Fund Financial Statements

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

Governmental Fund Financial Statements

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

R. Use of Estimates

Government-Wide and Fund Financial Statements

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

S. Total Column

Government-Wide Financial Statements

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

Fund Financial Statements

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

NOTE 2 – CASH AND INVESTMENTS

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

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

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

The System participates in the Pension Reserves Investment Trust (PRIT), which meets the criteria of an external investment pool. PRIT is administered by the Pension Reserves Investment Management Board, which was established by the Treasurer of the Commonwealth of Massachusetts who serves as trustee. The fair value of the position in PRIT is the same as the value of the PRIT shares.

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town's policy is to minimize custodial credit risk by only making deposits at state-charted, FDIC-insured banks, and by utilizing a bank rating service to select and monitor financial institutions on at least a quarterly basis.

At year-end, the carrying amount of deposits totaled $33,331,912 and the bank balance totaled $32,367,680. Of the bank balance, $4,745,314 was covered by Federal Depository Insurance, $11,657,869 was covered by the Depositor's Insurance Fund, $14,288,733 was insured/collateralized and $1,675,764 was exposed to custodial credit risk because it was uninsured and uncollateralized.

At December 31, 2023, the carrying amount of deposits for the Retirement System totaled $472,490 and the bank balance totaled $608,035. The bank balance was covered by Federal Depository Insurance and none of the funds were exposed to custodial credit risk.

As of June 30, 2024, the Town had the following investments and maturities:

		Maturities	
Investment Type	**Fair value**	**Under 1 Year**	**1-5 Years**
Debt securities:			
U.S. government agencies.....................	$ 4,761,000	$ 1,628,872	$ 3,132,128
Government sponsored enterprises...........	697,415	244,935	452,480
Corporate bonds..	6,156,765	1,551,980	4,604,785
Total debt securities.....................................	11,615,180	$ 3,425,787	$ 8,189,393
Other investments:			
Equity securities..	3,236,073		
Equity mutual funds...........................	3,401,236		
Fixed income mutual funds.....................	1,889,591		
Money market mutual funds....................	958,050		
MMDT - Cash portfolio........................	5,774,374		
Total investments..	$ 26,874,504		

As of December 31, 2023, the Retirement System had $90,541,376 invested in PRIT.

<u>Custodial Credit Risk – Investments</u>

For an investment, this is the risk that, in the event of a failure by the counterparty, the Town will not be able to recover the value of its investments or collateral security that are in the possession of an outside party. The Town's investments in U.S. government agencies, government sponsored enterprises, corporate bonds and equity securities have custodial credit risk exposure of $14,851,253 because the related securities are uninsured, unregistered and held by the counterparty.

The Town's policy is to minimize custodial credit risk by reviewing the financial institutions' audited financial statements and verifying financial strength, capital adequacy, and an overall positive reputation in the municipal investment industry. Additionally, if a security is to be held by a third-party custodian, the Treasurer must approve that party and verify that the security is held in the Town's name and tax identification number.

The System requires all securities not held directly by the System to be held in the System's name. The System does not have any investments subject to custodial credit risk.

Interest Rate Risk

The Town's policy is to prudently manage and diversify its investment portfolio, including the duration of investment maturities, as a means of managing exposure to fair value losses arising from increasing interest rates. The System follows PRIM policies for interest rate risk.

The Town participates in MMDT, which maintains a cash portfolio with combined average maturities of approximately 43 days.

The System participates in PRIT. The effective weighted duration rate for PRIT investments ranged from 2.98 to 14.57 years.

Credit Risk

The Town's policy allows for unlimited investments in MMDT, certificates of deposit, and obligations backed by the U.S. Treasury or other U.S. government agencies. The Town's policy limits other types of investments to high-grade securities, a high concentration of which must be rated A or better.

The Town's investments in MMDT and money market mutual funds were unrated. As of June 30, 2024, Standard & Poor's Investor Services rated the Town's investments of $4,761,000 in U.S. government agencies and $697,415 in government sponsored enterprises as AA+, and its investments of $6,156,765 in corporate bonds as follows:

Quality Rating	Corporate Bonds
AAA	$ 672,705
A+	1,045,875
A	2,591,701
A-	638,834
BBB+	610,990
BBB	596,660
Total	$ 6,156,765

The System's policy is to invest all funds in PRIT and its $90,541,376 of PRIT shares were unrated.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the Town's investment in a single issuer. The Town's policy is to minimize the concentration of credit risk by diversifying the investment portfolio to prevent overconcentration in any institution or issuer. Apart from money placed in MMDT or obligations backed by U.S. government agencies, the Town's policy limits investment in any one issuer to 25% of its long-term investments. Additionally, the Treasurer will prudently manage investments to ensure compliance with the various allowable percentage thresholds set forth in the Commonwealth's legal list of investments. As of June 30, 2024, the Town did not have more than 5% of its investments in any one issuer.

The System places no limit on the amount that may be invested in any one issuer. The System did not have any investments that were subject to concentration of credit risk.

Fair Value of Investments

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

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

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

		Fair Value Measurements Using		
Investment Type	June 30, 2024	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments measured at fair value:				
Debt securities:				
U.S. government agencies	$ 4,761,000	$ -	$ 4,761,000	$ -
Government sponsored enterprises	697,415	-	697,415	-
Corporate bonds	6,156,765	-	6,156,765	-
Total debt securities	11,615,180	-	11,615,180	-
Other investments:				
Equity securities	3,236,073	3,236,073	-	-
Equity mutual funds	3,401,236	3,401,236	-	-
Fixed income mutual funds	1,889,591	1,889,591	-	-
Money market mutual funds	958,050	958,050	-	-
Total other investments	9,484,950	9,484,950	-	-
Total investments measured at fair value	21,100,130	$ 9,484,950	$ 11,615,180	$ -
Investments measured at amortized cost:				
MMDT - Cash portfolio	5,774,374			
Total investments	$ 26,874,504			

Equity securities, equity mutual funds, fixed income mutual funds and money market mutual funds classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. U.S. government agencies, government sponsored enterprises and corporate bonds classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

MMDT investments are valued at amortized cost. Under the amortized cost method, an investment is valued initially at its cost and adjusted for the amount of interest income accrued each day over the term of the investment to account for any difference between the initial cost and the amount payable at its maturity. If amortized cost is determined not to approximate fair value, the value of the portfolio securities will be determined under procedures established by the MMDT Advisor.

As of December 31, 2023, the System had $90,541,376 invested in PRIT. PRIT Investments are valued using the net asset value method as a practical expedient. This investment pool was established by the Treasurer of the Commonwealth of Massachusetts, who serves as Trustee. PRIT is administered by the Pension Reserves Investment Management Board (PRIM). The fair values of the positions in each investment Pool are the same as the value of each Pool's shares. The System does not have the ability to control any of the investment decisions relative to its funds in PRIT.

NOTE 3 – RECEIVABLES

At June 30, 2024, receivables for the individual major and nonmajor governmental funds, including the applicable allowances for uncollectible accounts, are as follows:

	Gross Amount	Allowance for Uncollectibles	Net Amount
Receivables:			
Real estate and personal property taxes	$ 431,460	$ (7,189)	$ 424,271
Tax liens	1,040,083	-	1,040,083
Motor vehicle and other excise taxes	440,325	(175,792)	264,533
User charges	64,505	-	64,505
Community preservation fund surtax	14,230	-	14,230
Community preservation state share	93,600	-	93,600
Departmental and other	607,822	-	607,822
Intergovernmental	217,494	-	217,494
Special assessments	681	-	681
Loans	370,903	-	370,903
Lease receivables	1,613,250	-	1,613,250
Total	$ 4,894,353	$ (182,981)	$ 4,711,372

At June 30, 2024, receivables for the water and sewer enterprise funds are as follows:

	Gross Amount	Allowance for Uncollectibles	Net Amount
Receivables:			
Water liens - user charges	$ 72,695	$ -	$ 72,695
Water user charges	1,008,410	-	1,008,410
Sewer liens - user charges	118,844	-	118,844
Sewer user charges	1,441,596	-	1,441,596
Sewer special assessments	206,729	-	206,729
Total	$ 2,848,274	$ -	$ 2,848,274

At December 31, 2023, receivables for the System totaled $180,283 and related primarily to member deductions.

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

	General Fund	Other Governmental Funds	Total
Receivables:			
Real estate and personal property taxes	$ 322,571	$ -	$ 322,571
Tax liens	1,040,083	-	1,040,083
Motor vehicle and other excise taxes	264,533	-	264,533
User charges	-	64,505	64,505
Community preservation fund surtax	-	14,230	14,230
Community preservation state share	-	93,600	93,600
Departmental and other	-	606,467	606,467
Special assessments	-	681	681
Loans	-	370,903	370,903
Tax foreclosures	679,486	-	679,486
Total	$ 2,306,673	$ 1,150,386	$ 3,457,059

The Town has entered into lease agreements related to leased Town land. Under the current agreements, the Town is scheduled to receive lease payments through 2043. The future scheduled lease revenues as of June 30, 2024, are as follows:

	Governmental Activities		
Year ended June 30:	Lease Revenues	Interest	Total
2025	$ 70,894	$ 41,106	$ 112,000
2026	72,768	39,232	112,000
2027	74,687	37,313	112,000
2028	76,663	35,337	112,000
2029	78,688	33,312	112,000
2030 - 2034	425,734	134,266	560,000
2035 - 2039	485,010	74,990	560,000
2040 - 2043	328,806	13,194	342,000
Total	$ 1,613,250	$ 408,750	$ 2,022,000

NOTE 4 – CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets not being depreciated:				
Land	$ 22,179,498	$ -	$ -	$ 22,179,498
Construction in progress	1,714,976	4,598,715	(1,714,976)	4,598,715
Total capital assets not being depreciated	23,894,474	4,598,715	(1,714,976)	26,778,213
Capital assets being depreciated:				
Buildings	67,335,510	980,540	(46,533)	68,269,517
Improvements	18,182,788	1,911,644	(151,538)	19,942,894
Machinery and equipment	10,189,338	1,662,847	-	11,852,185
Infrastructure	37,601,338	1,091,813	-	38,693,151
Total capital assets being depreciated	133,308,974	5,646,844	(198,071)	138,757,747
Less accumulated depreciation for:				
Buildings	(31,747,785)	(1,650,850)	46,533	(33,352,102)
Improvements	(9,254,956)	(836,702)	151,538	(9,940,120)
Machinery and equipment	(7,408,664)	(894,953)	-	(8,303,617)
Infrastructure	(20,160,780)	(1,212,461)	-	(21,373,241)
Total accumulated depreciation	(68,572,185)	(4,594,966)	198,071	(72,969,080)
Total capital assets being depreciated, net	64,736,789	1,051,878	-	65,788,667
Total governmental activities capital assets, net	$ 88,631,263	$ 5,650,593	$ (1,714,976)	$ 92,566,880

	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities:				
Capital assets not being depreciated:				
Land	$ 989,560	$ -	$ -	$ 989,560
Construction in progress	7,055,278	9,416,623	(2,569,974)	13,901,927
Total capital assets not being depreciated	8,044,838	9,416,623	(2,569,974)	14,891,487
Capital assets being depreciated:				
Buildings and system	45,275,324	2,144,980	-	47,420,304
Improvements other than buildings	24,054,020	490,022	(83,713)	24,460,329
Machinery and equipment	4,179,557	43,313	(179,483)	4,043,387
Total capital assets being depreciated	73,508,901	2,678,315	(263,196)	75,924,020
Less accumulated depreciation for:				
Buildings and system	(26,501,321)	(866,779)	-	(27,368,100)
Improvements other than buildings	(12,974,207)	(504,642)	83,713	(13,395,136)
Machinery and equipment	(3,597,773)	(109,834)	179,483	(3,528,124)
Total accumulated depreciation	(43,073,301)	(1,481,255)	263,196	(44,291,360)
Total capital assets being depreciated, net	30,435,600	1,197,060	-	31,632,660
Total business-type activities capital assets, net	$ 38,480,438	$ 10,613,683	$ (2,569,974)	$ 46,524,147

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

Governmental Activities:		
General government	$	470,061
Public safety		771,337
Education		1,966,813
Public works		1,217,569
Culture and recreation		169,186
Total depreciation expense - governmental activities	$	4,594,966
Business-Type Activities:		
Water	$	240,464
Sewer		1,240,791
Total depreciation expense - business-type activities	$	1,481,255

NOTE 5 – INTERFUND TRANSFERS

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

	Transfers In:			
Transfers Out:	General fund	Nonmajor governmental funds	Total	
General fund	$ -	$ 21,478	$ 21,478	(1)
Nonmajor governmental funds	1,655,000	-	1,655,000	(2)
Sewer enterprise fund	3,501	-	3,501	(2)
Water enterprise fund	6,647	-	6,647	(2)
Total	$ 1,665,148	$ 21,478	$ 1,686,626	

(1) Represents a transfer of boat excise receipts from the general fund to the waterways fund.
(2) Represents budgeted transfers to the general fund from the water enterprise fund, sewer enterprise fund, ambulance receipts reserved and other nonmajor special revenue funds.

NOTE 6 – SHORT-TERM FINANCING

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

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

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

Details related to short-term debt activity for the year ended June 30, 2024, are as follows:

Type	Purpose	Rate (%)	Due Date	Balance at June 30, 2023	Renewed/ Issued	Retired/ Redeemed	Balance at June 30, 2024	
Water Enterprise Fund:								
BAN	Water Meters……………………	4.95%	09/26/24	$ -	$ 590,000	$ -	$ 590,000	(1)
Sewer Enterprise Fund:								
BAN	Treatment Plant Improvements…	4.95%	09/26/24	$ -	$ 1,500,000	$ -	$ 1,500,000	(1)
BAN	MCWT Interim Financing….......	0.00%	On demand	-	5,664,383	(5,626,762)	37,621	(2)
	Total Sewer Enterprise Fund………………………………			$ -	$ 7,164,383	$ (5,626,762)	$ 1,537,621	
	Total Enterprise Funds……………………………………			$ -	$ 7,754,383	$ (5,626,762)	$ 2,127,621	

(1) On September 18, 2024, the outstanding BANs were retired from the issuance of new BANs with an interest rate of 4.00% and maturity date of September 18, 2025.
(2) The Massachusetts Clean Water Trust (MCWT) interim financing relates to upgrades to the Wastewater Treatment Facility, for which the Town has been approved for construction costs totaling $70.0 million. During 2024, the Town received $5,664,383 of loan proceeds from the MCWT at an interest rate of 0% and was approved for $5,626,762 of loan forgiveness. The Town is able to expend funds against the loan through the closing date (no later than February 22, 2027), at which point a permanent debt schedule will be agreed upon and payable over a long-term period.

NOTE 7 – LONG-TERM DEBT

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

Details related to the outstanding indebtedness at June 30, 2024, and the debt service requirements are as follows:

Bonds Payable Schedule – Governmental Funds

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2024
Refunding - High School	2025	$ 468,000	2.0 - 5.0	$ 45,000
Refunding - Elementary and High School	2027	5,595,000	2.0 - 3.0	545,000
General Obligation - Ladder Truck	2029	885,000	3.0 - 5.0	435,000
Refunding - Elementary School	2034	5,210,479	1.0 - 4.0	4,325,000
General Obligation - Fiber Optic Connectivity	2029	110,000	4.0 - 5.0	90,000
General Obligation - SCBAs	2027	470,000	4.0 - 5.0	350,000
General Obligation - High School Gym	2049	255,000	4.0 - 5.0	245,000
General Obligation - Senior Center HVAC	2049	175,000	4.0 - 5.0	165,000
Total Bonds Payable				6,200,000
Add: Unamortized premium on bonds				72,812
Total Bonds Payable, net				$ 6,272,812

Debt service requirements for principal and interest for governmental bonds payable in future years are as follows:

	Beginning Balance	Bonds and Notes Issued	Bonds and Notes Redeemed	Other Increases	Other Decreases	Ending Balance	Due Within One Year
Governmental Activities:							
Long-term general obligation bonds payable	$ 7,131,000	$ -	$ (931,000)	$ -	$ -	$ 6,200,000	$ 925,000
Add: Unamortized premium on bonds	78,829	-	-	-	(6,017)	72,812	11,612
Total bonds payable	7,209,829	-	(931,000)	-	(6,017)	6,272,812	936,612
Landfill closure	175,000	-	-	-	(25,000)	150,000	25,000
Compensated absences	1,726,068	-	-	118,522	(172,607)	1,671,983	167,198
Net pension liability	19,265,000	-	-	889,000	(3,636,000)	16,518,000	-
Net other postemployment benefits liability	46,674,117	-	-	6,175,602	(7,540,015)	45,309,704	-
Total governmental activity long-term liabilities	$ 75,050,014	$ -	$ (931,000)	$ 7,183,124	$ (11,379,639)	$ 69,922,499	$ 1,128,810
Business-Type Activities:							
Long-term general obligation bonds payable	$ 10,179,000	$ -	$ (674,000)	$ -	$ -	$ 9,505,000	$ 690,000
Long-term direct borrowings payable	913,325	-	(89,495)	-	-	823,830	90,987
Add: Unamortized premium on bonds	237,179	-	-	-	(19,785)	217,394	39,730
Total bonds payable	11,329,504	-	(763,495)	-	(19,785)	10,546,224	820,717
Compensated absences	279,691	-	-	28,301	(27,969)	280,023	28,002
Net pension liability	2,366,000	-	-	109,000	(446,000)	2,029,000	-
Net other postemployment benefits liability	2,128,067	-	-	(1,883,923)	1,784,286	2,028,430	-
Total business-type activity long-term liabilities	$ 16,103,262	$ -	$ (763,495)	$ (1,746,622)	$ 1,290,532	$ 14,883,677	$ 848,719

Bonds Payable Schedule – Enterprise Funds

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2024
General Obligation Bonds Payable:				
Sewer Refunding - UV Disinfection.............	2025	$ 713,000	2.0 - 5.0	$ 66,000
Sewer Refunding - Sconticut Neck...............	2025	1,184,000	2.0 - 5.0	79,000
Sewer General Obligation Bonds of 2019..........	2039	7,405,000	3.0 - 5.0	6,005,000
Sewer Bonds of 2023 - West Island..................	2049	635,000	4.0 - 5.0	620,000
Sewer Bonds of 2023 - Sewer (1)......................	2049	195,000	4.0 - 5.0	190,000
Sewer Bonds of 2023 - Sewer (2)......................	2049	295,000	4.0 - 5.0	290,000
Sewer Bonds of 2023 - West Island (2).............	2049	640,000	4.0 - 5.0	625,000
Water Bonds of 2023 - Water Meters (1)..........	2031	905,000	5.0	810,000
Water Bonds of 2023 - Water Meters (2)..........	2032	450,000	5.0	410,000
Water Bonds of 2023 - Water Meters (3)..........	2032	450,000	5.0	410,000
Total General Obligation Bonds Payable...				9,505,000
Direct Borrowing Bonds Payable:				
Sewer - USDA Rural Development..............	2025	242,243	4.50	18,018
Sewer - Digester MWPAT.........................	2033	716,000	2.0	360,428
Water - MCWT Boston Hill Water Tank..........	2035	884,553	2.0	445,384
Total Direct Borrowing Bonds Payable...				823,830
Add: Unamortized premium on bonds...				217,394
Total Bonds Payable, net...				$ 10,546,224

Debt service requirements for principal and interest for enterprise fund bonds payable in future years are as follows:

	General Obligation Bonds			Direct Borrowings			
Year	Principal	Interest	Total	Principal	Interest	Total	Grand Total
2025	$ 690,000	$ 350,750	$ 1,040,750	$ 90,987	$ 21,887	$ 112,874	$ 1,153,624
2026	565,000	321,200	886,200	74,555	14,656	89,211	975,411
2027	580,000	299,425	879,425	76,176	13,164	89,340	968,765
2028	610,000	276,725	886,725	77,831	11,642	89,473	976,198
2029	625,000	253,100	878,100	79,522	10,086	89,608	967,708
2030	660,000	228,425	888,425	81,251	8,494	89,745	978,170
2031	695,000	202,325	897,325	83,017	6,870	89,887	987,212
2032	570,000	178,650	748,650	84,821	5,210	90,031	838,681
2033	465,000	160,338	625,338	86,664	3,514	90,178	715,516
2034	475,000	144,813	619,813	44,024	1,780	45,804	665,617
2035	490,000	128,963	618,963	44,982	900	45,882	664,845
2036	515,000	112,425	627,425	-	-	-	627,425
2037	535,000	93,975	628,975	-	-	-	628,975
2038	550,000	74,900	624,900	-	-	-	624,900
2039	570,000	55,300	625,300	-	-	-	625,300
2040	75,000	34,900	109,900	-	-	-	109,900
2041	85,000	31,700	116,700	-	-	-	116,700
2042	85,000	28,300	113,300	-	-	-	113,300
2043	85,000	24,900	109,900	-	-	-	109,900
2044	85,000	21,500	106,500	-	-	-	106,500
2045	95,000	17,900	112,900	-	-	-	112,900
2046	95,000	14,100	109,100	-	-	-	109,100
2047	95,000	10,300	105,300	-	-	-	105,300
2048	100,000	6,400	106,400	-	-	-	106,400
2049	110,000	2,200	112,200	-	-	-	112,200
Total	$ 9,505,000	$ 3,073,514	$ 12,578,514	$ 823,830	$ 98,203	$ 922,033	$ 13,500,547

The Town is subject to various debt limits by statute and may issue additional general obligation debt under the normal debt limit.

At June 30, 2024, the Town had the following authorized and unissued debt:

Purpose	Amount
Wastewater Treatment Improvements 11/23/09......	$ 7,867,000
Wood Elementary School 10/25/11........................	6,656,000
Boston Hill Water Tank Rehab 5/5/12................	589,154
Sewer Capital 5/6/17....................................	500,000
Water Capital 10/21/20..	410,000
Force Main Upgrade 6/18/22..................................	3,500,000
High School Repairs 6/18/22.................................	2,175,000
Sunset Beach Sewer 6/18/22..................................	1,000,000
Water Tank Painting 6/18/22..................................	1,000,000
Water Main Replacement 5/6/23............................	1,000,000
Pump Station Improvements 5/6/23........................	3,750,000
Sewer Treatment Plant Improvements 11/14/23......	70,000,000
Water Tower Maintenance 5/4/24...........................	1,000,000
Total..	$ 99,447,154

Changes in Long-Term Liabilities

During the year ended June 30, 2024, the following changes occurred in long-term liabilities:

	Beginning Balance	Bonds and Notes Issued	Bonds and Notes Redeemed	Other Increases	Other Decreases	Ending Balance	Due Within One Year
Governmental Activities:							
Long-term general obligation bonds payable....	$ 7,131,000	$ -	$ (931,000)	$ -	$ -	$ 6,200,000	$ 925,000
Add: Unamortized premium on bonds........	78,829	-	-	-	(6,017)	72,812	11,612
Total bonds payable................................	7,209,829	-	(931,000)	-	(6,017)	6,272,812	936,612
Landfill closure....................................	175,000	-	-	-	(25,000)	150,000	25,000
Compensated absences............................	1,726,068	-	-	118,522	(172,607)	1,671,983	167,198
Net pension liability................................	19,265,000	-	-	889,000	(3,636,000)	16,518,000	-
Net other postemployment benefits liability.....	46,674,117	-	-	6,175,602	(7,540,015)	45,309,704	-
Total governmental activity long-term liabilities..............................	$ 75,050,014	$ -	$ (931,000)	$ 7,183,124	$ (11,379,639)	$ 69,922,499	$ 1,128,810
Business-Type Activities:							
Long-term general obligation bonds payable....	$ 10,179,000	$ -	$ (674,000)	$ -	$ -	$ 9,505,000	$ 690,000
Long-term direct borrowings payable............	913,325	-	(89,495)	-	-	823,830	90,987
Add: Unamortized premium on bonds........	237,179	-	-	-	(19,785)	217,394	39,730
Total bonds payable................................	11,329,504	-	(763,495)	-	(19,785)	10,546,224	820,717
Compensated absences............................	279,691	-	-	28,301	(27,969)	280,023	28,002
Net pension liability................................	2,366,000	-	-	109,000	(446,000)	2,029,000	-
Net other postemployment benefits liability.....	2,128,067	-	-	(1,883,923)	1,784,286	2,028,430	-
Total business-type activity long-term liabilities..............................	$ 16,103,262	$ -	$ (763,495)	$ (1,746,622)	$ 1,290,532	$ 14,883,677	$ 848,719

The long-term liabilities will be liquidated in the future by the general fund and enterprise funds, respectively.

NOTE 8 – GOVERNMENTAL FUND BALANCE CLASSIFICATIONS

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

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

- Restricted: fund balances that are constrained by external parties, constitutional provisions, or enabling legislation.
- Committed: fund balances that contain self-imposed constraints of the government from its highest level of decision-making authority.
- Assigned: fund balances that contain self-imposed constraints of the government to be used for a particular purpose.
- Unassigned: fund balance of the general fund that is not constrained for any particular purpose

Massachusetts General Law Ch.40 §5B allows for the establishment of stabilization funds for one or more different purposes. The creation of a fund requires a two-thirds vote of the legislative body and must clearly define the purpose of the fund. Any change to the purpose of the fund along with any additions to or appropriations from the fund requires a two-thirds vote of the legislative body.

At year end, the balance of the general stabilization fund is $3,469,606 and is reported as unassigned fund balance within the general fund. The balances of the ambulance stabilization fund, capital stabilization fund, and special education reserve stabilization fund are $471,050, $5,668,834, and $471,847, respectively, and are reported as committed fund balance within the general fund.

The Town has classified its fund balances with the following hierarchy:

	General	Town Grants Fund	Nonmajor Governmental Funds	Total Governmental Funds
Fund Balances:				
Nonspendable:				
Permanent fund principal	$ -	$ -	$ 3,155,766	$ 3,155,766
Restricted for:				
Town grants	-	34,192	-	34,192
School grants	-	-	226,936	226,936
Community preservation	-	-	2,209,569	2,209,569
School lunch	-	-	668,857	668,857
Chapter 90 highway	-	-	175,159	175,159
Town cable	-	-	699,718	699,718
School cable	-	-	398,625	398,625
Ambulance receipts reserved	-	-	1,644,768	1,644,768
Revolving funds	-	-	491,775	491,775
Other special revenue funds	-	-	3,331,394	3,331,394
Town capital projects	-	-	167,074	167,074
Other permanent fund	-	-	637,899	637,899
Committed to:				
Ambulance stabilization	471,050	-	-	471,050
Capital stabilization	5,668,834	-	-	5,668,834
Special education reserve stabilization	471,847	-	-	471,847
Subsequent year capital budget	2,432,079	-	-	2,432,079
General government	571,322	-	-	571,322
Public safety	709,854	-	-	709,854
Education	287,127	-	-	287,127
Public works	949,769	-	-	949,769
Culture and recreation	613,889	-	-	613,889
Assigned to:				
General government	209,146	-	-	209,146
Public safety	50,046	-	-	50,046
Education	755,359	-	-	755,359
Public works	67,684	-	-	67,684
Health and human services	8,151	-	-	8,151
Culture and recreation	3,049	-	-	3,049
Employee benefits	13,500	-	-	13,500
Unassigned	9,101,845	-	-	9,101,845
Total Fund Balances	$ 22,384,551	$ 34,192	$ 13,807,540	$ 36,226,283

NOTE 9 – LANDFILL CLOSURE

State and federal laws and regulations require the Town to close its old landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site after closure. The Town operated a solid waste landfill that ceased operations in 1999. The Town has reflected $150,000 as the estimate of the landfill closure liability at June 30, 2024 in the government-wide financial statements. This amount is based on estimates of future monitoring costs. Actual costs may be higher or lower due to inflation, deflation, changes in technology, or changes in regulations.

NOTE 10 – RISK FINANCING

The Town is self-insured for its health and dental insurance activities. The health and dental insurance activities are accounted for in the internal service fund where revenues are recorded when earned and expenses are recorded when the liability is incurred.

Under the terms of its insurance coverage, the Town is liable for claims up to $110,000 per individual. Liabilities are reported when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNR), which represent an estimate based on past historical costs and claims paid subsequent to year-end.

The liability at June 30, 2024, totaled approximately $803,000. Changes in the reported liability since July 1, 2022, are as follows:

	Balance at Beginning of Year	Claims Incurred	Claims Payments	Balance at Year-End
2023...............	$ 339,743	$ 7,635,642	$ (7,019,217)	$ 956,168
2024...............	956,168	7,865,391	(8,018,175)	803,384

NOTE 11 – PENSION PLAN

*Plan Description*s

The Town is a member of the Fairhaven Contributory Retirement System (FCRS), a cost-sharing multiple-employer defined benefit pension plan covering eligible employees of the 2 member units. The System is administered by five board members (Board) on behalf of all current employees and retirees except for current teachers and retired teachers. Chapter 32 of the MGL assigns authority to establish and amend benefit provisions of the plan. The System is a component unit and is reported as a pension trust fund in the fiduciary fund financial statements. The System issues a publicly available financial report which may be obtained by contacting the System’s administrative offices as 40 Center Street, Fairhaven, MA 02719.

The Town is a member of the Massachusetts Teachers' Retirement System (MTRS), a cost-sharing multiemployer defined benefit plan. MTRS is managed by the Commonwealth of Massachusetts (Commonwealth) on behalf of municipal teachers and municipal teacher retirees. The Commonwealth is a nonemployer contributor and is responsible for 100% of the 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's reporting entity, and the audited financial report may be obtained by visiting https://mtrs.state.ma.us/service/financial-reports/.

Special Funding Situation

The Commonwealth is a nonemployer contributor and is required by statute to make 100% of all actuarially determined employer contributions on behalf of the Town to the MTRS. Therefore, the Town is considered to be in a special funding situation as defined by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and the Commonwealth is a nonemployer contributor in MTRS. Since the Town does not contribute directly to MTRS, there is no net pension liability to recognize. The total of the Commonwealth provided contributions have been allocated based on each employer's covered payroll to the total covered payroll of employers in MTRS as of the measurement date of June 30, 2023. The Town's portion of the collective pension expense, contributed by the Commonwealth, of $4,178,421 is reported in the general fund as intergovernmental revenue and pension benefits in the current fiscal year. The portion of the Commonwealth's collective net pension liability associated with the Town is $44,751,155 as of the measurement date.

Benefits Provided

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

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

Cost-of-living adjustments granted between 1981 and 1997 and any increase in other benefits imposed by the Commonwealth's state law during those years are borne by the Commonwealth and are deposited into the pension fund. Cost-of-living adjustments granted after 1997 must be approved by the Board and are borne by the System.

As of the December 31, 2023, the FCRS membership consists of the following:

Active members	277
Inactive members	66
Retirees and beneficiaries currently receiving benefits	217
Total	560

Contributions

Chapter 32 of the MGL governs the contributions of plan members and member units. Active plan members are required to contribute at rates ranging from 5% to 9% of gross regular compensation with an additional 2% contribution required for compensation exceeding $30,000. The percentage rate is keyed to the date upon which an employee's membership commences. The member units are required to pay into the FCRS a legislatively mandated actuarially determined contribution that is apportioned among the employers based on active current payroll. The total member units' contribution for the year ended December 31, 2023, was $4,246,000, or 26.58% of covered payroll, actuarially determined as an amount that, when combined with plan member contributions, is expected to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. The Town's proportionate share of the required contribution was $3,931,000 and its actual contribution totaled $4,082,000.

Pension Liabilities

The components of the net pension liability for all participating member units at June 30, 2024, were as follows:

Total pension liability	$	110,516,000
Total pension plan's fiduciary net position		(91,194,149)
Total net pension liability	$	19,321,851
The pension plan's fiduciary net position as a percentage of the total pension liability		82.52%

At June 30, 2024, the Town reported a liability of $18.5 million for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2024. Accordingly, rollback procedures were used to roll the total pension liability back to the measurement date. The Town's proportion of the net pension liability was based on an actuarially determined projection of the Town's long-term share of contributions relative to the projected contributions of all participating employers. At December 31, 2023, the Town's proportion was 95.99%, which decreased from its proportion of 96.15% measured at December 31, 2022.

Pension Expense

For the year ended June 30, 2024, the Town recognized pension expense of $3,856,000. At June 30, 2024, the Town reported deferred outflows of resources related to pensions and deferred inflows of resources related to pension of $5,308,000 and $36,000, respectively.

The balances of deferred outflows and inflows at June 30, 2024, consist of the following:

Deferred Category	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Differences between expected and actual experience..................	$ 1,730,000	$ -	$ 1,730,000
Difference between projected and actual earnings, net.................	3,016,000	-	3,016,000
Changes in assumptions..	562,000	-	562,000
Changes in proportion and proportionate share of contributions......	-	(36,000)	(36,000)
Total deferred outflows/(inflows) of resources..........................	$ 5,308,000	$ (36,000)	$ 5,272,000

The Town's net deferred outflows/(inflows) of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2025...	$ 1,031,000
2026...	1,589,000
2027...	3,018,000
2028...	(469,000)
2029...	103,000
Total deferred outflows/(inflows) of resources....	$ 5,272,000

Actuarial Assumptions

The total pension liability in the January 1, 2024, actuarial valuation was determined using the following actuarial assumptions, applied to all periods in the measurement that was rolled back to December 31, 2023:

Valuation date.............................	January 1, 2024
Actuarial cost method.....................	Entry Age Normal Cost Method.
Amortization method - UAAL...........	Total payments increase 5.0% per year until FY32 with a final amortization payment in FY33.
Remaining amortization period...........	9 years from July 1, 2024.
Asset valuation method....................	Fair value.
Investment rate of return..................	7.00%, net of pension plan investment expense, including inflation.
Discount rate...............................	7.00%
Inflation rate................................	2.50%
Projected salary increases................	Select and ultimate by job group; ultimate rates of 4.25% for Group 1 and 4.75% for Group 4.
Cost of living adjustments................	3% of the first $17,000.
Mortality rates.............................	Pre-retirement: RP-2014 Blue Collar Employees table projected generationally with Scale MP-2021 (gender distinct). Post-retirement: RP-2014 Blue Collar Healthy Annuitant table projected generationally with Scale MP-2021 (gender distinct). Disabled retirees: RP-2014 Blue Collar Healthy Annuitant table set forward 1 year projected generationally with Scale MP-2021 (gender distinct).

Investment policy

The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the Board. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the pension plan.

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

Asset Class	Long-Term Expected Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity	24.10%	6.90%
International equity	10.80%	6.60%
Emerging markets equity	4.40%	9.20%
Core fixed income	13.60%	4.70%
Value-added fixed income	7.30%	7.80%
Private equity	17.10%	10.20%
Real estate	10.30%	6.60%
Timberland	3.20%	7.10%
Hedge funds/Portfolio completion.	8.50%	6.40%
Overlay	0.70%	0.00%
Total	100.00%	

Rate of return

For the year ended December 31, 2023, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 10.95%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount rate

The discount rate used to measure the total pension liability was 7.00% as of December 31, 2023, and December 31, 2022. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that contributions will be made at rates equal to the actuarially determined contribution rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate

The following presents the net pension liability, calculated using the discount rate of 7.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
The Town's proportionate share of the net pension liability.....................	$ 30,141,000	$ 18,547,000	$ 8,735,000
The System's total net pension liability...	$ 31,400,000	$ 19,322,000	$ 9,100,000

Change of Assumptions

The mortality improvement scale was updated from MP-2020 to MP-2021.

Changes in Plan Provisions

None.

NOTE 12 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description

The Town of Fairhaven administers a single-employer defined benefit healthcare plan (Plan). The plan provides lifetime health, dental and life insurance for eligible retirees and their spouses through a single-employer defined Other Postemployment Benefit (OPEB) plan. Chapter 32B of the MGL assigns authority to establish and amend benefit provisions of the plan. Benefit provisions are negotiated between the Town and the unions representing Town employees and are renegotiated each bargaining period. The Retiree Health Plan does not issue a publicly available financial report.

Summary of Significant Accounting Policies

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts (repurchase agreements) that have a maturity at the time of purchase of one year or less, which are reported at cost.

Funding Policy

The contribution requirements are also negotiated between the Town and union representatives. The required contribution is based on a pay-as-you-go financing requirement. The Town contributes a variable portion of the cost of current-year premiums, which varies by plan, for eligible retired plan members and their spouses. Plan members receiving benefits contribute the remaining portion of their premium costs. For the year ended June 30, 2024, the Town's average contribution rate was 6.60% of covered-employee payroll.

The Commonwealth of Massachusetts passed legislation that has allowed the Town to establish the postemployment benefit trust fund to begin pre-funding its OPEB liabilities. During 2024, the Town pre-funded future OPEB liabilities totaling $300,000 by contributing funds to the OPEB Fund in excess of the pay-as-you-go required contribution. These funds are reported within the Fiduciary Funds financial statements. As of June 30, 2024, the net position of the OPEB trust fund totaled $2,644,869.

Investment policy

The Town's policy regarding the allocation of invested assets is established and may be amended by the Select Board by a majority vote of its members. The OPEB plan's assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the OPEB plan. The long-term real rate of return on OPEB investments was determined using the Town's investment policy.

Plan Membership

The following tables presents the Plan's membership at June 30, 2024:

Active members....................	383
Retirees and benificiaries...........	383
Total................................	766

Components of OPEB Liability

The following table presents the components of the Town's OPEB liability as of June 30, 2024:

Total OPEB liability	$	49,983,003
Less: OPEB plan's fiduciary net position		(2,644,869)
Net OPEB liability	$	47,338,134
The OPEB plan's fiduciary net position as a percentage of the total OPEB liability		5.29%

Significant Actuarial Methods and Assumptions

The total OPEB liability in the July 1, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified, that was updated to June 30, 2024, to be in accordance with GASB Statement #74 and Statement #75:

Valuation date…………………………	July 1, 2022
Actuarial cost method…………………	Individual Entry Age Normal.
Asset valuation method……………….	Fair value of assets as of June 30, 2024.
Investment rate of return………………	6.25%, net of OPEB plan investment expense, including inflation.
Municipal Bond Rate….......................	4.21% as of June 30, 2024 (source: S&P Municipal Bond 20-Year High Grade Index - SAPIHG)
Single equivalent discount rate………..	5.89%, net of OPEB plan investment expense, including inflation.
Inflation rate……………………………	2.50% as of June 30, 2024 and for future periods.
Salary increases……………………….	3.00% annually as of June 30, 2024 and for future periods.
Pre-retirement mortality rates…………	General: RP-2014 Mortality Table for Blue Collar Employees projected generationally with Scale MP-2016, set forward 1 year for females. Teachers: RP-2014 Mortality Table for White Collar Employees projected generationally with Scale MP-2016.
Post-retirement mortality rates………..	General: RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with Scale MP-2016, set forward 1 year for females. Teachers: RP-2014 Mortality Table for White Collar Healthy Annuitants projected generationally with Scale MP-2016.
Disabled mortality rates……………….	General: RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with Scale MP-2016, set forward 1 year. Teachers: RP-2014 Mortality Table for White Collar Healthy Annuitants projected generationally with Scale MP-2016.

Rate of Return

For the year ended June 30, 2024, the annual money-weighted rate of return on OPEB plan investments was 10.60%. The money-weighted rate of return expresses investment performance, net of OPEB plan investment expense, adjusted for the changing amounts actually invested.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the OPEB plan's target asset allocation as of June 30, 2024 are summarized in the following table.

Asset Class	Long-Term Expected Asset Allocation	Long-Term Expected Real Rate of Return
Domestic Equity - Large cap................	29.25%	4.91%
Domestic Equity - Small/Mid Cap..........	8.75%	5.29%
International Equity - Developed Market...	11.25%	5.32%
International Equity - Emerging Market....	6.00%	6.13%
Domestic Fixed Income.....................	35.00%	2.30%
International Fixed Income..................	6.00%	2.02%
Alternatives..................................	3.25%	6.35%
Real estate...................................	0.00%	6.25%
Cash..	0.50%	0.00%
Total..	100.00%	

Discount Rate

The discount rate used to measure the total OPEB liability was 5.89% as of June 30, 2024, and 5.43% as of June 30, 2023. The projection of cash flows used to determine the discount rate assumed that contributions will be made in accordance with the Town's funding policy. Based on these assumptions, the OPEB Plan's fiduciary net position was projected to be insufficient to make all projected benefit payments to current plan members. Therefore, the long-term expected rate of return on the OPEB Plan assets was applied to the projected benefit payments which the fiduciary net position is expected to be sufficient to cover until fiscal year 2071 and the Municipal Bond Rate was applied thereafter. The Municipal Bond Rate was based on the S&P Municipal Bond 20 – Year High Grade Index ("SAPIHG"), which was 4.21% as of June 30, 2024.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate - The following table presents the net OPEB liability, calculated using the discount rate (5.89%), as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.89%) or 1-percentage-point higher (6.89%) than the current rate.

	1% Decrease (4.89%)	Current Discount Rate (5.89%)	1% Increase (6.89%)
Net OPEB liability....................	$ 54,722,776	$ 47,338,134	$ 41,387,983

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Trend Rate - The following table presents the net OPEB liability, calculated using the current healthcare trend rate (5.00%) as well as what the net OPEB liability would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower (4.00%) or 1-percentage-point higher (6.00%) than the current rate.

	1% Decrease (4.00%)	Current Trend (5.00%)	1% Increase (6.00%)
Net OPEB liability	$ 40,736,731	$ 47,338,134	$ 55,662,038

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at June 30, 2023	$ 50,898,639	$ 2,096,455	$ 48,802,184
Changes for the year:			
Service cost	1,197,085	-	1,197,085
Interest	2,776,292	-	2,776,292
Differences between expected and actual experience	-	-	-
Changes in assumptions	(2,929,183)	-	(2,929,183)
Net investment income	-	248,414	(248,414)
Employer contributions to trust	-	2,259,830	(2,259,830)
Benefit payments	(1,959,830)	(1,959,830)	-
Net change	(915,636)	548,414	(1,464,050)
Balances at June 30, 2024	$ 49,983,003	$ 2,644,869	$ 47,338,134

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

For the year ended June 30, 2024, the Town recognized OPEB expense of $4,699,920. At June 30, 2024, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Deferred Category	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Differences between expected and actual experience..........	$ -	$ (3,129,988)	$ (3,129,988)
Difference between projected and actual earnings, net.........	-	(42,955)	(42,955)
Changes in assumptions..	4,723,860	(2,639,308)	2,084,552
Total deferred outflows/(inflows) of resources.................	$ 4,723,860	$ (5,812,251)	$ (1,088,391)

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

Year ended June 30:	
2025..	$ 452,331
2026..	304,309
2027..	(633,430)
2028..	(760,573)
2029..	(451,028)
Total deferred outflows/(inflows) of resources.......	$ (1,088,391)

Changes of Assumptions

The discount rate was changed from 5.43% to 5.89%.

Changes in Plan Provisions

None.

NOTE 13 – FINANCIAL STATEMENTS FOR INDIVIDUAL PENSION AND OTHER POSTEMPLOYMENT BENEFITS TRUST FUNDS

GAAP requires that all Pension and Other Postemployment Trust Funds be combined and presented in one column in the Fiduciary Funds financial statements and that the individual financial statements for each trust fund plan are reported in the notes to the financial statements.

Following are the individual financial statements for the pension and OPEB plans that are included in the Fiduciary Funds as Pension and Other Postemployment Benefit Trust Funds.

	Pension Trust Fund (as of December 31, 2023)	Other Postemployment Benefit Trust Fund	Total Pension and Other Employee Benefit Trust Funds
ASSETS			
Cash and cash equivalents	$ 472,490	$ 13,599	$ 486,089
Investments:			
Investments in Pension Reserve Investment Trust	90,541,376	-	90,541,376
Equity mutual funds	-	1,195,725	1,195,725
Fixed income mutual funds	-	1,435,545	1,435,545
Receivables, net of allowance for uncollectibles:			
Departmental and other	180,283	-	180,283
TOTAL ASSETS	91,194,149	2,644,869	93,839,018
NET POSITION			
Restricted for pensions	91,194,149	-	91,194,149
Restricted for other postemployment benefits	-	2,644,869	2,644,869
TOTAL NET POSITION	$ 91,194,149	$ 2,644,869	$ 93,839,018

	Pension Trust Fund (as of December 31, 2023)	Other Postemployment Benefit Trust Fund	Total Pension and Other Employee Benefit Trust Funds
ADDITIONS:			
Contributions:			
Employer contributions	$ 4,245,626	$ 300,000	$ 4,545,626
Employer contributions for other postemployment benefit payments	-	1,959,830	1,959,830
Member contributions	1,532,037	-	1,532,037
Transfers from other systems	614,968	-	614,968
3(8)c contributions from other systems	151,640	-	151,640
State COLA reimbursements	21,068	-	21,068
Member makeup payments and redeposits	18,412	-	18,412
Total contributions	6,583,751	2,259,830	8,843,581
Net investment income:			
Investment income (loss)	9,400,795	248,414	9,649,209
Less: investment expense	(438,122)	-	(438,122)
Net investment income (loss)	8,962,673	248,414	9,211,087
TOTAL ADDITIONS	15,546,424	2,508,244	18,054,668
DEDUCTIONS:			
Administration	104,455	-	104,455
Transfers to other systems	317,262	-	317,262
3(8)c transfer to other systems	416,136	-	416,136
Retirement benefits and refunds	6,182,239	-	6,182,239
Other postemployment benefit payments	-	1,959,830	1,959,830
TOTAL DEDUCTIONS	7,020,092	1,959,830	8,979,922
NET INCREASE (DECREASE) IN NET POSITION	8,526,332	548,414	9,074,746
NET POSITION AT BEGINNING OF YEAR	82,667,817	2,096,455	84,764,272
NET POSITION AT END OF YEAR	$ 91,194,149	$ 2,644,869	$ 93,839,018

NOTE 14 – COMMITMENTS

The Town has entered into, or is planning to enter into, contracts totaling approximately $99.4 million for various projects including water and sewer infrastructure improvements, elementary school construction and high school repairs.

The general fund has various commitments outstanding for goods and services related to encumbrances and article carryforwards totaling $4.2 million.

NOTE 15 – CONTINGENCIES

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

Various legal actions and claims are pending. Litigation is subject to many uncertainties, and the outcome of individual litigated matters is not always predictable. Although the amount of liability, if any, at June 30, 2024, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2024.

NOTE 16 – RESTATEMENT OF NET POSITION

During 2024, the Town identified and corrected an error related to the accrual of unbilled water and sewer charges for services. In the prior year, the Town did not accrue water and sewer commitments that were billed subsequent to year-end but related to consumption that occurred during the audit period. This resulted in an understatement of user charges receivable, revenue, and ending fund net position. A portion of this correction of an error would have occurred prior to FY2023. However, management has not determined the full extent of the error.

In accordance with GASB Statement #100, *Accounting Changes and Error Corrections*, the Town has restated the beginning net position of the water and sewer enterprise funds and the business-type activities as follows:

	Opinion Unit		
	Business-Type Activities	Water Enterprise Fund	Sewer Enterprise Fund
June 30, 2023 - as previously reported.............................	$ 31,622,891	$ 5,065,058	$ 26,557,833
Adjustment - correction of an error…................................	1,965,723	821,693	1,144,030
June 30, 2023 - as restated...	$ 33,588,614	$ 5,886,751	$ 27,701,863

NOTE 17 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

During 2024, the following GASB pronouncements were implemented:

- GASB Statement #100, *Accounting Changes and Error Corrections*. The basic financial statements and related notes were updated to be in compliance with this pronouncement.

The following GASB pronouncements will be implemented in the future:

- The GASB issued Statement #101, *Compensated Absences,* which is required to be implemented in 2025.
- The GASB issued Statement #102, *Certain Risk Disclosures,* which is required to be implemented in 2025.
- The GASB issued Statement #103, *Financial Reporting Model Improvements* which is required to be implemented in 2026.
- The GASB issued Statement #104, *Disclosure of Certain Capital Assets,* which is required to be implemented in 2026.

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

Required Supplementary Information

General Fund Budgetary Comparison Schedule

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

Town of Fairhaven, Massachusetts

General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual

For the Year Ended June 30, 2024

	Budgeted Amounts					
	Amounts Carried Forward From Prior Year	Original Budget	Final Budget	Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
REVENUES:						
Real estate and personal property taxes, net of tax refunds	$ -	$ 33,363,283	$ 33,363,283	$ 33,674,025	$ -	$ 310,742
Tax liens	-	-	-	114,237	-	114,237
Motor vehicle excise taxes	-	2,200,000	2,200,000	2,294,595	-	94,595
Hotel/motel tax	-	400,000	400,000	469,071	-	69,071
Meals tax	-	435,000	435,000	468,484	-	33,484
Other excise tax	-	424,706	424,706	333,516	-	(91,190)
Charges for services	-	150,000	150,000	117,501	-	(32,499)
Penalties and interest on taxes	-	250,000	250,000	259,981	-	9,981
Fees and rentals	-	804,000	804,000	635,125	-	(168,875)
Licenses and permits	-	565,000	565,000	586,386	-	21,386
Fines and forfeitures	-	6,800	6,800	6,773	-	(27)
Intergovernmental - state aid	-	13,076,057	13,076,057	13,101,063	-	25,006
Departmental and other	-	3,375,000	3,375,000	3,706,886	-	331,886
Investment income	-	254,000	254,000	836,277	-	582,277
Miscellaneous	-	30,494	30,494	174,982	-	144,488
TOTAL REVENUES	-	55,334,340	55,334,340	56,778,902	-	1,444,562
EXPENDITURES:						
Current:						
General government	569,939	5,695,378	4,820,591	3,808,212	780,468	231,911
Public safety	1,077,675	10,339,965	11,308,954	10,355,027	759,900	194,027
Education	842,615	29,625,576	29,640,089	28,318,139	1,042,486	279,464
Public works	722,205	5,497,211	5,542,211	4,287,820	1,017,453	236,938
Health and human services	11,252	1,223,927	1,085,039	861,674	8,151	215,214
Culture and recreation	58,903	1,947,068	1,977,889	1,335,851	616,938	25,100
Pension benefits	-	3,906,560	3,906,560	3,906,560	-	-
Employee benefits	1,767	6,731,767	6,861,467	6,628,005	13,500	219,962
State and county charges	-	711,421	711,421	718,398	-	(6,977)
Debt service:						
Principal	-	931,000	931,000	931,000	-	-
Interest	-	200,020	200,556	200,556	-	-
TOTAL EXPENDITURES	3,284,356	66,809,893	66,985,777	61,351,242	4,238,896	1,395,639
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(3,284,356)	(11,475,553)	(11,651,437)	(4,572,340)	(4,238,896)	2,840,201
OTHER FINANCING SOURCES (USES):						
Use of prior year reserves	3,284,356	3,284,356	3,284,356	-	-	(3,284,356)
Use of free cash	-	4,059,184	4,224,920	-	-	(4,224,920)
Transfers in	-	4,307,013	4,317,161	4,317,161	-	-
Transfers out	-	(175,000)	(175,000)	(196,478)	-	(21,478)
TOTAL OTHER FINANCING SOURCES (USES)	3,284,356	11,475,553	11,651,437	4,120,683	-	(7,530,754)
NET CHANGE IN FUND BALANCE	-	-	-	(451,657)	(4,238,896)	(4,690,553)
BUDGETARY FUND BALANCE, Beginning of year	-	12,864,625	12,864,625	12,864,625	-	-
BUDGETARY FUND BALANCE, End of year	$ -	$ 12,864,625	$ 12,864,625	$ 12,412,968	$ (4,238,896)	$ (4,690,553)

See notes to required supplementary information.

Pension Plan Schedules
Retirement System

The Pension Plan's Schedule of Changes in the Net Pension Liability presents multi-year trend information on the net pension liability and related ratios.

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

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

Town of Fairhaven, Massachusetts

Schedule of Changes in the Net Pension Liability and Related Ratios

Fairhaven Contributory Retirement System

	December 31, 2014	December 31, 2015	December 31, 2016	December 31, 2017	December 31, 2018	December 31, 2019	December 31, 2020	December 31, 2021	December 31, 2022	December 31, 2023
Total pension liability:										
Service cost	$ 1,466,000	$ 1,532,000	$ 1,677,000	$ 1,752,000	$ 1,884,000	$ 1,969,000	$ 2,161,000	$ 2,259,000	$ 2,362,000	$ 2,468,000
Interest	4,976,000	5,184,000	5,235,000	5,710,000	5,827,000	6,039,000	6,441,000	6,677,000	7,065,000	7,309,000
Changes in benefit terms	-	-	797,000	-	-	-	-	475,000	-	1,130,000
Differences between expected and actual experience	-	-	(678,000)	(1,458,000)	-	2,365,000	-	2,774,000	-	638,000
Changes in assumptions	-	-	3,460,000	2,664,000	-	1,364,000	-	820,000	-	232,000
Benefit payments	(3,841,000)	(3,810,000)	(4,087,000)	(4,373,000)	(4,752,000)	(4,995,000)	(5,281,000)	(5,512,000)	(5,641,000)	(6,426,000)
Net change in total pension liability	2,601,000	2,906,000	6,404,000	4,295,000	2,959,000	6,742,000	3,321,000	7,493,000	3,786,000	5,351,000
Total pension liability - beginning	64,658,000	67,259,000	70,165,000	76,569,000	80,864,000	83,823,000	90,565,000	93,886,000	101,379,000	105,165,000
Total pension liability - ending (a)	$ 67,259,000	$ 70,165,000	$ 76,569,000	$ 80,864,000	$ 83,823,000	$ 90,565,000	$ 93,886,000	$ 101,379,000	$ 105,165,000	$ 110,516,000
Plan fiduciary net position:										
Employer contributions	$ 2,651,000	$ 2,800,000	$ 2,981,000	$ 3,065,000	$ 3,213,000	$ 3,367,000	$ 3,534,000	$ 3,714,000	$ 3,969,000	$ 4,246,000
Member contributions	895,000	1,062,000	787,000	1,259,000	1,316,000	1,183,000	1,305,000	1,575,000	1,169,000	1,848,000
Net investment income (loss)	3,585,000	304,000	3,706,000	9,174,000	(1,485,000)	9,808,000	8,447,000	15,433,000	(10,632,000)	8,962,000
Administrative expenses	(84,000)	(86,000)	(93,000)	(94,000)	(101,000)	(113,000)	(114,000)	(117,000)	(124,000)	(104,000)
Retirement benefits and refunds	(3,841,000)	(3,810,000)	(4,087,000)	(4,373,000)	(4,752,000)	(4,995,000)	(5,281,000)	(5,512,000)	(5,641,000)	(6,426,000)
Other receipts	6,000	-	-	10,000	15,000	2,000	-	20,000	86,000	-
Net increase (decrease) in fiduciary net position	3,212,000	270,000	3,294,000	9,041,000	(1,794,000)	9,252,000	7,891,000	15,113,000	(11,173,000)	8,526,000
Fiduciary net position - beginning of year	47,562,000	50,774,000	51,044,000	54,338,000	63,379,000	61,585,000	70,837,000	78,728,000	93,841,000	82,668,000
Fiduciary net position - end of year (b)	$ 50,774,000	$ 51,044,000	$ 54,338,000	$ 63,379,000	$ 61,585,000	$ 70,837,000	$ 78,728,000	$ 93,841,000	$ 82,668,000	$ 91,194,000
Net pension liability - ending (a)-(b)	$ 16,485,000	$ 19,121,000	$ 22,231,000	$ 17,485,000	$ 22,238,000	$ 19,728,000	$ 15,158,000	$ 7,538,000	$ 22,497,000	$ 19,322,000
Plan fiduciary net position as a percentage of the total pension liability	75.49%	72.75%	70.97%	78.38%	73.47%	78.22%	83.85%	92.56%	78.61%	82.52%
Covered payroll	$ 10,564,000	$ 10,564,000	$ 11,126,000	$ 11,771,000	$ 11,771,000	$ 13,033,000	$ 13,033,000	$ 14,041,000	$ 14,041,000	$ 15,974,000
Net pension liability as a percentage of covered payroll	156.05%	181.00%	199.81%	148.54%	188.92%	151.37%	116.30%	53.69%	160.22%	120.96%

See notes to required supplementary information.

Town of Fairhaven, Massachusetts

Schedule of Contributions

Fairhaven Contributory Retirement System

Year	Actuarially determined contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
December 31, 2023…………	$ 4,095,000	$ (4,246,000)	$ (151,000)	$ 15,974,000	26.58%
December 31, 2022…………	3,905,000	(3,969,000)	(64,000)	14,041,000	28.27%
December 31, 2021…………	3,691,000	(3,691,000)	-	14,041,000	26.29%
December 31, 2020…………	3,516,000	(3,516,000)	-	13,033,000	26.98%
December 31, 2019…………	3,348,000	(3,348,000)	-	13,033,000	25.69%
December 31, 2018…………	3,189,000	(3,189,000)	-	11,771,000	27.09%
December 31, 2017…………	3,037,000	(3,037,000)	-	11,771,000	25.80%
December 31, 2016…………	2,892,000	(2,952,000)	(60,000)	11,126,000	26.53%
December 31, 2015…………	2,755,000	(2,772,000)	(17,000)	10,564,000	26.24%
December 31, 2014…………	2,623,000	(2,623,000)	-	10,564,000	24.83%

See notes to required supplementary information.

Town of Fairhaven, Massachusetts

Schedule of Investment Returns

Fairhaven Contributory Retirement System

Year	Annual money-weighted rate of return, net of investment expense
December 31, 2023……………………….	10.95%
December 31, 2022……………………….	-11.44%
December 31, 2021……………………….	19.81%
December 31, 2020……………………….	12.07%
December 31, 2019……………………….	16.15%
December 31, 2018……………………….	-2.37%
December 31, 2017……………………….	17.15%
December 31, 2016……………………….	7.47%
December 31, 2015……………………….	0.60%
December 31, 2014……………………….	7.61%

See notes to required supplementary information.

Pension Plan Schedules
Town

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

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

The Schedule of Special Funding Amounts of the Net Pension Liability for the Massachusetts Teachers' Contributory Retirement System presents multi-year trend information on the liability and expense assumed by the Commonwealth of Massachusetts on behalf of the Town along with related ratios.

Town of Fairhaven, Massachusetts

Schedule of the Town's Proportionate Share of the Net Pension Liability

Fairhaven Contributory Retirement System

Year	Proportion of the net pension liability (asset)	Proportionate share of the net pension liability	Covered payroll	Net pension liability as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
December 31, 2023.......	95.99%	$ 18,547,000	$ 15,333,000	120.96%	82.52%
December 31, 2022.......	96.15%	21,631,000	13,501,000	160.22%	78.61%
December 31, 2021.......	96.39%	7,266,000	13,534,000	53.69%	92.56%
December 31, 2020.......	96.38%	14,609,000	12,561,000	116.30%	83.85%
December 31, 2019.......	96.41%	19,020,000	12,565,000	151.37%	78.22%
December 31, 2018.......	96.49%	21,457,000	11,358,000	188.92%	73.47%
December 31, 2017.......	96.96%	16,953,000	11,413,000	148.54%	78.38%
December 31, 2016.......	96.71%	21,500,000	10,760,000	199.81%	70.97%
December 31, 2015.......	96.56%	18,463,000	10,201,000	180.99%	72.75%
December 31, 2014.......	96.46%	16,607,000	10,190,000	162.97%	75.49%

See notes to required supplementary information.

Town of Fairhaven, Massachusetts

Schedule of the Town's Contributions

Fairhaven Contributory Retirement System

Year	Actuarially determined contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
June 30, 2024	$ 3,931,000	$ (4,082,000)	$ (151,000)	$ 15,640,000	26.10%
June 30, 2023	3,755,000	(3,819,000)	(64,000)	13,771,000	27.73%
June 30, 2022	3,558,000	(3,558,000)	-	13,040,000	27.29%
June 30, 2021	3,388,000	(3,388,000)	-	12,221,000	27.72%
June 30, 2020	3,228,000	(3,228,000)	-	12,185,000	26.49%
June 30, 2019	3,079,000	(3,079,000)	-	11,526,000	26.71%
June 30, 2018	2,947,000	(2,947,000)	-	10,591,000	27.83%
June 30, 2017	2,800,000	(2,860,000)	(60,000)	10,059,000	28.43%
June 30, 2016	2,662,000	(2,679,000)	(17,000)	9,248,000	28.97%
June 30, 2015	2,553,000	(2,553,000)	-	9,518,000	26.82%

See notes to required supplementary information.

Town of Fairhaven, Massachusetts

Schedule of the Special Funding Amounts of the Net Pension Liability

Massachusetts Teachers' Retirement System

The Commonwealth of Massachusetts is a nonemployer contributor and is required by statute to make all actuarially determined employer contributions on behalf of the member employers which creates a special funding situation. Therefore, there is no net pension liability to recognize. This schedule discloses the Commonwealth's 100% share of the associated collective net pension liability; the portion of the collective pension expense as both a revenue and pension expense recognized; and the Plan's fiduciary net position as a percentage of the total liability.

Year	Commonwealth's 100% Share of the Associated Net Pension Liability	Expense and Revenue Recognized for the Commonwealth's Support	Plan Fiduciary Net Position as a Percentage of the Total Liability
2024	$ 44,751,155	$ 4,178,421	58.48%
2023	46,983,051	3,864,814	57.75%
2022	40,900,327	3,149,422	62.03%
2021	52,272,220	2,844,696	50.67%
2020	46,594,344	2,667,909	53.95%
2019	43,176,990	2,394,150	54.84%
2018	40,992,054	2,213,041	54.25%
2017	39,384,609	1,981,009	52.73%
2016	37,054,975	1,848,133	55.38%
2015	29,251,667	1,724,918	61.64%

See notes to required supplementary information.

Other Postemployment Benefit Plan Schedules

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

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

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

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

Town of Fairhaven, Massachusetts

Schedule of Changes in the
Town's Net OPEB Liability and Related Ratios

Other Postemployment Benefit Plan

	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022	June 30, 2023	June 30, 2024
Total OPEB Liability								
Service Cost	$ 1,596,309	$ 724,378	$ 780,352	$ 732,744	$ 766,984	$ 1,112,170	$ 1,220,574	$ 1,197,085
Interest	1,763,894	3,380,596	2,250,986	2,481,174	2,621,518	2,606,241	2,675,518	2,776,292
Differences between expected and actual experience	-	-	(120,091)	-	(5,087,482)	-	(2,475,696)	-
Changes of assumptions	-	(18,782,732)	6,502,221	(2,222,956)	11,753,977	1,427,282	915,676	(2,929,183)
Benefit payments	(1,202,254)	(1,270,582)	(1,768,831)	(1,877,756)	(1,898,148)	(1,797,470)	(1,946,401)	(1,959,830)
Net change in total OPEB liability	2,157,949	(15,948,340)	7,644,637	(886,794)	8,156,849	3,348,223	389,671	(915,636)
Total OPEB liability - beginning	46,036,444	48,194,393	32,246,053	39,890,690	39,003,896	47,160,745	50,508,968	50,898,639
Total OPEB liability - ending (a)	$ 48,194,393	$ 32,246,053	$ 39,890,690	$ 39,003,896	$ 47,160,745	$ 50,508,968	$ 50,898,639	$ 49,983,003
Plan fiduciary net position								
Employer contributions	$ 100,000	$ 150,000	$ 200,000	$ 300,000	$ 300,000	$ 200,000	$ 350,000	$ 300,000
Employer contributions for OPEB payments	1,202,254	1,270,582	1,768,831	1,877,756	1,898,148	1,797,470	1,946,401	1,959,830
Net investment income	24,778	16,779	37,589	29,286	307,180	(314,477)	173,026	248,414
Benefit payments	(1,202,254)	(1,270,582)	(1,768,831)	(1,877,756)	(1,898,148)	(1,797,470)	(1,946,401)	(1,959,830)
Net change in plan fiduciary net position	124,778	166,779	237,589	329,286	607,180	(114,477)	523,026	548,414
Plan fiduciary net position - beginning of year	222,294	347,072	513,851	751,440	1,080,726	1,687,906	1,573,429	2,096,455
Plan fiduciary net position - end of year (b)	$ 347,072	$ 513,851	$ 751,440	$ 1,080,726	$ 1,687,906	$ 1,573,429	$ 2,096,455	$ 2,644,869
Net OPEB liability - ending (a)-(b)	**$ 47,847,321**	**$ 31,732,202**	**$ 39,139,250**	**$ 37,923,170**	**$ 45,472,839**	**$ 48,935,539**	**$ 48,802,184**	**$ 47,338,134**
Plan fiduciary net position as a percentage of the total OPEB liability	0.72%	1.59%	1.88%	2.77%	3.58%	3.12%	4.12%	5.29%
Covered-employee payroll	$ 26,997,261	$ 27,807,179	$ 27,291,862	$ 28,110,619	$ 30,129,805	$ 31,033,699	$ 33,241,951	$ 34,239,210
Net OPEB liability as a percentage of covered-employee payroll	177.23%	114.12%	143.41%	134.91%	150.92%	157.69%	146.81%	138.26%

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

See notes to required supplementary information.

Town of Fairhaven, Massachusetts

Schedule of the Town's Contributions

Other Postemployment Benefit Plan

Year	Actuarially determined contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered-employee payroll	Contributions as a percentage of covered-employee payroll
June 30, 2024...........	$ 3,487,746	$ (2,259,830)	$ 1,227,916	$ 34,239,210	6.60%
June 30, 2023...........	3,455,945	(2,296,401)	1,159,544	33,241,951	6.91%
June 30, 2022...........	3,310,419	(1,997,470)	1,312,949	31,033,699	6.44%
June 30, 2021...........	2,869,856	(2,198,148)	671,708	30,129,805	7.30%
June 30, 2020...........	3,527,717	(2,127,756)	1,399,961	28,110,619	7.57%
June 30, 2019...........	3,528,492	(1,968,831)	1,559,661	27,291,862	7.21%
June 30, 2018...........	4,327,970	(1,420,582)	2,907,388	27,807,179	5.11%
June 30, 2017...........	4,143,844	(1,302,254)	2,841,590	26,997,261	4.82%

See notes to required supplementary information.

Town of Fairhaven, Massachusetts

Schedule of Investment Returns

Other Postemployment Benefit Plan

Year	Annual money-weighted rate of return, net of investment expense
June 30, 2024........................	10.60%
June 30, 2023........................	9.60%
June 30, 2022........................	-15.19%
June 30, 2021........................	26.21%
June 30, 2020........................	3.19%
June 30, 2019........................	5.82%
June 30, 2018........................	3.98%
June 30, 2017........................	9.14%

See notes to required supplementary information.

NOTE A – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

Municipal Law requires the adoption of a balanced budget that is approved by Town Meeting. The Select Board presents an annual budget to the representative Town meeting, which includes estimates of revenues and other financing sources and recommendations of expenditures and other financing uses. The representative town meeting, which has full authority to amend and/or reject the budget or any line item, adopts the expenditure budget by majority vote. Increases or transfers between voted functions subsequent to the approval of the annual budget require a vote at a special Town meeting.

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

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

An annual budget is adopted for the general fund in conformity with the guidelines described above. The original 2024 approved budget and amounts carried forward from prior year authorized approximately $67.0 million in appropriations and other amounts to be raised. During 2024, Town meeting approved subsequent increases in appropriations totaling approximately $176,000.

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

B. Budgetary - GAAP Reconciliation

For budgetary financial reporting purposes, the Uniform Municipal Accounting System basis of accounting (established by the Commonwealth) is followed, which differs from the GAAP basis of accounting. A reconciliation of budgetary-basis to GAAP-basis results for the general fund for the year ended June 30, 2024, is presented below:

Net change in fund balance - budgetary basis	$	(451,657)
Perspective differences:		
Activity of the stabilization fund recorded in the general fund for GAAP		(512,628)
Basis of accounting differences:		
Net change in recording tax refunds payable		507,472
Net change in recording 60 day receipts		(210,896)
Recognition of revenue for on-behalf payments		4,178,421
Recognition of expenditures for on-behalf payments		(4,178,421)
Net change in fund balance - GAAP basis	$	(667,709)

NOTE B – PENSION PLAN

Pension Plan Schedules – Retirement System

A. Schedule of Changes in the Net Pension Liability and Related Ratios

The Schedule of Changes in the Net Pension Liability and Related Ratios includes the detailed changes in the systems total pension liability, changes in the systems net position, and the ending net pension liability. It also demonstrates the plan's net position as a percentage of the total pension liability and the net pension liability as a percentage of covered payroll.

B. Schedule of Contributions

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

C. Schedule of Investment Return

The money weighted rate of return is calculated as the internal rate of return on pension plan investments, net of pension plan investment expense. A money weighted rate of return expresses investment performance, net of pension plan investment expense, adjusted for the changing amounts actually invested. Inputs to the money weighted rate of return calculation are determined monthly.

Pension Plan Schedules – Town

A. Schedule of the Town's Proportionate Share of the Net Pension Liability

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

B. Schedules of Town's Contributions

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

C. Schedule of the Special Funding Amounts of the Net Pension Liabilities

The Commonwealth of Massachusetts is a nonemployer contributor and is required by statute to make all actuarially determined employer contributions on behalf of the member employers which creates a special funding situation. Since the Town does not contribute directly to MTRS, there is no net pension liability to recognize. This schedule discloses the Commonwealth's 100% share of the collective net pension liability that is associated with the Town; the portion of the collective pension expense as both revenue and pension expense recognized by the Town; and the Plan's fiduciary net position as a percentage of the total liability.

D. Changes in Assumptions - The mortality improvement scale was updated from MP-2020 to the more current MP-2021.

E. Changes in Plan Provisions – None.

NOTE C – OTHER POSTEMPLOYMENT BENEFITS

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

The Other Postemployment Benefit Plan

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

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

B. Schedule of the Town's Contributions

The Schedule of the Town's Contributions includes the Town's annual required contribution to the Plan, along with the contribution made in relation to the actuarially determined contribution and the covered employee payroll. The Town is not required to fully fund this contribution. It also demonstrates the contributions as a percentage of covered payroll.

C. Significant Actuarial Methods and Assumptions

Methods and assumptions used to determine contribution rates are as follows:

Valuation date……………………………	July 1, 2022
Actuarial cost method……………………	Individual Entry Age Normal.
Asset valuation method…………………	Fair value of assets as of June 30, 2024.
Investment rate of return…………………	6.25%, net of OPEB plan investment expense, including inflation.
Municipal Bond Rate….........................	4.21% as of June 30, 2024 (source: S&P Municipal Bond 20-Year High Grade Index - SAPIHG)
Single equivalent discount rate…………	5.89%, net of OPEB plan investment expense, including inflation.
Inflation rate……………………………	2.50% as of June 30, 2024 and for future periods.
Salary increases…………………………	3.00% annually as of June 30, 2024 and for future periods.

See notes to required supplementary information.

Pre-retirement mortality rates............	General: RP-2014 Mortality Table for Blue Collar Employees projected generationally with Scale MP-2016, set forward 1 year for females. Teachers: RP-2014 Mortality Table for White Collar Employees projected generationally with Scale MP-2016.
Post-retirement mortality rates...........	General: RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with Scale MP-2016, set forward 1 year for females. Teachers: RP-2014 Mortality Table for White Collar Healthy Annuitants projected generationally with Scale MP-2016.
Disabled mortality rates..................	General: RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with Scale MP-2016, set forward 1 year. Teachers: RP-2014 Mortality Table for White Collar Healthy Annuitants projected generationally with Scale MP-2016.

D. Schedule of Investment Returns

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

E. Changes of Assumptions – The discount rate was changed from 5.43% to 5.89%.

F. Changes in Plan Provisions – None.