

**TOWN OF MARION, MASSACHUSETTS**

**REPORT ON EXAMINATION OF  
BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2023**

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Select Board  
Town of Marion, Massachusetts

**Opinions**

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

**Basis for Opinions**

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

**Responsibilities of Management for the Financial Statements**

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

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

**Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town of Marion, Massachusetts'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 of Marion, Massachusetts'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 Plymouth County Retirement Association schedules - Town's proportionate share of the net pension liability, and Town's contribution, Massachusetts Teachers Retirement System's schedule of the Commonwealth's Collective amounts of the Net Pension Liability, Other Post-Employment Benefit schedules - Town's Net OPEB Liability and Related Ratios, Town's contribution, and investment return, and notes to required supplementary information on pages 3 – 14, 72 – 73, 74, 75 – 77 and 78 – 79 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



Certified Public Accountant

April 23, 2024

## Management's Discussion and Analysis

As management of the Town of Marion (the Town), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2023. We encourage readers to consider this information in addition to the statements and notes.

The Town complies with financial reporting requirements issued by the Governmental Accounting Standards Board (GASB). GASB is the authoritative standard setting body that provides guidance on how to prepare financial statements in conformity with accounting principles generally accepted in the United States of America (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 can assess the financial condition of one government compared to others.

### Financial Highlights

The combined total net position of the Town exceeded the combined total liabilities by \$50.00 million, an increase of \$3.51 million or 7.56% more than the combined net position for the previous fiscal year. A total of \$33.91 million or 67.82% of this sum represents the Town's net investment in capital assets. A total of \$13.15 million or 26.30% is legally reserved or designated for specific future uses by the Town. A total of \$2.94 million or 5.88% is unrestricted.

Total net position increased by \$3.51 million. Governmental activities' net position increased by \$2.07 million, while net position for business-type activities increased by \$1.44 million.

Total revenue for the year for all funds was \$38.35 million, \$1.31 million or 3.55% more than the total revenue for the fiscal year ended June 30, 2022.

	Fiscal Year Ended		Fiscal Year Ended	
	June 30, 2023	%	June 30, 2022	%
	Total	Total	Total	Total
Property taxes	\$ 21,990,260	57.34%	\$ 21,726,887	58.67%
Motor vehicle & other excise	966,041	2.52%	945,974	2.55%
Penalties and interest	100,951	0.26%	108,618	0.29%
Charges for services	9,230,902	24.07%	8,928,889	24.11%
Operating grants and contributions	4,522,746	11.79%	4,334,497	11.70%
Nonrestricted grants and contributions	857,868	2.24%	802,484	2.17%
Unrestricted investment income	387,118	1.01%	(14,606)	-0.04%
Bond premium	80,063	0.21%	82,359	0.22%
Other revenue	211,910	0.55%	119,005	0.32%
Total revenues	<u>\$ 38,347,859</u>	<u>100.00%</u>	<u>\$ 37,034,107</u>	<u>100.00%</u>

Total expenses for the year for all funds was \$34.83 million, \$2.00 million or 6.08% more than the total expenditures for the fiscal year ended June 30, 2022.

	Fiscal Year Ended <u>June 30, 2023</u>		Fiscal Year Ended <u>June 30, 2022</u>	
		% Total		% Total
General government	\$ 3,354,579	9.63%	\$ 3,514,243	10.70%
Public safety	4,608,055	13.23%	4,578,593	13.94%
Education	13,311,471	38.21%	13,082,836	39.84%
Public works	2,929,742	8.41%	2,292,236	6.98%
Human services	657,917	1.89%	527,124	1.61%
Culture and recreation	638,768	1.83%	533,455	1.62%
Employee benefits	3,921,274	11.26%	3,376,805	10.28%
State and county assessments	107,343	0.31%	115,059	0.35%
Interest	108,109	0.31%	84,671	0.26%
Water Enterprise	2,080,627	5.97%	1,856,371	5.65%
Sewer Enterprise	3,116,390	8.95%	2,876,468	8.76%
	<u>\$ 34,834,275</u>	<u>100.00%</u>	<u>\$ 32,837,861</u>	<u>100.00%</u>

## Overview of the Financial Statements

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

The government-wide financial statements provide both short-term and long-term information about the Town. The fund financial statements focus on the individual parts of the Town government, reporting the operations in more detail than the government-wide statements. Both presentations (government-wide and fund financial statements) allow the user to address relevant questions, broaden the basis of comparison, and improve the Town’s accountability.

## Government-Wide Financial Statements

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

*Statement of Net Position* – Presents all of the government’s assets and liabilities, with the difference being reported as “net position”. The amount of net position is widely considered a good measure of the Town’s financial health. Over time increases or decreases in net position may serve as a useful indicator of whether the financial position is improving or deteriorating. The reader should also consider other non-financial factors, such as the condition of the Town’s infrastructure and changes in the property tax base, to assess the overall health of the Town.

*Statement of Activities* – Presents information showing how the Town’s net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the cash flows.

Thus, revenues and expenses are reported for some items that will not result in cash flows until future fiscal periods (i.e. uncollected taxes and earned but unused vacation leave).

In the government-wide statements, financial information is presented in two columns in order to summarize the Town's programs or activities. The types of activities presented are as follows:

Governmental Activities – Taxes and intergovernmental revenues primarily support the functions of the government and are reported in this section. Most of the Town's basic services are reported here including general government, public safety, education, public works, human services, culture and recreation, debt service, state and county assessments, and employee benefits.

Business-Type Activities – These functions are normally intended to recover all or a significant portion of their costs through user fees and charges to external users of goods and services. The Water and Sewer operations are considered business-type activities.

### **Fund Financial Statements**

Traditional readers of government financial statements will find the fund financial statement presentation to be most familiar. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Marion, like most other local governments, uses a fund accounting system to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into three categories:

Governmental Funds – Most of the basic services provided by the Town are financed through governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. This information is useful in evaluating the Town's near-term financing requirements. This approach reflects the modified accrual basis of accounting, which uses the flow of current financial resources measurement focus. Such statements provide a detailed short-term view of the Town's finances that assist in determining whether there will be adequate financial resources available to meet current needs.

Because the focus of governmental funds financial statements is narrower than that of 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. This comparison will assist the reader in understanding the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate the comparison between governmental funds and governmental activities.

The Town maintains two (2) major governmental funds that are presented separately in the governmental funds financial statements. The remaining non-major funds are combined into a single, aggregated presentation.

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

Proprietary Funds – Provides services for which the Town charges customers a fee and operates similar to a commercial business. The proprietary funds financial statements provide the same type of information as in the government-wide financial statements, only in more detail. Like the government-wide financial statements, proprietary funds financial statements use the full accrual basis of accounting. There is no reconciliation needed between the government-wide financial statements and the proprietary funds financial statements.

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

## **Notes to 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***

#### **Statement of Net Position**

Net position may serve over time as a useful indicator of a government's financial position. The Town's total net position as of June 30, 2023 were \$50.00 million, of which the governmental activities were \$27.17 million and the business-type activities were \$22.83 million.

The largest portion of the Town's net position (67.82%) reflects its investment in capital assets (land, land conservation, land improvements, construction and improvements, machinery and equipment, vehicles, infrastructure, and construction in progress); less any related debt used to acquire those assets, that remains outstanding. The Town uses these capital assets to provide services to citizens; therefore, these assets are not available for future spending. It is important to note that other resources are needed to repay the debt because the capital assets cannot be used to finance these liabilities.

A modest amount of the Town's net position (26.30%) are subject to external restrictions on how they may be used. The remaining balance represents unrestricted net position (5.88%).

Total current assets within the governmental activities were \$25.79 million and included cash & investments of \$23.92 million and receivables net of allowances of \$1.87 million. Total current liabilities within the governmental activities were \$5.34 million and included accounts payable of \$1.55 million, bonds and notes payable of \$3.45 million, and compensated absences of \$0.25 million. Noncurrent liabilities within the governmental activities included \$8.84 million of net pension liability, \$9.96 million of postemployment benefits, \$1.35 million of general obligation bonds payable, \$0.89 million of compensated absences, and \$0.54 million for landfill postclosure care costs.

Total current assets within the business-type activities were \$10.27 million and included cash of \$8.30 million and receivables net of allowances of \$1.97 million. Current liabilities within the business-type activities were \$9.68 million and included accounts payable of \$0.07 million, accrued interest payable of \$0.31 million, compensated absences of \$0.03, and bonds and notes payable of \$9.27 million. Noncurrent liabilities within the business-type activities included \$21.87 million of general obligation bonds payable, \$1.32 million of net pension liability, \$0.23 million of postemployment benefits, and \$0.15 million of compensated absences.

**Town of Marion - Condensed Statement of Net Position**

	Governmental Activities		Business-type Activities		Total Primary Government	
	FY 2023	FY 2022	FY 2023	FY 2022	FY 2023	FY 2022
<b>Assets:</b>						
Current assets	\$ 25,790,876	\$ 21,199,963	\$ 10,274,250	\$ 10,765,816	\$ 36,065,126	\$ 31,965,779
Noncurrent assets (excluding capital)	-	-	2,508,279	2,761,716	2,508,279	2,761,716
Capital assets	25,752,109	25,687,503	43,021,441	43,181,022	68,773,550	68,868,525
<b>Total assets</b>	<b>51,542,985</b>	<b>45,112,494</b>	<b>55,803,970</b>	<b>53,939,333</b>	<b>107,346,955</b>	<b>103,596,020</b>
<b>Deferred Outflows of Resources:</b>	<b>4,326,924</b>	<b>4,905,740</b>	<b>317,948</b>	<b>285,192</b>	<b>4,644,872</b>	<b>5,190,932</b>
<b>Liabilities:</b>						
Current liabilities (excluding debt)	1,892,093	2,673,961	407,120	782,130	2,299,213	3,456,091
Noncurrent liabilities (excluding debt)	20,239,569	17,690,425	1,699,557	1,401,150	21,939,126	19,091,575
Current debt	3,448,881	456,181	9,274,762	9,599,579	12,723,643	10,055,760
Noncurrent debt	1,347,084	1,795,964	21,866,029	23,494,110	23,213,113	25,290,074
<b>Total liabilities</b>	<b>26,927,627</b>	<b>22,939,896</b>	<b>33,247,468</b>	<b>34,622,417</b>	<b>60,175,095</b>	<b>57,893,500</b>
<b>Deferred Inflows of Resources:</b>	<b>1,765,672</b>	<b>4,070,238</b>	<b>46,661</b>	<b>332,399</b>	<b>1,812,333</b>	<b>4,402,637</b>
<b>Net Position:</b>						
Net investment in capital assets	20,991,589	23,464,493	12,923,392	8,932,287	33,914,981	32,396,780
Restricted	13,151,048	11,671,851	-	-	13,151,048	11,671,851
Unrestricted	(6,966,027)	(10,029,907)	9,904,397	12,452,091	2,938,370	2,422,184
<b>Total net position</b>	<b>\$ 27,176,610</b>	<b>\$ 25,106,437</b>	<b>\$ 22,827,789</b>	<b>\$ 21,384,378</b>	<b>\$ 50,004,399</b>	<b>\$ 46,490,815</b>

### **Governmental Activities**

Governmental activities current assets increased by \$4,590,913 or 21.66% as compared with FY2022.

Governmental activities current liabilities increased by \$2,210,832 or 70.63%. Governmental activities noncurrent liabilities increased by \$2,100,264 or 10.78%.

Governmental activities total net position increased \$2,070,173 or 8.25% as compared with the prior year.

### **Business-type Activities**

Business-type activities current assets decreased by \$491,566 or -4.5% as compared with FY2022.

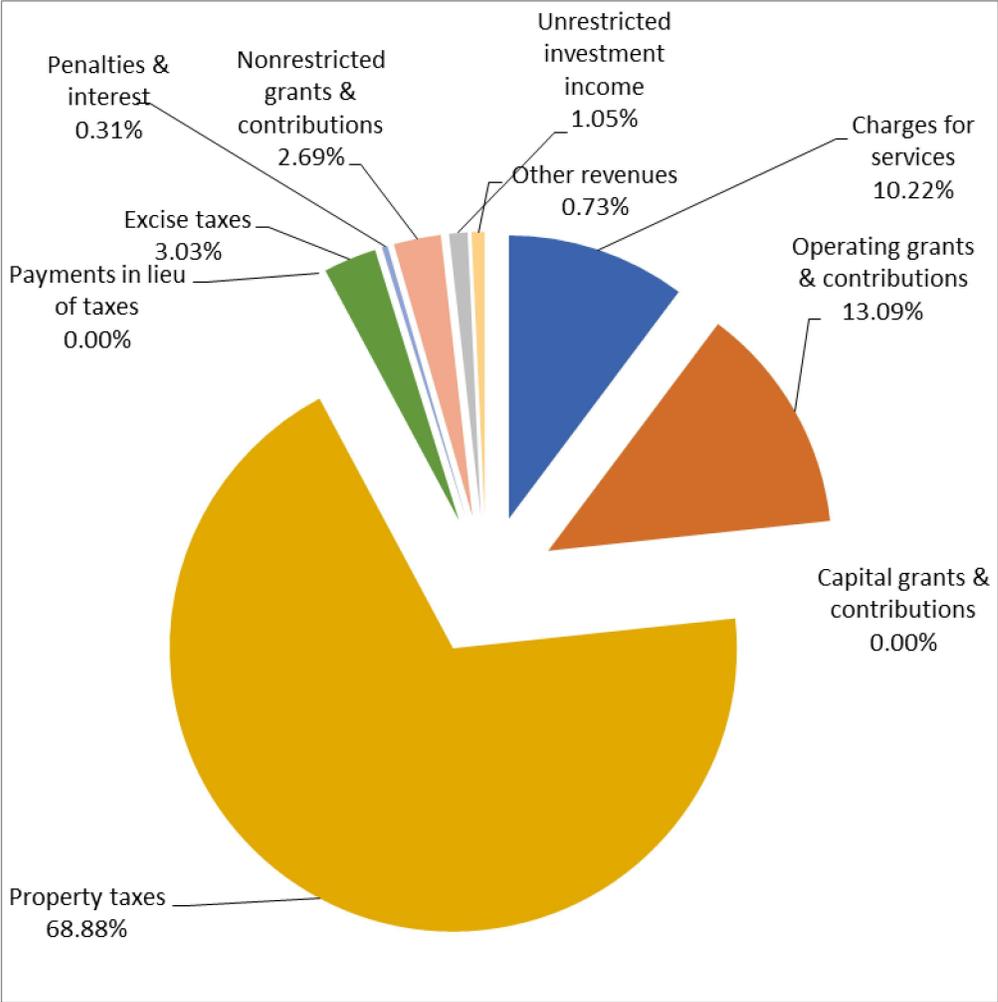
Business-type activities current liabilities decreased by \$699,827 or -6.74%. Business-type noncurrent liabilities decreased by -\$1,329,674 or -5.34%.

Business-type activities total net position increased by \$1,443,411 or 6.75% as compared with the prior year.

Governmental activities net position increased by \$2,070,173. Business-type activities net position increased by \$1,143,411. Presented below are the components that contributed to the change in net position, along with comparative data for the previous fiscal year:

Town of Marion - Condensed Statement of Activities						
	Governmental Activities		Business-type Activities		Total Primary Government	
	FY 2023	FY 2022	FY 2023	FY 2022	FY 2023	FY 2022
<b>Revenues</b>						
<i>Program Revenues:</i>						
Charges for services	\$ 3,263,560	\$ 3,144,555	\$ 5,967,342	\$ 5,784,334	\$ 9,230,902	\$ 8,928,889
Operating grants and contributions	4,180,120	3,663,417	342,626	671,080	4,522,746	4,334,497
<i>General Revenues:</i>						
Real Estate and personal property taxes	21,990,260	21,726,887	-	-	21,990,260	21,726,887
Motor vehicle and other excise taxes	966,041	945,974	-	-	966,041	945,974
Penalties and interest on taxes	100,951	108,618	-	-	100,951	-
Nonrestricted grants and contributions	857,868	802,484	-	-	857,868	802,484
Unrestricted investment income	334,161	(19,175)	52,957	4,569	387,118	(14,606)
Bond premium	22,560	-	57,503	82,359.00	80,063	-
Other Revenue	211,910	119,005	-	-	211,910	119,005
<b>Total Revenues</b>	<u>31,927,431</u>	<u>30,491,765</u>	<u>6,420,428</u>	<u>6,542,342</u>	<u>38,347,859</u>	<u>36,843,130</u>
<b>Expenses:</b>						
General Government	3,354,579	3,514,243	-	-	3,354,579	3,514,243
Public Safety	4,608,055	4,578,593	-	-	4,608,055	4,578,593
Education	13,311,471	13,082,836	-	-	13,311,471	13,082,836
Public Works	2,929,742	2,292,236	-	-	2,929,742	2,292,236
Human Services	657,917	527,124	-	-	657,917	527,124
Culture and Recreation	638,768	533,455	-	-	638,768	533,455
Employee Benefits	3,921,274	3,376,805	-	-	3,921,274	3,376,805
State and County Assessments	107,343	115,059	-	-	107,343	115,059
Interest	108,109	84,671	-	-	108,109	84,671
Water	-	-	2,080,627	1,856,371	2,080,627	1,856,371
Sewer	-	-	3,116,390	2,876,468	3,116,390	2,876,468
<b>Total Expenses</b>	<u>29,637,258</u>	<u>28,105,022</u>	<u>5,197,017</u>	<u>4,732,839</u>	<u>34,834,275</u>	<u>32,837,861</u>
<b>Transfers</b>	<u>(220,000)</u>	<u>(220,000)</u>	<u>220,000</u>	<u>220,000</u>	<u>-</u>	<u>-</u>
<b>Change in Net Position</b>	<u>2,070,173</u>	<u>2,166,743</u>	<u>1,443,411</u>	<u>2,029,503</u>	<u>3,513,584</u>	<u>4,005,269</u>
<b>Net Position - beginning</b>	<u>25,106,437</u>	<u>22,939,694</u>	<u>21,384,378</u>	<u>19,354,875</u>	<u>46,490,815</u>	<u>42,294,569</u>
<b>Net Position - ending</b>	<u>\$ 27,176,610</u>	<u>\$ 25,106,437</u>	<u>\$ 22,827,789</u>	<u>\$ 21,384,378</u>	<u>\$ 50,004,399</u>	<u>\$ 46,299,838</u>

**Governmental Activities – FY2023 Revenues**



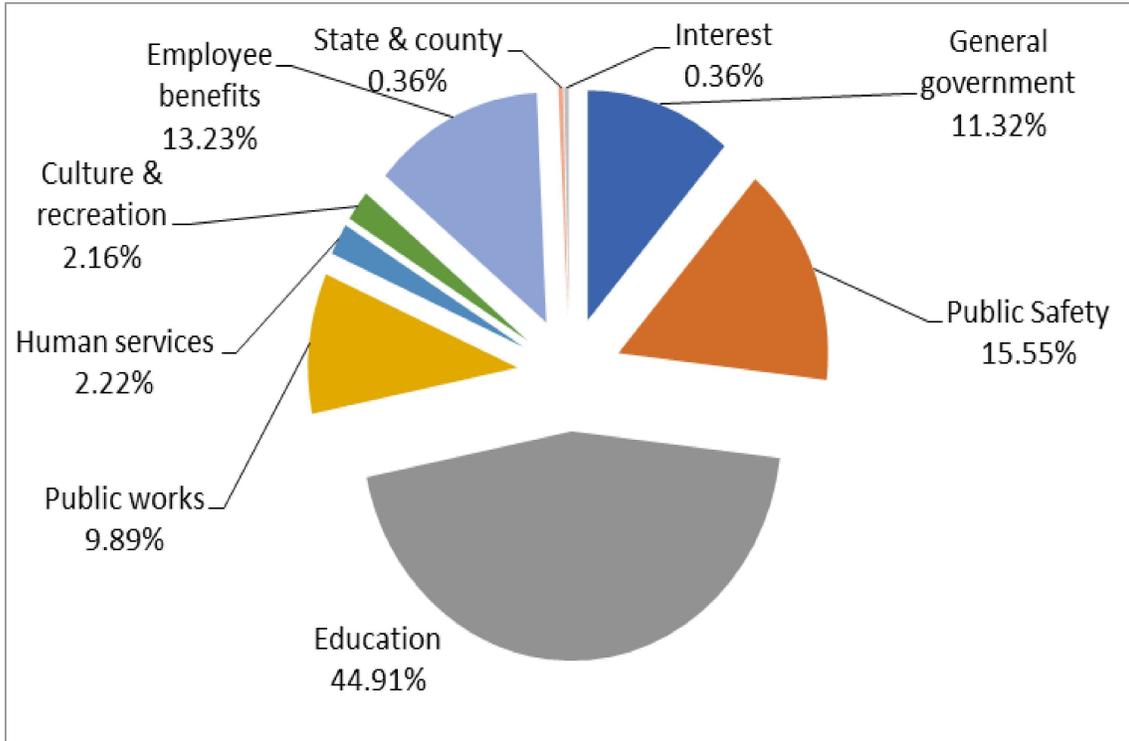
**Revenues**

Property taxes support nearly 69% of the Town’s governmental activities.

Over 49% of the charges for services revenue was generated by public safety, while general government services represented nearly 35%.

Over 41% of the operating grants apply to education, while 23% apply to employee benefits, 11% apply to general government, and 11% apply to public safety.

### Governmental Activities – FY2023 Expenses



### Expenses

Education is by far the largest governmental activity of the Town. Nearly \$11.43 million of taxes and revenues was needed to cover the FY2023 operating expenses.

Employee Benefits and Public Works represent the second and third largest activities of the Town. Approximately \$2.94 million and \$2.76 million respectively of taxes and revenues were needed to cover the FY2023 operating expenses.

Employee benefits costs are expected to continue to be a budgetary challenge for management.

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

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

### **Governmental Funds**

The focus of the Town of Marion'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 financial requirements. In particular, unassigned fund balance may serve as a useful measure of the net resources available for spending at the end of the fiscal year.

At the end of the fiscal year, the Town's governmental funds reported combined ending fund balances of \$19.93 million, an increase of \$2,948,979 in comparison with the prior fiscal year.

The General Fund is the chief operating fund of the Town. At the end of the fiscal year, unassigned fund balance was \$7,422,594, while total fund balance was \$14,018,104. As a measure of the General fund's liquidity, it may be useful to compare both unassigned fund balance and the total fund balance to total fund expenditures.

### **Proprietary Funds**

The Town's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. At the end of the fiscal year, the total net position was \$22.83 million; \$12.92 million of which relates to the Town's net investment in capital assets.

### **General Fund Budgetary Highlights**

The original general fund budget total was not increased during the fiscal year, ending with a final budget of approximately \$30.92 million. Modest amounts were transferred to supplement public safety (\$13,809) and human services (\$3,229); while general government was reduced by \$17,038 to cover these increases.

Revenues exceeded budgetary amounts by \$1,654,555, primarily driven by charges for services, property taxes, and motor vehicle excise. Expenditures were less than budgetary amounts by \$1,739,895. Most departments realized modest budget savings, while employee benefits actual was \$1,106,895 less than budgeted.

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

### **Capital Assets**

The Town's investment in capital assets for its governmental and business type activities as of June 30, 2023 amount to \$68,773,550 (net of accumulated depreciation). This investment includes land, land conservation, land improvements, construction and improvements, machinery and equipment, vehicles, infrastructure, and construction in progress. The total net decrease in the Town's investment for the fiscal year was (\$94,975).

Major capital asset events during the fiscal year included: 1) \$0.63 million for wastewater infrastructure improvements; and 2) \$0.42 million for water infrastructure improvements,

#### **Capital Assets (Net of Accumulated Depreciation)**

<b>Primary government</b>	<b>FY 2023</b>	<b>FY 2022</b>	<b>Increase/ (Decrease)</b>
Land	\$ 6,738,498	\$ 6,738,498	\$ -
Land Conservation	2,890,348	2,890,348	-
Land Improvements	294,457	207,308	87,149
Construction and Improvements	9,879,385	36,738,977	(26,859,592)
Machinery and equipment	920,534	593,371	327,163
Vehicles	1,543,810	1,570,949	(27,139)
Infrastructure	32,509,053	2,254,886	30,254,167
Construction in progress	13,997,465	17,874,188	(3,876,723)
<b>Total Capital Assets</b>	<b>\$ 68,773,550</b>	<b>\$ 68,868,525</b>	<b>\$ (94,975)</b>

### **Debt**

In 2023 the Town's bond rating was reviewed and upheld at "AAA" by Standard & Poors. The Town continues to maintain this strong rating.

At the end of the fiscal year the Town had a total bonded debt outstanding of \$24,972,787. The entire amount is classified as general obligation debt and is backed by the full faith and credit of the government. The Town has no revenue bonds outstanding, which are bonds secured solely by specified revenue sources. The Town did not issue new debt during FY2023.

**Outstanding Debt at Year End**

<b>Governmental Activities</b>	<b>Outstanding June 30, 2023</b>	<b>Outstanding June 30, 2022</b>
General Obligation	\$ 1,370,000	\$ 1,620,000
School	376,400	575,500
<b>Total Governmental Activities</b>	<b>\$ 1,746,400</b>	<b>\$ 2,195,500</b>
<b>Business-type Activities</b>		
Water Improvements	\$ 4,159,700	\$ 4,671,000
Sewer Improvements	19,066,687	20,111,773
<b>Total Business-type Activities</b>	<b>\$ 23,226,387</b>	<b>\$ 24,782,773</b>

At the end of the fiscal year the Town’s loans authorized/unissued was approximately \$2.20 million, most of which relates to Wastewater infrastructure projects.

Additional information on the Town’s debt service can be found in the *Notes to the Financial Statements* (Note 7 – Short-term financing and Note 8 – Long-term debt).

**Economic Factors and Next Year’s Budget and Rates**

The Town’s per capita income was \$64,737, compared with \$48,030 for the state. The unemployment rate for the Town was 2.4%, compared with state rate of 4.9%.

The average 2023 single family home in Marion was valued at \$844,953 with an average annual tax bill of \$7,976. Overall FY2023 property values increased 18.08% as compared with the prior year.

The Town has a balanced budget for FY2024 and anticipates challenges for fully funding FY2025 operations.

**Requests for Information**

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the Town of Marion’s finances. Questions concerning the information provided in this report or requests for additional information should be addressed to the Office of the Town Accountant, 2 Spring Street, Marion, MA 02739.

**TOWN OF MARION, MASSACHUSETTS  
STATEMENT OF NET POSITION  
JUNE 30, 2023**

	<b>PRIMARY GOVERNMENT</b>		
	<b>GOVERNMENTAL ACTIVITIES</b>	<b>BUSINESS-TYPE ACTIVITIES</b>	<b>TOTAL</b>
<b>ASSETS</b>			
CURRENT:			
CASH AND SHORT-TERM INVESTMENTS	\$ 10,980,483	\$ 8,299,800	\$ 19,280,283
INVESTMENTS	12,935,281	-	12,935,281
RECEIVABLES, NET OF ALLOWANCE FOR UNCOLLECTIBLES:			
REAL ESTATE AND PERSONAL PROPERTY TAXES	276,560	-	276,560
TAX LIENS	413,218	-	413,218
MOTOR VEHICLE AND OTHER EXCISE TAXES	113,458	-	113,458
USER FEES	-	1,758,971	1,758,971
DEPARTMENTAL AND OTHER	197,239	-	197,239
INTERGOVERNMENTAL	874,637	-	874,637
SPECIAL ASSESSMENTS	-	215,479	215,479
RECEIVABLES, NET OF ALLOWANCE FOR UNCOLLECTIBLES:			
SPECIAL ASSESSMENTS	-	2,508,279	2,508,279
CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION	25,752,109	43,021,441	68,773,550
<b>TOTAL ASSETS</b>	<b>51,542,985</b>	<b>55,803,970</b>	<b>107,346,955</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
RELATED TO POSTEMPLOYMENT BENEFITS	2,600,941	59,697	2,660,638
RELATED TO PENSIONS	1,725,983	258,251	1,984,234
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCED</b>	<b>4,326,924</b>	<b>317,948</b>	<b>4,644,872</b>
<b>LIABILITIES</b>			
CURRENT:			
ACCOUNTS PAYABLE	1,547,075	71,259	1,618,334
OTHER LIABILITIES	10,091	-	10,091
ACCRUED INTEREST	51,633	305,214	356,847
BONDS AND NOTES PAYABLE	3,448,881	9,274,762	12,723,643
LANDFILL POSTCLOSURE CARE COSTS	30,000	-	30,000
COMPENSATED ABSENCES	253,294	30,647	283,941
NONCURRENT:			
BONDS AND NOTES PAYABLE	1,347,084	21,866,029	23,213,113
LANDFILL POSTCLOSURE CARE COSTS	540,000	-	540,000
POSTEMPLOYMENT BENEFITS	9,962,267	228,654	10,190,921
NET PENSION LIABILITY	8,843,081	1,323,148	10,166,229
COMPENSATED ABSENCES	894,221	147,755	1,041,976
<b>TOTAL LIABILITIES</b>	<b>26,927,627</b>	<b>33,247,468</b>	<b>60,175,095</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
RELATED TO POSTEMPLOYMENT BENEFITS	1,717,233	39,414	1,756,647
RELATED TO PENSIONS	48,439	7,247	55,686
<b>TOTAL DEFERRED INFLOWS OF RESOURCED</b>	<b>1,765,672</b>	<b>46,661</b>	<b>1,812,333</b>
NET INVESTMENT IN CAPITAL ASSETS	20,991,589	12,923,392	33,914,981
RESTRICTED FOR:			
STREETS	481,312	-	481,312
PERMANENT FUNDS:			
EXPENDABLE	313,862	-	313,862
OTHER PURPOSES	12,355,874	-	12,355,874
UNRESTRICTED	(6,966,027)	9,904,397	2,938,370
<b>TOTAL NET POSITION</b>	<b>\$ 27,176,610</b>	<b>\$ 22,827,789</b>	<b>\$ 50,004,399</b>

See accompanying notes to the basic financial statements

**TOWN OF MARION, MASSACHUSETTS  
STATEMENT OF ACTIVITIES  
FISCAL YEAR ENDED JUNE 30, 2023**

<u>FUNCTIONS/PROGRAMS</u>	<u>PROGRAM REVENUES</u>			<u>NET (EXPENSE) REVENUE</u>
	<u>EXPENSES</u>	<u>CHARGES FOR SERVICES</u>	<u>OPERATING GRANTS AND CONTRIBUTIONS</u>	
<b>PRIMARY GOVERNMENT:</b>				
GOVERNMENTAL ACTIVITIES:				
GENERAL GOVERNMENT	\$ 3,354,579	\$ 1,129,662	\$ 474,095	\$ (1,750,822)
PUBLIC SAFETY	4,608,055	1,608,717	472,296	(2,527,042)
EDUCATION	13,311,471	152,060	1,731,048	(11,428,363)
PUBLIC WORKS	2,929,742	25,620	147,714	(2,756,408)
HUMAN SERVICES	657,917	142,563	235,774	(279,580)
CULTURE & RECREATION	638,768	204,938	139,959	(293,871)
EMPLOYEE BENEFITS	3,921,274	-	979,234	(2,942,040)
STATE & COUNTY ASSESSMENTS	107,343	-	-	(107,343)
INTEREST	108,109	-	-	(108,109)
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>29,637,258</b>	<b>3,263,560</b>	<b>4,180,120</b>	<b>(22,193,578)</b>
<b>BUSINESS-TYPE ACTIVITIES:</b>				
WATER	2,080,627	2,577,712	-	497,085
SEWER	3,116,390	3,389,630	342,626	615,866
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>	<b>5,197,017</b>	<b>5,967,342</b>	<b>342,626</b>	<b>1,112,951</b>
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 34,834,275</b>	<b>\$ 9,230,902</b>	<b>\$ 4,522,746</b>	<b>\$ (21,080,627)</b>

**See accompanying notes to the basic financial statements**

(continued)

**TOWN OF MARION, MASSACHUSETTS  
STATEMENT OF ACTIVITIES  
FISCAL YEAR ENDED JUNE 30, 2023**

	<b>PRIMARY GOVERNMENT</b>		
	<b>GOVERNMENTAL ACTIVITIES</b>	<b>BUSINESS-TYPE ACTIVITIES</b>	<b>TOTAL</b>
<b>CHANGES IN NET POSITION:</b>			
NET (EXPENSE) REVENUE FROM PREVIOUS PAGE	\$ (22,193,578)	\$ 1,112,951	\$ (21,080,627)
GENERAL REVENUES:			
REAL ESTATE AND PERSONAL PROPERTY TAXES, NET OF TAX REFUNDS PAYABLE	21,931,716	-	21,931,716
TAX LIENS	58,544	-	58,544
MOTOR VEHICLE AND OTHER EXCISE TAXES	966,041	-	966,041
PENALTIES AND INTEREST ON TAXES	100,951	-	100,951
GRANTS AND CONTRIBUTIONS NOT RESTRICTED TO SPECIFIC PROGRAMS	857,868	-	857,868
UNRESTRICTED INVESTMENT INCOME	334,161	52,957	387,118
BOND PREMIUM	22,560	57,503	80,063
MISCELLANEOUS	211,910	-	211,910
TRANSFERS, NET	(220,000)	220,000	-
TOTAL GENERAL REVENUES AND TRANSFERS	24,263,751	330,460	24,594,211
CHANGE IN NET POSITION	2,070,173	1,443,411	3,513,584
<b>NET POSITION:</b>			
<b>BEGINNING OF YEAR</b>	25,106,437	21,384,378	46,490,815
<b>END OF YEAR</b>	\$ 27,176,610	\$ 22,827,789	\$ 50,004,399

See accompanying notes to the basic financial statements

(concluded)

TOWN OF MARION, MASSACHUSETTS  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2023

<u>ASSETS</u>	GENERAL	DPW OPERATIONS CENTER PROJECT	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
CASH AND SHORT-TERM INVESTMENTS	\$ 4,161,177	\$ 2,987,220	\$ 3,832,086	\$ 10,980,483
INVESTMENTS	10,672,135	-	2,263,146	12,935,281
RECEIVABLES, NET OF ALLOWANCE FOR UNCOLLECTIBLES:				
REAL ESTATE AND PERSONAL PROPERTY TAXES	276,560	-	-	276,560
TAX LIENS	413,218	-	-	413,218
MOTOR VEHICLE AND OTHER EXCISE TAXES	113,458	-	-	113,458
DEPARTMENTAL AND OTHER	191,384	-	5,855	197,239
INTERGOVERNMENTAL	-	-	874,637	874,637
<b>TOTAL ASSETS</b>	<b>\$ 15,827,932</b>	<b>\$ 2,987,220</b>	<b>\$ 6,975,724</b>	<b>\$ 25,790,876</b>
<b><u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u></b>				
LIABILITIES:				
ACCOUNTS PAYABLE	\$ 983,730	-	\$ 563,345	\$ 1,547,075
OTHER LIABILITIES	10,091	-	-	10,091
NOTES PAYABLE	-	3,000,000	-	3,000,000
<b>TOTAL LIABILITIES</b>	<b>993,821</b>	<b>3,000,000</b>	<b>563,345</b>	<b>4,557,166</b>
DEFERRED INFLOWS OF RESOURCES:				
UNAVAILABLE REVENUE	816,007	-	487,167	1,303,174
FUND BALANCES:				
RESTRICTED	12,790	-	5,938,025	5,950,815
COMMITTED	2,998,762	-	-	2,998,762
ASSIGNED	3,583,958	-	-	3,583,958
UNASSIGNED	7,422,594	(12,780)	(12,813)	7,397,001
<b>TOTAL FUND BALANCES</b>	<b>14,018,104</b>	<b>(12,780)</b>	<b>5,925,212</b>	<b>19,930,536</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES AND FUND BALANCES</b>	<b>\$ 15,827,932</b>	<b>\$ 2,987,220</b>	<b>\$ 6,975,724</b>	<b>\$ 25,790,876</b>

See accompanying notes to the basic financial statements

TOWN OF MARION, MASSACHUSETTS  
 GOVERNMENTAL FUNDS  
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 FISCAL YEAR ENDED JUNE 30, 2023

	GENERAL	DPW OPERATIONS CENTER PROJECT	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>REVENUES:</b>				
REAL ESTATE AND PERSONAL PROPERTY TAXES,				
NET OF TAX REFUNDS	\$ 22,046,406	-	-	\$ 22,046,406
MOTOR VEHICLE EXCISE TAXES	938,055	-	-	938,055
PENALTIES AND INTEREST ON TAXES	100,951	-	-	100,951
INTERGOVERNMENTAL	2,402,452	-	2,225,484	4,627,936
CHARGES FOR SERVICES	789,153	-	1,059,585	1,848,738
INVESTMENT INCOME	334,161	-	35,352	369,513
CONTRIBUTIONS & DONATIONS	-	-	179,100	179,100
DEPARTMENTAL AND OTHER	1,723,359	-	611,304	2,334,663
<b>TOTAL REVENUES</b>	<b>28,334,537</b>	<b>-</b>	<b>4,110,825</b>	<b>32,445,362</b>
<b>EXPENDITURES:</b>				
CURRENT:				
GENERAL GOVERNMENT	3,150,463	-	312,635	3,463,098
PUBLIC SAFETY	3,837,739	-	613,357	4,451,096
EDUCATION	12,286,100	-	690,223	12,976,323
PUBLIC WORKS	2,840,369	12,780	395,003	3,248,152
HUMAN SERVICES	522,392	-	173,305	695,697
CULTURE & RECREATION	340,036	-	320,736	660,772
EMPLOYEE BENEFITS	3,162,593	-	-	3,162,593
STATE & COUNTY ASSESSMENTS	107,343	-	-	107,343
DEBT SERVICE:				
PRINCIPAL	449,100	-	-	449,100
INTEREST	84,769	-	-	84,769
<b>TOTAL EXPENDITURES</b>	<b>26,780,904</b>	<b>12,780</b>	<b>2,505,259</b>	<b>29,298,943</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>1,553,633</b>	<b>(12,780)</b>	<b>1,605,566</b>	<b>3,146,419</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
PROCEEDS FROM BOND PREMIUM	-	-	22,560	22,560
OPERATING TRANSFERS IN	270,500	-	-	270,500
OPERATING TRANSFERS OUT	(220,000)	-	(270,500)	(490,500)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>50,500</b>	<b>-</b>	<b>(247,940)</b>	<b>(197,440)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>1,604,133</b>	<b>(12,780)</b>	<b>1,357,626</b>	<b>2,948,979</b>
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	<b>12,413,971</b>	<b>-</b>	<b>4,567,586</b>	<b>16,981,557</b>
<b>FUND BALANCES AT END OF YEAR</b>	<b>\$ 14,018,104</b>	<b>\$ (12,780)</b>	<b>\$ 5,925,212</b>	<b>\$ 19,930,536</b>

See accompanying notes to the basic financial statements

**TOWN OF MARION, MASSACHUSETTS  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TOTAL FUND BALANCES TO THE STATEMENT OF NET POSITION  
JUNE 30, 2023**

<b>TOTAL GOVERNMENTAL FUND BALANCES</b>		<b>\$ 19,930,536</b>
CAPITAL ASSETS (NET) USED IN GOVERNMENTAL ACTIVITIES ARE NOT FINANCIAL RESOURCES AND, THEREFORE, ARE NOT REPORTED IN THE FUNDS		25,752,109
ACCOUNTS RECEIVABLE ARE NOT AVAILABLE TO PAY FOR CURRENT-PERIOD EXPENDITURES AND, THEREFORE, ARE DEFERRED IN THE FUNDS		1,303,174
IN THE STATEMENT OF ACTIVITIES, INTEREST IS ACCRUED ON OUTSTANDING LONG-TERM DEBT, WHEREAS IN GOVERNMENTAL FUNDS INTEREST IS NOT REPORTED UNTIL DUE		(51,633)
LONG-TERM LIABILITIES ARE NOT DUE AND PAYABLE IN THE CURRENT PERIOD AND, THEREFORE, ARE NOT REPORTED IN THE GOVERNMENTAL FUNDS		
BONDS AND NOTES PAYABLE	(1,746,400)	
UNAMORTIZED BOND PREMIUM	(49,565)	
NET PENSION LIABILITY	(8,843,081)	
DEFERRED OUTFLOWS OF RESOURCES - RELATED TO PENSIONS	1,725,983	
DEFERRED INFLOWS OF RESOURCES - RELATED TO PENSIONS	(48,439)	
OTHER POSTEMPLOYMENT BENEFITS (OPEB)	(9,962,267)	
DEFERRED OUTFLOWS OF RESOURCES - RELATED TO POST EMPLOYMENT BENEFITS	2,600,941	
DEFERRED INFLOWS OF RESOURCES - RELATED TO POSTEMPLOYMENT BENEFITS	(1,717,233)	
LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS	(570,000)	
COMPENSATED ABSENCES	<u>(1,147,515)</u>	<u>(19,757,576)</u>
<b>NET POSITION OF GOVERNMENTAL ACTIVITIES</b>		<b><u>\$ 27,176,610</u></b>

See accompanying notes to the basic financial statements

**TOWN OF MARION, MASSACHUSETTS  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FISCAL YEAR ENDED JUNE 30, 2023**

**NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS** \$ 2,948,979

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	1,138,660	
DEPRECIATION EXPENSE	(1,074,054)	
NET EFFECT OF REPORTING CAPITAL ASSETS		64,606

REVENUES IN THE STATEMENT OF ACTIVITIES THAT DO NOT PROVIDE CURRENT FINANCIAL RESOURCES ARE FULLY DEFERRED IN THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES. THEREFORE, THE RECOGNITION OF REVENUE FOR VARIOUS TYPES OF ACCOUNTS RECEIVABLE (I.E. REAL ESTATE AND PERSONAL PROPERTY, MOTOR VEHICLE EXCISE, ETC.) DIFFER BETWEEN THE TWO STATEMENTS. THIS AMOUNT REPRESENTS THE NET CHANGE IN DEFERRED REVENUE. (540,491)

THE ISSUANCE OF LONG-TERM DEBT (E.G., BONDS) PROVIDES CURRENT FINANCIAL RESOURCES TO GOVERNMENTAL FUNDS, WHILE THE REPAYMENT OF THE PRINCIPAL OF LONG-TERM DEBT CONSUMES THE FINANCIAL RESOURCES OF GOVERNMENTAL FUNDS. NEITHER TRANSACTION, HOWEVER, HAS ANY EFFECT ON NET ASSETS. ALSO, GOVERNMENTAL FUNDS REPORT THE EFFECT OF ISSUANCE COSTS, PREMIUMS, DISCOUNTS, AND SIMILAR ITEMS WHEN DEBT IS FIRST ISSUED, WHEREAS THESE AMOUNTS ARE DEFERRED AND AMORTIZED IN THE STATEMENT OF ACTIVITIES.

DEBT SERVICE PRINCIPAL PAYMENTS	449,100	
AMORTIZATION OF BOND PREMIUM	7,080	
NET EFFECT OF REPORTING LONG-TEM DEBT		456,180

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	(431,676)	
NET CHANGE IN NET POSTCLOSURE MONITORING LIABILITY	(70,000)	
NET CHANGE IN ACCRUED INTEREST ON LONG-TERM DEBT	(30,420)	
NET CHANGE IN OTHER POSTEMPLOYMENT BENEFITS	49,543	
NET CHANGE IN DEFERRED INFLOWS OF RESOURCES - RELATED TO POSTEMPLOYMENT BENEFITS	497,380	
NET CHANGE IN DEFERRED OUTFLOWS OF RESOURCES - RELATED TO POSTEMPLOYMENT BENEFITS	(992,501)	
NET CHANGE IN NET PENSION LIABILITY	(2,102,298)	
NET CHANGE IN DEFERRED INFLOWS OF RESOURCES - RELATED TO PENSIONS	1,807,186	
NET CHANGE IN DEFERRED OUTFLOWS OF RESOURCES - RELATED TO PENSIONS	413,685	
NET EFFECT OF RECORDING LONG-TERM LIABILITIES		(859,101)

**CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES** \$ 2,070,173

See accompanying notes to the basic financial statements

**TOWN OF MARION, MASSACHUSETTS  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FISCAL YEAR ENDED JUNE 30, 2023**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL BUDGETARY AMOUNTS</u>	<u>VARIANCE OVER (UNDER)</u>
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>		
<b><u>REVENUES:</u></b>				
REAL ESTATE AND PERSONAL PROPERTY TAXES, NET OF TAX REFUNDS	\$ 21,684,741	\$ 21,684,741	\$ 22,046,406	\$ 361,665
MOTOR VEHICLE EXCISE TAXES	650,000	650,000	938,055	288,055
PENALTIES & INTEREST ON TAXES	75,000	75,000	100,951	25,951
INTERGOVERNMENTAL	1,443,818	1,443,818	1,459,095	15,277
CHARGES FOR SERVICES	350,000	350,000	789,153	439,153
INVESTMENT INCOME	10,000	10,000	271,918	261,918
DEPARTMENTAL AND OTHER	1,460,823	1,460,823	1,723,359	262,536
<b>TOTAL REVENUES</b>	<u>25,674,382</u>	<u>25,674,382</u>	<u>27,328,937</u>	<u>1,654,555</u>
<b><u>EXPENDITURES:</u></b>				
CURRENT:				
GENERAL GOVERNMENT	3,958,818	3,941,780	3,638,119	303,661
PUBLIC SAFETY	4,251,375	4,265,184	4,172,171	93,013
EDUCATION	12,567,387	12,567,387	12,536,116	31,271
PUBLIC WORKS	5,008,238	5,008,238	4,875,154	133,084
HUMAN SERVICES	665,378	668,607	651,693	16,914
CULTURE & RECREATION	413,143	413,143	367,565	45,578
EMPLOYEE BENEFITS	3,405,636	3,405,636	2,298,741	1,106,895
STATE & COUNTY ASSESSMENTS	116,822	116,822	107,343	9,479
DEBT SERVICE:				
PRINCIPAL	449,100	449,100	449,100	-
INTEREST	84,769	84,769	84,769	-
<b>TOTAL EXPENDITURES</b>	<u>30,920,666</u>	<u>30,920,666</u>	<u>29,180,771</u>	<u>1,739,895</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(5,246,284)</u>	<u>(5,246,284)</u>	<u>(1,851,834)</u>	<u>3,394,450</u>
<b><u>OTHER FINANCING SOURCES (USES):</u></b>				
OPERATING TRANSFERS IN	268,500	268,500	270,500	2,000
OPERATING TRANSFERS OUT	(220,000)	(220,000)	(220,000)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>48,500</u>	<u>48,500</u>	<u>50,500</u>	<u>2,000</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>(5,197,784)</u>	<u>(5,197,784)</u>	<u>(1,801,334)</u>	<u>3,396,450</u>
<b>BUDGETARY FUND BALANCE, BEGINNING OF YEAR</b>	<u>8,897,195</u>	<u>8,897,195</u>	<u>8,897,195</u>	<u>-</u>
<b>BUDGETARY FUND BALANCE, END OF YEAR</b>	<u>\$ 3,699,411</u>	<u>\$ 3,699,411</u>	<u>\$ 7,095,861</u>	<u>\$ 3,396,450</u>

See accompanying notes to the basic financial statements

**TOWN OF MARION, MASSACHUSETTS  
PROPRIETARY FUNDS  
STATEMENT OF NET POSITION  
JUNE 30, 2023**

	<b>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS</b>		
<b>ASSETS</b>	<b>WATER</b>	<b>SEWER</b>	<b>TOTAL</b>
<b>CURRENT:</b>			
CASH AND SHORT-TERM INVESTMENTS	\$ 3,979,218	\$ 4,320,582	\$ 8,299,800
USER FEES	725,654	1,033,317	1,758,971
SPECIAL ASSESSMENTS	-	215,479	215,479
TOTAL CURRENT ASSETS	<u>4,704,872</u>	<u>5,569,378</u>	<u>10,274,250</u>
<b>NONCURRENT:</b>			
SPECIAL ASSESSMENTS	-	2,508,279	2,508,279
CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION	12,845,456	30,175,985	43,021,441
TOTAL NONCURRENT ASSETS	<u>12,845,456</u>	<u>32,684,264</u>	<u>45,529,720</u>
<b>TOTAL ASSETS</b>	<u>17,550,328</u>	<u>38,253,642</u>	<u>55,803,970</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
RELATED TO POSTEMPLOYMENT BENEFITS	46,373	13,324	59,697
RELATED TO PENSIONS	119,274	138,977	258,251
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>165,647</u>	<u>152,301</u>	<u>317,948</u>
<b>LIABILITIES</b>			
<b>CURRENT:</b>			
ACCOUNTS PAYABLE	39,077	32,182	71,259
ACCRUED INTEREST	72,578	232,636	305,214
BONDS AND NOTES PAYABLE	3,709,841	5,564,921	9,274,762
COMPENSATED ABSENCES	10,857	19,790	30,647
TOTAL CURRENT LIABILITIES	<u>3,832,353</u>	<u>5,849,529</u>	<u>9,681,882</u>
<b>NONCURRENT:</b>			
BONDS AND NOTES PAYABLE	3,750,458	18,115,571	21,866,029
NET PENSION LIABILITY	611,101	712,047	1,323,148
COMPENSATED ABSENCES	70,692	77,063	147,755
POSTEMPLOYMENT BENEFITS	177,619	51,035	228,654
TOTAL NONCURRENT LIABILITIES	<u>4,609,870</u>	<u>18,955,716</u>	<u>23,565,586</u>
<b>TOTAL LIABILITIES</b>	<u>8,442,223</u>	<u>24,805,245</u>	<u>33,247,468</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
RELATED TO POSTEMPLOYMENT BENEFITS	30,617	8,797	39,414
RELATED TO PENSIONS	3,347	3,900	7,247
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>33,964</u>	<u>12,697</u>	<u>46,661</u>
<b>NET POSITION</b>			
NET INVESTMENT IN CAPITAL ASSETS UNRESTRICTED	6,330,970	6,592,422	12,923,392
	<u>2,908,818</u>	<u>6,995,579</u>	<u>9,904,397</u>
<b>TOTAL NET POSITION</b>	<u>\$ 9,239,788</u>	<u>\$ 13,588,001</u>	<u>\$ 22,827,789</u>

See accompanying notes to the basic financial statements

**TOWN OF MARION, MASSACHUSETTS  
 PROPRIETARY FUNDS  
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
 FISCAL YEAR ENDED JUNE 30, 2023**

	<b>BUSINESS TYPE ACTIVITIES - ENTERPRISE FUNDS</b>		
	<b>WATER</b>	<b>SEWER</b>	<b>TOTAL</b>
<b><u>OPERATING REVENUES:</u></b>			
CHARGES FOR SERVICES	\$ 2,577,712	\$ 3,389,630	\$ 5,967,342
INTERGOVERNMENTAL	-	72	72
TOTAL OPERATING REVENUES	2,577,712	3,389,702	5,967,414
<b><u>OPERATING EXPENSES:</u></b>			
GENERAL SERVICES	1,441,252	1,647,871	3,089,123
DEPRECIATION	409,978	792,723	1,202,701
TOTAL OPERATING EXPENSES	1,851,230	2,440,594	4,291,824
OPERATING INCOME (LOSS)	726,482	949,108	1,675,590
<b><u>NON-OPERATING REVENUES (EXPENSES):</u></b>			
INTERGOVERNMENTAL	-	342,554	342,554
INVESTMENT INCOME	26,188	26,769	52,957
BOND ANTICIPATION NOTES PREMIUM	23,866	33,637	57,503
INTEREST EXPENSE	(229,397)	(675,796)	(905,193)
TOTAL NON-OPERATING REVENUES (EXPENSES), NET	(179,343)	(272,836)	(452,179)
INCOME (LOSS) BEFORE OPERATING TRANSFERS	547,139	676,272	1,223,411
<b><u>OPERATING TRANSFERS:</u></b>			
OPERATING TRANSFERS IN	-	220,000	220,000
<b>CHANGE IN NET POSITION</b>	547,139	896,272	1,443,411
<b>NET POSITION AT BEGINNING OF YEAR</b>	8,692,649	12,691,729	21,384,378
<b>NET POSITION AT END OF YEAR</b>	\$ 9,239,788	\$ 13,588,001	\$ 22,827,789

See accompanying notes to the basic financial statements

**TOWN OF MARION, MASSACHUSETTS  
PROPRIETARY FUNDS  
STATEMENT OF CASH FLOWS  
FISCAL YEAR ENDED JUNE 30, 2023**

	<b>BUSINESS TYPE ACTIVITIES - ENTERPRISE FUNDS</b>		
	<b>WATER</b>	<b>SEWER</b>	<b>TOTAL</b>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES:</u></b>			
RECEIPTS FROM CUSTOMERS AND USERS	\$ 2,627,794	\$ 3,668,111	\$ 6,295,905
PAYMENTS TO SUPPLIERS	(1,155,516)	(1,294,954)	(2,450,470)
PAYMENTS TO EMPLOYEES	<u>(297,162)</u>	<u>(373,327)</u>	<u>(670,489)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>1,175,116</u>	<u>1,999,830</u>	<u>3,174,946</u>
<b><u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u></b>			
OPERATING TRANSFERS IN	<u>-</u>	<u>220,000</u>	<u>220,000</u>
<b><u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u></b>			
PROCEEDS FROM THE ISSUANCE OF BONDS AND NOTES	(140,856)	17,501	(123,355)
PROCEEDS FROM BOND ANTICIPATION NOTES PREMIUM	23,866	33,637	57,503
PROCEEDS FROM INTERGOVERNMENTAL GRANT	-	213,623	213,623
PRINCIPAL PAYMENTS ON BONDS AND NOTES	(511,300)	(1,045,086)	(1,556,386)
ACQUISITION AND CONSTRUCTION OF CAPITAL ASSETS	(732,059)	(696,233)	(1,428,292)
INTEREST EXPENSE	<u>(241,579)</u>	<u>(549,679)</u>	<u>(791,258)</u>
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES:	<u>(1,601,928)</u>	<u>(2,026,237)</u>	<u>(3,628,165)</u>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES:</u></b>			
INTEREST RECEIVED	<u>26,188</u>	<u>26,769</u>	<u>52,957</u>
<b>NET INCREASE (DECREASE) IN CASH AND SHORT-TERM INVESTMENTS</b>	(400,624)	220,362	(180,262)
<b>CASH AND SHORT-TERM INVESTMENTS - BEGINNING OF YEAR</b>	4,379,842	4,100,220	8,480,062
<b>CASH AND SHORT-TERM INVESTMENTS - END OF YEAR</b>	<u>\$ 3,979,218</u>	<u>\$ 4,320,582</u>	<u>\$ 8,299,800</u>
<b><u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</u></b>			
<b>OPERATING INCOME (LOSS)</b>	<u>\$ 726,482</u>	<u>\$ 949,108</u>	<u>\$ 1,675,590</u>
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
DEPRECIATION	409,978	792,723	1,202,701
(INCREASE) DECREASE IN ACCOUNTS RECEIVABLE	50,082	278,409	328,491
(INCREASE) DECREASE IN DEFERRED OUTFLOWS OF RESOURCES	(4,638)	(28,118)	(32,756)
INCREASE (DECREASE) IN ACCOUNTS PAYABLE	4,444	(4,778)	(334)
INCREASE (DECREASE) IN ACCRUED COMPENSATED ABSENCES	(591)	(8,110)	(8,701)
INCREASE (DECREASE) IN POSTEMPLOYMENT BENEFITS	(18,311)	(553)	(18,864)
INCREASE (DECREASE) IN DEFERRED INFLOWS OF RESOURCES	(137,609)	(148,129)	(285,738)
INCREASE (DECREASE) IN NET PENSION LIABILITY	<u>145,279</u>	<u>169,278</u>	<u>314,557</u>
TOTAL ADJUSTMENTS	<u>448,634</u>	<u>1,050,722</u>	<u>1,499,356</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>\$ 1,175,116</u>	<u>\$ 1,999,830</u>	<u>\$ 3,174,946</u>

See accompanying notes to the basic financial statements

**TOWN OF MARION, MASSACHUSETTS  
FIDUCIARY FUND  
STATEMENT OF FIDUCIARY NET POSITION  
JUNE 30, 2023**

	<b>POSTEMPLOYMENT BENEFITS TRUST</b>
<b><u>ASSETS</u></b>	
INVESTMENTS	\$ 2,467,015
<b><u>LIABILITIES</u></b>	-
<b><u>NET POSITION</u></b>	
POSTEMPLOYMENT BENEFITS	\$ 2,467,015

**See accompanying notes to the basic financial statements**

**TOWN OF MARION, MASSACHUSETTS  
FIDUCIARY FUND  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FISCAL YEAR ENDED JUNE 30, 2023**

	<b>POSTEMPLOYMENT BENEFITS TRUST</b>
<b><u>ADDITIONS:</u></b>	
CONTRIBUTIONS:	
EMPLOYER CONTRIBUTIONS	\$ 100,000
EMPLOYER CONTRIBUTIONS TO PAY FOR OPEB BENEFITS	564,156
NET INVESTMENT INCOME:	
INVESTMENT INCOME	172,176
TOTAL ADDITIONS	836,332
<b><u>DEDUCTIONS:</u></b>	
BENEFIT PAYMENTS	564,156
<b>NET INCREASE (DECREASE) IN FIDUCIARY NET POSITION</b>	272,176
<b>NET POSITION - BEGINNING</b>	2,194,839
<b>NET POSITION - ENDING</b>	\$ 2,467,015

**See accompanying notes to the basic financial statements**

**TOWN OF MARION, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. Reporting Entity**

Primary Government

The Town is a municipal corporation that is governed by an elected three member Select Board (the Board). The Board is responsible for appointing a Town Administrator whose responsibility is to manage the day to day operations. For financial reporting purposes, the Town has included all funds, organizations, account groups, agencies, boards, commissions and institutions. The Town has also considered all potential component units, blended or discretely presented, 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. Blended component units, although legally separate entities, are, in substance, part of the government's operations and discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the government. It has been determined that there are no component units (blended or discretely presented) for inclusion in the primary government's financial reporting entity.

Joint Ventures

Municipal joint ventures pool resources to share the costs, risks and rewards of providing services to their participants, the general public or others. The Town is a participant in the following joint ventures:

<u>Name</u>	<u>Purpose</u>	<u>Address</u>	<u>Annual Assessment</u>
Old Rochester Regional School District	To provide secondary Education	135 Marian Road Marion, MA 02739	\$ 5,388,463
Upper – Cape Cod Regional Technical High School	To provide vocational education	220 Sandwich Road Bourne, MA 02532	\$ 384,291
Mattapoisett River Valley Water District	To provide advanced water treatment	P. O. Box 1055 Marion, MA 02739	\$ 249,421

**TOWN OF MARION, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

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The Old Rochester Regional School District (the District) is governed by a nine (9) member school committee. The Town of Marion has three (3) representatives on the District's School Committee. The Town is indirectly liable for debt and other expenditures of the District and is assessed annually for its share of the operating and capital costs. Separate financial statements may be obtained by writing to the Treasurer of the District at the above address. The Town has an equity interest of approximately 27.43% in the joint venture.

The Upper Cape Cod Regional Technical High School (the District) is governed by a nine (9) member school committee. The Town of Marion has one (1) representative on the District's School Committee. The Town is indirectly liable for debt and other expenditures of the District and is assessed annually for its share of the operating and capital costs. Separate financial statements may be obtained by writing to the Treasurer of the District at the above address. The Town has an equity interest of approximately 1.98% in the joint venture.

The Mattapoisett River Valley Water district was formed in October 2004 pursuant to an inter-municipal agreement authorized by state statutes. The Town joined the Towns of Fairhaven, Mattapoisett, and Rochester to provide for sharing of the capital, operating and maintenance, and other costs of an advanced Water Treatment Facility for the mutual advantage of the Towns. A twelve - member Board of Commissioners for the joint venture is appointed for oversight purposes. Each Town has three (3) representatives on the District's Board of Commissioners. An annual budget for the operation and management of the facility is prepared by the facility superintendent and submitted to the Board of Commissioners. The Town has an equity interest of approximately 12% in the joint venture.

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

### Government-Wide Financial Statements

The government-wide financial statements (i.e., statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. *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. Nonmajor funds are aggregated and displayed in a single column.

#### *Major Fund Criteria*

A fund is considered major if it is the primary operating fund of the Town or it meets the following criteria:

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

**TOWN OF MARION, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

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- b. If the total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding element for all governmental and enterprise funds combined.

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

Fiduciary funds are reported by fund type.

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

#### ***Government-Wide Financial Statements***

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

- a. *Charges to customers* or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment.
- b. *Grants and contributions* that are restricted to meeting the operational requirements of a particular function or segment.
- c. *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. Exceptions are charges between the general fund and the various enterprise funds. Elimination of these charges would distort the direct costs and program revenues reported for the functions affected.

#### ***Fund Financial Statements***

##### ***Governmental Fund Financial Statements***

Governmental fund financial statements are reported using the 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., when they become both 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.

**TOWN OF MARION, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

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Expenditures are recorded when the related fund liability is incurred, except for interest on general long-term debt which is recognized when due, and the non current portion of compensated absences, landfill postclosure care costs, net pension liability, and postemployment benefits which are recognized when the obligations are expected to be liquidated with current expendable available resources.

In applying the susceptible to accrual concept to intergovernmental revenues, there are essentially two types of revenues. In one, moneys must be expended on the specific purpose or project before any amounts will be paid to the Town; therefore, revenues are recognized based upon the expenditures incurred. In the other, moneys are virtually unrestricted and are usually revocable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met.

The Town considers property taxes as available if they are due and collected within 60 days after fiscal year-end. Licenses and permits, user charges, fines and forfeitures, and miscellaneous revenues are recorded as revenues when received. Investment earnings are recorded as earned.

The Town reports the following major governmental funds:

- The *General fund* is the primary operating fund of the Town. It is used to account for all financial resources, except those that are required to be accounted for in another fund.
- The *DPW Operations Center Project fund* is used to account for all financial resources related to the construction of a new DPW Center, except those that are required to be accounted for in another fund.
- The *Nonmajor Governmental funds* consist of other special revenue and capital projects funds that are aggregated and presented in the nonmajor governmental funds column on the governmental funds financial statements. The following describes the general use of these fund types:
  - The *Special Revenue fund* is used to account for the proceeds of specific revenue sources (other than permanent funds or capital projects funds) that are restricted by law or administrative action to expenditures for specified purposes.
  - The *Capital Projects fund* is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by enterprise and trust funds).

***Proprietary Fund Financial Statements***

*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 non-operating 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.

**TOWN OF MARION, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

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The following major proprietary funds are reported:

- The *Water Enterprise fund* is used to account for water activities.
- The *Sewer Enterprise fund* is used to account for sewer activities. .

***Fiduciary Fund Financial Statements***

*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 by the Town in a trustee capacity for others that cannot be used to support the governmental programs.

The following fiduciary fund type is reported:

- The *Postemployment Benefits Trust fund* is used to account for assets held to fund future postemployment benefits of current and retired employees.

**D. Cash and Investments**

*Government-Wide and Fund Financial Statements*

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

**E. Fair Value Measurements**

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

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

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

**TOWN OF MARION, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

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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 3 – Fair Market Value of 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 proprietary 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 based on values assessed as of each January 1 and are normally due on the subsequent November 1 and May 1. Property taxes that remain unpaid after the respective due dates are subject to penalties and interest charges. By law, all taxable property in the Commonwealth must be assessed at 100% of fair market value. Once levied, which is required to be at least 30 days prior to the due date, these taxes are recorded as receivables in the fiscal year of levy. Based on the Town’s experience, most property taxes are collected during the year in which they are assessed. Liening of properties on which taxes remain unpaid occurs annually. The Town ultimately has the right to foreclose on all properties where the taxes remain unpaid.

A statewide property tax limitation statute known as “Proposition 2 ½” limits the amount of increase in property tax levy in any fiscal year. Generally, Proposition 2 ½ limits the total levy to an amount not greater than 2 ½ % of the total assessed value of all taxable property within the Town. Secondly, the tax levy cannot increase by more than 2 ½ % of the prior year’s levy plus the taxes on property newly added to the tax rolls. Certain provisions of Proposition 2 ½ can be overridden by a Town-wide referendum.

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

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

**TOWN OF MARION, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

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*Motor Vehicle Excise*

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

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

*Departmental and Other*

Departmental and other receivables consist primarily of ambulance receivables and are recorded as receivables in the fiscal year accrued. The allowance for uncollectibles is estimated based on historical trends and specific account analysis.

*Special Assessments*

Business-type activities special assessments consist primarily of unapportioned and apportioned sewer betterments and are recorded as receivables in the fiscal years accrued. Since the receivables are secured via the lien process, these assets are considered 100% collectable and therefore do not report an allowance for uncollectibles.

*Water and Sewer*

User fees are levied quarterly based on residential and commercial 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 in December of every year and included as a lien on the property owner's tax bill. Water and sewer charges and related liens are recorded as receivables in the fiscal 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.

*Intergovernmental*

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

**G. Inventories**

*Government-Wide and Fund Financial Statements*

Inventories of the governmental funds and the enterprise funds are recorded as expenditures at the time of purchase. Such inventories are not material in total to the basic financial statements, and therefore are not reported.

**TOWN OF MARION, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

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**H. Capital Assets**

*Government-Wide and Proprietary Fund Financial Statements*

Capital assets, which include land, land conservation, construction and improvements, land improvements, machinery and equipment, vehicles, infrastructure (e.g., water mains, sewer mains, roadways and similar items), and construction in progress, are reported in the applicable governmental or business-type activities 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 are recorded at the estimated fair market value at the date of donation. Except for the capital assets of the governmental activities column in the government-wide financial statements, construction period interest is capitalized on constructed capital assets if material.

All purchases and construction costs in excess of \$10,000 are capitalized at the date of acquisition or construction, respectively, with expected useful lives of five years or greater.

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

Asset Class	Estimated Useful Life (in years)
Construction and Improvements	40
Land Improvements	20
Machinery and Equipment	5-30
Vehicles	5-8
Infrastructure	10-40

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

*Governmental Fund Financial Statements*

Capital asset costs are recorded as expenditures in the fiscal year of purchase for the various funds.

**I. Interfund Receivables and Payables**

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

**TOWN OF MARION, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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*Government-Wide Financial Statements*

Transactions of a buyer/seller nature between and within governmental 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.

**J. Interfund Transfers**

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

*Government-Wide Financial Statements*

Operating transfers between and within governmental 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*

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

**K. Deferred Outflows/Inflows of Resources**

*Government-Wide Financial Statements (Net Position)*

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net 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 reported deferred outflows of resources related to postemployment benefits and pensions in this category.

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

**TOWN OF MARION, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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*Governmental Funds 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 recorded unavailable revenue as deferred inflows of resources in the governmental funds balance sheet. Unavailable revenue is recognized as revenue in the conversion to the government-wide (full accrual) financial statements.

**L. Net Position and Fund Equity**

*Government-Wide Financial Statements (Net Position)*

Net position are classified into three components:

- a) *Net investment in capital assets* – consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b) *Restricted net position* – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Net position have been “restricted” for the following:

- *Streets* represent amounts committed by the Commonwealth of Massachusetts for the repair and/or construction of the streets.
  - *Permanent funds -expendable* represents amounts held in trust for which the expenditures are restricted by various trust agreements.
  - *Other specific purposes* represent restrictions placed on assets from outside parties.
- c) *Unrestricted net position* – All other net position that do not meet the definition of “restricted” or “net investment in capital assets.”

*Fund Financial Statements (Fund Balances)*

The Town uses the following criteria for fund balance classification:

- For *restricted* fund balance: when constraints placed on the use of the resources are either (1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation.
- For *committed* fund balance: (1) the government’s highest level of decision-making authority and (2) the formal action that is required to be taken to establish (and modify or rescind) a fund balance commitment.

**TOWN OF MARION, MASSACHUSETTS**  
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- For *assigned* fund balance: (1) the body or official authorized to assign amounts to a specific purpose and (2) the policy established by the governing body pursuant to which the authorization is given.
- For *unassigned* fund balance: is the residual classification for the general fund. In other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

The Town uses the following criteria for fund balance policies and procedures:

- When expenditures are incurred for purposes for which both restricted and unrestricted fund balance is available, the unrestricted amount will be considered to have been spent.
- When expenditures are incurred for purposes for which committed, assigned, or unassigned fund balance is available, and the least restricted amount will be considered to have been spent.

#### **M. 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 net of the applicable bond premium or discount.

##### *Governmental Fund Financial Statements*

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

#### **N. Investment Income**

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

#### **O. Compensated Absences**

Employees are granted sick and vacation leave in varying amounts. Upon retirement, termination or death, certain employees are compensated for unused sick and vacation leave (subject to certain limitations) at their then current rates of pay.

**TOWN OF MARION, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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*Government-Wide Financial Statements*

The total amount to be paid in future years is presented in the governmental activities and business type activities columns of the government-wide statement of net position. The liability for vacation leave is based on the amount earned but not used; for sick leave, it is based on the amount accumulated at the balance sheet date (vesting method).

*Governmental Fund Financial Statements*

The portion of the liability related to unused sick and vacation time that has matured or is due as of June 30, 2023 is recorded in the governmental funds financial statement.

**P. Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Plymouth County Retirement Association (PCRA) and the Massachusetts Teachers Retirement System (MTRS). Additions to/deductions from the Association's fiduciary net position have been determined on the same basis as they are reported by the Association. 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.

**Q. Post Retirement Benefits**

*Government-Wide and Fund Financial Statements*

In addition to providing pension benefits, health, and life insurance coverage is provided for retired employees and their survivors in accordance with MGL, Chapter 32B, of Massachusetts General Laws, under various contributory plans. The cost of providing health and life insurance is recognized by recording the employer's 50% share of insurance premiums in the general fund in the fiscal year paid. All benefits are provided through third-party insurance carriers and health maintenance organizations that administer, assume, and pay all claims.

**R. Use of Estimates**

*Government-Wide and Fund Financial Statements*

The preparation of the accompanying financial statements in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could vary from estimates that were used.

**TOWN OF MARION, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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**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 comparable to the consolidated financial information.

**NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

*A. Budgetary Basis of Accounting*

Pursuant to Chapter 44, Section 32 of the Massachusetts General Laws, the Town adopts an annual budget for the general fund. The budgets for all departments and operations of the Town, except that of the public schools, are prepared under the direction of the Select Board. The School Department budget is prepared under the direction of the School Committee. The level of expenditures may not legally exceed appropriations for each department or undertaking in the following categories: (1) salaries and wages; (2) ordinary maintenance; and (3) capital outlays.

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

Original and supplemental appropriations are enacted upon by a Town Meeting vote. Management may not amend the budget without seeking the approval of the governing body. The Town's Finance Committee can legally transfer funds from its reserve fund to other appropriations within the budget without seeking Town Meeting approvals. The original fiscal year 2023 approved budget authorized \$28,978,219 in current year appropriations and other amounts to be raised, and \$1,942,447 in articles and encumbrances carried forward from previous fiscal years.

The Finance Director has the responsibility to ensure that budgetary controls are maintained and monitored through the accounting system.

**TOWN OF MARION, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

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*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 fiscal year ended June 30, 2023, is presented below:

Net change in fund balance - budgetary basis	\$ (1,801,334)
Basis of accounting differences:	
Net stabilization fund activity	62,243
Increase in revenue for on-behalf payments - MTRS	943,357
Increase in expenditures for on-behalf payments - MTRS	(943,357)
Adjustment for Current Year Encumbrances	332,043
Adjustment for Current Year Articles	2,998,762
Adjustment for expenditures from prior year	<u>12,419</u>
Net change in fund balance - GAAP basis	<u><u>\$ 1,604,133</u></u>

*C. Deficit Fund Balances*

Several individual fund deficits exist within the water and sewer capital projects funds and one individual fund deficit exists within the special revenue and the governmental capital project funds. These individual deficits will be eliminated through subsequent fiscal year budget transfers, grants or proceeds of long-term debt during fiscal year 2024.

**NOTE 3 – DEPOSITS AND INVESTMENTS**

State and local statutes place certain limitations on the nature of deposits and investments available to the Town. Deposits (including demand deposits, term deposits and certificates of deposit) in any one financial institution may not exceed certain levels unless collateralized by the financial institutions involved.

*Deposits*

▪ *Custodial Credit Risk - Deposits*

Custodial credit risk is the risk that in the event of bank failure, the Town’s deposits may not be returned. Massachusetts General Law Chapter 44, Section 55, limits the deposits “in a bank or trust company, or banking company to an amount not exceeding sixty percent (60%) of the capital and surplus of such bank or trust company or banking company, unless satisfactory security is given to it by such bank or trust company or banking company for such excess.”

**TOWN OF MARION, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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The Town carries deposits that are fully insured by the Federal Deposit Insurance Corporation (FDIC) and the Depositor's Insurance Fund (DIF). The Town also carries deposits that are not collateralized and are uninsured.

The following table illustrates how much of the Town's bank deposits are insured and how much of the Town's bank deposits are uninsured and uncollateralized as of June 30, 2023:

Total bank balances		<u>\$ 26,609,850</u>
Bank balances covered by deposit insurance		
Federal Deposit Insurance Corporation (FDIC)	1,950,000	
Depositors Insurance Fund (DIF)	<u>15,243,587</u>	
Total bank balances covered by deposit insurance		17,193,587
Balances subject to custodial credit risk		
Bank balances uninsured & uncollateralized	<u>9,416,263</u>	
Total bank balances subject to custodial credit risk		<u>9,416,263</u>
Total bank balances		<u>\$ 26,609,850</u>

*Investments*

Investments can also be made in securities issued by or unconditionally guaranteed by the U.S. government or agencies that have a maturity of less than one year from the date of purchase, repurchase agreement guaranteed by the U.S. government or agencies that have a maturity of less than one year from the date of purchase, repurchase agreements guaranteed by such securities with maturity dates of no more than 90 days from the date of purchase, and units in the Massachusetts Municipal Depository Trust (MMDT). The Treasurer of the Commonwealth of Massachusetts oversees the financial management of the MMDT, a local investment pool for cities, towns, and other state and local agencies within the Commonwealth. The Town's fair value of its investment in MMDT represents their value of the pool's shares. The Town's Trust Funds have expanded investment powers including the ability to invest in equity securities, corporate bonds, annuities and other specified investments.

The composition of the Town's bank recorded deposits and investments fluctuates depending primarily on the timing of property tax receipts, proceeds from borrowings, collections of state and federal aid, and capital outlays throughout the year.

**TOWN OF MARION, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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a) *Credit Risk*

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

Presented below is the actual rating as of yearend for each investment type of the Town.

Investment type	Fair value	Minimum Legal Rating	Rating as of Year End							
			Aaa	A1	A2	A3	Baa1	Baa2	Unrated	
Fixed income mutual funds	\$ 715,623	N/A	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 715,623
Money market mutual funds	184,889	N/A	-	-	-	-	-	-	-	184,889
Corporate Bonds	2,696,025	N/A	250,053	511,341	473,829	264,926	725,229	470,647	-	-
Certificates of Deposit	6,919,742	N/A	-	-	-	-	-	-	-	6,919,742
U.S. Government Agencies & Securities	2,267,960	N/A	2,028,937	-	-	-	-	-	-	239,023
Common Stock	2,618,057	N/A	-	-	-	-	-	-	-	2,618,057
<b>Total Investments</b>	<b>\$ 15,402,296</b>		<b>\$ 2,278,990</b>	<b>\$ 511,341</b>	<b>\$ 473,829</b>	<b>\$ 264,926</b>	<b>\$ 725,229</b>	<b>\$ 470,647</b>		<b>\$ 10,677,334</b>

b) *Custodial Credit Risk*

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 possession of an outside party. The Town has no custodial credit risk exposure related to the corporate bonds, U.S. Government agencies and securities, common stock, and certificates of deposit because the related securities are registered in the name of the Town. The mutual fund investments are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form.

c) *Interest Rate Risk*

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

**TOWN OF MARION, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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Information about the sensitivity of the fair values of the Town's investments to market interest rate fluctuations is as follows:

Investment type	Fair value	Investment maturities (in years)		
		Less than 1	1-5	6-10
<b><i>Debt Related Securities:</i></b>				
Corporate bonds	\$ 2,696,025	\$ 699,983	\$ 1,455,402	\$ 540,640
Fixed income mutual funds	715,623	715,623	-	-
U.S. Government & Agency	2,267,960	185,367	2,068,258	14,335
Certificate of deposit	6,919,742	4,175,563	2,744,179	-
Total - Debt related securities	12,599,350	5,776,536	6,267,839	554,975
<b><i>Other Investments:</i></b>				
Money market mutual funds	184,889	184,889	-	-
Common Stock	2,618,057	2,618,057	-	-
Total Other Investments	2,802,946	2,802,946	-	-
Total Investments	\$ 15,402,296	\$ 8,579,482	\$ 6,267,839	\$ 554,975

*d) Concentration of Credit Risk*

The Town places no limit on the amount the government may invest in any one issuer. More than 5% of the Town's investments are in the following securities:

Issuer	Percentage of Total Investments
Bristol County Savings Bank - Certificate of Deposit	14.33%
Cooperative Bank of Cape Cod - Certificate of Deposit	13.15%
Cooperative Bank of Cape Cod - Certificate of Deposit	8.54%
Cooperative Bank of Cape Cod - Certificate of Deposit	5.42%

*e) Fair Market Value of Investments*

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

**TOWN OF MARION, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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The Town categorizes its fair value measurement 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 assets. 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 measurement as of June 30, 2023:

Investment Type	June 30, 2023	Fair Value Measurements Using		
		Quoted Price in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Debt securities</b>				
Certificate of Deposit	\$ 6,919,742	\$ 6,919,742	\$ -	\$ -
U.S. Government Agencies	2,267,960	2,267,960	-	-
Corporate Bonds	2,696,025	-	2,696,025	-
Fixed Income Mutual Funds	715,623	-	715,623	-
Total debt securities	12,599,350	9,187,702	3,411,648	-
<b>Other Investments</b>				
Common Stock	2,618,057	2,618,057	-	-
Money Market Mutual Funds	184,889	184,889	-	-
Total other investments	2,802,946	2,802,946	-	-
Total investments measured at fair value	15,402,296	\$ 11,990,648	\$ 3,411,648	\$ -
<b>Investments measured at amortized cost</b>				
Massachusetts Municipal Depository Trust - (MMDT)	139,913			
<b>Total Investments</b>	<b>\$ 15,542,209</b>			

Certificates of Deposit, U.S. Government Agencies, Common Stock, 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. Corporate bonds and fixed income mutual funds 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.

Massachusetts Municipal Depository Trust (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 Advisor.

**TOWN OF MARION, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

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**NOTE 4 – RECEIVABLES**

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

Receivables:	Gross Amount	Allowance for Uncollectibles	Net Amount
Real estate and personal property taxes	\$ 285,960	\$ (9,400)	\$ 276,560
Tax liens	413,218	-	413,218
Motor vehicle and other excise taxes	226,758	(113,300)	113,458
Intergovernmental	874,637	-	874,637
Departmental and Other	618,646	(421,407)	197,239
<b>Total</b>	<b>\$ 2,419,219</b>	<b>\$ (544,107)</b>	<b>\$ 1,875,112</b>

The receivables at June 30, 2023, for the enterprise funds consist of the following:

Receivables:	Gross Amount	Allowance for Uncollectibles	Net Amount
<i>Water</i>			
User fees	\$ 725,654	\$ -	\$ 725,654
<i>Sewer</i>			
User fees	1,033,317	-	1,033,317
Special Assessments	2,723,758	-	2,723,758
<b>Total</b>	<b>\$ 4,482,729</b>	<b>\$ -</b>	<b>\$ 4,482,729</b>

**TOWN OF MARION, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with revenues that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred inflows of resources reported in the governmental funds were as follows:

Deferred Inflows of Resources Analysis			
Deferred Inflows:	General Fund	Nonmajor Governmental Funds	Total
Deferred Property Taxes	\$ 511,165	\$ -	\$ 511,165
Deferred Intergovernmental Revenues	-	481,312	481,312
Deferred Other Revenue	304,842	5,855	310,697
 Total	 \$ 816,007	 \$ 487,167	 \$ 1,303,174

**TOWN OF MARION, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 5 – CAPITAL ASSETS**

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

<b>Governmental Activities:</b>	Beginning Balance	Increases	Decreases	Ending Balance
<b><i>Capital assets not being depreciated:</i></b>				
Land	\$ 6,386,944	\$ -	\$ -	\$ 6,386,944
Land Conservation	2,890,348	-	-	2,890,348
Construction in progress	1,811,525	278,235	-	2,089,760
Total capital assets not being depreciated	<u>11,088,817</u>	<u>278,235</u>	<u>-</u>	<u>11,367,052</u>
<b><i>Capital assets being depreciated:</i></b>				
Construction and improvements	22,040,293	14,145	-	22,054,438
Infrastructure	5,127,329	-	-	5,127,329
Land improvements	557,720	107,797	-	665,517
Machinery and equipment	2,515,538	381,551	(194,616)	2,702,473
Vehicles	6,346,323	356,932	(123,702)	6,579,553
Total capital assets being depreciated	<u>36,587,203</u>	<u>860,425</u>	<u>(318,318)</u>	<u>37,129,310</u>
<b><i>Less accumulated depreciation for:</i></b>				
Construction and improvements	(11,677,675)	(497,378)	-	(12,175,053)
Infrastructure	(2,872,443)	(111,498)	-	(2,983,941)
Land improvements	(374,037)	(15,398)	-	(389,435)
Machinery and equipment	(2,235,371)	(79,868)	194,616	(2,120,623)
Vehicles	(4,828,991)	(369,912)	123,702	(5,075,201)
Total accumulated depreciation	<u>(21,988,517)</u>	<u>(1,074,054)</u>	<u>318,318</u>	<u>(22,744,253)</u>
Total capital assets being depreciated, net	<u>14,598,686</u>	<u>(213,629)</u>	<u>-</u>	<u>14,385,057</u>
Total governmental activities capital assets, net	<u>\$ 25,687,503</u>	<u>\$ 64,606</u>	<u>\$ -</u>	<u>\$ 25,752,109</u>

**TOWN OF MARION, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

<b>Business-Type Activities:</b>	Beginning Balance	Increases	Decreases & Reclassifications	Ending Balance
<i>Capital assets not being depreciated:</i>				
Land	\$ 351,554	\$ -	\$ -	\$ 351,554
Construction in progress	16,062,664	914,892	(5,069,851)	11,907,705
Total capital assets not being depreciated	16,414,218	914,892	(5,069,851)	12,259,259
<i>Capital assets being depreciated:</i>				
Land improvements	174,092	-	-	174,092
Machinery and equipment	1,181,622	60,700	-	1,242,322
Vehicles	428,160	-	-	428,160
Infrastructure	39,779,823	4,018,137	1,119,242	44,917,202
Total capital assets being depreciated	41,563,697	4,078,837	1,119,242	46,761,776
<i>Less accumulated depreciation for:</i>				
Land improvements	(150,467)	(5,250)	-	(155,717)
Machinery and equipment	(868,419)	(35,219)	-	(903,638)
Vehicles	(374,542)	(14,160)	-	(388,702)
Infrastructure	(13,403,465)	(1,148,072)	-	(14,551,537)
Total accumulated depreciation	(14,796,893)	(1,202,701)	-	(15,999,594)
Total capital assets being depreciated, net	26,766,804	2,876,136	1,119,242	30,762,182
Total business-type activities capital assets, net	\$ 43,181,022	\$ 3,791,028	\$ (3,950,609)	\$ 43,021,441

**TOWN OF MARION, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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Depreciation expense was charged to functions/programs of the primary government as follows:

<b>Governmental Activities:</b>	
General government	\$ 38,268
Public safety	413,358
Education	365,563
Public works	214,107
Human services	14,078
Culture and recreation	28,680
Total depreciation expense - governmental activities	<u>\$ 1,074,054</u>
<b>Business-Type Activities:</b>	
Water	\$ 409,978
Sewer	792,723
Total depreciation expense - business-type activities	<u>\$ 1,202,701</u>

**NOTE 6 – INTERFUND TRANSFERS**

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

<u>Operating Transfers In:</u>			
<u>Operating Transfers Out:</u>	<u>General Fund</u>	<u>Sewer Enterprise Fund</u>	<u>Total</u>
Nonmajor Governmental Funds	\$ 268,500	\$ -	\$268,500 (1)
General Fund	-	220,000	220,000 (1)
Nonmajor Governmental Funds	2,000	-	2,000 (2)
Total	<u>\$ 270,500</u>	<u>\$ 220,000</u>	<u>\$490,500</u>

- (1) Represents budgeted transfers to supplement the operating budget.
- (2) Represents non budgeted transfers

**TOWN OF MARION, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 7 – SHORT-TERM FINANCING**

Under state law, and with the appropriate authorization, the Town is authorized to borrow funds on a temporary basis as follows:

- To fund current operations prior to the collection of revenues by issuing revenue anticipation notes (RANS).
- To fund grants prior to reimbursement by issuing grant anticipation notes (GANS).
- To fund Capital project costs incurred prior to selling permanent debt by issuing bond anticipation notes (BANS).
- To fund current project costs and other approved expenditures incurred, that are anticipated to be reimbursed by the Commonwealth of Massachusetts through the issuance of State Aid anticipation notes (SAANS).

Short-term loans are general obligations of the Town and maturity dates are governed by statute. Interest expenses for short-term borrowings are accounted for in the general fund, water and sewer enterprise funds respectively.

The following is a summary of changes in short-term debt for the year ended June 30, 2023:

Type	Purpose	Rate (%)	Due Date	Balance at June 30, 2022	Renewed/ Issued	Retired/ Redeemed	Balance at June 30, 2023
<b>Governmental Funds</b>							
BAN	Municipal Purpose Loan	4.00	3/16/2024	\$ -	\$ 3,000,000	\$ -	\$ 3,000,000
<b>Business-type activities</b>							
BAN	Sewer Lagoon Upgrade	2.00	3/16/2023	\$ 667,250	\$ -	\$ (667,250)	\$ -
BAN	WWTP Equipment Upgrade	2.00	3/16/2023	1,072,000	-	(1,072,000)	-
BAN	Sewer Lagoon WWTP Upgrade	2.00	3/16/2023	212,500	-	(212,500)	-
BAN	Water Main County Road	2.00	3/16/2023	694,537	-	(694,537)	-
BAN	Water Main Mill Street	2.00	3/16/2023	2,620,000	-	(2,620,000)	-
BAN	Sewer Lagoon/WWTP Upgrades	2.00	3/16/2023	2,740,000	-	(2,740,000)	-
BAN	WWTP Equipment Upgrade	4.00	3/16/2024	-	1,005,000	-	1,005,000
BAN	Sewer Lagoon WWTP Upgrade	4.00	3/16/2024	-	200,000	-	200,000
BAN	Water Main County Road	4.00	3/16/2024	-	653,681	-	653,681
BAN	Water Main Mill Street	4.00	3/16/2024	-	2,520,000	-	2,520,000
BAN	Sewer Lagoon	4.00	3/16/2024	-	628,000	-	628,000
BAN	Sewer Lagoon/WWTP Upgrades	4.00	3/16/2024	-	2,640,000	-	2,640,000
Total Business-type activities				<u>\$ 8,006,287</u>	<u>\$ 7,646,681</u>	<u>\$ (8,006,287)</u>	<u>\$ 7,646,681</u>

**TOWN OF MARION, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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**NOTE 8 – LONG-TERM DEBT**

The Town is subject to a dual-level, general debt limit: the normal debt limit and the double debt limit. Such limits are equal to 5% and 10%, respectively, of the valuation of taxable property in the Town as last equalized by the Commonwealth’s Department of Revenue. Debt may be authorized up to the normal debt limit without state approval. Authorizations under the double debt limit however require the approval of the Commonwealth’s Emergency Finance Board. Additionally, there are many categories of general long-term debt which are exempt from the debt limit but are subject to other limitations.

The following is a summary of the changes in long-term debt for the year ended June 30, 2023:

**Bonds and Notes Payable Schedule – Governmental Funds**

Project	Interest Rate (%)	Outstanding at June 30, 2022	Issued	Redeemed	Outstanding at June 30, 2023
Police Station Refunded	2.87	\$ 1,380,000	\$ -	\$ 190,000	\$ 1,190,000
School Building	2.00	575,500	-	199,100	376,400
Fire Pumper	2.87	240,000	-	60,000	180,000
<b>Total Bonds and Notes Payable</b>		<b>2,195,500</b>	<b>-</b>	<b>449,100</b>	<b>1,746,400</b>
Add: Unamortized Premium		56,645	-	7,080	49,565
<b>Total</b>		<b>\$ 2,252,145</b>	<b>\$ -</b>	<b>\$ 456,180</b>	<b>\$ 1,795,965</b>

The annual debt service requirements for principal and interest for Governmental bonds and notes outstanding at June 30, 2023 are as follows:

Fiscal Year	Principal	Interest	Total
2024	\$ 441,800	\$ 63,360	\$ 505,160
2025	434,600	47,096	481,696
2026	255,000	32,625	287,625
2027	195,000	21,375	216,375
2028	195,000	12,600	207,600
2029-2030	225,000	5,250	230,250
<b>Total</b>	<b>\$ 1,746,400</b>	<b>\$ 182,306</b>	<b>\$ 1,928,706</b>

**TOWN OF MARION, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**Bonds and Notes Payable Schedule – Water and Sewer Enterprise Funds**

Project	Interest Rate (%)	Outstanding at June 30, 2022	Issued	Redeemed	Outstanding at June 30, 2023
Water Storage Tank Refunded	2.87	\$ 205,000	\$ -	\$ 20,000	\$ 185,000
Ext. Village Loop Phase I	2.87	1,525,000	-	165,000	1,360,000
Ext. Village Loop Phase II	2.87	1,085,000	-	115,000	970,000
Water Storage Tank	2.00	411,000	-	106,300	304,700
Great Hill Water Tower	2.87	985,000	-	70,000	915,000
Mary's Pond Well Replacement	2.87	460,000	-	35,000	425,000
<b>Total Bonds and Notes Payable</b>		<b>4,671,000</b>	<b>-</b>	<b>511,300</b>	<b>4,159,700</b>
Unamortized Bond Premium		151,254	-	24,337	126,917
<b>Total Water Enterprise Fund</b>		<b>4,822,254</b>	<b>-</b>	<b>535,637</b>	<b>4,286,617</b>
MWPAT CW-03-09 Pool 9 WWTP	2.70	5,205,000	-	350,000	4,855,000
MWPAT CW-03-09 Pool 10 Upgrade	2.70	860,000	-	50,000	810,000
MWPAT CW-03-09 B Pool 11 Extension	2.31	4,561,482	-	279,238	4,282,244
MWPAT CW-03-09 D ARRA	2.00	394,776	-	40,473	354,303
MWPAT CW-03-09 R ARRA	2.00	27,217	-	2,771	24,446
MWPAT CW-13-07 Pool 18	2.00	1,816,517	-	122,423	1,694,094
MWPAT CW-03-09 D Sewer	2.42	233,609	-	14,092	219,517
Sewer Pump Station	2.00	2,700	-	900	1,800
Sewer Ineligible Costs	2.00	10,800	-	3,700	7,100
Septic Betterments	2.87	10,000	-	5,000	5,000
Sewer Extensions	2.87	150,000	-	10,000	140,000
MCWT Series 23 CW-18-37	2.87	6,839,672	-	166,489	6,673,183
<b>Total Bonds and Notes Payable</b>		<b>20,111,773</b>	<b>-</b>	<b>1,045,086</b>	<b>19,066,687</b>
Unamortized Bond Premium		153,375	-	12,570	140,805
<b>Total Sewer Enterprise Fund</b>		<b>20,265,148</b>	<b>-</b>	<b>1,057,656</b>	<b>19,207,492</b>
<b>Total Enterprise Funds</b>		<b>\$ 25,087,402</b>	<b>\$ -</b>	<b>\$ 1,593,293</b>	<b>\$ 23,494,109</b>

**TOWN OF MARION, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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The annual debt service requirements for principal and interest for water and sewer enterprise funds bonds and notes outstanding at June 30, 2023 are as follows:

Fiscal Year	Principal	Interest	Total
2024	\$ 1,593,052	\$ 706,315	\$ 2,299,367
2025	1,604,947	624,725	2,229,672
2026	1,639,581	561,568	2,201,149
2027	1,569,964	500,704	2,070,668
2028	1,620,699	434,376	2,055,075
2029-2033	7,848,010	1,378,043	9,226,053
2034-2038	3,706,401	556,813	4,263,214
2039-2043	1,271,481	346,180	1,617,661
2044-2048	1,430,019	199,505	1,629,524
2049-2051	942,233	41,783	984,016
Total	<u>\$ 23,226,387</u>	<u>\$ 5,350,012</u>	<u>\$ 28,576,399</u>

**Loans Authorized and Unissued**

As of June 30, 2023, the Town has loans authorized and unissued as follows:

Description	Date Authorized	Amount
Sewer System Repair	4/25/2000	\$ 14,525
Wastewater Treatment Facility	4/22/2002	1,817,382
Wastewater Collection System	4/22/2002	166,600
Sewer Extensions	4/22/2002	205,913
Total		<u>\$ 2,204,420</u>

**TOWN OF MARION, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**Changes in Long-term Liabilities**

The following is a summary of changes in long-term liabilities for the year ended June 30, 2023:

Governmental Activities:	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds and notes payable	\$ 2,195,500	\$ -	\$ (449,100)	\$ 1,746,400	\$ 441,800
Add: Unamortized Bond Premium	56,645	-	(7,080)	49,565	7,081
Total Bonds and Notes Payable	2,252,145	-	(456,180)	1,795,965	448,881
Landfill postclosure care costs	500,000	70,000	-	570,000	30,000
Compensated absences	715,839	431,676	-	1,147,515	253,294
Net pension liability	6,740,783	2,102,298	-	8,843,081	-
Other postemployment benefits	10,011,810	-	(49,543)	9,962,267	-
<b>Total governmental activities long-term liabilities</b>	<b>\$ 20,220,577</b>	<b>\$ 2,603,974</b>	<b>\$ (505,723)</b>	<b>\$ 22,318,828</b>	<b>\$ 732,175</b>
Business-Type Activities:	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds and notes payable	\$ 24,782,773	\$ -	\$ (1,556,386)	\$ 23,226,387	\$ 1,593,052
Add: Unamortized Bond Premium	304,629	-	(36,907)	267,722	35,029
Total Bonds and Notes Payable	25,087,402	-	(1,593,293)	23,494,109	1,628,081
Compensated absences	187,103	-	(8,701)	178,402	30,647
Net pension liability	1,008,591	314,557	-	1,323,148	-
Other postemployment benefits	247,518	-	(18,864)	228,654	-
<b>Total business-type activities long-term liabilities</b>	<b>\$ 26,530,614</b>	<b>\$ 314,557</b>	<b>\$ (1,620,858)</b>	<b>\$ 25,224,313</b>	<b>\$ 1,658,728</b>

The governmental activities long-term liabilities are generally liquidated by the general fund.

**TOWN OF MARION, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

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**Overlapping Debt**

The Town pays assessments under formulas which include debt service payments to other governmental agencies providing services to the Town, (commonly referred to as overlapping debt). The following summary sets forth the long-term debt of such governmental agencies and the estimated share being financed by the Town as of June 30, 2023

Agency	Total Long-Term Debt Outstanding	Town's Estimated Share	Town's Indirect Debt
Old Rochester Regional School District	\$ 1,255,000	27.43%	\$ 344,247
Mattapoissett River Valley Water District	2,815,309	11.60%	326,576
Plymouth County	275,000	2.08%	5,720
<b>Total</b>	<b>\$ 4,345,309</b>		<b>\$ 676,542</b>

**TOWN OF MARION, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 9 – GOVERNMENTAL FUND BALANCE CLASSIFICATIONS**

The Town has classified its governmental fund balances with the following hierarchy.

	General Fund	DPW Operations Center Project	Nonmajor Governmental Funds	Total
<b>Fund Balances</b>				
<b>Restricted for:</b>				
General Government	\$ -	\$ -	\$ 1,028,573	\$ 1,028,573
Public Safety	-	-	994,357	994,357
Education	-	-	413,346	413,346
Public Works	-	-	466,354	466,354
Human Services	-	-	692,925	692,925
Culture & Recreation	-	-	333,315	333,315
Reserved for Future Excluded Debt	12,790	-	-	12,790
Community Preservation Fund	-	-	1,695,293	1,695,293
Expendable Trust Funds	-	-	313,862	313,862
	<u>12,790</u>	<u>-</u>	<u>5,938,025</u>	<u>5,950,815</u>
<b>Committed To:</b>				
<b>Continuing Appropriations</b>				
General Government	428,541	-	-	428,541
Public Safety	269,964	-	-	269,964
Education	151,330	-	-	151,330
Public Works	1,938,017	-	-	1,938,017
Human Services	106,787	-	-	106,787
Culture & Recreation	24,619	-	-	24,619
Employee Benefits	79,504	-	-	79,504
	<u>2,998,762</u>	<u>-</u>	<u>-</u>	<u>2,998,762</u>
<b>Assigned To:</b>				
<b>Encumbered For:</b>				
General Government	59,115	-	-	59,115
Public Safety	64,468	-	-	64,468
Education	86,267	-	-	86,267
Public Works	96,768	-	-	96,768
Human Services	22,515	-	-	22,515
Culture & Recreation	2,910	-	-	2,910
Reserved for Expenditures	2,597,429	-	-	2,597,429
School Stabilization Fund	423,046	-	-	423,046
Capital Stabilization Fund	231,440	-	-	231,440
	<u>3,583,958</u>	<u>-</u>	<u>-</u>	<u>3,583,958</u>
<b>Unassigned</b>				
General Fund	4,365,181	-	-	4,365,181
General Stabilization Fund	3,057,413	-	-	3,057,413
Non Major Governmental Funds	-	-	(12,813)	(12,813)
Major Governmental Fund	-	-	-	-
DPW Operations Center Project	-	(12,780)	-	(12,780)
	<u>7,422,594</u>	<u>(12,780)</u>	<u>(12,813)</u>	<u>7,397,001</u>
<b>Total Governmental Fund Balances</b>	<u>\$ 14,018,104</u>	<u>\$ (12,780)</u>	<u>\$ 5,925,212</u>	<u>\$ 19,930,536</u>

**TOWN OF MARION, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

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**NOTE 10 – STABILIZATION FUNDS**

The Town has established three funds where the Town has set aside amounts for emergency and capital needs. These funds consist of the following;

- *The General Stabilization Fund* is used to account for any appropriation, as approved by a 2/3 vote at the annual or special town meeting for additions or reductions to the fund. Any interest shall be added to and become part of the fund. The General Stabilization fund balance is \$3,057,413 as of June 30, 2023. The fund was established under chapter 40, sub-section 5B of the Massachusetts General Law.
- *The Capital Stabilization Fund* is used to account for appropriations funding the acquisition, repair, replacement, extension, reconstruction, enlarging and/or additions to capital equipment, vehicles, and apparatus of the Town and pay notes, bonds, or certificates of indebtedness issued to pay for the cost of such acquisition, repair, replacement, extension, reconstruction, enlarging and additions. The Capital Stabilization fund balance is \$231,440 as of June 30, 2023. The Town may appropriate into and out of the fund at Annual or Special Town Meeting by 2/3 vote. This fund was established under Chapter 40 sub-section 5B of **MGL**.
- *The School Stabilization Fund* is used to account for appropriations funding the school district assessment and various school project upgrades. The School Stabilization fund balance is \$423,046 as of June 30, 2023. The Town may appropriate into and out of the fund at Annual or Special Town Meeting by 2/3 vote. This fund was established under Chapter 40 sub-section 5B of **MGL**.

**NOTE 11 – CONSERVATION LAND TRUST**

The Town maintains a land acquisition fund which was originally established by special legislation in 1998, establishing a property surcharge. The surcharge associated with this fund has since ceased and the Town subsequently adopted the Community Preservation Act, pursuant to MGL. Accordingly, the funds in the land acquisition fund have no future revenue stream other than interest. Town Meeting is responsible for approving any appropriations from this fund. The balance in this fund was \$221,698 as of June 30, 2023. This amount has been reported in the Expendable Trust Fund as Restricted Fund Balance.

**NOTE 12 – RISK FINANCING**

The Town is exposed to various risks of loss related to torts; theft of, damage to or destruction of assets; errors and omissions; injuries to employees; employee's health and life; and natural disasters.

The Town of Marion's building and contents are covered under a blanket limit of \$110,579,458 for the special form perils that includes fire and theft and windstorm on 6/30/2023 per the Town's Property Statement of Values. The deductible is \$5,000. Due to the proximity to Buzzards Bay, wind and water, there is a separate Named Storm deductible. It is 1% of the value of the building and contents at the location that was damaged by the Named Storm subject to a \$100,000 minimum deductible.

**TOWN OF MARION, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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There is also coverage for Earthquake with a limit of \$1,000,000 subject to a \$25,000 deductible. There is Flood coverage excluding those locations in flood zones A or V of a limit of \$1,000,000 subject to a \$25,000 deductible. The Town's flood coverage applies to 25 of the Town's 39 properties. The remaining 14 are not covered for Floods.

The Town does purchase Police Fire Accident insurance for the Town of Marion Police and Fire personnel (that are not covered under Mass Workers Compensation). The limit for Medical Expenses is \$1,000,000 with no deductible. There is Weekly Disability coverage of up to \$1,000 a week for those IOD personnel. The policy does include Loss of Life coverage for Accidental Death or Illness in a covered activity at a \$100,000 limit or the McNamara law benefit whichever is greater. Depending upon the COLA one uses the McNamara death benefit if one qualifies is around \$610,000.

The Town did have ten claims in fiscal 2023 with a total pending resolution of the open claims in the amount of \$24.127 with \$597 of that total in outstanding reserves.

The Town has several contributory health care options. There are 133 employees and retirees who participate in the Town's health care programs. The Town contributes 50% of the costs for those active employees selecting the PPO plan. The Town contributes 50% of the costs for those active employees selecting HMO plans. The Town contributes 50% of the costs for all retirees regardless of the plan type selected.

The Town is insured for general liability; however, Chapter 258 of the Massachusetts General Laws limits the Town's liability to a maximum of \$100,000 per claim in all matters except in actions relating to federal civil rights, eminent domain and breach of contract. Such claims are charged to the general fund. There were no such claims in 2023.

**NOTE 13 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS**

The GASB Standards for *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, requires the following disclosures in the financial statements related to the retiree medical and life insurance benefits:

**Plan Description.** The Town of Marion's other postemployment benefits plan ("the plan") is a single-employer, defined benefit, healthcare plan administered by the Town of Marion. The plan provides medical and life insurance benefits to eligible retirees and their spouses. Town meeting vote is the authority to establish and amend benefit provisions to the Town. The Town has accepted various sections of Massachusetts General Laws Chapter 32B to provide 50% of the premium cost of retirees' health and life insurance costs. The Town also contributes 100% of the dental insurance premiums.

**Funding Policy.** The contribution requirements of plan members and the Town are established and may be amended by Town ordinances. For the period ending on the June 30, 2023 measurement date total Town premiums plus implicit costs for the retiree medical program is \$564,156. The Town also made a contribution to an OPEB Trust of \$100,000 for a total contribution during the measurement period of \$664,156 to be reported on the financial statements for the fiscal year ending June 30, 2023.

**TOWN OF MARION, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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The Commonwealth of Massachusetts passed special legislation that has allowed the Town to establish a postemployment benefit trust fund and to enable the Town to begin pre-funding its other postemployment benefit (OPEB) liabilities. During 2023, the Town prefunded future OPEB liabilities totaling \$100,000 by contributing funds to the other postemployment benefit fund in excess of the pay as you go required contribution. These funds are reported within the fiduciary funds financial statements. As of June 30, 2023 the balance of this fund totaled \$2,467,015.

***GASB Statement #75 – OPEB Employer Financial Reporting***

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 expenses, 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.

*Measurement Date* - GASB #75 requires the net OPEB liability to be measured as of a date no earlier than the end of the employer’s prior fiscal year and no later than the end of the employer’s current fiscal year, consistently applied from period to period. Accordingly, the net OPEB liability was measured as of June 30, 2023 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2021.

*Plan Membership* – The following table represents the Plan’s membership as July 1, 2021:

Active Members	126
Inactive members or beneficiaries currently receiving benefits	<u>87</u>
Total	<u><u>213</u></u>

*Components of OPEB Liability* – The following table represents the components of the Plan’s OPEB liability as of June 30, 2023:

Total OPEB Liability	\$ 12,657,936
Less: OPEB plan's fiduciary net position	<u>(2,467,015)</u>
Net OPEB Liability	<u><u>\$ 10,190,921</u></u>

The OPEB plan's fiduciary net position as a percentage of the total OPEB liability	19.49%
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**TOWN OF MARION, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

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*Significant Actuarial Methods and Assumptions* – The plan’s total OPEB liability, 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, 2023 to be in accordance with GASB Statement #75.

Valuation Date:	Actuarially Determined Contribution was calculated as of July 1, 2021.
Actuarial Cost Method:	Individual Entry Age Normal
Asset-Valuation Method:	Market value of assets as of the measurement date, June 30, 2023
Investment Rate of Return	6.15%, net of OPEB plan investment expense, including inflation.
Municipal Bond Rate:	4.13% as of June 30, 2023 (source: S&P Municipal Bond 20 year high grade index - SAPIHG)
Single Equivalent Discount Rate:	6.00% net of OPEB plan investment expense, including inflation.
Inflation:	2.50% as of June 30, 2023 and for future periods
Salary Increases:	3.00% annually as of June 30, 2023 and for future periods
Cost of Living Adjustment	Not Applicable
Pre-Retirement Mortality:	General: RP-2014 Mortality Table for Blue Collar Employees projected generationally with scale MP-2016 for males and females, set forward 1 year for females.  Teachers: RP-2014 Mortality Table for White Collar Employees projected generationally with scale MP-2016 for males and females.
Post-Retirement Mortality:	General: RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females, set forward 1 year for females.  Teachers: RP-2014 Mortality Table for White Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females.
Disabled Mortality:	General: RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females, set forward 1 year.  Teachers: RP-2014 Mortality Table for White Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females.

**TOWN OF MARION, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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*Rate of Return* – For the year ended June 30, 2023 the annual money-weighted rate on investments, net of investments expense, was 7.59%. The money-weighted rate of return expresses investment performance, net of investment expenses, adjusted for the changing amounts actually invested.

The long-term rate of return on OPEB plan investments was determined using the Town’s investment policy. Best estimates of rates of returns for each major asset class included in the OPEB plans target asset allocation as of June 30, 2023 are summarized in the following table.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity - large cap	25.50%	4.10%
Domestic equity - small/mid cap	17.50%	4.55%
International equity - developed market	13.50%	4.64%
International equity - emerging market	8.00%	5.45%
Domestic fixed income	18.00%	1.05%
International fixed income	4.50%	0.96%
Alternatives	10.00%	5.95%
Real Estate	2.75%	6.25%
Cash & Cash Equivalents	<u>0.25%</u>	0.00%
Total	100.00%	

*Discount Rate* – The discount rate used to measure the total OPEB liability was 6.00% as of June 30, 2023, and 5.84% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed that contributions will be made in accordance with the Town’s funding policy.

**TOWN OF MARION, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

*Changes in the Net OPEB Liability*

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
	Balance at June 30, 2022	\$ 12,454,167	\$ 2,194,839
Charges for the year			
Service cost	294,840	-	294,840
Interest on Total OPEB Liability, Service cost, & benefit payments	728,302	-	728,302
Change in Assumptions	(255,217)	-	(255,217)
Net Investment Income	-	172,176	(172,176)
Employer Contributions to Trust	-	664,156	(664,156)
Benefit payments withdrawn from trust	-	(564,156)	564,156
Total benefit payments including implicit cost	(564,156)	-	(564,156)
Net Change	203,769	272,176	(68,407)
Balance at June 30, 2023	\$ 12,657,936	\$ 2,467,015	\$ 10,190,921

*Sensitivity of the net OPEB liability to changes in the discount rate* – The following table presents the Plan’s net OPEB liability calculated using the discount rate of 6.00% as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower (5.00%) or 1 percentage-point higher (7.00%) than the current rate.

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
Net OPEB liability	\$ 11,956,246	\$ 10,190,921	\$ 8,762,364

*Sensitivity of the net OPEB liability to changes in the healthcare trend* – The following table presents the net other postemployment benefit liability calculated using the current healthcare trend rate of 4.50% 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 or 1 percentage-point higher.

	1% Decrease (3.50%)	Current Trend (4.50%)	1% Increase (5.50%)
Net OPEB liability	\$ 8,610,921	\$ 10,190,921	\$ 12,150,979

**TOWN OF MARION, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

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At June 30, 2023 the Town reported deferred outflows of resources and deferred inflows of resources related to other postemployment benefits of \$2,660,638 and \$1,756,647.

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

<u>Deferred Category</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Total</u>
Difference between actual and expected experience	\$ 686,865	\$ (1,311,655)	\$ (624,790)
Changes of assumptions	1,818,142	(444,992)	1,373,150
Net difference between projected and actual earnings on OPEB plan investments	<u>155,631</u>	<u>-</u>	<u>155,631</u>
Total Deferred Outflows (Inflows) of Resources	<u>\$ 2,660,638</u>	<u>\$ (1,756,647)</u>	<u>\$ 903,991</u>

The Town's net deferred outflows/inflows of resources related to other postemployment benefits will be recognized in future years other postemployment benefits are as follows:

<u>Year ended June 30</u>	<u>Amount</u>
2024	\$ 450,510
2025	367,748
2026	92,588
2027	31,544
2028	(34,624)
Thereafter	<u>(3,775)</u>
Total Deferred Outflows/Inflows Recognized in Future Years	<u>\$ 903,991</u>

*Change of Assumption* – The discount rate was decreased from 5.84% to 6.00%

*Changes in Plan Provisions* - None

**TOWN OF MARION, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

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**NOTE 14 – PENSION PLAN**

**A. Plan Descriptions**

The Town contributes to the Plymouth County Retirement Association (The Association), a multiple-employer, cost sharing contributory defined benefit pension plan, under Massachusetts General Law (MGL), Chapter 32, and is regulated by the Massachusetts Public Employee Retirement Administration Commission (PERAC). Substantially all employees are members of the Association except for public school teachers and certain school administrators.

The Association issues a publically available audited financial report that may be obtained by contacting the association at 10 Cordage Park Circle, Suite 234 Plymouth, MA 02360. The report can also be obtained online at [http://pcr-ma.org/pages/PCRA\\_Webdocs/new/what](http://pcr-ma.org/pages/PCRA_Webdocs/new/what).

The Town is a member of the Massachusetts Teachers' Retirement System (MTRS), a cost-sharing multi-employer 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 <http://www.mass.gov/osc/publications-and-reports/financial-reports/>. The MTRS report may also be obtained by contacting MTRS at One Charles Park, Cambridge, Massachusetts 02142-1206.

*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, 2022. The Town's portion of the collective pension expense, contributed by the Commonwealth, of \$943,357 is reported in the general fund as intergovernmental revenue and pension expense in the current fiscal year. The portion of the Commonwealth's collective net pension liability associated with the Town is \$11,468,027 as of the measurement date.

The "Association" and the MTRS are contributory defined benefit plans and membership in both the "Association" and the MTRS is mandatory upon commencement of employment for all permanent, full-time employees.

**TOWN OF MARION, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

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**B. Benefits**

The Association and MTRS provide retirement, disability and death benefits to plan members and beneficiaries. Massachusetts Contributory Retirement System benefits are with certain exceptions, uniform from system to system. The Association provides for retirement allowance benefits up to a maximum of 80% of an employees highest three year average annual rate of regular compensation for those hired prior to April 2, 2012. For persons who became employees 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 an employee's age, length of creditable service, level of compensation, and group classification.

Employees who become permanently and totally disabled for further duty may be eligible to receive a disability retirement allowance. The amount of benefits to be received in such cases is dependent on several factors, including whether or not the disability is work related, the employee's age, years of creditable service, level of compensation, veterans' status and group classification.

Employees who resign from service are entitled to request a refund of their accumulated total deductions. Survivor benefits are extended to eligible beneficiaries of employees 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 of Massachusetts' state law during those years are borne by the Commonwealth and are deposited in to the pension fund. Cost-of-living adjustments granted after 1997 must be approved by the Association and all costs are borne by the Association.

**C. Contributions**

*Plymouth County Retirement Association*

Chapter 32 of MGL governs the contributions of plan members and member employees. Active plan employees are required to contribute to the Association at rates ranging from 5 to 9% and of their gross regular compensation. The percentage rate is keyed to the date upon which an employee's membership commences. Employees hired on or after January 1, 1979, contribute an additional 2.0% of annual regular compensation in excess of \$30,000. The member units are required to pay into the Association, a legislatively mandated actuarial determined contribution that is apportioned among the employers based on the actuarial valuation results. The Town's proportionate share of the required contribution for the year ended December 31, 2022 which was \$1,392,356 and 25.79% 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.

**TOWN OF MARION, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**D. Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

*Pension Liabilities*

At June 30, 2023 the Town reported a liability of \$10,166,229 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2022 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2022. Accordingly, updated procedures were used to roll forward the total pension liability to the measurement date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating members actuarially determined. At December 31, 2022, the Town's proportion was 1.62%.

*Pension Expense and Deferred Outflows/Inflows of Resources*

For the year ended June 30, 2023 the Town recognized pension expense of \$1,256,041. At June 30, 2023 the Town reported deferred outflows and inflows of resources related to pensions of \$1,984,234 and \$55,686 respectively.

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

<u>Deferred Category</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Total</u>
Differences between expected and actual experience	\$ 411,616	\$ -	\$ 411,616
Net difference between projected and actual investment earnings on pension plan investments	1,166,412	-	1,166,412
Changes in proportion and differences between employer contributions and proportionate share of contributions	<u>406,206</u>	<u>(55,686)</u>	<u>350,520</u>
Total Deferred Outflows (Inflows) of Resources	<u>\$ 1,984,234</u>	<u>\$ (55,686)</u>	<u>\$ 1,928,548</u>

The Town's net deferred outflows/inflows of resources related to pensions will be recognized in future years as follows:

<u>Year ended June 30</u>	<u>Amount</u>
2024	\$ 284,761
2025	474,073
2026	451,347
2027	<u>718,367</u>
Total Deferred Outflows/(Inflows) recognized in future years	<u>\$ 1,928,548</u>

**TOWN OF MARION, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

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**E. Actuarial assumptions**

The total pension liability was determined by an actuarial valuation as of January 1, 2022, using the following actuarial assumptions, applied to all periods included in the measurement date of December 31, 2022:

- Valuation date..... January 1, 2022
- Actuarial cost method..... Individual Entry Age Normal Cost Method.
- Asset valuation method..... Assets held by the fund are valued at fair value as reported by the Public Employees' Retirement Administration Commission (PERAC). The actuarial value of assets is determined using a five-year smoothing of asset returns greater than or less than the assumed rate of return, with a 20% corridor.
- Projected salary increases..... 3.75% per year
- Cost of living adjustments..... 3.0% of the first \$16,000 of retirement income.
- Rates of disability..... For general employees, it was assumed that 45% of all disabilities are ordinary (55% are service connected). For police and fire employees, 10% of all disabilities are assumed to be ordinary (90% are service connected).
- Mortality Rates..... It is assumed that both pre-retirement mortality and beneficiary mortality is represented by the RP-2014 Blue Collar Mortality with Scale MP-2016, fully generational. Mortality for retired members for Group 1 and 2 is represented by the RP-2014 Blue Collar Mortality Table set forward five years for males and 3 years for females, fully generational. Mortality for retired members for Group 4 is represented by the RP-2014 Blue Collar Mortality Table set forward three years for males, and six years for females, fully generational. Mortality for disabled members for Group 1 and 2 is represented by the RP-2000 Mortality Table set forward six years. Mortality for disabled members for Group 4 is represented by the RP-2000 Mortality Table set forward two years. Generational adjusting is based on Scale MP-2016.
- Investment rate of return/Discount rate..... 7.875% nominal rate, net of investment expense

**Investment policy**

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

**TOWN OF MARION, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

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**F. Long-Term Expected Rate of Return**

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 nominal 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 January 1, 2022 are summarized in the following table:

Asset Class	Long-Term Expected Nominal Rate of Return	Long-Term Expected Asset Allocation
Domestic Equity	6.80%	23.00%
International developed equity	7.50%	3.00%
Emerging markets equity	4.60%	9.00%
Global equity	7.20%	11.00%
Core Bonds	2.40%	10.00%
Value-added fixed income	4.00%	7.00%
Hedge funds	4.40%	7.00%
Real estate	7.40%	10.00%
Private equity	7.30%	12.00%
Real assets	7.70%	6.00%
Cash and Cash Equivalent	1.70%	2.00%
Total		<u>100.00%</u>

For the year ended December 31, 2022 the Association's annual money-weighted rate of return on pension plan investments was a loss of -6.56%. The money-weighted rate of return expresses investment performance, net of pension plan investment expense, adjusted for the changing amounts actually invested, measured monthly.

**G. Discount Rate**

The discount rate used to measure the total pension liability was 7.875% as of 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.

**TOWN OF MARION, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

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**H. Sensitivity of the net pension liability to changes on the discount rate**

The following presents the net pension liability, calculated using the discount rate of 7.875%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.875%) or 1 percentage point higher (8.875%) than the current rate:

	1% Decrease (6.875%)	Current Discount Rate (7.875%)	1% Increase (8.875%)
Marion's share of the net pension liability	\$ 13,361,698	\$ 10,166,229	\$ 7,440,733

Detailed information about the pension plan's fiduciary net pension is available in a separately issued Plymouth County Retirement Association financial report.

**NOTE 15 – COMMITMENTS AND CONTINGENCIES**

The Town participates in a number of federal award programs. However the Town is not subject to the provisions of the Single Audit Act Amendments of 1996, since the Town did not expend more than \$750,000 of federal awards during the period ended June 30, 2023. These programs may still be subject to financial and compliance audits. Accordingly, the amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although it is believed the amount, if any, would not be material.

The Town's landfill was capped in fiscal year 2009. The Town is responsible for post-closure monitoring of the site for thirty years (19 years remaining), and the estimated liability has been recorded in the Statement of Net Position, Governmental Activities. The \$570,000 reported as landfill post closure liability at June 30, 2023 is based on what it would cost to perform all post closure care at June 30, 2023. Actual costs may be higher due to inflation, changes in technology or changes in regulations.

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

**TOWN OF MARION, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

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**NOTE 16 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS**

During fiscal year 2023, the following GASB pronouncements were implemented:

The GASB issued **Statement #91**, *Conduit Debt Obligations* – was implemented in 2023. The primary objectives of this statement is to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. . Management’s current assessment is that this pronouncement will not have a significant impact on the Basic Financial Statements.

The GASB issued **Statement #94**, *Public-Private and Public Partnerships and Availability Payment Arrangements*, was implemented in 2023. Management’s current assessment is that this pronouncement will not have a significant impact on the Basic Financial Statements.

The GASB issued **Statement #96**, *Subscription-Based Information Technology Arrangements*, was implemented in 2023. Management’s current assessment is that this pronouncement will not have a significant impact on the Basic Financial Statements.

*Future GASB Pronouncements:*

The GASB issued **Statement #100**, *Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62*, which is required to be implemented in 2024. Management’s current assessment is that this pronouncement will not have a significant impact on the Basic Financial Statements.

The GASB issued **Statement #101**, *Compensated Absences*, which is required to be implemented in 2025. Management’s current assessment is that this pronouncement will not have a significant impact on the Basic Financial Statements.

The GASB issued **Statement #102**, *Certain Risk Disclosures*, which is required to be implemented in 2025. Management’s current assessment is that this pronouncement will not have a significant impact on the Basic Financial Statements.

**TOWN OF MARION, MASSACHUSETTS  
REQUIRED SUPPLEMENTARY INFORMATION  
PLYMOUTH COUNTY RETIREMENT ASSOCIATION  
JUNE 30, 2023**

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

	December 31, 2022	December 31, 2021	December 31, 2020	December 31, 2019	December 31, 2018	December 31, 2017	December 31, 2016	December 31, 2015	December 31, 2014
Town's proportion of the net pension liability	1.62%	1.45%	1.42%	1.42%	1.40%	1.43%	1.42%	1.42%	1.42%
Town's proportionate share of the net pension liability	\$ 10,166,229	\$ 7,749,374	\$ 8,740,538	\$ 9,722,996	\$ 10,311,889	\$ 7,657,010	\$ 8,991,145	\$ 8,987,700	\$ 8,260,463
Town's covered-employee payroll	\$ 5,398,381	\$ 5,398,381	\$ 4,786,787	\$ 4,187,350	\$ 4,562,725	\$ 4,873,884	\$ 4,686,427	\$ 4,394,315	\$ 3,696,608
Town's proportionate share of the net pension liability as a percentage of its covered-employee payroll	188.32%	143.55%	182.60%	232.20%	226.00%	157.10%	191.86%	204.53%	236.28%
Plan fiduciary net position as a percentage of the total pension liability	68.00%	75.49%	67.90%	61.61%	56.11%	65.56%	58.32%	56.76%	58.88%

**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 the information is available.

See notes to Required Supplementary Information

**TOWN OF MARION, MASSACHUSETTS  
REQUIRED SUPPLEMENTARY INFORMATION  
PLYMOUTH COUNTY RETIREMENT ASSOCIATION  
JUNE 30, 2023**

SCHEDULE OF TOWNS CONTRIBUTION

	December 31, 2022	December 31, 2021	December 31, 2020	December 31, 2019	December 31, 2018	December 31, 2017	December 31, 2016	December 31, 2015	December 31, 2014
Statutory required contribution	\$ 1,392,356	\$ 1,289,828	\$ 1,198,637	\$ 1,051,710	\$ 1,019,533	\$ 973,158	\$ 939,265	\$ 896,935	\$ 828,705
Contribution in relation to the statutory required contribution	(1,392,356)	(1,289,828)	(1,198,637)	(1,051,710)	(1,019,533)	(973,158)	(939,265)	(896,935)	(828,705)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Town's covered-employee payroll	\$ 5,398,381	\$ 5,398,381	\$ 4,786,787	\$ 4,187,350	\$ 4,562,725	\$ 4,873,844	\$ 4,686,427	\$ 4,394,315	\$ 3,496,068
Contribution as a percentage of covered - employee payroll	25.79%	23.89%	25.04%	25.12%	22.34%	19.97%	20.04%	20.41%	23.70%

**Note:** This Town schedule is intended to present information for 10 years. Until a 10 year trend is compiled, information is presented for those years for which the information is available.

See notes to Required Supplementary Information

**TOWN OF MARION, MASSACHUSETTS  
REQUIRED SUPPLEMENTARY INFORMATION  
MASSACHUSETTS TEACHERS RETIREMENT SYSTEM  
JUNE 30, 2023**

**Schedule of the Commonwealth's Collective amounts of the Net Pension Liability**

The Commonwealth of Massachusetts is a nonemployer contributor and is required by statute to make all actuarial determined employer contributions on behalf of the member employers, 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 total liability.

<u>Fiscal Year</u>	<u>Commonwealth's 100% Share of the Net Pension Liability Associated with the Town</u>	<u>Town's Expense and Revenue Recognized for the Commonwealth's Support</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Liability</u>
2023	\$ 11,468,027	\$ 943,357	57.75%
2022	10,208,330	819,176	62.03%
2021	13,866,025	1,712,653	50.67%
2020	12,304,692	1,492,158	53.95%
2019	11,319,990	1,147,117	54.84%
2018	11,281,522	1,177,485	54.25%
2017	10,897,228	1,111,589	52.73%
2016	10,173,722	825,179	55.38%
2015	8,284,374	575,555	61.64%

**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 MARION, MASSACHUSETTS  
REQUIRED SUPPLEMENTARY INFORMATION  
OTHER POSTEMPLOYMENT BENEFITS  
JUNE 30, 2023**

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

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>
<b>Total OPEB Liability</b>							
Service cost	\$ 294,840	\$ 217,126	\$ 222,937	\$ 214,720	\$ 315,342	\$ 218,751	\$ 305,875
Interest on total OPEB liability, service cost, and benefit payments	728,302	775,321	742,762	491,173	499,122	462,843	566,806
Differences between expected & actual plan experience	-	(1,801,697)	-	2,110,409	-	-	-
Changes of assumptions	(255,217)	2,294,320	(328,397)	(213,291)	1,343,797	-	-
Benefit payments	(564,156)	(590,400)	(555,224)	(526,378)	(238,132)	(202,591)	(296,502)
Net change in total OPEB liability	<u>203,769</u>	<u>894,670</u>	<u>82,078</u>	<u>2,076,633</u>	<u>1,920,129</u>	<u>479,003</u>	<u>576,179</u>
Total OPEB liability-beginning	<u>12,454,167</u>	<u>11,559,497</u>	<u>11,477,419</u>	<u>9,400,786</u>	<u>7,480,657</u>	<u>7,001,654</u>	<u>6,425,475</u>
Total OPEB liability-ending (a)	<u><u>12,657,936</u></u>	<u><u>12,454,167</u></u>	<u><u>11,559,497</u></u>	<u><u>11,477,419</u></u>	<u><u>9,400,786</u></u>	<u><u>7,480,657</u></u>	<u><u>7,001,654</u></u>
<b>Plan fiduciary net position</b>							
Contributions-employer	664,156	691,349	655,224	626,378	478,132	442,591	496,502
Net investment income	172,176	(393,979)	538,674	48,120	78,519	75,164	75,957
Benefit payments	(564,156)	(590,400)	(555,224)	(526,378)	(238,132)	(202,591)	(296,502)
Net change in plan fiduciary net position	<u>272,176</u>	<u>(293,030)</u>	<u>638,674</u>	<u>148,120</u>	<u>318,519</u>	<u>315,164</u>	<u>275,957</u>
Plan fiduciary net position-beginning	<u>2,194,839</u>	<u>2,487,869</u>	<u>1,849,195</u>	<u>1,701,075</u>	<u>1,382,556</u>	<u>1,067,392</u>	<u>791,435</u>
Plan fiduciary net position-ending (b)	<u><u>2,467,015</u></u>	<u><u>2,194,839</u></u>	<u><u>2,487,869</u></u>	<u><u>1,849,195</u></u>	<u><u>1,701,075</u></u>	<u><u>1,382,556</u></u>	<u><u>1,067,392</u></u>
<b>Town's net OPEB liability-ending (a)-(b)</b>	<u><u>\$ 10,190,921</u></u>	<u><u>\$ 10,259,328</u></u>	<u><u>\$ 9,071,628</u></u>	<u><u>\$ 9,628,224</u></u>	<u><u>\$ 7,699,711</u></u>	<u><u>\$ 6,098,101</u></u>	<u><u>\$ 5,934,262</u></u>
Plan fiduciary net position as a percentage of total OPEB liability	19.49%	17.62%	21.52%	16.11%	18.10%	18.48%	15.24%
Covered-employee payroll	\$ 9,097,412	\$ 8,832,439	\$ 8,511,844	\$ 8,263,926	\$ 8,844,298	\$ 8,586,697	\$ 8,336,599
Plan's net OPEB liability as a percentage of covered-employee payroll	112.02%	116.16%	106.58%	116.51%	87.06%	71.02%	71.18%

**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 MARION, MASSACHUSETTS  
REQUIRED SUPPLEMENTARY INFORMATION  
OTHER POSTEMPLOYMENT BENEFITS  
JUNE 30, 2023**

**Schedule of the Town's Contribution**

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Acuarial determined contribution	\$ 794,369	\$ 710,653	\$ 707,278	\$ 714,569	\$ 804,882	\$ 657,228	\$ 732,570
Contributions in relation to the actuarially determined contribution	<u>(664,156)</u>	<u>(691,349)</u>	<u>(655,224)</u>	<u>(626,378)</u>	<u>(478,132)</u>	<u>(442,591)</u>	<u>(496,502)</u>
Contribution deficiency (excess)	<u>\$ 130,213</u>	<u>\$ 19,304</u>	<u>\$ 52,054</u>	<u>\$ 88,191</u>	<u>\$ 326,750</u>	<u>\$ 214,637</u>	<u>\$ 236,068</u>
Covered-employee payroll	\$ 9,097,412	\$ 8,832,439	\$ 8,511,844	\$ 8,263,926	\$ 8,844,298	\$ 8,586,697	\$ 8,336,599
Contributions as a percentage of covered-employee payroll	7.30%	7.83%	7.70%	7.58%	5.41%	5.15%	5.96%

**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 MARION, MASSACHUSETTS  
REQUIRED SUPPLEMENTARY INFORMATION  
OTHER POSTEMPLOYMENT BENEFITS  
JUNE 30, 2023**

**Schedule of Investment Return**

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Annual money-weighted rate of return, net of investment expense	7.59%	-15.34%	28.03%	2.72%	5.23%	6.34%	8.54%

**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 MARION**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2023**

**Pension Plan Schedules**

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

The Schedule of 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. Schedule of Town's Contribution**

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

**C. Schedule of the Commonwealth's Collective amounts of the Net Pension Liability**

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 a revenue and pension expense recognized by the Town; and the Plan's fiduciary net position as a percentage of the total pension liability.

**D. Changes in Plan Provisions – None**

**Other Postemployment Benefits Schedules**

**A. Schedule of the Town's Net OPEB Liability and Related Ratios**

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

**TOWN OF MARION**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2023**

**B. Schedule of the Town's Contribution**

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. The Town is not required to fully fund this contribution.

**C. Schedule of Investment Return**

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

**D. Changes in Provisions - None**