

**TOWN OF ERVING, MASSACHUSETTS**  
**Report on the Examination of Basic Financial Statements**  
**For the Year Ended June 30, 2022**

**TOWN OF ERVING, MASSACHUSETTS**  
**Report on the Examination of Basic Financial Statements**  
**For the Year Ended June 30, 2022**

**TABLE OF CONTENTS**

	<u>Page</u>
<b>TABLE OF CONTENTS .....</b>	<b>2</b>
<b>INDEPENDENT AUDITOR'S REPORT .....</b>	<b>3-5</b>
<b>MANAGEMENT'S DISCUSSION AND ANALYSIS .....</b>	<b>6-14</b>
<b>BASIC FINANCIAL STATEMENTS .....</b>	<b>15</b>
Statement of Net Position .....	16
Statement of Activities .....	17
Balance Sheet - Governmental Funds .....	18
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds .....	19
Reconciliation of the Governmental Funds Balance Sheet Total Fund Balances to the Statement of Net Position .....	20
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Government Funds to the Statement of Activities .....	21
Statement of Revenues and Expenditures – Budgetary Basis – (NON-GAAP) – Budget and Actual – General Fund .....	22
Reconciliation of Revenues and Expenditures from Budgetary Basis to GAAP Basis .....	23
Statement of Net Position – Proprietary Funds .....	24
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds .....	25
Statement of Cash Flows – Proprietary Funds.....	26
Statement of Fiduciary Net Position – Fiduciary Funds .....	27
Statement of Changes in Fiduciary Net Position – Fiduciary Funds .....	28
<b>Notes to the Financial Statements</b> .....	<b>29-60</b>
<b>REQUIRED SUPPLEMENTARY INFORMATION .....</b>	<b>61</b>
Pension Plan Schedules.....	62-63
Other Post Employment Benefit Plan Schedules .....	64-68
<b>SUPPLEMENTARY SCHEDULE .....</b>	<b>69</b>
Schedule of Revenues, Expenditures and Changes in Fund Balances – Non-Major Governmental Funds.....	70-71
Schedule of Real Estate and Personal Property Taxes .....	72
Schedule of Motor Vehicle Excise Taxes .....	73
Schedule of Tax Liens .....	74

## **Independent Auditor's Report**

To the Honorable Select Board  
Town of Erving, Massachusetts

### **Opinions**

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Erving, Massachusetts, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town of Erving, Massachusetts' basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Erving, Massachusetts, as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 Erving, 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 Erving, Massachusetts' ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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

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

In performing an audit in accordance with GAAS, we:

- exercise professional judgement 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 Erving, Massachusetts' internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Erving, Massachusetts' ability to continue as a going concern for a reasonable period of time.

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

## **Required Supplementary Information**

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

## **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Erving, Massachusetts' basic financial statements. The accompanying Supplementary Schedules, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Scanlon and Associates, LLC*

Scanlon & Associates, LLC  
South Deerfield, Massachusetts

March 8, 2023

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

## Management's Discussion and Analysis

As management of the Town of Erving, we offer readers of these financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2022. The intent of this discussion and analysis is to look at the Town's financial performance as a whole. Readers should also review the financial statements and the notes to the financial statements to enhance their understanding of the Town's financial performance.

### Financial Highlights

- The Town's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$37,758,963 (net position) for the fiscal year reported. This compares to the previous year when assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$35,356,171, an increase of \$2,402,792 (7%).
- At the close of the current fiscal year, the Town's governmental funds reported total ending fund balance of \$17,797,028 or an increase of \$1,857,165 (12%) in comparison with the prior year.
- The General Fund's total fund balance increased \$2,042,833 (14%) to \$16,300,573. The ending General fund balance is 117% of revenues and transfers in and 136% of expenditures and transfers out.
- Total liabilities of the Town increased by \$1,365,417 (19%) to \$8,704,721 during the fiscal year. This was mainly attributed to an increase in the other post-employment benefit (OPEB) liability of \$2,291,670 and a net increase in bonds payable of \$1,335,249 and decreases in the bond anticipated notes payable of \$1,570,000 and in the pension liability of \$451,177.
- The Town had General Fund free cash certified by the Department of Revenue in the amount of \$1,323,266. The key factors that attributed to the free cash amount for fiscal year 2022 were unexpended/unencumbered appropriations of \$745,000, excess over budget state and local receipts of \$125,200, excess over budget other financing sources of \$89,200 and prior year free cash not appropriated of \$304,600.
- The Town's enterprise funds certified free cash are as follows:
  - Wastewater fund           \$ 1,097,487.
  - Water fund                   \$ 285,354.

### Overview of the Financial Statements

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

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

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

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

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

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

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

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

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

**Proprietary funds.** The Town maintains one type of proprietary fund.

*Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Town uses enterprise funds to account for its wastewater and water activities.

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

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



## Financial Highlights

### Statement of Net Position Highlights

	Governmental Activities		
	2022	2021	Change
<b>Assets:</b>			
Current assets	\$ 18,926,821	\$ 17,229,097	\$ 1,697,724
Capital assets	15,902,166	16,182,302	(280,136)
<b>Total assets</b>	<b>34,828,987</b>	<b>33,411,399</b>	<b>1,417,588</b>
<b>Deferred Outflows of Resources</b>	<b>2,988,895</b>	<b>1,263,523</b>	<b>1,725,372</b>
<b>Liabilities:</b>			
Current liabilities	591,341	822,276	(230,935)
Noncurrent liabilities	4,500,854	2,732,712	1,768,142
<b>Total liabilities</b>	<b>5,092,195</b>	<b>3,554,988</b>	<b>1,537,207</b>
<b>Deferred Inflows of Resources</b>	<b>1,126,740</b>	<b>1,172,961</b>	<b>(46,221)</b>
<b>Net Position:</b>			
Net investment in capital assets	15,902,166	16,182,302	(280,136)
Restricted	1,958,749	1,234,719	724,030
Unrestricted	13,738,032	12,529,952	1,208,080
<b>Total net position</b>	<b>\$ 31,598,947</b>	<b>\$ 29,946,973</b>	<b>\$ 1,651,974</b>

	Business-Type Activities		
	2022	2021	Change
<b>Assets:</b>			
Current assets	\$ 1,892,348	\$ 3,281,976	\$ (1,389,628)
Capital assets	7,827,934	5,912,244	1,915,690
<b>Total assets</b>	<b>9,720,282</b>	<b>9,194,220</b>	<b>526,062</b>
<b>Deferred Outflows of Resources</b>	<b>114,637</b>	<b>43,236</b>	<b>71,401</b>
<b>Liabilities:</b>			
Current liabilities (excluding debt)	67,463	77,004	(9,541)
Current debt	289,493	1,804,751	(1,515,258)
Noncurrent liabilities (excluding debt)	193,518	121,016	72,502
Noncurrent debt	3,062,052	1,781,545	1,280,507
<b>Total liabilities</b>	<b>3,612,526</b>	<b>3,784,316</b>	<b>(171,790)</b>
<b>Deferred Inflows of Resources:</b>	<b>62,377</b>	<b>43,942</b>	<b>18,435</b>
<b>Net Position:</b>			
Net investment in capital assets	4,476,389	2,313,948	2,162,441
Restricted	169,094	1,433,484	(1,264,390)
Unrestricted	1,514,533	1,661,766	(147,233)
<b>Total net position</b>	<b>\$ 6,160,016</b>	<b>\$ 5,409,198</b>	<b>\$ 750,818</b>

**Financial Highlights**  
**Statement of Activities Highlights**

	<b>Governmental Activities</b>		
	<b>2022</b>	<b>2021</b>	<b>Change</b>
<b>Program Revenues:</b>			
Charges for services	\$ 219,278	\$ 160,750	\$ 58,528
Operating grants and contributions	2,591,534	2,033,047	558,487
Capital grants and contributions	444,124	681,810	(237,686)
<b>General Revenues:</b>			
Property taxes	11,667,365	11,258,968	408,397
Motor vehicle excise and other taxes	202,149	207,934	(5,785)
Penalties and interest on taxes	6,394	9,679	(3,285)
Nonrestricted grants	144,361	146,667	(2,306)
Unrestricted investment income	108,087	606,255	(498,168)
Miscellaneous	4,447	6,760	(2,313)
<b>Total revenues</b>	<b>15,387,739</b>	<b>15,111,870</b>	<b>275,869</b>
<b>Expenses:</b>			
General government	1,425,124	1,373,047	52,077
Public safety	1,169,038	1,202,219	(33,181)
Public works	1,029,170	767,055	262,115
Education	5,701,452	5,357,715	343,737
Health and human services	263,374	262,195	1,179
Culture and recreation	497,525	377,375	120,150
Employee benefits and insurance	2,374,189	2,524,158	(149,969)
State assessments	304,030	296,810	7,220
<b>Total expenses</b>	<b>12,763,902</b>	<b>12,160,574</b>	<b>603,328</b>
<b>Net (expenses) revenues</b>	<b>2,623,837</b>	<b>2,951,296</b>	<b>(327,459)</b>
<b>Transfers</b>	<b>(971,863)</b>	<b>(567,547)</b>	<b>(404,316)</b>
<b>Change in net position</b>	<b>1,651,974</b>	<b>2,383,749</b>	<b>(731,775)</b>
<b>Net position - beginning of year</b>	<b>29,946,973</b>	<b>27,563,224</b>	<b>2,383,749</b>
<b>Net position - end of year</b>	<b>\$ 31,598,947</b>	<b>\$ 29,946,973</b>	<b>\$ 1,651,974</b>

	Business-Type Activities		
	2022	2021	Change
<b>Program Revenues:</b>			
Charges for services	\$ 375,024	\$ 338,165	\$ 36,859
Operating grants and contributions	9,474	12,635	(3,161)
Capital grants and contributions	447,425	-	447,425
<b>Total revenues</b>	<b>831,923</b>	<b>350,800</b>	<b>481,123</b>
<b>Expenses:</b>			
Wastewater	916,555	760,953	155,602
Water	136,413	122,249	14,164
<b>Total expenses</b>	<b>1,052,968</b>	<b>883,202</b>	<b>169,766</b>
<b>Net (expenses) revenues</b>	<b>(221,045)</b>	<b>(532,402)</b>	<b>311,357</b>
<b>Transfers</b>	<b>971,863</b>	<b>567,547</b>	<b>404,316</b>
<b>Change in net position</b>	<b>750,818</b>	<b>35,145</b>	<b>715,673</b>
<b>Net position - beginning of year</b>	<b>5,409,198</b>	<b>5,374,053</b>	<b>35,145</b>
<b>Net position - end of year</b>	<b>\$ 6,160,016</b>	<b>\$ 5,409,198</b>	<b>\$ 750,818</b>

### Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. Assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$37,758,963 at the close of fiscal year 2022.

Net position of \$20,378,555 (54%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that are still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the investment in its capital assets is reported net of its related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the net position, \$2,127,843 (6%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* \$15,252,565 (40%) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Town is able to report positive balances in all categories of net position for its separate governmental activities, for its business-type activities and for the government as a whole.

The governmental activities net position increased by \$1,651,974 (6%) during the current fiscal year. The significant reasons for the increase in net position are attributed to a net increase in the governmental funds of \$1,857,165 and in recognizing this year's change in the deferred outflow/(inflow) of resources related to OPEB of \$1,968,496; and to the decrease in the change to the OPEB liability of \$2,215,457 and as compared to the prior year.

There was an increase of \$750,818 (14%) in net position reported in connection with the business-type activities. Of this, there was an increase of \$774,695 attributed to the wastewater department and a decrease of \$23,877 attributed to the water department.

## Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, governmental funds reported combined ending fund balances of \$17,797,028 or an increase of \$1,857,165 (12%) in comparison with the prior year.

Breakdown of the governmental funds are as follows:

- Nonspendable fund balance – \$9,840 (.1%).
- Restricted fund balance – \$1,415,907 (8.0%).
- Committed fund balance – \$1,634,934 (9.2%).
- Assigned fund balance – \$657,937 (3.7%).
- Unassigned fund balance – \$14,078,410 (79.0%).

### Major Governmental Funds

The *General Fund* is the Town's primary operating fund and the largest source of day-to-day operations. At the end of the fiscal year, the General Fund reported a total fund balance of \$16,300,573 increasing \$2,042,833 (14%). Of the \$16,300,573, the unassigned amount is \$14,146,182 (87%), the committed amount is \$1,496,454 (9%) and the assigned amount is \$657,937 (4%). General fund revenues were \$487,561 (4%) less and expenditures also decreased by \$31,381 (.3%) from the prior fiscal year. Other activity in the General Fund consisted of net transfers in from other funds of \$164,957.

The main components of the increase in general fund revenues were related to a decrease in property taxes of \$395,970 (4%); and decreases in investment income of \$498,168 (81%) and in intergovernmental "on-behalf payments of \$419,622 (49%) from the prior year.

The major changes with the general fund expenditures from the prior fiscal year were as follows:

- Decrease in Public safety expenditures of \$90,615 (9%).
- Increase in Education expenditures of \$390,617 (8%).
- Decrease in Employee benefits and insurance expenditures of \$364,552 (13%).

**Proprietary funds.** The proprietary funds statements share the same focus as the government-wide statements, reporting both short-term and long-term information about financial status.

### Major Proprietary Fund

The *Wastewater Fund* has accumulated a fund balance of \$5,127,221 used in the financing and operations of the Town's wastewater system. The wastewater fund shows an increase of \$774,695 (18%) in total operations. This change was mainly attributed to operating expenses exceeding operating revenues by \$611,701, interest income of \$7,455, intergovernmental income of \$447,425, interest expense of \$40,347 and net transfers in from the general fund of \$971,863. Operating revenues increased by \$45,142 (21%) and operating expenses also increased by \$165,939 (23%) from the prior year.

The *Water Fund* has accumulated a fund balance of \$1,032,795 used in the financing and operations of the Town's water system. The water fund shows a decrease of \$23,877 (2%) in total operations. This change resulted from operating expenses exceeding operating revenues by \$25,596, interest income of \$2,019 and interest expense of \$300. Operating revenues decreased by \$8,283 (7%) while operating expenses increased by \$14,464 (12%) from the prior year.

### **General Fund Budgetary Highlights**

The final general fund budget for fiscal year 2022 was \$13,223,658. This was an increase of \$217,217 (2%) over the previous year's budget.

There was an increase between the original budget and the total final amended budget. The change is attributed to funds voted from available funds at the Special Town Meeting of March 2022 for various budget operating line items.

General fund expenditures were less than budgeted by \$2,349,553. Of the \$2,349,553 in under budget expenditures, \$1,604,591 has been carried over to fiscal year 2023.

There was a negative variance in investment income of \$1,606 as expectations (budget) were higher than the receipts.

There was a negative variance in state assessments of \$57,556 due to lower assessments in the registry of motor vehicles non-renewal surcharge of \$620 in the school choice sending tuitions of \$49,978 and in charter school sending tuitions of \$6,958 than actual payments.

Overall, the variance with the final budget was a positive \$1,107,826 consisting of a revenue surplus of \$362,864 and an appropriation surplus of \$744,962.

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

**Capital Assets.** The Town's investment in capital assets for its governmental and business-type activities amounts to \$15,902,166 and \$7,828,934, respectively.

The investment in capital assets includes land, construction in progress, buildings and renovations, machinery, equipment and other and infrastructure.

Major capital events during the current fiscal year in the governmental type funds included the following:

- Town Buildings' energy improvements for \$111,175.
- Road and sidewalk infrastructure improvements for \$453,570.
- Library construction for \$21,894.

The major capital events during the current fiscal year in the business-type fund included the following:

- Wastewater equipment purchase for \$116,562.
- Wastewater infrastructure improvements for \$2,049,571.

**Debt Administration.** The Town has no outstanding governmental long-term debt as of June 30, 2022.

The business-type funds have outstanding long-term debt as of June 30, 2022 totaling \$3,351,545, all of which relates to wastewater treatment plant improvements.

Please refer to notes 3D, 3F, 3G and 3H for further discussion of the capital assets and debt activity.

### Next Year's Annual Town Meeting

The Town of Erving operates under the "Open Meeting" concept where each voter has an equal vote in adopting of Town budgets and appropriations. The financial statements for June 30, 2022 do not reflect the fiscal year 2023 Town Meeting action except for the unassigned fund balance (free cash) amount used to fund the 2023 budget. The Annual Town Meeting on May 11, 2022 authorized a fiscal year 2023 operating and capital budget as follows:

From raise and appropriate		\$ 12,427,540
From wastewater revenues	\$ 230,470	
From wastewater retained earnings	<u>66,400</u>	296,870
From water revenues		98,417
From Other Available Funds:		
<b>General Fund:</b>		
Unassigned fund balance:		
Free cash		549,800
<b>Non-major Governmental Funds:</b>		
Cable access grants		<u>20,000</u>
		<u><u>\$ 13,392,627</u></u>

### Requests for Information

This financial report is designed to provide a general overview of the Town of Erving's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Town Accountant, 12 East Main Street, Erving, Massachusetts 01344.

## **BASIC FINANCIAL STATEMENTS**

**TOWN OF ERVING, MASSACHUSETTS**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2022**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
CURRENT:			
Cash and Cash Equivalents	\$ 6,911,594	\$ 1,596,898	\$ 8,508,492
Investments	11,143,702	-	11,143,702
Receivables, net of allowance for uncollectibles:			
Property Taxes	35,036	-	35,036
Tax Liens	34,274	-	34,274
Excise Taxes	21,844	-	21,844
User Charges	-	4,608	4,608
Departmental	279,118	-	279,118
Due from Other Governments	501,253	290,842	792,095
Total current assets	18,926,821	1,892,348	20,819,169
NONCURRENT:			
Capital Assets, net of accumulated Depreciation			
Nondepreciable	1,598,595	2,243,098	3,841,693
Depreciable	14,303,571	5,584,836	19,888,407
Total noncurrent assets	15,902,166	7,827,934	23,730,100
<b>Total Assets</b>	<b>34,828,987</b>	<b>9,720,282</b>	<b>44,549,269</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Outflows Related to Pensions	606,832	34,001	640,833
Deferred Outflows Related to OPEB	2,382,063	80,636	2,462,699
<b>Total Deferred Outflows of Resources</b>	<b>2,988,895</b>	<b>114,637</b>	<b>3,103,532</b>
<b>LIABILITIES</b>			
CURRENT:			
Warrants and Accounts Payable	154,063	24,143	178,206
Accrued Payroll	347,895	10,115	358,010
Payroll Withholdings	7,680	-	7,680
Accrued Interest	-	18,857	18,857
Other	9,729	-	9,729
Compensated Absences	71,974	14,348	86,322
Bonds Payable	-	289,493	289,493
Total current liabilities	591,341	356,956	948,297
NONCURRENT:			
Compensated Absences	38,952	11,100	50,052
Net OPEB Liability	3,047,196	103,151	3,150,347
Net Pension Liability	1,414,706	79,267	1,493,973
Bonds Payable	-	3,062,052	3,062,052
Total noncurrent liabilities	4,500,854	3,255,570	7,756,424
<b>Total Liabilities</b>	<b>5,092,195</b>	<b>3,612,526</b>	<b>8,704,721</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Inflows Related to Pensions	1,092,704	61,225	1,153,929
Deferred Inflows Related to OPEB	34,036	1,152	35,188
<b>Total Deferred Inflows of Resources</b>	<b>1,126,740</b>	<b>62,377</b>	<b>1,189,117</b>
<b>NET POSITION</b>			
Net Investment in Capital Assets	15,902,166	4,476,389	20,378,555
Restricted for:			
Capital Projects	-	169,094	169,094
Federal & State Grants	1,181,798	-	1,181,798
Permanent Funds:			
Expendable	23,086	-	23,086
Nonexpendable	9,840	-	9,840
Other Purposes	744,025	-	744,025
Unrestricted	13,738,032	1,514,533	15,252,565
<b>Total Net Position</b>	<b>\$ 31,598,947</b>	<b>\$ 6,160,016</b>	<b>\$ 37,758,963</b>

The Notes to the Financial Statements are an integral part of this Statement.



**TOWN OF ERVING, MASSACHUSETTS  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2022**

	Program Revenues				Net (Expenses) Revenues and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities:</b>							
General Government	\$ 1,425,124	\$ 92,280	\$ 1,281,747	\$ -	\$ (51,097)	\$ -	\$ (51,097)
Public Safety	1,169,038	80,040	13,064	-	(1,075,934)	-	(1,075,934)
Public Works	1,029,170	8,993	2,800	444,124	(573,253)	-	(573,253)
Education	5,701,452	18,592	824,539	-	(4,858,321)	-	(4,858,321)
Health and Human Services	263,374	4,899	17,684	-	(240,791)	-	(240,791)
Culture and Recreation	497,525	14,474	22,034	-	(461,017)	-	(461,017)
Employee Benefits and Insurance	2,374,189	-	429,666	-	(1,944,523)	-	(1,944,523)
State Assessments	304,030	-	-	-	(304,030)	-	(304,030)
<b>Total Governmental Activities</b>	<b>12,763,902</b>	<b>219,278</b>	<b>2,591,534</b>	<b>444,124</b>	<b>(9,508,966)</b>	<b>-</b>	<b>(9,508,966)</b>
<b>Business-Type Activities:</b>							
Wastewater	916,555	264,507	7,455	447,425	-	(197,168)	(197,168)
Water	136,413	110,517	2,019	-	-	(23,877)	(23,877)
<b>Total Primary Government</b>	<b>\$ 13,816,870</b>	<b>\$ 594,302</b>	<b>\$ 2,601,008</b>	<b>\$ 891,549</b>	<b>(9,508,966)</b>	<b>(221,045)</b>	<b>(9,730,011)</b>
<b>General Revenues:</b>							
Property Taxes					11,667,365	-	11,667,365
Motor vehicle and other taxes					202,149	-	202,149
Penalties & Interest on taxes					6,394	-	6,394
Grants & Contributions not restricted to specific programs					144,361	-	144,361
Unrestricted Investment Income					108,087	-	108,087
Miscellaneous					4,447	-	4,447
<b>Transfers, net</b>					<b>(971,863)</b>	<b>971,863</b>	<b>-</b>
<b>Total General Revenues and Transfers</b>					<b>11,160,940</b>	<b>971,863</b>	<b>12,132,803</b>
<b>Change in Net Position</b>					<b>1,651,974</b>	<b>750,818</b>	<b>2,402,792</b>
<b>Net Position:</b>							
Beginning of year					29,946,973	5,409,198	35,356,171
End of year					<b>\$ 31,598,947</b>	<b>\$ 6,160,016</b>	<b>\$ 37,758,963</b>

The Notes to the Financial Statements are an integral part of this Statement.

**TOWN OF ERVING, MASSACHUSETTS**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**JUNE 30, 2022**

	<b>General Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Assets:</b>			
Cash and Cash Equivalents	\$ 5,684,860	\$ 1,226,734	\$ 6,911,594
Investments	11,076,013	67,689	11,143,702
Receivables, net of allowance for uncollectibles:			
Property Taxes	35,036	-	35,036
Tax Liens	34,274	-	34,274
Excise Taxes	21,844	-	21,844
Departmental	-	279,118	279,118
Due from Other Governments	3,770	497,483	501,253
<b>Total Assets</b>	<b>\$ 16,855,797</b>	<b>\$ 2,071,024</b>	<b>\$ 18,926,821</b>
<b>Liabilities:</b>			
Warrants and Accounts Payable	\$ 133,064	\$ 20,999	\$ 154,063
Accrued Payroll	330,742	17,153	347,895
Payroll Withholdings	7,680	-	7,680
Other	6,314	3,415	9,729
<b>Total Liabilities</b>	<b>477,800</b>	<b>41,567</b>	<b>519,367</b>
<b>Deferred Inflows of Resources:</b>			
Unavailable Revenue	77,424	533,002	610,426
<b>Fund Balance:</b>			
Non-Spendable	-	9,840	9,840
Restricted	-	1,415,907	1,415,907
Committed	1,496,454	138,480	1,634,934
Assigned	657,937	-	657,937
Unassigned	14,146,182	(67,772)	14,078,410
<b>Total Fund Balance</b>	<b>16,300,573</b>	<b>1,496,455</b>	<b>17,797,028</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 16,855,797</b>	<b>\$ 2,071,024</b>	<b>\$ 18,926,821</b>

The Notes to the Financial Statements are an integral part of this Statement.

**TOWN OF ERVING, MASSACHUSETTS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues:</b>			
Property Taxes	\$ 11,667,600	\$ -	\$ 11,667,600
Intergovernmental	667,126	1,969,159	2,636,285
Excise and Other Taxes	227,370	-	227,370
Charges for Services	-	135,425	135,425
Licenses, Permits, Fees	63,404	-	63,404
Interest and Penalties on Taxes	6,394	-	6,394
Investment Income	120,087	1,123	121,210
Gifts and Donations	-	15,906	15,906
Other	-	15,242	15,242
Intergovernmental - "On-behalf" Payments	429,666	-	429,666
<b>Total Revenues</b>	<b>13,181,647</b>	<b>2,136,855</b>	<b>15,318,502</b>
<b>Expenditures:</b>			
Current:			
General Government	1,151,465	369,310	1,520,775
Public Safety	952,037	75,399	1,027,436
Public Works	845,865	420,033	1,265,898
Education	5,214,864	268,792	5,483,656
Health and Human Services	170,145	15,480	185,625
Culture and Recreation	288,326	36,689	325,015
Employee Benefits and Insurance	2,377,039	-	2,377,039
State Assessments	304,030	-	304,030
<b>Total Expenditures</b>	<b>11,303,771</b>	<b>1,185,703</b>	<b>12,489,474</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>1,877,876</b>	<b>951,152</b>	<b>2,829,028</b>
<b>Other Financing Sources (Uses):</b>			
Operating Transfers In	804,128	-	804,128
Operating Transfers Out	(639,171)	(1,136,820)	(1,775,991)
<b>Total Other Financing Sources (Uses)</b>	<b>164,957</b>	<b>(1,136,820)</b>	<b>(971,863)</b>
<b>Net Change in Fund Balances</b>	<b>2,042,833</b>	<b>(185,668)</b>	<b>1,857,165</b>
<b>Fund Balances, Beginning of Year</b>	<b>14,257,740</b>	<b>1,682,123</b>	<b>15,939,863</b>
<b>Fund Balances, End of Year</b>	<b>\$ 16,300,573</b>	<b>\$ 1,496,455</b>	<b>\$ 17,797,028</b>

The Notes to the Financial Statements are an integral part of this Statement.

**TOWN OF ERVING, MASSACHUSETTS**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**Total Fund Balances to the Statement of Net Position**  
**For the Year Ended June 30, 2022**

<b>Total Governmental Fund Balances</b>		\$ 17,797,028
Capital Assets (net) used in governmental activities are not financial resources and therefore, are not reported in the funds.		15,902,166
Revenues are recognized on an accrual basis of accounting instead of a modified accrual basis.		610,426
The statement of net position includes certain deferred inflows of resources and deferred outflows of resources that will be amortized over future periods. In governmental funds, these amounts are not deferred.		1,862,155
Long Term liabilities are not due and payable in the current period and therefore, are not reported in the governmental funds:		
Net Other Post Employment Benefits Liability	\$ (3,047,196)	
Net Pension Liability	(1,414,706)	
Compensated Absences	(110,926)	(4,572,828)
<b>Net Position of Governmental Activities</b>		<b>\$ 31,598,947</b>

The Notes to the Financial Statements are an integral part of this Statement.

**TOWN OF ERVING, MASSACHUSETTS**  
**Reconciliation of the Statement of Revenues, Expenditures**  
**and Changes in Fund Balances of Governmental Funds**  
**to the Statement of Activities**  
**For the Year Ended June 30, 2022**

<b>Net Change in Fund Balances - Total Governmental Funds</b>	\$	1,857,165
---	----	-----------

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 are reported as depreciation expense:

Capital Outlay Purchases	\$ 586,638	
Depreciation	<u>(866,774)</u>	(280,136)

Revenue 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 unavailable revenue.

69,237

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

Net Change in Compensated Absences	2,858	
Net Change in Net Other Post Employment Benefits Liability	(2,215,457)	
Net Change in Deferred Outflow/(Inflow) of Resources Related to OPEB	1,968,496	
Net Change in Net Pension Liability	446,714	
Net Change in Deferred Outflow/(Inflow) of Resources Related to Pensions	<u>(196,903)</u>	5,708

<b>Change in Net Position of Governmental Activities</b>	\$	<u><u>1,651,974</u></u>
--	----	-------------------------

The Notes to the Financial Statements are an integral part of this Statement.

**TOWN OF ERVING, MASSACHUSETTS**  
**STATEMENT OF REVENUES AND EXPENDITURES - BUDGETARY BASIS -**  
**(NON-GAAP) - BUDGET AND ACTUAL - GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	Budgeted Amounts			Actual Budgetary Basis	Amounts Carried Forward to Next year	Variance with Final Budget Positive (Negative)
	Amounts Carried Forward from Prior Year	Original Budget	Final Budget			
<b>Revenues:</b>						
Property Taxes	\$ -	\$ 11,391,274	\$ 11,391,274	\$ 11,628,900	\$ -	\$ 237,626
Intergovernmental	-	640,911	640,911	667,126	-	26,215
Excise and Other Taxes	-	180,864	180,864	227,370	-	46,506
Licenses, Permits, Fees	-	29,100	29,100	63,404	-	34,304
Interest and Penalties on Taxes	-	8,000	8,000	6,394	-	(1,606)
Investment Income	-	35,000	35,000	54,819	-	19,819
<b>Total Revenues</b>	-	12,285,149	12,285,149	12,648,013	-	362,864
<b>Expenditures:</b>						
Current:						
General Government	561,515	1,244,328	1,802,730	1,151,465	579,220	72,045
Public Safety	75,544	1,038,891	1,114,912	952,037	63,167	99,708
Public Works	513,408	802,732	1,326,140	845,865	431,935	48,340
Education	357,054	5,467,252	5,825,601	5,214,864	303,680	307,057
Health and Human Services	45,025	255,695	305,720	170,145	35,175	100,400
Culture and Recreation	196,151	345,330	541,481	288,326	191,414	61,741
Employee Benefits and Insurance	-	2,060,600	2,060,600	1,947,373	-	113,227
State Assessments	-	246,474	246,474	304,030	-	(57,556)
<b>Total Expenditures</b>	1,748,697	11,461,302	13,223,658	10,874,105	1,604,591	744,962
<b>Excess of Revenues Over (Under) Expenditures</b>	(1,748,697)	823,847	(938,509)	1,773,908	(1,604,591)	1,107,826
<b>Other Financing Sources (Uses):</b>						
Operating Transfers In	-	-	-	89,165	-	89,165
Operating Transfers Out	-	(1,033,847)	(1,062,171)	(1,062,171)	-	-
<b>Total Other Financing Sources (Uses)</b>	-	(1,033,847)	(1,062,171)	(973,006)	-	89,165
<b>Net Change in Budgetary Fund Balance</b>	(1,748,697)	(210,000)	(2,000,680)	\$ 800,902	\$ (1,604,591)	\$ 1,196,991
<b>Other Budgetary Items:</b>						
Free Cash and Other Reserves	-	210,000	251,983			
Prior Year Encumbrances	1,748,697	-	1,748,697			
<b>Total Other Budgetary Items</b>	1,748,697	210,000	2,000,680			
<b>NET BUDGET</b>	\$ -	\$ -	\$ -			

The Notes to the Financial Statements are an integral part of this Statement.

**TOWN OF ERVING, MASSACHUSETTS**  
**Reconciliation of Revenues and Expenditures**  
**from Budgetary Basis to GAAP Basis**  
**For the Year Ended June 30, 2022**

	<b>Revenues</b>	<b>Expenditures</b>
<b>Reported on a Budgetary Basis</b>	\$ 12,648,013	\$ 10,874,105
<u>Adjustments:</u>		
Activity for Stabilization Funds Recorded in the General Fund for GAAP Purposes	65,268	-
Net Increase in Revenue from Recording Refund Taxes Payable	28,000	-
Recognition of Intergovernmental Revenue - "on behalf payments"	429,666	-
Recognition of Expenditures - "on behalf payments"	-	429,666
Net Increase in Revenue from Recording 60-Day Receipts	10,700	-
<b>Reported on a GAAP Basis</b>	<b>\$ 13,181,647</b>	<b>\$ 11,303,771</b>

The Notes to the Financial Statements are an integral part of this Statement.

**TOWN OF ERVING, MASSACHUSETTS**  
**STATEMENT OF NET POSITION - PROPRIETARY FUNDS**  
**JUNE 30, 2022**

	Business-Type Activities Enterprise Funds		
	Wastewater Fund	Water Fund	Total
<b>ASSETS</b>			
CURRENT:			
Cash and Cash Equivalents	\$ 1,283,028	\$ 313,870	\$ 1,596,898
User Charges, net of allowance for uncollectibles	-	4,608	4,608
Due from Other Governments	290,842	-	290,842
Total current assets	1,573,870	318,478	1,892,348
NONCURRENT:			
Capital Assets, net of accumulated depreciation:			
Nondepreciable	2,223,098	20,000	2,243,098
Depreciable	4,881,020	703,816	5,584,836
Total noncurrent assets	7,104,118	723,816	7,827,934
<b>Total Assets</b>	<b>8,677,988</b>	<b>1,042,294</b>	<b>9,720,282</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Outflows Related to Pensions	34,001	-	34,001
Deferred Outflows Related to OPEB	53,184	27,452	80,636
<b>Total Deferred Outflows of Resources</b>	<b>87,185</b>	<b>27,452</b>	<b>114,637</b>
<b>LIABILITIES</b>			
CURRENT:			
Accounts Payable	23,377	766	24,143
Accrued Payroll	9,439	676	10,115
Accrued Interest	18,857	-	18,857
Compensated Absences	14,348	-	14,348
Bonds Payable	289,493	-	289,493
Total current liabilities	355,514	1,442	356,956
NONCURRENT:			
Compensated Absences	11,100	-	11,100
Net OPEB Liability	68,034	35,117	103,151
Net Pension Liability	79,267	-	79,267
Bonds Payable	3,062,052	-	3,062,052
Total noncurrent liabilities	3,220,453	35,117	3,255,570
<b>Total Liabilities</b>	<b>3,575,967</b>	<b>36,559</b>	<b>3,612,526</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Inflows Related to Pensions	61,225	-	61,225
Deferred Inflows Related to OPEB	760	392	1,152
<b>Total Deferred Inflows of Resources</b>	<b>61,985</b>	<b>392</b>	<b>62,377</b>
<b>NET POSITION</b>			
Net Investment in Capital Assets	3,752,573	723,816	4,476,389
Restricted for Capital	169,094	-	169,094
Unrestricted	1,205,554	308,979	1,514,533
<b>Total Net Position</b>	<b>\$ 5,127,221</b>	<b>\$ 1,032,795</b>	<b>\$ 6,160,016</b>

The Notes to the Financial Statements are an integral part of this Statement.



**TOWN OF ERVING, MASSACHUSETTS**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	Business-Type Activities Enterprise Funds		
	Wastewater Fund	Water Fund	Total
<b>Operating Revenues:</b>			
Charges for Services	\$ 264,507	\$ 110,517	\$ 375,024
<b>Total Operating Revenues</b>	<u>264,507</u>	<u>110,517</u>	<u>375,024</u>
<b>Operating Expenses:</b>			
Salaries & Wages	230,556	21,448	252,004
Operating Expenses	445,988	63,885	509,873
Depreciation	199,664	50,780	250,444
<b>Total Operating Expenses</b>	<u>876,208</u>	<u>136,113</u>	<u>1,012,321</u>
<b>Operating Income (Loss)</b>	<u>(611,701)</u>	<u>(25,596)</u>	<u>(637,297)</u>
<b>Non-Operating Revenues (Expenses):</b>			
Investment Income	7,455	2,019	9,474
Intergovernmental	447,425	-	447,425
Interest Expense	(40,347)	(300)	(40,647)
<b>Total Non-Operating Revenues (Expenses)</b>	<u>414,533</u>	<u>1,719</u>	<u>416,252</u>
<b>Income (Loss) Before Operating Transfers</b>	<u>(197,168)</u>	<u>(23,877)</u>	<u>(221,045)</u>
<b>Operating Transfers:</b>			
Transfers In/(Out)	971,863	-	971,863
<b>Total Operating Transfers</b>	<u>971,863</u>	<u>-</u>	<u>971,863</u>
<b>Change in Net Position</b>	<u>774,695</u>	<u>(23,877)</u>	<u>750,818</u>
<b>Net Position at Beginning of Year</b>	<u>4,352,526</u>	<u>1,056,672</u>	<u>5,409,198</u>
<b>Net Position at End of Year</b>	<u>\$ 5,127,221</u>	<u>\$ 1,032,795</u>	<u>\$ 6,160,016</u>

The Notes to the Financial Statements are an integral part of this Statement.

**TOWN OF ERVING, MASSACHUSETTS  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2022**

	<b>Business-Type Activities Enterprise Funds</b>		
	<b>Wastewater Fund</b>	<b>Water Fund</b>	<b>Total</b>
<b>Cash Flows From Operating Activities:</b>			
Receipts from Customers and Users	\$ 264,507	\$ 117,491	\$ 381,998
Payments to Vendors	(413,676)	(74,907)	(488,583)
Payments to Employees	(223,082)	(21,622)	(244,704)
<b>Net Cash Provided by (Used for) Operating Activities</b>	<b>(372,251)</b>	<b>20,962</b>	<b>(351,289)</b>
<b>Cash Flows from Noncapital Financing Activities:</b>			
Transfers from (to) Other Funds	971,863	-	971,863
<b>Net Cash Provided by (Used for) Noncapital Financing Activities</b>	<b>971,863</b>	<b>-</b>	<b>971,863</b>
<b>Cash Flows from Capital and Related Financing Activities:</b>			
Acquisition and Construction of Capital Assets	(2,166,134)	-	(2,166,134)
Other	5,065	-	5,065
Intergovernmental	156,583	-	156,583
Principal Payments on Debt	(234,751)	(12,000)	(246,751)
Interest Expense	(52,007)	(300)	(52,307)
<b>Net Cash Provided by (Used for) Capital and Related Financing Activities</b>	<b>(2,291,244)</b>	<b>(12,300)</b>	<b>(2,303,544)</b>
<b>Cash Flows from Investing Activities:</b>			
Investment Income	7,455	2,019	9,474
<b>Net Cash Provided by (Used for) Investing Activities</b>	<b>7,455</b>	<b>2,019</b>	<b>9,474</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(1,684,177)</b>	<b>10,681</b>	<b>(1,673,496)</b>
<b>Cash and Cash Equivalents at Beginning of Year</b>	<b>\$2,967,205</b>	<b>\$303,189</b>	<b>\$3,270,394</b>
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 1,283,028</b>	<b>\$ 313,870</b>	<b>\$ 1,596,898</b>

**Reconciliation of Operating Income (Loss) to Net Cash Provided  
by (Used For) Operating Activities:**

<b>Operating Income (Loss)</b>	\$ (611,701)	\$ (25,596)	\$ (637,297)
<b>Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:</b>			
Depreciation	199,664	50,780	250,444
Deferred (Outflows)/Inflows of Resources Related to Pensions	14,226	-	14,226
Deferred (Outflows)/Inflows of Resources Related to OPEB	(44,702)	(22,490)	(67,192)
Change in Assets and Liabilities:			
Increase (Decrease) in Accounts Payable	16,140	(13,634)	2,506
Increase (Decrease) in Accrued Payroll	3,400	(174)	3,226
Increase (Decrease) in Compensated Absences	4,074	-	4,074
Increase (Decrease) in Net OPEB Liability	51,111	25,102	76,213
Increase (Decrease) in Net Pension Liability	(4,463)	-	(4,463)
Decrease (Increase) in User Charges Receivable	-	6,974	6,974
<b>Total Adjustments</b>	<b>239,450</b>	<b>46,558</b>	<b>286,008</b>
<b>Net Cash Provided by (Used for) Operating Activities</b>	<b>\$ (372,251)</b>	<b>\$ 20,962</b>	<b>\$ (351,289)</b>

The Notes to the Financial Statements are an integral part of this Statement.

**TOWN OF ERVING, MASSACHUSETTS  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2022**

		<b>Other Post Employment Benefits Trust Fund</b>
		<hr/>
	<b>ASSETS</b>	
Investments		\$ 5,404,488
<b>Total Assets</b>		<hr/> 5,404,488 <hr/>
	<b>LIABILITIES</b>	
Warrants Payable		<hr/> -
<b>Total Liabilities</b>		<hr/> - <hr/>
	<b>NET POSITION</b>	
Restricted for Other Postemployment Benefits		<hr/> \$ 5,404,488 <hr/>

The Notes to the Financial Statements are an integral part of this Statement.

**TOWN OF ERVING, MASSACHUSETTS  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2022**

	<b>Other Post Employment Benefits Trust Fund</b>
<b>Additions</b>	
Contributions:	
Employer	\$ 577,706
Investment Income	(829,001)
<b>Total Additions</b>	<u>(251,295)</u>
<b>Deductions:</b>	
Insurance and Employee Benefits	<u>277,706</u>
<b>Total Deductions</b>	<u>277,706</u>
<b>Change in Net Position</b>	<u>(529,001)</u>
<b>Net Position at Beginning of Year</b>	<u>5,933,489</u>
<b>Net Position at End of Year</b>	<u><u>\$ 5,404,488</u></u>

The Notes to the Financial Statements are an integral part of this Statement.

**TOWN OF ERVING, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2022**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. Reporting Entity**

The Town was incorporated in 1838 under the laws of the Commonwealth of Massachusetts. The Town is governed by an elected three-member Select Board.

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 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. In fiscal year 2022, it was determined that no entities met the required GASB-39 and GASB-61 criteria for component units.

The Town is responsible for electing the committee members of the Gill-Montague Regional School District and the Franklin County Technical School District. The Town is indirectly liable for debt and other expenditures of the School Districts and is assessed annually for its share of operating and capital costs. These related organizations are excluded from the financial reporting entity because the Town's accountability does not extend beyond the Town electing the board members. Audited financial statements are available from the respective organizations. A description of the related organizations is as follows:

**Franklin County Technical School District** - A regional school district made up of nineteen communities to serve and provide high quality vocational education environment. The regional school district is a separate entity under the Commonwealth of Massachusetts. The Town appoints one district committee member for its representation. The District is responsible for both the operating and capital costs related to the school and operates independently from the Town.

**Gill-Montague Regional School District** - A regional school district made up of three communities to serve and provide a learning environment in specific career areas. The regional school district is a separate entity under the Commonwealth of Massachusetts. The Town elects three school committee members for its representation. The District is responsible for both the operating and capital costs related to the school and operates independently from the Town.

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

**Government-wide financial statements**

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

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

**TOWN OF ERVING, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2022**

**Fund financial statements**

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

Because governmental fund statements are presented using a measurement focus and basis of accounting different from that used in government-wide statements' governmental column, a reconciliation is presented that briefly explains the adjustments necessary to reconcile ending net position and change in net position.

***Major Fund Criteria***

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

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

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

Proprietary and 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, as are the proprietary fund and fiduciary fund financial statements. Revenues are recognized when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the Town's enterprise funds and various other functions of the Town. Elimination of these charges would distort the direct costs and program revenues of the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported.

**TOWN OF ERVING, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2022**

**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 concept, revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon thereafter to be used to pay current liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, excises and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

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

The Town reports the following major governmental funds:

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

The Town reports the following major proprietary funds:

The *wastewater fund* is used to account for the wastewater activities.

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

The non-major governmental fund consists of other special revenue, capital projects and permanent funds that are aggregated and presented in the *non-major 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 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).

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

**TOWN OF ERVING, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2022**

Additionally, the Town reports the following fund types:

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

The *Other Post Employment Benefit (OPEB) Trust Fund* is used to account for the assets held by the Town in trust for the payment of future retiree health insurance benefits. The assets of the OPEB Trust Fund cannot be used to support the Town's operations.

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 a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**D. Cash and Cash Equivalents**

Cash balances from all funds, except those required to be segregated by law, are combined to form a consolidation of cash. Cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with an original maturity of three months or less from the date of acquisition. The Town maintains a cash and investment pool that is available for use by all funds. Each fund's portion of this pool is reflected on the combined financial statements under the caption, "cash and cash equivalents".

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).

Investment income from proprietary funds is maintained in those funds.

**E. Investments**

The Town maintains investments according to Massachusetts General Laws and adopted policies. Investments are reported according to the fair value hierarchy established by generally accepted accounting principles. Investments are defined as securities or other assets that (a) a government holds primarily for the purpose of income or profit and (b) has a present service capacity based solely on its ability to generate cash or to be sold to generate cash. Fair Value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The hierarchy is based upon valuation inputs, which are assumptions that market participants would use when pricing an asset or a liability, including assumptions about risk.

Level 1 inputs are quoted prices in active markets for identical assets or liabilities at the measurement date.

Level 2 inputs are directly observable for an asset or a liability (including quoted prices for similar assets or liabilities), as well as inputs that are indirectly observable for the asset or liability.

Level 3 inputs are unobservable for the asset or liability.



**TOWN OF ERVING, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2022**

Certain investments, such as money market investments and 2a7-like external investment pools, are reported at amortized cost. 2a7-like pools are external investment pools that operate in conformity with the Securities and Exchange Commission's (SEC) Rule 2a7 as promulgated under the Investment Company Act of 1940, as amended and should be measured at the net asset value per share provided by the pool.

Additional investment disclosures are presented in these Notes.

**F. Receivables**

The recognition of revenues related to accounts receivable reported in the government-wide financial statements and fund financial statements are reported under the accrual basis of accounting and the modified accrual basis of accounting, respectively.

**Property Taxes and Tax Liens**

Property taxes are based on assessments as of January 1, 2021 and include betterments, special assessments and liens. Taxes are used to finance the operations of the Town for the fiscal year July 1st to June 30th. By law, all taxable property in the Commonwealth of Massachusetts must be assessed at 100% of fair cash value. Taxes are due and payable on July 1st. The first tax payment is due November 1st, or thirty days after the date tax bills were mailed, whichever is later and must be at least one-half of the tax and any betterments. The balance of the tax is owed by May 1st of the following year. If payments are not made by the due dates, interest at the rate of 14% will be charged on the amount of the payment that is unpaid and overdue. The Town has an ultimate right to foreclose on property for which taxes have not been paid. Property taxes levied are recorded as receivables. Revenues from property taxes are recognized in the fiscal year for which they have been levied.

The Town mailed tax bills for the fiscal year 2022 that were due on January 6, 2022 and May 2, 2022, respectively.

The Commonwealth of Massachusetts electorate in November, 1980, passed legislation known as Proposition 2 1/2, in order to limit the amount of revenue to be raised by taxation. The purpose of the legislation was to control the levy of taxes that are assessed to property owners of a Town. The legal levy limit under Proposition 2 1/2 for fiscal year 2022 is \$11,707,406.

The total amount raised by taxation was \$11,698,389.

The allowance for uncollectible accounts is based on historical trends and specific account analysis.

**Excise Taxes**

Excise taxes consist of motor vehicle excise. Excise taxes are assessed annually for each vehicle registered in the Town and are recorded as receivables in the fiscal year of levy. The Commonwealth is responsible for reporting the number of vehicles registered and the fair value of those vehicles.

The tax calculation is the fair value of the vehicle multiplied by the \$25 per \$1,000 of value.

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

**User Charges**

User charges and fees consist of water that are levied annually based on individual meter readings and are subject to penalties and interest if they are not paid by the respective due date. Water charges are recorded as receivables in the fiscal year of the levy.

**TOWN OF ERVING, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2022**

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

**Departmental**

Departmental receivables consist of loans due from recipients that were loans from community development funds.

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

**Due from Other Governments**

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

Capital assets, which include land, construction in progress, buildings and renovations, machinery, equipment and other, and infrastructure assets (e.g., roads, water mains, wastewater mains, and similar items), are reported in the applicable governmental or business-type activity column of the government wide financial statements. Capital assets are recorded at historical cost or at estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at estimated fair market value.

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

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

<b>Capital Asset Type</b>	<b>Years</b>
Buildings and renovations	20-40
Machinery, equipment and other	3-15
Infrastructure	20-50

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.

**H. 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.

In the government-wide financial statements, operating transfers between and within governmental funds are eliminated from the governmental activities in the statement of activities. Any residual balances outstanding between the governmental activities and business-type activities are reported in the statement of activities as "Transfers' net".

**TOWN OF ERVING, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2022**

In the 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.

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

**Government-wide financial statements**

The government-wide financial statements *Statement of Net Position* includes a separate section, listed below total assets, for *deferred outflows of resources*. This represents the usage of net position applicable for future period(s) and will not be recognized as expenditures until the future period to which it applies. Currently, the only items in this category are *deferred outflows related to pensions and deferred outflows related to OPEB*.

In addition to liabilities, the *Statement of Net Position* will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. Currently, the items in this category are *deferred inflows related to pensions and deferred inflows related to OPEB*.

**Fund financial statements**

In addition to liabilities, the governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has only one type of item, which arises only under a modified accrual basis of accounting that qualifies in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues for the Town's property and excise taxes; departmental revenue and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**J. Net position and Fund Balances**

In the Government-Wide financial statements, the difference between the Town's total assets, deferred outflows of resources, total liabilities and deferred inflows of resources represents net position. Net position displays three components – net investment in capital assets; restricted (distinguished between major categories of restrictions); and unrestricted. Unrestricted net position represents the net position available for future operations.

Net position classified as net investment in capital assets, consists of 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.

Net position has been "restricted for" the following:

"Capital projects" represents amounts restricted for capital purposes.

"Federal and state grants" represents amounts restricted by the federal and state government for various programs.

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

**TOWN OF ERVING, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2022**

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

“Other purposes” represents restrictions placed on assets from outside parties.

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of those resources.

The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form – prepaid items or inventories; or (b) legally or contractually required to be maintained intact.

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned and unassigned.

*Restricted fund balance.* This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

*Committed fund balance.* These amounts can only be used for specific purposes pursuant to constraints imposed by formal action of the Town’s highest level of decision-making authority, which is the Town meeting action and can be modified or rescinded only through these actions. Committed amounts cannot be used for any other purpose unless the Town removes or changes the specified use by taking the same type of action it employed to previously commit.

*Assigned fund balance.* This classification reflects the amounts constrained by the Town’s “intent” to be used for specific purposes, but are neither restricted nor committed. Department heads and Town board/committees have the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

*Unassigned fund balance.* This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

When the restricted and other fund balance resources are available for use, it is the Town’s policy to use restricted resources first, followed by committed, assigned, and unassigned amounts respectively.

**K. Long-term Debt**

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.

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.

**TOWN OF ERVING, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2022**

**L. Compensated Absences**

The Town grants to employees sick and vacation leave in varying amounts based upon length of service and in accordance with various individual union contracts. Upon retirement, termination, or death, certain employees are compensated for unused sick leave (subject to certain limitations) at their current rates of pay.

**M. Pension Benefits**

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 Franklin Regional Retirement System (the System) is provided. Additions to and deductions from the System's fiduciary net position have been determined on the same basis as they are reported by the system. For this purpose, benefit payments (including refunds of employee contributions), are recognized when due and payable according with the benefit terms. Investments are reported at their fair value.

**N. Post-Retirement Benefits**

In addition to providing pension benefits, health insurance coverage is provided for retired employees and their survivors in accordance with MGL, Chapter 32, on a pay-as-you-go basis. The cost of providing health insurance is recognized by recording the employer's 77% share of insurance premiums for retirees and spouses and 77% for surviving spouses in the general fund in the fiscal year paid.

**O. Use of Estimates**

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

**P. Total Column**

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

**2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary Information**

An annual budget is adopted for the Town's General Fund. Although legislative approval is required for the acceptance of grants, capital projects, and borrowing authorizations, annual budgets are not prepared for any other fund; therefore, comparison of budget to actual is only presented for the General Fund.

The Town must establish its property tax rate each year so that the property tax rate levy will comply with the limits established by Proposition 2 1/2, as amended, and also equal the sum of (a) the aggregate of all annual appropriations for expenditures, plus (b) provision for prior year deficits, if any, less (c) the aggregate of all non-property tax revenues estimated to be received, including available funds.

**TOWN OF ERVING, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2022**

The Town follows these procedures in establishing the General Fund budgetary data as reflected in the financial statements:

- Estimates are submitted by departments in accordance with the Town's bylaws.
- The budget is legally enacted by vote at the annual Town meeting.
- Supplemental appropriations may be made from available funds after setting of the tax rate with Town meeting approval.
- Throughout the year appropriations may be transferred between departments with Town meeting approval.

Massachusetts law requires cities and towns to provide a balanced budget. Section 23 of Chapter 59 of the Massachusetts General Laws states, in part,

"The assessors shall annually assess taxes to an amount not less than the aggregate of all amounts appropriated, granted or lawfully expended by their respective towns (cities) since the preceding annual assessment and not provided for therein . . . "

For fiscal year 2022, the Town incurred a final budget deficit of \$2,000,680 for the General Fund.

The Town voted from the following sources to fund the deficit budget during the fiscal year:

Unassigned fund balance:	
Free cash votes	\$ 251,983
Prior year's encumbrances	<u>1,748,697</u>
	<u><u>\$ 2,000,680</u></u>

**B. Deficit Fund Balance**

The following fund has a deficit at June 30, 2022 as measured by the balance of unreserved fund balance.

- The Emergency management (Covid-19) grant special revenue funds have deficits totaling of \$67,772. These deficits will be eliminated upon additional receipts or appropriation.

**3. DETAILED NOTES**

**A. Deposits and Investments**

**Custodial Credit Risks – Deposits**

Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned. The government does not have a deposit policy for custodial credit risk. Deposits at June 30, 2022 were \$8,840,782. Of these, none are exposed to custodial credit risk as uninsured and uncollateralized.

**TOWN OF ERVING, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2022**

**Investment Policies**

Investments of funds, except for trust funds, are generally restricted by Massachusetts General Laws, Chapter 44, Section 55. That statute permits investments of available revenue funds and bond and note proceeds in term deposits and certificates of deposit of banks and trust companies, in obligations issued or unconditionally guaranteed by the federal government or an agency thereof with a maturity of not more than one year, in repurchase agreements with a maturity of not more than 90 days secured by federal or federal agency securities, in participation units in the Massachusetts Municipal Depository Trust ("MMDT"), or in shares in SEC-registered money market funds with the highest possible rating from at least one nationally recognized rating organization.

The MMDT is an investment pool created by the Commonwealth under the supervision of the State Treasurer's office. According to the State Treasurer, the Trust's investment policy is designed to maintain an average weighted maturity of 90 days or less and is limited to high-quality, readily marketable fixed income instruments, including U. S. Government obligations and highly-rated corporate securities with maturities of one year or less. The MMDT is an external investment pool that meets the criteria established under GASB Statement No. 79 to report its investments at amortized cost.

As of June 30, 2022, the Town had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1 to 5	6 to 10	
Debt Securities:					
U. S. treasury obligations	\$ 2,374,446	\$ 1,041,525	\$ 1,332,921	\$ -	
U. S. government agencies	588,368	180,051	408,317	-	
Bond mutual funds	695,693	695,693	-	-	
Corporate bonds	3,738,839	689,060	2,506,635	543,144	
Money market mutual fund	131,853	131,853	-	-	
	7,529,199	\$ 2,738,182	\$ 4,247,873	\$ 543,144	
Other Investments:					
Certificates of deposit	395,695				
Equity Mutual Funds	5,376,126				
Equity Securities - Domestic (Stocks)	3,219,064				
Cash and Cash Equivalents	28,106				
	\$ 16,548,190				

**Custodial Credit Risks**

For an investment, custodial risk is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Of the Town's \$16,548,190 in investments, none are uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department but not in the Town's name. The Town has no policy on custodial credit risk.

**Interest Rate Risk**

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

**TOWN OF ERVING, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2022**

**Credit Risk**

The Town's exposure to credit risk as of June 30, 2022 is as follows:

Related Debt Instruments	Fair Value
<b>Moody's Quality Ratings</b>	
<b><i>U. S. Treasury Obligations:</i></b>	
Aaa	\$ 2,374,446
<b><i>U. S. Government Agencies:</i></b>	
Aaa	588,368
<b><i>Corporate Bonds:</i></b>	
Aaa	941,088
A1	317,808
A2	941,547
A3	314,044
Baa1	1,224,352
<b><i>Bond Mutual Funds:</i></b>	
Not rated	695,693
<b><i>Money Market Mutual Funds:</i></b>	
Not rated	131,853
	\$ 7,529,199

**Concentration of Credit Risk**

The Town places no limit on the amount the Town may invest in one issuer. The Town does not have more than 5 percent of the Town's investments in one issuer.

**Fair Value of Investments**

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



**TOWN OF ERVING, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2022**

The Town has the following recurring fair value measurements as of June 30, 2022:

Investment Type	Fair Value	Fair Value Measurement			
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Investments by Fair Value Level:					
U. S. treasury obligations	\$ 2,374,446	\$ 2,374,446	\$ -	\$ -	
U. S. government agencies	588,368	588,368	-	-	
Bond mutual funds	695,693	695,693	-	-	
Cash and Cash Equivalents	28,106	28,106	-	-	
Certificates of deposit	395,695	395,695	-	-	
Equity mutual funds	5,376,126	5,376,126	-	-	
Equity securities - domestic	3,219,064	3,219,064	-	-	
Money market mutual fund	131,853	131,853	-	-	
Corporate bonds	3,738,839	-	3,738,839	-	
	<u>\$ 16,548,190</u>	<u>\$ 12,809,351</u>	<u>\$ 3,738,839</u>	<u>\$ -</u>	

Investments classified in Level 1 of the fair value hierarchy are valued using quoted prices in active markets for those securities.

Investments classified in Level 2 are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

**B. Receivables**

At June 30, 2022, receivables for the individual major governmental funds and non-major governmental funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<b>Major and nonmajor governmental funds:</b>			
Property taxes	\$ 38,551	\$ (3,515)	\$ 35,036
Tax liens	34,274	-	34,274
Excise taxes	29,930	(8,086)	21,844
Departmental	279,118	-	279,118
Due from other governments	501,253	-	501,253
	<u>\$ 883,126</u>	<u>\$ (11,601)</u>	<u>\$ 871,525</u>

**TOWN OF ERVING, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2022**

At June 30, 2022, receivables for the business-type activities consist of the following:

	<b>Gross Amount</b>	<b>Allowance for Uncollectibles</b>	<b>Net Amount</b>
<b>Wastewater Fund:</b>			
Due from other governments	\$ 290,842	\$ -	\$ 290,842
<b>Water Fund:</b>			
User charges	5,108	(500)	4,608
	<u>\$ 295,950</u>	<u>\$ (500)</u>	<u>\$ 295,450</u>

The composition of amounts due from other governments as of June 30, 2022 for governmental funds is as follows:

<b>General Fund:</b>			
<b>Commonwealth of Massachusetts:</b>			
Department of Veterans Services:			
Veterans benefits		\$	3,770
<b>Nonmajor Governmental Funds:</b>			
<b>U. S. Department of Education:</b>			
School title grants	\$	4,691	
<b>Commonwealth of Massachusetts:</b>			
Department of Fire Services		5,249	
Department of Mental Health		6,056	
Department of Revenue		73,846	
Massachusetts Office on Disability		12,910	
<b>Other:</b>			
Massachusetts Department of Transportation:			
Complete Streets		140,847	
Highway department - Chapter 90 funds		253,884	497,483
		<u>\$</u>	<u>501,253</u>

The composition of amounts due from other governments as of June 30, 2022 for business-type funds is as follows:

<b>Wastewater Fund:</b>		
<b>Commonwealth of Massachusetts:</b>		
Executive Office of Economic Development		
Mass.Works Grant	\$	290,842

**TOWN OF ERVING, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2022**

**C. Deferred Inflows of Resources – Unavailable Revenue**

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

<b>General Fund:</b>			
Property taxes	\$	17,536	
Tax liens		34,274	
Excise taxes		21,844	
Due from other governments		<u>3,770</u>	\$ 77,424
<b>Nonmajor governmental funds:</b>			
Departmental		279,118	
Due from other governments		<u>253,884</u>	533,002
			<u>\$ 610,426</u>

**D. Capital Assets**

Capital asset activity for the year ended June 30, 2022, is as follows:

<b>Governmental Activities</b>	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
Capital assets not being depreciated:				
Land	\$ 1,524,895	\$ -	\$ -	\$ 1,524,895
Construction in progress	16,000	57,700	-	73,700
Total capital assets not being depreciated	<u>1,540,895</u>	<u>57,700</u>	<u>-</u>	<u>1,598,595</u>
Capital assets being depreciated:				
Buildings and Renovations	18,822,235	133,069	-	18,955,304
Machinery, equipment and other	2,932,716	-	-	2,932,716
Infrastructure	3,425,411	395,870	-	3,821,281
Total capital assets being depreciated	<u>25,180,362</u>	<u>528,939</u>	<u>-</u>	<u>25,709,301</u>
Less accumulated depreciation for:				
Buildings and Renovations	6,821,552	567,124	-	7,388,676
Machinery, equipment and other	2,496,664	136,771	-	2,633,435
Infrastructure	1,220,739	162,880	-	1,383,619
Total accumulated depreciation	<u>10,538,955</u>	<u>866,775</u>	<u>-</u>	<u>11,405,730</u>
Total capital assets being depreciated, net	<u>14,641,407</u>	<u>(337,836)</u>	<u>-</u>	<u>14,303,571</u>
Total governmental activities capital assets, net	<u>\$ 16,182,302</u>	<u>\$ (280,136)</u>	<u>\$ -</u>	<u>\$ 15,902,166</u>

**TOWN OF ERVING, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2022**

<b>Business-type Activities</b>	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
Capital assets not being depreciated:				
Land	\$ 90,100	\$ -	\$ -	\$ 90,100
Construction in Progress	103,426	2,049,572	-	2,152,998
Total capital assets not being depreciated	193,526	2,049,572	-	2,243,098
Capital assets being depreciated:				
Machinery, equipment and other	101,051	116,562	-	217,613
Infrastructure	9,360,379	-	-	9,360,379
Total capital assets being depreciated	9,461,430	116,562	-	9,577,992
Less accumulated depreciation for:				
Machinery, equipment and other	75,671	18,908	-	94,579
Infrastructure	3,667,041	231,536	-	3,898,577
Total accumulated depreciation	3,742,712	250,444	-	3,993,156
Total capital assets being depreciated, net	5,718,718	(133,882)	-	5,584,836
Total business-type activities capital assets, net	\$ 5,912,244	\$ 1,915,690	\$ -	\$ 7,827,934

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

**Governmental Activities:**

General government	\$ 14,177
Public safety	150,470
Public works	212,716
Education	217,796
Health and human services	77,213
Culture and recreation	194,403
Total depreciation expense - governmental activities	<u>\$ 866,775</u>

**Business-Type Activities:**

Wastewater fund	\$ 199,664
Water fund	50,780
Total depreciation expense - business-type activities	<u>\$ 250,444</u>

**E. Interfund Receivables, Payables and Transfers**

Interfund transfers for the fiscal year ended June 30, 2022, are summarized as follows:

Transfers Out:	Transfers In:		
	General fund	Business-type fund	Total
General fund	\$ -	\$ 639,171	\$ 639,171
Nonmajor governmental funds	804,128	332,692	1,136,820
Total transfers out	<u>\$ 804,128</u>	<u>\$ 971,863</u>	<u>\$ 1,775,991</u>

**TOWN OF ERVING, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2022**

**F. Due to the Town Stabilization Fund**

The water department received a \$120,000 interfund loan from the Stabilization fund for a water tank project. The water department is obligated to pay back the loan the Stabilization fund over a ten-year period with 2.5% interest. The liability has been fully repaid to the Stabilization fund as is summarized below:

	Balance July 1, 2021	Additions	Reductions	Balance June 30, 2022	Amounts Due within One Year
<b>Business-type activities:</b>					
<b>Due to the Town:</b>					
Water tank	\$ 12,000	\$ -	\$ 12,000	\$ -	\$ -

**G. Short-Term Financing**

Under the general laws of the Commonwealth and with the appropriate local authorization the Town is authorized to borrow funds on a temporary basis to (1) fund current operations prior to the collection of revenues, by issuing revenue anticipation notes, (2) fund grants prior to reimbursements, by issuing grant anticipation notes, and (3) fund capital projects costs incurred prior to selling permanent debt by issuing bond anticipation notes.

Details related to the short-term debt activity of the business-type activities are as follows:

Purpose	Interest Rate	Final Maturity Date	Balance July 1, 2021	Renewed/ Issued	Retired/ Redeemed	Outstanding June 30, 2022
<b>Wastewater Fund:</b>						
<b>Bond Anticipation Notes:</b>						
Wastewater treatment plant	0.44%	11/3/2021	\$ 1,570,000	\$ -	\$ 1,570,000	\$ -
Wastewater treatment plant	0.49%	3/17/2022	-	1,570,000	1,570,000	-
Wastewater treatment plant	1.50%	6/16/2022	-	1,570,000	1,570,000	-
Total Business-Type Activities			\$ 1,570,000	\$ 3,140,000	\$ 4,710,000	\$ -

**H. Long Term Debt**

**General Obligation Bonds**

The Town issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities.

**TOWN OF ERVING, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2022**

General obligation bonds currently outstanding of the business-type fund are as follows:

	<b>Interest Rate</b>	<b>Date Issued</b>	<b>Final Maturity Date</b>	<b>Original Amount Issued</b>	<b>Outstanding June 30, 2022</b>
<b>Inside Debt:</b>					
<b>Wastewater Fund:</b>					
Municipal Purpose Loan of 2022:					
Wastewater treatment plant	3.69%	6/15/2022	6/1/2042	\$ 1,570,000	\$ 1,570,000
<b>Outside Debt:</b>					
<b>Wastewater Fund:</b>					
Massachusetts Clean Water Trust:					
Wastewater treatment plant	2.00%	3/18/2009	7/15/2028	4,511,419	1,781,545
Total business-type debt					<u>\$ 3,351,545</u>

The annual principal and interest payments to retire all business-type long-term debt outstanding as of June 30, 2022, are as follows:

<b>Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2023	\$ 289,493	\$ 96,429	\$ 385,922
2024	294,331	91,648	385,979
2025	304,267	84,212	388,479
2026	314,303	76,426	390,729
2027	319,440	68,288	387,728
2028-2032	884,711	237,998	1,122,709
2033-2037	430,000	147,200	577,200
2038-2042	515,000	59,450	574,450
	<u>\$ 3,351,545</u>	<u>\$ 861,651</u>	<u>\$ 4,213,196</u>

**TOWN OF ERVING, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2022**

A summary of the changes in governmental activities and business-type long term liabilities during the year is as follows:

	Balance July 1, 2021	Additions	Reductions	Balance June 30, 2022	Amounts Due within One Year
<b>Governmental activities:</b>					
Compensated absences	\$ 113,784	\$ 6,010	\$ 8,868	\$ 110,926	\$ 71,974
Net OPEB liability	831,739	2,215,457	-	3,047,196	-
Net pension liability	1,861,420	-	446,714	1,414,706	-
<b>Governmental activity Long-term liabilities</b>	<b>\$ 2,806,943</b>	<b>\$ 2,221,467</b>	<b>\$ 455,582</b>	<b>\$ 4,572,828</b>	<b>\$ 71,974</b>
<b>Business-type activities:</b>					
Bonds Payable:					
General obligation bonds	\$ -	\$ 1,570,000	\$ -	\$ 1,570,000	\$ 50,000
Massachusetts Clean Water Trust bonds	2,016,296	-	234,751	1,781,545	239,493
Due to Town Stabilization	12,000	-	12,000	-	-
Compensated absences	21,374	4,074	-	25,448	14,348
Net OPEB liability	26,938	76,213	-	103,151	-
Net pension liability	83,730	-	4,463	79,267	-
<b>Business-type activity Long-term liabilities</b>	<b>\$ 2,160,338</b>	<b>\$ 1,650,287</b>	<b>\$ 251,214</b>	<b>\$ 3,559,411</b>	<b>\$ 303,841</b>

**Massachusetts Clean Water Trust (MCWT)**

The Town received a 2% interest MCWT loan with principal in the amount of \$4,511,419 and interest costs of \$943,160. The gross amount outstanding at June 30, 2022 for principal and interest combined for the loans is \$1,909,103. Since the Town is legally obligated for the total amount of the debt, such amounts for the gross principal have been recorded on the financial statements. This loan is not scheduled to be subsidized by the MCWT.

**Legal Debt Limit**

Under Section 10 of Chapter 44 of the Massachusetts General Laws a Town may authorize indebtedness up to a limit of five percent of its equalized valuation of the Town. Debt issued in accordance with this section of the law is designated as being "inside the debt limit." The Town's inside debt at June 30, 2022 totaled \$1,570,000.

In addition, the Town is authorized to incur debt outside of that limit for specific purposes. Such debt, when issued, is designated as being "outside the debt limit."

**TOWN OF ERVING, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2022**

The following is a computation of the legal debt limit as of June 30, 2022:

Equalized Valuation-Real Estate and Personal Property (2022)		<u>\$ 969,923,800</u>
Debt Limit: 5 % of Equalized value		48,496,190
Total Debt Outstanding	\$ 3,351,545	
Less: Debt Outside Debt Limit	<u>(1,781,545)</u>	<u>1,570,000</u>
Inside Debt Excess Borrowing Capacity at June 30, 2022		<u>\$ 46,926,190</u>

**Loans Authorized and Unissued - Memorandum Only**

Under the general laws of the Commonwealth of Massachusetts a Town must authorize debt at a Town meeting. This authorized debt does not have to be actually issued at that time and remains authorized until the debt is actually issued or Town meeting votes to rescind the authorized debt. Loan authorizations that have not been issued as of June 30, 2022 and are not reflected in the Town's financial statements are as follows:

Date Town Meeting Authorized	Purpose	Amount
5/11/2022	Church Street bridge project	<u>\$ 1,600,000</u>



**TOWN OF ERVING, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2022**

**I. Fund Balances**

The following is a summary of the Governmental fund balances at the year ended June 30, 2022:

	<b>General Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
Nonspendable:			
Permanent funds	\$ -	\$ 9,840	\$ 9,840
Restricted:			
Federal, state and local grants	-	927,914	927,914
School revolving funds	-	96,870	96,870
Town revolving funds	-	60,891	60,891
Loan programs	-	96,544	96,544
Donations and gifts	-	22,942	22,942
Permanent funds	-	23,086	23,086
Other	-	187,660	187,660
	-	1,415,907	1,415,907
Committed:			
Capital projects	-	138,480	138,480
Continuing appropriations	1,496,454	-	1,496,454
	1,496,454	138,480	1,634,934
Assigned:			
Reserve for encumbrances	108,137	-	108,137
Subsequent year's budget	594,800	-	594,800
	702,937	-	702,937
Unassigned:			
General fund	14,146,182	-	14,146,182
Special revenue deficits	-	(67,772)	(67,772)
	14,146,182	(67,772)	14,078,410
Total Governmental fund balances	\$ 16,345,573	\$ 1,496,455	\$ 17,842,028

**J. Special Trust Funds**

**Stabilization Fund**

Massachusetts General Laws, Chapter 40, Section 5B, allows for the establishment of stabilization funds for one or more different purposes. The creation of a fund requires a two-thirds vote of the legislative body and must clearly define the purpose of the fund. Any change to the purpose of the fund along with any additions to or appropriations from the fund requires a two-thirds vote of the legislative body. Any interest shall be added to and become a part of the fund.

**TOWN OF ERVING, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2022**

At June 30, 2022 the balances in the stabilization funds are reported in the General Fund as unassigned fund balance consisting of the following:

General purpose stabilization fund	\$ 10,309,423
Capital stabilization fund	<u>766,590</u>
	<u><u>\$ 11,076,013</u></u>

#### **4. OTHER INFORMATION**

##### **A. Risk Management**

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The Town has obtained a variety of commercial liability insurance policies which passes the risk of loss listed above to independent third parties.

Settlement claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

##### **Hampshire County Health Group**

The Town, along with other government entities from the neighboring geographic area, is a member of the Hampshire County Health Group (HCHG), a public entity risk pool, currently operating as a common risk sharing management and health insurance program for eligible active and former employees of its members.

Payments in the form of insurance premiums, are made monthly to the HCHG. These payments are funded in part from the Town, recorded as expenditures in the general fund, and payroll withholdings from active employees, or direct payments from retired and certain eligible former employees. The Town pays between 55% and 74% of the cost of the insurance for active employees. Retired and other past employees who may be eligible to participate in the plan must pay between 26% and 45% of their premium costs.

The Town makes payments to HCHG in the form of monthly premiums based upon actual employee enrollment. HCHG makes payment, through a third-party administrator for actual health claims incurred for the entire group. At the end of HCHG's fiscal year, the Group's insurance consultant will determine if assets are sufficient to meet the anticipated needs of the ensuing year. It is anticipated that if claim liabilities exceed assets, premium rates will be adjusted prospectively to recover the necessary assets to meet claims.

As of the HCHG's most recent audited financial statements (fiscal year ended June 30, 2021), the HCHG had an unrestricted net asset balance of \$33,671,577.

##### **B. Contingent Liabilities**

##### **Litigation**

Litigation is subject to many uncertainties, and the outcome of individual matters is not always predictable. Although the amount of the liability, if any, at June 30, 2022, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2022.

**TOWN OF ERVING, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2022**

The Town has received state and federal grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for any expenditure disallowed under the terms of the grant. The amount, if any, of expenditures which may be disallowed cannot be determined at this time, although, based on prior experience, Town management believes such disallowances, if any, will not be material.

**C. Subsequent Events**

Management has evaluated subsequent events through the date the financial statements were available to be issued.

**D. Major Taxpayer**

Western Massachusetts Electric Company, in conjunction with the Northeast Generations Company, paid \$9,510,154 in property taxes in fiscal year 2022. This accounted for approximately 81% of the fiscal year 2022 real estate and personal property tax levy.

**E. Pension Plan**

**Plan Description**

The Town is a member of the Franklin Regional Retirement System (the System). The System is a cost-sharing multiple-employer public employee retirement system administered by the Franklin Regional Retirement Board (the Board). Massachusetts General Laws (MGL), Chapter 32, assigns authority to establish the System and amend benefit provisions of the plan; which is regulated by the Public Employees Retirement Administration Commission (PERAC). The System is a defined benefit pension plan that covers substantially all employees of its member employers except for current and retired teachers. The System issues a publicly available financial report in accordance with guidelines established by the Commonwealth's PERAC. That report may be obtained by contacting the System at 278 Main Street, Suite 311, Greenfield Massachusetts 01301.

The Town is a member of the Massachusetts Teachers' Retirement System (MTRS), a cost-sharing multi-employer defined benefit plan, to which the Town does not contribute. 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 the contributions and future benefit requirements of the MTRS.

**Special Funding Situation**

The Commonwealth is a nonemployer contributor and is responsible by statute to make all actuarially determined contributions and future benefit requirements 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 the MTRS. Since the Town does not contribute directly to MTRS, there is no pension liability to recognize. The total of the Commonwealth provided contributions have been allocated based upon each employer's covered payroll to the total covered payroll of employers in MTRS as of the measurement date of June 30, 2021. The Town's portion of the collective pension expense contributed by the Commonwealth of \$429,666 on-behalf payments for the fiscal year ending June 30, 2022 is reported as intergovernmental on-behalf payments in the revenue and employee benefits and insurance in the General Fund.

**TOWN OF ERVING, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2022**

**Benefits Provided**

The System provides retirement, disability, and death benefits to plan members and beneficiaries. Members become vested after 10 years of creditable service and are eligible for retirement allowance benefits up to a maximum of 80% of a member's highest three-year average annual rate of regular compensation. Retirement benefits are determined as a percentage of the member's final three-year (five-year for members hired on or after April 2, 2012) final average compensation times the member's years of creditable service prior to retirement. The percentage is based on the age of the member at retirement and his or her Group classification. The authority for amending these provisions rests with the Massachusetts Legislature.

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

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

**Contributions**

MGL Chapter 32 governs the contributions of plan members and the Town. Plan members are required to contribute to the System at rates ranging from 5% to 9% based upon their membership date with an additional 2% contribution after exceeding \$30,000 in annual covered compensation. The Town is required to pay into the System its share of the system-wide actuarial determined contribution that is apportioned among the employers based on active current payroll. Administrative expenses are funded through investment earnings. The Town's proportionate share of the required contribution to the System for the year ended December 31, 2021 was \$376,949, representing 22.59% of the covered payroll, an actuarially determined amount that, when combined with plan member contributions, is expected to finance the costs of benefits earned by plan members during the year and an additional amount to finance any unfunded accrued liability.

**Pension Liability**

As of June 30, 2022, the Town reported a liability of \$1,493,973 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2022. Accordingly, update procedures were used to roll back 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, 2021, the Town's proportional percentage was 4.91%, which was a slight increase from the last measurement.

**Pension Expense**

For the year ended June 30, 2022, the Town recognized a pension expense of \$136,901 and reported deferred outflows of resources related to pensions of \$640,833 from the differences between expected and actual experience, changes in assumptions and changes in proportion and differences between employer contributions and proportionate share of contributions; and deferred inflows of resources related to pensions of \$1,153,929 from the differences between expected and actual experience and the net difference between projected and actual investment earnings on pension plan investments.

**TOWN OF ERVING, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2022**

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

<b>For years ended June 30,</b>		
	<b>2023</b>	<b>\$ (35,363)</b>
	<b>2024</b>	<b>(207,434)</b>
	<b>2025</b>	<b>(103,640)</b>
	<b>2026</b>	<b>(166,659)</b>
		<b><u>\$ (513,096)</u></b>

**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 that was rolled back to December 31, 2021:

Valuation date	January 1, 2022
Actuarial cost method	Individual Entry Age Normal
Amortization method	Increasing dollar amount at 4.0% to reduce the Unfunded Actuarial Accrued Liability to zero on or before June 30, 2034.
Asset valuation method	The actuarial value of assets is the market value of assets as of the Valuation date reduced by the sums of: (a) 75% of gains and losses for the prior year, (b) 50% of gains and losses of the second prior year, and (c) 25% of gains and losses of the third prior year. Investment gains and losses are determined by the excess or deficiency of the expected return over the actual return on the market value. The actuarial valuation of assets is further constrained to be not less than 90% or more than 110% of market value.
Inflation	2.40% per year
Projected salary increases	Group 1 & Group 2: 4.00% -- 6.00%, based on service Group 4: 4.50% -- 7.00%, based on service
Investment rate of return	7.25%, net of pension plan investment expense, including inflation
Cost of living adjustments	3.00% of the pension amount on first \$17,000 per year.
Mortality rates	RP-2014 Blue Collar Mortality Table with full generational mortality improvement using Scale MP-2020. For disabled members, RP-2014 Blue Collar Mortality Table set forward one year with full generational mortality improvement using Scale MP-2020.

**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 expected future real rates of return (expected returns, net of inflation) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adding expected inflation.

**TOWN OF ERVING, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2022**

Best estimates of arithmetic real rates of return for each major class included in the System's target asset allocation as of December 31, 2021, are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
PRIT Core	40.0%	6.50%
Domestic Equity	32.0%	9.38%
International Equity	5.0%	7.10%
Real Estate	10.0%	6.60%
Fixed Income	13.0%	2.00%
Total	100.0%	

#### **Rate of Return**

For the year ended December 31, 2021, the annual money-weighted rate of return (which expresses investment performance), net of investment expense was 19.76%. The money-weighted rate of return is calculated as the internal rate of return on pension plan investments, net of pension plan investment expense. A money weighted rate of return expresses investment performance, net of pension plan investment expense, adjusted for the changing amounts actually invested. Inputs to the money weighted rate of return calculation are determined monthly.

#### **Discount Rate**

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that member employer contributions will be made at rates equal to the actuarially determined contribution rates. For this purpose, only employer contributions that are intended to fund benefits for the current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service cost for future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the plan fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.25%. As well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

	<b>1% Decrease 6.25%</b>	<b>Current Discount Rate 7.25%</b>	<b>1% Increase 8.25%</b>
Town's net pension liability	\$ 2,783,995	\$ 1,493,973	\$ 402,262

**TOWN OF ERVING, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2022**

**F. Other Post-Employment Benefits Payable**

**GASB Statement No. 74 and GASB Statement No. 75**

The cost of post-employment benefits generally should be associated with the periods in which costs occur rather than in the future year when it will be paid. The Town recognizes the cost of post-employment benefits in the year when the employee services are received, reports the accumulated liability from prior years and provides information useful in assessing potential demands on the Town's future cash flows.

**Plan Description**

In addition to providing pension benefits as described on the following footnote, the Town provides post-employment health care and life insurance benefits for retired employees, their dependents and beneficiaries. The benefits, benefit levels, employee and employer contributions are governed by Massachusetts General Law chapter 32. As of the actuarial valuation date there are approximately 154 active and retired employees that meet the eligibility requirements. The plan does not issue a separate financial report.

**Investments**

The OPEB Trust fund does not have a formal investment policy. The OPEB plan's assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the OPEB plan. As of June 30, 2022, investments, concentration and rate of return information consisted of pooled funds in the Town's Bartholomew Commonwealth Financial investments described earlier under Investment Policies (refer to note 3A).

**Funding Policy**

The contribution requirements of plan members and the Town are established and may be amended through Town ordinances. For the period ending on the June 30, 2022 Measurement Date, total Town premiums plus implicit costs for the retiree medical program were \$277,706. The Town also made contributions to an OPEB Trust of \$300,000 for a total contribution of \$577,706. The Town did establish a trust fund in order to contribute funds to reduce the future OPEB liability. As of June 30, 2022, the trust balance is \$5,404,660.

**Measurement Date**

GASB Statement No. 74 and GASB Statement No. 75 require the net OPEB liability to be measured as of the OPEB Plan's most recent fiscal year-end. Accordingly, the net OPEB liability was measured as of June 30, 2022, 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:**

Current active members	83
Current retirees, beneficiaries and dependents	71
Total	<u>154</u>

**TOWN OF ERVING, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2022**

**Net OPEB Liability**

The components of the net OPEB liability are as follows:

	<u>6/30/2022</u>
Total OPEB liability	\$ 8,554,835
Less: Plan fiduciary net position	(5,404,488)
Town's Net OPEB liability	<u>\$ 3,150,347</u>
Plan fiduciary net position as a percentage of the total OPEB liability	63.17%

**Actuarial Assumptions**

The total OPEB liability was determined by an actuarial valuation as of July 1, 2021, using the following actuarial assumptions, applied to all periods included in the measurement that was used to calculate the actuarially determined contribution as of June 30, 2022, unless otherwise specified:

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.
Investment rate of return	5.55%, net of OPEB plan investment expense including inflation
Single equivalent discount rate	5.55% net of OPEB plan investment expense, including inflation
Inflation rate	2.50% as of June 30, 2022 and for future periods
Participant salary increases	3.00% annually as of June 30, 2022 and for future periods
Healthcare cost trend rates	9.00% initially in 2021 trending down to 3.63% in 2060+
Mortality rates	
Pre-retirement mortality (General)	RP-2014 Mortality Table for Blue Collar Employees projected generationally with scale MP-2016 for males and females, set forward one year for 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 one year for females.
Disabled retirees (General)	RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females, set forward one year.
Pre-retirement mortality (Teachers)	RP-2014 Mortality Table for White Collar Employees projected generationally with Scale MP-2016 for males and females.
Post-retirement mortality (Teachers)	RP-2014 Mortality Table for White Collar Healthy Annuitants projected generationally with Scale MP-2016 for males and females.
Disabled retirees (Teachers)	RP-2014 Mortality Table for White Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females.

The actuarial assumptions used the July 1, 2021 actuarial valuation and market value of assets as of the measurement date of June 30, 2022 were reflective of published municipal bond indices; the S&P Municipal Bond 20-year High Grade Index-SAPIHG as of June 30, 2022 is 4.09%.



**TOWN OF ERVING, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2022**

**Rate of Return**

For the year ended June 30, 2022, the annual money-weighted rate of return (which expresses investment performance), net of investment expense was (13.91%).

**Long-term Expected Rate of Return**

The long-term expected rate of return on OPEB plan investments is developed based on the Town's investment policy is summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return *</b>
Domestic Equity - Large Cap	22.75%	4.42%
Domestic Equity - Small/Mid Cap	13.00%	4.81%
International Equity - Developed Market	10.75%	4.91%
International Equity - Emerging Market	6.75%	5.58%
Domestic Fixed Income	33.00%	1.00%
International Fixed Income	7.25%	1.04%
Alternatives	6.00%	5.98%
Real Estate	0.00%	6.25%
Cash	0.50%	0.00%
Total	<u>100.00%</u>	
I. Real Rate of Return		3.30%
II. Add: Inflation Assumption		<u>2.50%</u>
III. Total Nominal Return (I. + II.)		5.80%
IV. Less: Investment Expense		<u>0.25%</u>
V. Net investment Return (III.-IV.)		<u>5.55%</u>

\* = Mean Geometric Returns based on 2021 Horizon Survey of Capital Market Assumptions.

**TOWN OF ERVING, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2022**

**Changes in Net OPEB Liability**

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Total OPEB Liability
Balances at June 30, 2021	\$ 6,792,166	\$ 5,933,489	\$ 858,677
Service cost	212,367	-	212,367
Interest on Total OPEB Liability	429,237	-	429,237
Changes in benefit terms *	-	-	-
Changes in assumptions **	1,124,783	-	1,124,783
Difference between actual and expected experience **	273,988	-	273,988
Net investment income	-	(829,001)	829,001
Employer contributions to Trust	-	577,706	(577,706)
Total benefit payments including implicit cost	(277,706)	(277,706)	-
Net change in total OPEB liability	1,762,669	(529,001)	2,291,670
Balances at June 30, 2022	\$ 8,554,835	\$ 5,404,488	\$ 3,150,347

\* = Recognized immediately

\*\* = Amortized over 6.21 years

**Discount Rate**

The discount rate used to measure the total OPEB liability was 5.55%. The projection of cash flows used to determine the discount rate assumed that contributions will be made in accordance with the Town's funding policy. Based on these assumptions, the OPEB Plan's Fiduciary Net Position is projected to be sufficient to make all projected benefit payments to current plan members. Therefore, the long-term expected rate of return on OPEB Plan assets was applied to all projected future benefits payments.

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

The following presents the Town's the net OPEB liability as well as what the Town's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.55%) or 1-percentage-point higher (6.55%) than the current rate:

	1% Decrease 4.55%	Current Discount Rate 5.55%	1% Increase 6.55%
Town's net OPEB liability	\$ 4,486,232	\$ 3,150,347	\$ 2,078,124

**TOWN OF ERVING, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2022**

**Sensitivity of the Net OPEB Liability to Changes in the Healthcare Trend Rates**

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

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Town's net OPEB liability	\$ 1,984,016	\$ 3,150,347	\$ 4,618,270

**Summary of Significant Accounting Policies**

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

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

For the year ended June 30, 2022, the GASB Statement No. 75 reporting period and fiscal year ending date, the Town recognized an OPEB expense of \$255,982 and reported deferred outflows of resources related to OPEB of \$2,462,699 from the differences between actual and expected experience, changes in assumptions and the net difference between projected and actual investment earnings on OPEB plan investments; and deferred inflows of resources related to OPEB of \$35,188 from the differences between actual and expected experience.

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

<b>For years ended June 30,</b>		
<b>2023</b>	\$	550,665
<b>2024</b>		484,789
<b>2025</b>		459,150
<b>2026</b>		610,425
<b>2027</b>		275,175
<b>Thereafter:</b>		47,307
	\$	<u>2,427,511</u>

**G. Implementation of New GASB Pronouncements**

The GASB issued Statement No. 87, *Leases*, for implementation in fiscal year 2022. The adoption of this standard did not have a material impact on the Town's financial statements.

**TOWN OF ERVING, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2022**

The GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, for implementation in fiscal year 2022. The adoption of this standard did not have a material impact on the Town's financial statements.

The GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*, for implementation in fiscal 2022. The adoption of this standard did not have a material impact on the Town's financial statements.

The GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*, for implementation in fiscal year 2021 and 2022. The adoption of this standard did not have a material impact on the Town's financial statements.

The GASB issued Statement No. 98, *The Annual Comprehensive Financial Report*, for implementation in fiscal year 2022. The adoption of this standard did not have a material impact on the Town's financial statements.

**H. Future GASB Pronouncements**

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

The GASB issued Statement No. 91, *Conduit Debt Obligations*, for implementation in fiscal year 2023.

The GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, for implementation in fiscal year 2023.

The GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*, for implementation in fiscal year 2023.

The GASB issued Statement No. 99, *Omnibus 2022*, clarification on GASB No. 34 Management's Discussion and Analysis; on GASB No. 63 Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position; requirements related to leases and requirements related to derivative instruments for implementation in fiscal year 2023 and 2024.

The GASB issued Statement No. 100, *Accounting Changes and Error Corrections—An Amendment of GASB No. 62*, for implementation in fiscal year 2024.

The GASB issued Statement No. 101, *Compensated Absences*, for implementation in fiscal year 2025.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**TOWN OF ERVING, MASSACHUSETTS**  
**Required Supplementary Information**  
**Pension Plan Schedules**  
**Franklin Regional Retirement System**  
**For the Year Ended June 30, 2022**

The Schedule of Proportionate Share of the Net Pension Liability represents multiyear trend information relating to the Town's proportion of the net pension liability and related ratios.

**Schedule of the Town's Proportionate Share of the Net pension Liability:**

<b>Measurement Date</b>	<b>Town's proportion of the net pension liability (asset)</b>	<b>Town's proportionate share of the net pension liability (asset)</b>	<b>Town's covered employee payroll</b>	<b>Net pension liability percentage of covered employee payroll</b>	<b>Plan fiduciary net position as a percentage of the total pension liability</b>
12/31/2021	4.91%	\$ 1,493,973	\$ 1,668,523	89.54%	87.05%
12/31/2020	4.79%	\$ 1,945,150	\$ 1,568,409	124.02%	81.05%
12/31/2019	4.62%	\$ 2,256,648	\$ 1,458,730	154.70%	76.27%
12/31/2018	4.41%	\$ 2,706,238	\$ 1,375,541	196.74%	68.98%
12/31/2017	4.34%	\$ 1,983,314	\$ 1,319,102	150.35%	75.89%
12/31/2016	4.86%	\$ 2,553,037	\$ 1,371,637	186.13%	70.75%
12/31/2015	4.10%	\$ 1,908,143	\$ 1,348,376	141.51%	71.73%
12/31/2014	4.12%	\$ 1,546,412	\$ 1,271,212	121.65%	75.98%

Note: These schedules are intended to present information for 10 years. Until a 10-year trend is compiled, the information is presented for those years the information is available.

**TOWN OF ERVING, MASSACHUSETTS**  
**Required Supplementary Information**  
**Pension Plan Schedules**  
**Franklin Regional Retirement System**  
**For the Year Ended June 30, 2022**

The Schedule of the Employer Contributions presents multiyear trend information on the Town's required and actual payments to the pension plan and related ratios.

**Schedule of the Town's Contributions:**

<b>Measurement Date</b>	<b>Actuarially determined contribution</b>	<b>Less: Contributions in relation to the actuarially determined contribution</b>	<b>Contribution deficiency (excess)</b>	<b>Town's covered employee payroll</b>	<b>Contributions percentage of covered employee payroll</b>
12/31/2021	\$ 376,949	\$ (376,949)	\$ -	\$ 1,668,523	22.59%
12/31/2020	\$ 348,467	\$ (348,467)	\$ -	\$ 1,568,409	22.22%
12/31/2019	\$ 317,268	\$ (317,268)	\$ -	\$ 1,458,730	21.75%
12/31/2018	\$ 287,086	\$ (287,086)	\$ -	\$ 1,375,541	20.87%
12/31/2017	\$ 267,509	\$ (267,509)	\$ -	\$ 1,319,102	20.28%
12/31/2016	\$ 285,529	\$ (285,529)	\$ -	\$ 1,371,637	20.82%
12/31/2015	\$ 231,212	\$ (231,212)	\$ -	\$ 1,348,376	17.15%
12/31/2014	\$ 230,709	\$ (230,709)	\$ -	\$ 1,271,212	18.15%

Note: These schedules are intended to present information for 10 years. Until a 10-year trend is compiled, the information is presented for those years the information is available.

**TOWN OF ERVING, MASSACHUSETTS**  
**Required Supplementary Information**  
**Other Post Employment Benefit Plan Schedules**  
**For the Year Ended June 30, 2022**

**Schedule of Changes in the Net OPEB Liability:**

	<u>6/30/2022</u>	<u>6/30/2021</u>	<u>6/30/2020</u>
<b>Total OPEB liability</b>			
Service cost	\$ 212,367	\$ 180,308	\$ 170,583
Interest on net OPEB liability	429,237	411,693	359,283
Changes in Benefit terms	-	-	-
Changes in Assumptions	1,124,783	415,271	758,740
Difference between actual and expected experience	273,988	-	(62,821)
Benefit payments, including refunds of member contributions	<u>(277,706)</u>	<u>(263,616)</u>	<u>(273,971)</u>
Net change in total OPEB liability	1,762,669	743,656	951,814
Total OPEB liability-beginning	<u>6,792,166</u>	<u>6,048,510</u>	<u>5,096,696</u>
<b>Total OPEB liability-ending (a)</b>	<u><u>\$ 8,554,835</u></u>	<u><u>\$ 6,792,166</u></u>	<u><u>\$ 6,048,510</u></u>
 <b>Plan fiduciary net position</b>			
Net investment income	\$ (829,001)	\$ 1,134,010	\$ 150,861
Employer contributions to Trust	577,706	563,616	573,971
Benefit payments, including refunds of member contributions	<u>(277,706)</u>	<u>(263,616)</u>	<u>(273,971)</u>
Net change in plan fiduciary net position	(529,001)	1,434,010	450,861
Total fiduciary net position-beginning	<u>5,933,489</u>	<u>4,499,479</u>	<u>4,048,618</u>
<b>Total fiduciary net position-ending (b)</b>	<u><u>\$ 5,404,488</u></u>	<u><u>\$ 5,933,489</u></u>	<u><u>\$ 4,499,479</u></u>
 <b>Town's net OPEB liability (a-b)</b>	<u><u>\$ 3,150,347</u></u>	<u><u>\$ 858,677</u></u>	<u><u>\$ 1,549,031</u></u>

Note: These schedules are intended to present information for 10 years. Until a 10-year trend is compiled, the information is presented for those years the information is available.



**TOWN OF ERVING, MASSACHUSETTS**  
**Required Supplementary Information**  
**Other Post Employment Benefit Plan Schedules**  
**For the Year Ended June 30, 2022**

**Schedule of Changes in the Net OPEB Liability:**

	<u>6/30/2019</u>	<u>6/30/2018</u>	<u>6/30/2017</u>
<b>Total OPEB liability</b>			
Service cost	\$ 165,125	\$ 156,186	\$ 117,961
Interest on net OPEB liability	342,289	303,186	288,717
Changes in Benefit terms	-	-	-
Changes in Assumptions	-	64,964	-
Difference between actual and expected experience	-	288,726	-
Benefit payments, including refunds of member contributions	(266,371)	(260,486)	(216,676)
Net change in total OPEB liability	241,043	552,576	190,002
Total OPEB liability-beginning	4,855,653	4,303,077	4,113,075
<b>Total OPEB liability-ending (a)</b>	<u>\$ 5,096,696</u>	<u>\$ 4,855,653</u>	<u>\$ 4,303,077</u>
<b>Plan fiduciary net position</b>			
Net investment income	\$ 201,755	\$ 165,230	\$ 193,421
Employer contributions to Trust	566,371	560,486	-
Benefit payments, including refunds of member contributions	(266,371)	(260,486)	(216,676)
Net change in plan fiduciary net position	501,755	465,230	493,421
Total fiduciary net position-beginning	3,546,863	3,081,633	2,588,212
<b>Total fiduciary net position-ending (b)</b>	<u>\$ 4,048,618</u>	<u>\$ 3,546,863</u>	<u>\$ 3,081,633</u>
<b>Town's net OPEB liability (a-b)</b>	<u><u>\$ 1,048,078</u></u>	<u><u>\$ 1,308,790</u></u>	<u><u>\$ 1,221,444</u></u>

Note: These schedules are intended to present information for 10 years. Until a 10-year trend is compiled, the information is presented for those years the information is available.

**TOWN OF ERVING, MASSACHUSETTS**  
**Required Supplementary Information**  
**Other Post Employment Benefit Plan Schedules**  
**For the Year Ended June 30, 2022**

**Schedule of Net OPEB Liability:**

	<u>6/30/2022</u>	<u>6/30/2021</u>	<u>6/30/2020</u>
Total OPEB liability	\$ 8,554,835	\$ 6,792,166	\$ 6,048,510
Less: Plan fiduciary net position	<u>(5,404,488)</u>	<u>(5,933,489)</u>	<u>(4,499,479)</u>
Town's Net OPEB liability	<u>\$ 3,150,347</u>	<u>\$ 858,677</u>	<u>\$ 1,549,031</u>
Plan fiduciary net position as a percentage of the total OPEB liability	63.17%	87.36%	74.39%
Town's share of covered employee payroll	\$ 4,528,362	\$ 4,795,587	\$ 4,655,910
Participating employer net OPEB liability (asset) as a percentage of covered-employee payroll	69.57%	17.91%	33.27%

**Schedule of Contributions:**

	<u>6/30/2022</u>	<u>6/30/2021</u>	<u>6/30/2020</u>
Actuarially determined contribution	\$ 358,772	\$ 223,634	\$ 253,287
Less: Contributions in relation to the actuarially determined contribution	<u>(577,706)</u>	<u>(563,616)</u>	<u>(573,971)</u>
Contribution deficiency (excess)	<u>\$ (218,934)</u>	<u>\$ (339,982)</u>	<u>\$ (320,684)</u>
Town's share of covered employee payroll	\$ 4,528,362	\$ 4,795,587	\$ 4,655,910
Contributions percentage of covered-employee payroll	12.76%	11.75%	12.33%
Annual money-weighted rate of return net of investment expense	-13.91%	24.95%	3.70%

Note: These schedules are intended to present information for 10 years. Until a 10-year trend is compiled, the information is presented for those years the information is available.

**TOWN OF ERVING, MASSACHUSETTS**  
**Required Supplementary Information**  
**Other Post Employment Benefit Plan Schedules**  
**For the Year Ended June 30, 2022**

**Schedule of Net OPEB Liability:**

	<u>6/30/2019</u>	<u>6/30/2018</u>	<u>6/30/2017</u>
Total OPEB liability	\$ 5,096,696	\$ 4,855,653	\$ 4,303,077
Less: Plan fiduciary net position	<u>(4,048,618)</u>	<u>(3,546,863)</u>	<u>(3,081,633)</u>
Town's Net OPEB liability	<u>\$ 1,048,078</u>	<u>\$ 1,308,790</u>	<u>\$ 1,221,444</u>
Plan fiduciary net position as a percentage of the total OPEB liability	79.44%	73.05%	71.61%
Town's share of covered employee payroll	\$ 4,314,840	\$ 4,189,165	\$ 3,718,662
Participating employer net OPEB liability (asset) as a percentage of covered-employee payroll	24.29%	31.24%	32.85%

**Schedule of Contributions:**

	<u>6/30/2019</u>	<u>6/30/2018</u>	<u>6/30/2017</u>
Actuarially determined contribution	\$ 244,060	\$ 254,757	\$ 232,805
Less: Contributions in relation to the actuarially determined contribution	<u>(566,371)</u>	<u>(560,486)</u>	<u>(516,676)</u>
Contribution deficiency (excess)	<u>\$ (322,311)</u>	<u>\$ (305,729)</u>	<u>\$ (283,871)</u>
Town's share of covered employee payroll	\$ 4,314,840	\$ 4,189,165	\$ 3,718,662
Contributions percentage of covered-employee payroll	13.13%	13.38%	13.89%
Annual money-weighted rate of return net of investment expense	5.46%	5.36%	7.47%

Note: These schedules are intended to present information for 10 years. Until a 10-year trend is compiled, the information is presented for those years the information is available.

**TOWN OF ERVING, MASSACHUSETTS**  
**Required Supplementary Information**  
**Other Post Employment Benefit Plan Schedules**  
**For the Year Ended June 30, 2022**

**Schedule of Funding Progress:**

Other Post Employment Benefits												
Measurement Date		Actuarial Fiduciary Net Position (A)		Actuarial Total OPEB Liability (B)		Actuarial Net OPEB Liability (B-A)		Actuarial Funded Ratio (A/B)		Actuarial Covered Payroll (C)		Actuarial Percentage of Covered Payroll ((B-A)/C)
6/30/2022	\$	5,404,488	\$	8,554,835	\$	3,150,347	63.17%	\$	4,528,362	69.57%		
6/30/2021	\$	5,933,489	\$	6,792,166	\$	858,677	87.36%	\$	4,795,587	17.91%		
6/30/2020	\$	4,499,479	\$	6,048,510	\$	1,549,031	74.39%	\$	4,655,910	33.27%		
6/30/2019	\$	4,048,618	\$	5,096,696	\$	1,048,078	79.44%	\$	4,314,840	24.29%		
6/30/2018	\$	3,546,863	\$	4,855,653	\$	1,308,790	73.05%	\$	4,189,165	31.24%		
6/30/2017	\$	3,081,633	\$	4,303,077	\$	1,221,444	71.61%	\$	3,718,662	32.85%		

Note: These schedules are intended to present information for 10 years. Until a 10-year trend is compiled, the information is presented for those years the information is available.

## **SUPPLEMENTARY SCHEDULES**

**TOWN OF ERVING, MASSACHUSETTS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	Fund Balances				Other Financing	Fund Balances
	July 1, 2021	Revenues	Expenditures	Sources (Uses)	June 30, 2022	
<b>Special Revenue:</b>						
<b>Federal and State Grants:</b>						
School Grants	\$ 38,481	\$ 158,387	\$ 131,414	\$ -	\$ 65,454	
American Rescue Plan Act Grant	-	335,389	2,697	(332,692)	-	
Arts Lottery Council Grant	5,591	5,021	3,990	-	6,622	
Community Development Grants	19,033	-	2,200	-	16,833	
Council on Aging Grants	4,964	10,303	9,800	(5)	5,462	
Emergency Management Grants (COVID-19)	(60,828)	-	6,944	-	(67,772)	
Emergency Relief Grant	-	871,645	136,385	-	735,260	
Extended Polling	2,091	-	2,091	-	-	
Foundation Reserve Grant	11,406	-	-	-	11,406	
Green Communities Grant	75,449	35,726	111,175	-	-	
Highway Grants	232	360,823	360,823	-	232	
Library Grants	21,725	13,735	6,013	-	29,447	
Public Safety Grants	9,776	13,004	11,305	-	11,475	
Other Grants and Programs	3,548	12,910	12,910	(2)	3,546	
Recycling Grants	4,780	2,800	1,510	-	6,070	
<b>Schools:</b>						
School Lunch Revolving	23,670	104,808	84,734	-	43,744	
School Lunch Commodities	-	8,830	8,830	-	-	
Revolving Accounts	75,685	18,454	41,014	-	53,125	
State Special Education Reimbursement Fund	91,965	36,109	2,800	(89,165)	36,109	
<b>Other:</b>						
Animal Control Outside Details	(99)	251	152	-	-	
Cable Access Grants	155,815	15,242	22,262	-	148,795	
Conservation Commission Consulting Fees	4,834	-	-	-	4,834	
Council on Aging Revolving	7,415	2,399	2,897	-	6,917	
Deputy Collector Fees	-	6,092	6,092	-	-	
EV Charging Stations Revolving	(30)	185	325	-	(170)	
Gifts and Donations	15,166	15,905	8,136	7	22,942	
Insurance Reimbursements	874	-	-	-	874	
<b>Total Special Revenue Page 70</b>	<b>\$ 511,543</b>	<b>\$ 2,028,018</b>	<b>\$ 976,499</b>	<b>\$ (421,857)</b>	<b>\$ 1,141,205</b>	

**TOWN OF ERVING, MASSACHUSETTS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	<b>Fund Balances July 1, 2021</b>	<b>Revenues</b>	<b>Expenditures</b>	<b>Other Financing Sources (Uses)</b>	<b>Fund Balances June 30, 2022</b>
<b>Continued from Page 70</b>	\$ 511,543	\$ 2,028,018	\$ 976,499	\$ (421,857)	\$ 1,141,205
<b>Special Revenue (continued):</b>					
<b>Other (continued):</b>					
Law Enforcement Trust	2,731	497	-	-	3,228
Police Outside Details	11,225	57,561	63,942	-	4,844
Recreation Revolving	12,677	14,273	2,468	-	24,482
Road Machinery Fund	786	-	-	-	786
Sale of Cemetery Lots	12,450	750	-	-	13,200
Ten Town Loan Program	124,151	35,593	63,200	-	96,544
War Rehabilitation	25,795	60	-	-	25,855
Wetlands Protection Fund	5,997	-	-	-	5,997
Conservation Fund	8,881	27	-	-	8,908
<b>Total Special Revenue Funds</b>	<u>716,236</u>	<u>2,136,779</u>	<u>1,106,109</u>	<u>(421,857)</u>	<u>1,325,049</u>
<b>Capital Project Funds:</b>					
Church Street Bridge	179,000	-	57,700	-	121,300
Library construction	754,037	-	21,894	(714,963)	17,180
<b>Total Capital Project Funds</b>	<u>933,037</u>	<u>-</u>	<u>79,594</u>	<u>(714,963)</u>	<u>138,480</u>
<b>Perpetual Permanent Funds:</b>					
Cemetery Perpetual Care Funds	9,840	-	-	-	9,840
<b>Permanent Funds:</b>					
Cemetery Perpetual Care Funds	23,010	76	-	-	23,086
<b>Total - Non-Major Governmental Funds</b>	<u>\$ 1,682,123</u>	<u>\$ 2,136,855</u>	<u>\$ 1,185,703</u>	<u>\$ (1,136,820)</u>	<u>\$ 1,496,455</u>

**TOWN OF ERVING, MASSACHUSETTS**  
**SCHEDULE OF REAL ESTATE AND PERSONAL PROPERTY TAXES**  
**JULY 1, 2021 TO JUNE 30, 2022**

	Uncollected Taxes July 1, 2021	Commitments	Abatements and Adjustments	Collections Net of Refunds and Overpayments	Uncollected Taxes June 30, 2022	Uncollected Taxes Per Detail June 30, 2022
<b>Real Estate Taxes:</b>						
Levy of 2022	\$ -	\$ 7,460,000	\$ 36,788	\$ 7,401,438	\$ 21,774	\$ 21,774
Levy of 2021	22,128	-	-	18,019	4,109	4,109
Levy of 2020	2,333	-	-	2,333	-	-
Levy of 2019	732	-	13,301	(12,569)	-	-
Levy of 2018	-	-	6,538	(6,538)	-	-
Prior Years	-	-	7,984	(7,984)	-	-
	<u>25,193</u>	<u>7,460,000</u>	<u>64,611</u>	<u>7,394,699</u>	<u>25,883</u>	<u>25,883</u>
<b>Personal Property Taxes:</b>						
Levy of 2022	-	4,239,339	51	4,230,299	8,989	8,989
Levy of 2021	710	-	-	586	124	124
Levy of 2020	222	-	-	95	127	127
Levy of 2019	158	-	-	-	158	158
Levy of 2018	256	-	-	-	256	256
Prior Years	4,586	-	1,572	-	3,014	3,014
	<u>5,932</u>	<u>4,239,339</u>	<u>1,623</u>	<u>4,230,980</u>	<u>12,668</u>	<u>12,668</u>
<b>Total Real Estate and Personal Property Taxes</b>	<u>\$ 31,125</u>	<u>\$ 11,699,339</u>	<u>\$ 66,234</u>	<u>\$ 11,625,679</u>	<u>\$ 38,551</u>	<u>\$ 38,551</u>



**TOWN OF ERVING, MASSACHUSETTS  
SCHEDULE OF MOTOR VEHICLE EXCISE TAXES  
JULY 1, 2021 TO JUNE 30, 2022**

	Uncollected Taxes July 1, 2021		Commitments	Abatements and Adjustments		Collections Net of Refunds and Overpayments	Uncollected Taxes June 30, 2022		Uncollected Taxes Per Detail June 30, 2022
<b>Motor Vehicle Excise Taxes:</b>									
Levy of 2022	\$	-	\$ 186,383	\$	2,712	\$ 165,745	\$	17,926	\$ 17,926
Levy of 2021		43,822	19,630		1,925	58,608		2,919	2,919
Levy of 2020		2,404	-		53	1,491		860	860
Levy of 2019		1,472	-		-	206		1,266	1,266
Levy of 2018		1,636	-		-	263		1,373	1,373
Prior Years		10,315	-		4,536	193		5,586	5,586
<b>Total Motor Vehicle Excise Taxes</b>	<b>\$</b>	<b>59,649</b>	<b>\$ 206,013</b>	<b>\$</b>	<b>9,226</b>	<b>\$ 226,506</b>	<b>\$</b>	<b>29,930</b>	<b>\$ 29,930</b>

**TOWN OF ERVING, MASSACHUSETTS  
SCHEDULE OF TAX LIENS  
JULY 1, 2021 TO JUNE 30, 2022**

	Uncollected Accounts July 1, 2021	Commitments	Abatements and Adjustments	Collections Net of Refunds and Overpayments	Uncollected Accounts June 30, 2022	Uncollected Accounts Per Detail June 30, 2022
<b>Tax Liens</b>	\$ 32,194	\$ 5,302	\$ -	\$ 3,222	\$ 34,274	\$ 34,274