

**TOWN OF STONEHAM, MASSACHUSETTS**

**INDEPENDENT AUDITORS' REPORT ON  
BASIC FINANCIAL STATEMENTS AND  
REQUIRED SUPPLEMENTARY INFORMATION**

**YEAR ENDED JUNE 30, 2024**



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## **FINANCIAL SECTION**



## INDEPENDENT AUDITORS' REPORT

Honorable Select Board  
Town of Stoneham, Massachusetts

### Report on the Audit of Financial Statements

#### ***Opinions***

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

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town, as of June 30, 2024 (except for the Stoneham Contributory Retirement System, which is as of and for the fiscal year ended December 31, 2023), and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Stoneham Contributory Retirement System, a fiduciary component unit of the Town, which represents 92%, 93%, and 55%, respectively, of assets, fund balance/net position, and revenues of the Town's aggregate remaining funds as of June 30, 2024. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for this activity in the fiduciary funds, is based solely on the report of the other auditors.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. The financial statements of Stoneham Contributory Retirement System were not audited in accordance with *Government Auditing Standards*. We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Emphasis of Matter***

As discussed in Note 1 to the financial statements, the Town reclassified its other postemployment benefits trust fund from the general fund to the fiduciary funds since it qualified as a fiduciary component unit in the prior period. Our opinions were not modified with respect to this matter.

***Responsibilities of Management for the Financial Statements***

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

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

***Auditors' Responsibilities for the Audit of the Financial Statements***

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

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

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

Honorable Select Board  
Town of Stoneham, Massachusetts

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, general fund budgetary comparison, and certain pension and other postemployment benefits information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 18, 2025 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Boston, Massachusetts  
March 18, 2025

**TOWN OF STONEHAM, MASSACHUSETTS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2024**

As management of the Town of Stoneham, Massachusetts (the Town), we offer readers of these financial statements this narrative overview and analysis of the Town's financial activities for the fiscal year ended June 30, 2024.

***Financial Highlights***

- The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$8,152,161 (net position).
- The Town's total net position increased \$36,444,188.
- At the end of the fiscal year, unassigned fund balance for the general fund totaled \$18,976,465, or 20.3%, of total general fund expenditures and transfers out.

***Overview of the Basic Financial Statements***

This discussion and analysis is intended to serve as an introduction to the *basic financial statements*, which consists of the following three components:

1. Government-wide financial statements
2. Fund financial statements
3. Notes to the basic financial statements

This report also contains required supplementary information in addition to the basic financial statements, consisting of the following:

1. General Fund – schedule of revenues, expenditures, and changes in fund balance – non-GAAP budgetary basis – budget and actual
2. Other postemployment benefits schedules
3. Pension plan schedules

**Government-Wide Financial Statements**

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

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

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

**TOWN OF STONEHAM, MASSACHUSETTS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2024**

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*).

Governmental activities include general government, public safety, education, public works, health and human services, culture and recreation and debt service (interest). Business-type activities include the Town's sewer and water operations.

The government-wide financial statements can be found on pages 14-15 of this report.

**Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds can be divided into the following categories and are described below:

1. Governmental funds
2. Proprietary funds
3. 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 funds financial statements focus on near-term inflows and outflows of expendable resources, as well as on balances of expendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

The Town maintains over 280 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the general fund, high school construction (capital project), and State and Local Fiscal Recovery fund (special revenue), all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation titled *nonmajor governmental funds*. The governmental funds basic financial statements can be found on pages 17-20 of this report.

**TOWN OF STONEHAM, MASSACHUSETTS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2024**

**Proprietary Funds**

The Town maintains one type of proprietary fund representing the Town's enterprise funds.

*Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses enterprise funds to account for its sewer and water operations, both of which are considered to be major funds. The proprietary funds basic financial statements can be found on pages 21-23 of this report.

**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 programs. The accounting used for fiduciary funds is similar to that used for proprietary funds.

The fiduciary funds provide separate information for the Town's pension and other post-employment benefits trust funds. Private-purpose trust funds and custodial funds are reported and combined into a single, aggregate presentation in the fiduciary fund financial statements under the captions "private purpose trust funds" and "custodial funds", respectively. The fiduciary funds basic financial statements can be found on pages 24-25 of this report.

**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. The notes to the basic financial statements can be found on pages 26-69 of this report.

**Required Supplementary Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. Presented in this information is the general fund schedule of revenues, expenditures, and changes in fund balance (budget and actual) and certain pension and other post-employment benefits information, which can be found on pages 70-80.

**TOWN OF STONEHAM, MASSACHUSETTS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2024**

**Government-Wide Financial Analysis**

The following tables present current and prior year data on the government-wide financial statements.

Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The Town's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$8,152,161 at the close of the fiscal year and is summarized as follows:

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
<b>Assets</b>						
Current Assets	\$ 98,204,638	\$ 152,086,523	\$ 12,315,805	\$ 11,046,267	\$ 110,520,443	\$ 163,132,790
Noncurrent Assets (Excluding Capital Assets)	5,872,576	6,341,862	-	-	5,872,576	6,341,862
Capital Assets (Net)	<u>223,698,377</u>	<u>125,087,955</u>	<u>16,767,730</u>	<u>16,815,998</u>	<u>240,466,107</u>	<u>141,903,953</u>
Total Assets	327,775,591	283,516,340	29,083,535	27,862,265	356,859,126	311,378,605
<b>Deferred Outflows of Resources</b>	7,310,708	15,818,371	128,549	272,920	7,439,257	16,091,291
<b>Liabilities</b>						
Current Liabilities (Excluding Debt)	35,776,721	17,866,007	85,945	461,327	35,862,666	18,327,334
Noncurrent Liabilities (Excluding Debt)	130,096,058	134,553,195	2,306,588	2,343,570	132,402,646	136,896,765
Current Debt	5,004,206	5,797,185	572,980	473,096	5,577,186	6,270,281
Noncurrent Debt	<u>142,063,657</u>	<u>144,817,403</u>	<u>3,038,390</u>	<u>2,458,950</u>	<u>145,102,047</u>	<u>147,276,353</u>
Total Liabilities	312,940,642	303,033,790	6,003,903	5,736,943	318,944,545	308,770,733
<b>Deferred Inflows of Resources</b>	<u>36,660,992</u>	<u>46,302,274</u>	<u>540,685</u>	<u>688,916</u>	<u>37,201,677</u>	<u>46,991,190</u>
<b>Net Position</b>						
Net Investment in Capital Assets	116,986,390	81,862,012	15,037,530	15,272,689	132,023,920	97,134,701
Restricted	8,113,779	9,312,372	-	-	8,113,779	9,312,372
Unrestricted	<u>(139,615,504)</u>	<u>(141,175,737)</u>	<u>7,629,966</u>	<u>6,436,637</u>	<u>(131,985,538)</u>	<u>(134,739,100)</u>
Total Net Position	<u>\$ (14,515,335)</u>	<u>\$ (50,001,353)</u>	<u>\$ 22,667,496</u>	<u>\$ 21,709,326</u>	<u>\$ 8,152,161</u>	<u>\$ (28,292,027)</u>

The largest portion of the Town's net position, \$132,023,920, reflects its net investment in capital assets (e.g., land, construction in progress, land improvements, buildings and improvements, machinery and equipment, vehicles, and infrastructure). These capital assets are used 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 related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Town's net position, \$8,113,779, represents resources that are subject to external restrictions on how they may be used. The remaining balance represents a net deficit of \$131,985,538.

The Town has no unrestricted net position available for the support of governmental activities. Such resources have been consumed with the recognition of net pension and total other post-employment benefits liabilities. The Town has \$7,629,966 that may be used to support business-type activities.

**TOWN OF STONEHAM, MASSACHUSETTS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2024**

**Changes in Net Position**

For the fiscal year ended June 30, 2024, the Town's total net position increased \$36,444,188, compared to an increase of \$30,114,992 in the prior fiscal year. These amounts are summarized as follows:

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
<b>Revenues</b>						
<i>Program Revenues:</i>						
Charges for Services	\$ 11,137,908	\$ 8,249,805	\$ 12,644,220	\$ 12,473,454	\$ 23,782,128	\$ 20,723,259
Operating Grants and Contributions	21,442,907	18,959,261	736,250	521,345	22,179,157	19,480,606
Capital Grants and Contributions	23,828,757	21,798,613	-	503,306	23,828,757	22,301,919
<i>General Revenues:</i>						
Real Estate and Personal Property Taxes	65,405,469	63,814,671	-	-	65,405,469	63,814,671
Motor Vehicle and Other Excise Taxes	4,069,609	3,774,859	-	-	4,069,609	3,774,859
Meals Tax	493,034	444,902	-	-	493,034	444,902
Penalties and Interest on Taxes	172,618	156,129	-	-	172,618	156,129
Payments in Lieu of Taxes	67,267	66,059	-	-	67,267	66,059
to Specific Programs	4,843,808	4,740,352	-	-	4,843,808	4,740,352
Unrestricted Investment Income	3,440,063	2,228,140	-	-	3,440,063	2,228,140
<b>Total Revenues</b>	<b>134,901,440</b>	<b>124,232,791</b>	<b>13,380,470</b>	<b>13,498,105</b>	<b>148,281,910</b>	<b>137,730,896</b>
<b>Expenses</b>						
General Government	6,073,672	5,379,080	-	-	6,073,672	5,379,080
Public Safety	18,630,660	17,546,235	-	-	18,630,660	17,546,235
Education	61,343,559	57,322,064	-	-	61,343,559	57,322,064
Public Works	6,313,793	6,614,751	-	-	6,313,793	6,614,751
Health and Human Services	1,769,155	1,629,430	-	-	1,769,155	1,629,430
Culture and Recreation	2,618,708	2,341,520	-	-	2,618,708	2,341,520
Debt Service - Interest	3,794,202	6,176,929	-	-	3,794,202	6,176,929
Sewer	-	-	6,610,088	6,264,716	6,610,088	6,264,716
Water	-	-	4,683,885	4,341,179	4,683,885	4,341,179
<b>Total Expenses</b>	<b>100,543,749</b>	<b>97,010,009</b>	<b>11,293,973</b>	<b>10,605,895</b>	<b>111,837,722</b>	<b>107,615,904</b>
<b>Change in Net Position Before Transfers</b>	<b>34,357,691</b>	<b>27,222,782</b>	<b>2,086,497</b>	<b>2,892,210</b>	<b>36,444,188</b>	<b>30,114,992</b>
<b>Transfers, Net</b>	<b>1,128,327</b>	<b>1,100,806</b>	<b>(1,128,327)</b>	<b>(1,100,806)</b>	<b>-</b>	<b>-</b>
<b>Change in Net Position</b>	<b>35,486,018</b>	<b>28,323,588</b>	<b>958,170</b>	<b>1,791,404</b>	<b>36,444,188</b>	<b>30,114,992</b>
Net Position - Beginning of Year	(50,001,353)	(78,324,941)	21,709,326	19,917,922	(28,292,027)	(58,407,019)
<b>Net Position - End of Year</b>	<b>\$ (14,515,335)</b>	<b>\$ (50,001,353)</b>	<b>\$ 22,667,496</b>	<b>\$ 21,709,326</b>	<b>\$ 8,152,161</b>	<b>\$ (28,292,027)</b>

Governmental activities increased the Town's net position by \$35,486,018. In the prior year, governmental activities increased the Town's net position by \$28,323,588. The key element of this change was an approximate \$2,000,000 increase in building permits due to two commercial building projects, an approximate \$2,000,000 increase in capital grants and contributions related to the high school construction, and an approximate \$1,500,000 increase in operating grants and contributions related to Chapter 70 funding.

Business-type activities increased the Town's net position by \$958,170. In the prior year, business-type activities increased the Town's net position by \$1,791,404. The key elements of this change related to a one-time capital contribution of approximately \$503,000 in the prior year.

**TOWN OF STONEHAM, MASSACHUSETTS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2024**

***Fund Financial Statement Analysis***

The Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the Town's financing requirements.

At the end of the current fiscal year, the governmental funds reported combined ending fund balances totaling \$64,117,495, a decrease of \$69,634,657 in comparison with the prior year. \$18,263,581 represents unassigned fund balance. The remainder of fund balance includes the following constraints:

- Nonspendable - \$1,173,678
- Restricted - \$40,695,384
- Committed - \$3,877,681
- Assigned - \$107,171

The general fund is the chief operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the general fund totaled \$18,976,465, while total fund balance was \$22,962,670. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures and transfers out. Unassigned fund balance represents 20.3% of total general fund expenditures and transfers out, while total fund balance represents 24.6% of that same amount.

The fund balance of the Town's general fund increased \$5,487,989 during fiscal year 2024. The Town recognized a positive budget to actual variance (excluding encumbrances and continuing appropriations) totaling approximately \$7,966,000 and used approximately \$3,359,000 of reserves to fund the fiscal year 2024 budget.

Financial highlights of the Town's other major governmental fund is as follows:

The fund balance of the High School Construction fund (capital projects) decreased by \$74,254,952 during fiscal year 2024. The fund recognized \$22,657,075 of intergovernmental revenues and expenditures totaled \$96,912,027.

The fund balance of the State and Local Fiscal Recovery fund (special revenue) remained unchanged from the prior fiscal year. The fund recognized \$1,803,430 of intergovernmental revenues and expenditures totaled \$1,803,430. The fund received \$3,550,150 of unearned revenue.

Proprietary Funds

The Town's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the sewer and water enterprise funds at the end of the year amounted to \$3,887,579 and \$3,742,387, respectively. The sewer enterprise fund had an increase in net position for the year of \$537,759 and the water enterprise fund had an increase in net position for the year of \$420,411. Other factors concerning the finances of these funds have already been addressed in the discussion of the Town's business-type activities.

**TOWN OF STONEHAM, MASSACHUSETTS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2024**

General Fund Budgetary Highlights

The original General Fund budgeted expenditures (including transfers out) totaled \$87,714,163. During the year, supplemental appropriations totaling \$1,418,286 were authorized. The following table summarizes the increase:

Purpose of Increase/Decrease	Amount	Funding Source
Capital projects - Facilities	\$ 342,200	Unassigned Fund Balance
Capital projects - Public Works	345,000	Unassigned Fund Balance
Capital projects - Public Safety	50,000	Unassigned Fund Balance
Capital projects - Golf	42,969	Unassigned Fund Balance
Solar Contracts	213,101	Unassigned Fund Balance
300th Anniversary	20,000	Unassigned Fund Balance
Various Town Budget Adjustments	350,000	Stabilization Fund Transfer
Shuttle Pilot Program	55,016	Special Revenue Fund Transfer
Total Net Increase	<u>\$ 1,418,286</u>	

**Capital Assets and Debt Administration**

Capital Assets

The Town's investment in capital assets for its governmental and business-type activities at the end of the fiscal year totaled \$240,466,107 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, land improvements, buildings and improvements, machinery and equipment, vehicles, and infrastructure. The total net increase in the investment in capital assets for the current fiscal year was \$98,562,154.

Major capital asset events that occurred during the current fiscal year include the following:

- High School Construction (approximately \$97,333,000)
- Fire truck purchases (approximately \$1,784,000)

The following table summarizes the Town's capital assets (net of accumulated depreciation):

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Land	\$ 6,258,486	\$ 6,258,486	\$ 215,801	\$ 215,801	\$ 6,474,287	\$ 6,474,287
Construction in Progress	144,890,926	47,177,909	1,019,454	1,270,272	145,910,380	48,448,181
Land Improvements	404,062	350,516	-	-	404,062	350,516
Buildings and Improvements	55,186,921	57,278,104	592,329	616,365	55,779,250	57,894,469
Machinery, Vehicles and Equipment	4,473,951	2,625,008	51,680	5,970	4,525,631	2,630,978
Infrastructure	12,484,031	11,397,932	14,888,466	14,707,590	27,372,497	26,105,522
Total Capital Assets	<u>\$ 223,698,377</u>	<u>\$ 125,087,955</u>	<u>\$ 16,767,730</u>	<u>\$ 16,815,998</u>	<u>\$ 240,466,107</u>	<u>\$ 141,903,953</u>

Additional information on the Town's capital assets can be found in Note 6 of this report.

**TOWN OF STONEHAM, MASSACHUSETTS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2024**

**Long-Term Debt**

At the end of the current fiscal year, total bonded debt outstanding was \$143,012,950, which is backed by the full faith and credit of the Town. MWRA notes outstanding totaled \$3,535,490. The Town's outstanding debt is summarized as follows:

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
General Obligation Bonds	\$ 139,414,710	\$ 141,585,000	\$ 62,750	\$ -	\$ 139,477,460	\$ 141,585,000
MWRA Notes	-	-	3,535,490	2,932,046	3,535,490	2,932,046
Total Bond and Notes	<u>\$ 139,414,710</u>	<u>\$ 141,585,000</u>	<u>\$ 3,598,240</u>	<u>\$ 2,932,046</u>	<u>\$ 143,012,950</u>	<u>\$ 144,517,046</u>

The Town's total outstanding bonded debt (excluding unamortized premiums) decreased by \$2,107,540, or 1.5%, during the fiscal year. The Town's MWRA notes outstanding increased by \$603,444, or 20.6%, during the fiscal year.

The Town's most recent bond rating from Standard and Poor's was AA+. Additional information on the Town's long-term debt can be found in Note 10 of this report.

**Economic Factors and Next Year's Budget**

The financial forecast presentation in November of 2024 predicted a deficit for fiscal year 2025 due to increased cost pressures from rising health insurance, contributory pension's aggressive funding schedule, and increased contractual operating costs. Conservatively forecasted new growth, vocational school cost increases, and uncertainty in projected local receipts and state aid further challenged the development of the fiscal year 2025 budget. The Town Accountant and Town Wide Budget Director presented guidelines to departments for developing their fiscal year 2025 budgets to address these challenges.

In this period of inflationary times, many of the decisions are made under the constraints of Town's revenue limitations. Proposition 2 ½, reduced state aid, and the limitations of one time/fluctuating local receipts.

While the budget presented is for the upcoming fiscal year, it is our responsibility to maintain discipline in our decisions with an eye to our long-term forecasting and challenges. In this regard, the budget presented also adheres to the Fiscal Guidelines adopted in May of 2019. The commitment to these established guidelines continues the allocation of financial resources to improve the Town's overall fiscal standing in the short and long term. The ongoing commitment to these guidelines remains a priority and are included in this document.

**TOWN OF STONEHAM, MASSACHUSETTS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2024**

**Fiscal Year 2025 Budget Highlights**

As required by law, the fiscal year 2025 budget is structurally balanced, and one-time revenues are not utilized to balance. In this regard, it is important to note that the use of the American Rescue Plan Act funds (\$7.2 million) is not included in these documents and its use will be determined at a later date. The budget consists of total anticipated expenditures of \$90.7 million which is an overall increase of 3.42% from FY2024. The increase is due to the new high school project funding voted on at the Special Election. The General Government budget, which includes Public Safety, Public Works, and Public Services and excludes shared services like pension, health insurance, and vocational education, increased by 2.75%. The proposed Education operating budget is an increase of 3% from FY2024, which results in a combined Education/Town operating budget increase of 3.50%.

An increase in shared costs related to Health Insurance (\$912K), Northeast Vocational School (\$363K), continued contractual increases in property and casualty insurance, and workers compensation insurance continue to put significant pressure on the town's budget in Fiscal Year 2025. Demands on all departments also continue to grow and further discussions of community priorities for future needs have to take place during future budget cycles.

The Town also continues to make investments into aging infrastructure as well as maintaining current assets. This year's capital recommendation will take much needed steps to address some of our most pressing infrastructure needs. Which will be presented at a later date.

The Town also continues to make investments into aging infrastructure as well as maintaining current assets. This year's General Fund capital recommendation takes much needed steps to address some of our most pressing infrastructure needs. These include \$296,700 for phase two of Police/Fire radio system, 570,400 for a Library facility improvement project, \$80,000 for school redistricting design, \$75,000 for DPW vehicle. The Town also allocated \$524,671 in matching funds to supplement \$3,094,668 received for grant funded projects. These include Wetlands restoration, Town Hall auditorium window replacement and Library Heat pumps. These are positive steps in the right direction and I look forward to additional efforts that protect and preserve our infrastructure.

***Requests for Information***

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Town Accountant, 35 Central Street, Stoneham, Massachusetts 02180.

## **BASIC FINANCIAL STATEMENTS**

**TOWN OF STONEHAM, MASSACHUSETTS**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2024**

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
<b>ASSETS</b>			
Current Assets:			
Cash and Cash Equivalents	9,275,955	\$ 3,105,354	\$ 12,381,309
Restricted Cash and Cash Equivalents	61,015,887	1,881,170	62,897,057
Investments	15,245,226	2,635,623	17,880,849
Restricted Investments	5,960,917	-	5,960,917
Receivables, Net of Allowance for Uncollectible Amounts:			
Real Estate and Personal Property Taxes	1,248,758	-	1,248,758
Tax, Trash, and Utility Liens	153,672	61,066	214,738
Motor Vehicle and Other Excise Taxes	439,019	-	439,019
User Charges	-	4,632,592	4,632,592
Departmental and Other	123,286	-	123,286
Opioid Settlement	28,247	-	28,247
Intergovernmental	4,258,154	-	4,258,154
Leases	455,517	-	455,517
Total Current Assets	<u>98,204,638</u>	<u>12,315,805</u>	<u>110,520,443</u>
Noncurrent Assets:			
Receivables, Net of Allowance for Uncollectible Amounts:			
Opioid Settlement	250,667	-	250,667
Leases	5,621,909	-	5,621,909
Capital Assets Not Being Depreciated	151,149,412	1,235,255	152,384,667
Capital Assets, Net of Accumulated Depreciation	<u>72,548,965</u>	<u>15,532,475</u>	<u>88,081,440</u>
Total Noncurrent Assets	<u>229,570,953</u>	<u>16,767,730</u>	<u>246,338,683</u>
Total Assets	327,775,591	29,083,535	356,859,126
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Related to OPEB	213,335	3,751	217,086
Related to Pension	<u>7,097,373</u>	<u>124,798</u>	<u>7,222,171</u>
Total Deferred Outflows of Resources	7,310,708	128,549	7,439,257
<b>LIABILITIES</b>			
Current Liabilities:			
Warrants Payable	25,080,830	2,575	25,083,405
Accrued Payroll	645,180	14,015	659,195
Tax Refunds Payable	164,369	-	164,369
Other Liabilities	669,639	-	669,639
Unearned Revenue	3,550,150	-	3,550,150
Accrued Interest	1,842,522	-	1,842,522
Compensated Absences	128,889	4,381	133,270
Short-Term Notes Payable	265,750	13,130	278,880
Net OPEB Liability	3,695,142	64,974	3,760,116
Bonds and Notes Payable	<u>4,738,456</u>	<u>559,850</u>	<u>5,298,306</u>
Total Current Liabilities	40,780,927	658,925	41,439,852
Noncurrent Liabilities:			
Compensated Absences	1,160,005	39,424	1,199,429
Net Pension Liability	10,674,154	187,691	10,861,845
Net OPEB Liability	118,261,899	2,079,473	120,341,372
Bonds and Notes Payable	<u>142,063,657</u>	<u>3,038,390</u>	<u>145,102,047</u>
Total Noncurrent Liabilities	<u>272,159,715</u>	<u>5,344,978</u>	<u>277,504,693</u>
Total Liabilities	312,940,642	6,003,903	318,944,545
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Taxes Collected in Advance	109,335	-	109,335
Related to Leases	5,802,318	-	5,802,318
Related to OPEB	27,166,352	477,683	27,644,035
Related to Pension	<u>3,582,987</u>	<u>63,002</u>	<u>3,645,989</u>
Total Deferred Inflows of Resources	<u>36,660,992</u>	<u>540,685</u>	<u>37,201,677</u>
<b>NET POSITION (DEFICIT)</b>			
Net Investment in Capital Assets	116,986,390	15,037,530	132,023,920
Permanent Funds:			
Expendable	573,707	-	573,707
Nonexpendable	1,173,678	-	1,173,678
Other Specific Purposes	6,366,394	-	6,366,394
Unrestricted	<u>(139,615,504)</u>	<u>7,629,966</u>	<u>(131,985,538)</u>
Total Net Position (Deficit)	<u>\$ (14,515,335)</u>	<u>\$ 22,667,496</u>	<u>\$ 8,152,161</u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF STONEHAM, MASSACHUSETTS  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2024**

Functions/Programs	Expenses	Program Revenues			Net Revenue/ (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Primary Government:</b>					
Governmental Activities:					
General Government	\$ 6,073,672	\$ 2,057,146	\$ 559,598	\$ 177,619	\$ (3,279,309)
Public Safety	18,630,660	4,407,361	580,386	1,173,040	(12,469,873)
Education	61,343,559	1,637,470	19,705,885	21,770,465	(18,229,739)
Public Works	6,313,793	2,187,318	55,758	551,322	(3,519,395)
Health and Human Services	1,769,155	57,833	469,154	10,738	(1,231,430)
Culture and Recreation	2,618,708	790,780	72,126	145,573	(1,610,229)
Debt Service-Interest	3,794,202	-	-	-	(3,794,202)
Total Governmental Activities	100,543,749	11,137,908	21,442,907	23,828,757	(44,134,177)
Business-Type Activities:					
Sewer	6,610,088	7,390,577	359,032	-	1,139,521
Water	4,683,885	5,253,643	377,218	-	946,976
Total Business-Type Activities	11,293,973	12,644,220	736,250	-	2,086,497
Total Primary Government	<u>\$ 111,837,722</u>	<u>\$ 23,782,128</u>	<u>\$ 22,179,157</u>	<u>\$ 23,828,757</u>	<u>\$ (42,047,680)</u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF STONEHAM, MASSACHUSETTS  
STATEMENT OF ACTIVITIES (CONTINUED)  
YEAR ENDED JUNE 30, 2024**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>CHANGES IN NET POSITION</b>			
Net (Expense) Revenue (from Previous Page)	\$ (44,134,177)	\$ 2,086,497	\$ (42,047,680)
General Revenues:			
Real Estate and Personal Property Taxes	65,405,469	-	65,405,469
Motor Vehicle and Other Excise Taxes	4,069,609	-	4,069,609
Meals Tax	493,034	-	493,034
Penalties and Interest on Taxes	172,618	-	172,618
Payments in Lieu of Taxes	67,267	-	67,267
Grants and Contributions Not Restricted to Specific Programs	4,843,808	-	4,843,808
Unrestricted Investment Income	3,440,063	-	3,440,063
Transfers, Net	1,128,327	(1,128,327)	-
Total General Revenues and Transfers	<u>79,620,195</u>	<u>(1,128,327)</u>	<u>78,491,868</u>
<b>CHANGE IN NET POSITION</b>	35,486,018	958,170	36,444,188
Net Position - Beginning of Year	<u>(50,001,353)</u>	<u>21,709,326</u>	<u>(28,292,027)</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ (14,515,335)</u>	<u>\$ 22,667,496</u>	<u>\$ 8,152,161</u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF STONEHAM, MASSACHUSETTS  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
YEAR ENDED JUNE 30, 2024**

	General	High School Construction	State and Local Fiscal Recovery Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 9,275,955	\$ -	\$ -	\$ -	\$ 9,275,955
Investments	15,245,226	-	-	-	15,245,226
Receivables, Net of Allowance for Uncollectible Amounts:					
Real Estate and Personal Property Taxes	1,248,758	-	-	-	1,248,758
Tax and Trash Liens	139,022	-	-	14,650	153,672
Motor Vehicle and Other Excise Taxes	439,019	-	-	-	439,019
Departmental and Other	-	-	-	123,286	123,286
Intergovernmental	-	3,649,996	-	608,158	4,258,154
Leases	6,077,426	-	-	-	6,077,426
Opioid Settlement	-	-	-	278,914	278,914
Restricted Assets:					
Cash and Cash Equivalents	1,353	55,752,630	3,638,310	1,623,594	61,015,887
Investments	-	-	-	5,960,917	5,960,917
<b>Total Assets</b>	<b>\$ 32,426,759</b>	<b>\$ 59,402,626</b>	<b>\$ 3,638,310</b>	<b>\$ 8,609,519</b>	<b>\$ 104,077,214</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Warrants Payable	\$ 919,717	\$ 23,676,969	\$ 88,160	\$ 395,984	\$ 25,080,830
Accrued Payroll	598,313	-	-	46,867	645,180
Unearned Revenue	-	-	3,550,150	-	3,550,150
Other Liabilities	418,301	-	-	251,338	669,639
Tax Refunds Payable	164,369	-	-	-	164,369
Short-Term Notes Payable	-	-	-	265,750	265,750
<b>Total Liabilities</b>	<b>2,100,700</b>	<b>23,676,969</b>	<b>3,638,310</b>	<b>959,939</b>	<b>30,375,918</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Taxes Collected in Advance	109,335	-	-	-	109,335
Unavailable Revenue	1,451,736	1,831,809	-	388,603	3,672,148
Related to Leases	5,802,318	-	-	-	5,802,318
<b>Total Deferred Inflows of Resources</b>	<b>7,363,389</b>	<b>1,831,809</b>	<b>-</b>	<b>388,603</b>	<b>9,583,801</b>
<b>FUND BALANCES</b>					
Nonspendable	-	-	-	1,173,678	1,173,678
Restricted	1,353	33,893,848	-	6,800,183	40,695,384
Committed	3,877,681	-	-	-	3,877,681
Assigned	107,171	-	-	-	107,171
Unassigned	18,976,465	-	-	(712,884)	18,263,581
<b>Total Fund Balances</b>	<b>22,962,670</b>	<b>33,893,848</b>	<b>-</b>	<b>7,260,977</b>	<b>64,117,495</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 32,426,759</b>	<b>\$ 59,402,626</b>	<b>\$ 3,638,310</b>	<b>\$ 8,609,519</b>	<b>\$ 104,077,214</b>

See accompanying Notes to Basic Financial Statements.

**TOWN OF STONEHAM, MASSACHUSETTS  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
YEAR ENDED JUNE 30, 2024**

	General	High School Construction	State and Local Fiscal Recovery Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
Real Estate and Personal Property Taxes	\$ 65,186,066	\$ -	\$ -	\$ -	\$ 65,186,066
Motor Vehicle and Other Excise Taxes	4,038,815	-	-	-	4,038,815
Meals Tax	493,034	-	-	-	493,034
Tax and Trash Liens	174,734	-	-	75,276	250,010
Payments in Lieu of Taxes	67,267	-	-	-	67,267
Charges for Services	-	-	-	617,664	617,664
Intergovernmental	19,235,897	22,657,075	1,803,430	7,037,135	50,733,537
Penalties and Interest on Taxes	161,983	-	-	10,635	172,618
Licenses and Permits	2,854,149	-	-	-	2,854,149
Fines and Forfeitures	71,694	-	-	-	71,694
Departmental and Other	2,135,632	-	-	5,532,307	7,667,939
Contributions	-	-	-	308,145	308,145
Investment Income	3,314,900	-	-	125,163	3,440,063
Total Revenues	<u>97,734,171</u>	<u>22,657,075</u>	<u>1,803,430</u>	<u>13,706,325</u>	<u>135,901,001</u>
<b>EXPENDITURES</b>					
Current:					
General Government	3,793,179	-	177,619	2,234,871	6,205,669
Public Safety	10,719,364	-	1,173,040	3,264,120	15,156,524
Education	36,050,188	96,912,027	84,716	8,097,082	141,144,013
Public Works	2,791,185	-	211,744	2,861,930	5,864,859
Health and Human Services	822,255	-	10,738	114,558	947,551
Culture and Recreation	1,622,267	-	145,573	300,696	2,068,536
Pension Benefits	13,024,591	-	-	-	13,024,591
Employee Benefits	11,615,294	-	-	9,450	11,624,744
State and County Charges	4,004,841	-	-	-	4,004,841
Debt Service:					
Principal	4,155,000	-	-	-	4,155,000
Interest	4,465,334	-	-	-	4,465,334
Total Expenditures	<u>93,063,498</u>	<u>96,912,027</u>	<u>1,803,430</u>	<u>16,882,707</u>	<u>208,661,662</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	4,670,673	(74,254,952)	-	(3,176,382)	(72,760,661)
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds of Bonds and Notes	-	-	-	1,984,710	1,984,710
Premium from Issuance of Bonds and Notes	-	-	-	12,967	12,967
Transfers In	1,183,343	-	-	366,027	1,549,370
Transfers Out	(366,027)	-	-	(55,016)	(421,043)
Total Other Financing Sources (Uses)	<u>817,316</u>	<u>-</u>	<u>-</u>	<u>2,308,688</u>	<u>3,126,004</u>
<b>NET CHANGE IN FUND BALANCES</b>	5,487,989	(74,254,952)	-	(867,694)	(69,634,657)
Fund Balances - Beginning of Year, as originally reported	17,969,341	108,148,800	-	8,128,671	134,246,812
Restatement (See Note 1)	(494,660)	-	-	-	(494,660)
Fund Balances - Beginning of Year, as adjusted	<u>17,474,681</u>	<u>108,148,800</u>	<u>-</u>	<u>8,128,671</u>	<u>133,752,152</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 22,962,670</u>	<u>\$ 33,893,848</u>	<u>\$ -</u>	<u>\$ 7,260,977</u>	<u>\$ 64,117,495</u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF STONEHAM, MASSACHUSETTS  
GOVERNMENTAL FUNDS  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TOTAL FUND  
BALANCES TO THE STATEMENT OF NET POSITION  
JUNE 30, 2024**

Total Governmental Fund Balances \$ 64,117,495

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets (net of accumulated depreciation) used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. 223,698,377

Other assets are not available to pay for current period expenditures and, therefore, are reported as deferred inflows of resources in the governmental funds. 3,672,148

In the statement of net position, interest is accrued on outstanding long-term debt, whereas in the governmental funds interest is not reported until due. (1,842,522)

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds

Bonds and Notes Payable, Net	(146,802,113)
Compensated Absences	(1,288,894)
Net Pension Liability	(10,674,154)
Net OPEB Liability	(121,957,041)

In the statement of net position, deferred outflows and inflows of resources are reported for amounts related to OPEB. This amount represents the net deferrals. (26,953,017)

In the statement of net position, deferred outflows and inflows of resources are reported for amounts related to pensions. This amount represents the net deferrals. 3,514,386

Net Position of Governmental Activities as Reported on the Statement of Net Position \$ (14,515,335)

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

Net Change in Fund Balances - Total Governmental Funds \$ (69,634,657)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. These amounts represent the related activity of the current period.

Capital Outlays	102,507,552
Depreciation	(3,887,452)

In the statement of activities, the loss on the disposals of capital assets is reported, whereas in the governmental funds the disposals are not reported as financial uses. As a result, the change in net position differs from the change in fund balance by the net book value of the capital assets disposed. (9,678)

Revenues in the statement of activities that do not provide current financial resources are reported as deferred inflows of resources in the governmental funds. Therefore, the recognition of revenue for various types of accounts receivable (i.e., real estate and personal property, motor vehicle excise, etc.) differ between the two statements. This amount represents the net change in deferred inflows of resources. (999,561)

The issuance of long-term debt (e.g., bonds and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any impact on net position. Also, governmental funds report the effect of material premiums and discounts when debt is first issued, whereas these amounts are amortized in the statement of activities. These amounts represent the related activity of the current period.

Proceeds of Bonds	(1,984,710)
Bond Maturities	4,155,000
Net Amortization of Bond Premiums	596,485

In the statement of activities, interest is accrued on outstanding long-term debt, whereas in the governmental funds interest is not reported until due. This amount represents the net change in accrued interest payable. 61,679

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported in the governmental funds. These amounts represent the net changes:

Compensated Absences	33,457
Net Pension Liability	7,880,561
Net OPEB Liability	(3,904,764)

In the statement of activities, deferred outflows and inflows of resources related to OPEB are amortized and recognized as OPEB expense. This amount represents the net change in deferred outflows and inflows of resources related to OPEB. 3,611,743

In the statement of activities, deferred outflows and inflows of resources related to pensions are amortized and recognized as pension expense. This amount represents the net change in deferred outflows and inflows related to pensions. (2,939,637)

Changes in Net Position of Governmental Activities as Reported in the Statement of Activities	<u>\$ 35,486,018</u>
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See accompanying Notes to Basic Financial Statements.

**TOWN OF STONEHAM, MASSACHUSETTS  
PROPRIETARY FUNDS  
STATEMENT OF NET POSITION  
JUNE 30, 2024**

	Business-Type Activities - Enterprise Funds		
	Sewer Enterprise	Water Enterprise	Total
<b>ASSETS</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 1,192,626	\$ 1,912,728	\$ 3,105,354
Restricted Cash and Cash Equivalents	1,455,388	425,782	1,881,170
Investments	1,387,170	1,248,453	2,635,623
Receivables, Net of Allowance for Uncollectible Amounts:			
User Charges	2,780,383	1,852,209	4,632,592
Utility Liens	35,266	25,800	61,066
Total Current Assets	<u>6,850,833</u>	<u>5,464,972</u>	<u>12,315,805</u>
Noncurrent Assets:			
Capital Assets not being Depreciated	1,235,255	-	1,235,255
Capital Assets, Net of Accumulated Depreciation	6,536,055	8,996,420	15,532,475
Total Noncurrent Assets	<u>7,771,310</u>	<u>8,996,420</u>	<u>16,767,730</u>
Total Assets	<u>14,622,143</u>	<u>14,461,392</u>	<u>29,083,535</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Related to OPEB	2,008	1,743	3,751
Related to Pension	66,797	58,001	124,798
Total Deferred Outflows of Resources	<u>68,805</u>	<u>59,744</u>	<u>128,549</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Warrants Payable	80	2,495	2,575
Accrued Payroll	7,525	6,490	14,015
Compensated Absences	3,141	1,240	4,381
Short-Term Notes Payable	2,250	10,880	13,130
Net OPEB Liability	34,777	30,197	64,974
Long-Term Bonds and Notes Payable	175,950	383,900	559,850
Total Current Liabilities	<u>223,723</u>	<u>435,202</u>	<u>658,925</u>
Noncurrent Liabilities:			
Compensated Absences	28,269	11,155	39,424
Net Pension Liability	100,460	87,231	187,691
Net OPEB Liability	1,113,022	966,451	2,079,473
Long-Term Bonds and Notes Payable	1,227,950	1,810,440	3,038,390
Total Noncurrent Liabilities	<u>2,469,701</u>	<u>2,875,277</u>	<u>5,344,978</u>
Total Liabilities	<u>2,693,424</u>	<u>3,310,479</u>	<u>6,003,903</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Related to OPEB	255,676	222,007	477,683
Related to Pension	33,721	29,281	63,002
Total Deferred Inflows of Resources	<u>289,397</u>	<u>251,288</u>	<u>540,685</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	7,820,548	7,216,982	15,037,530
Unrestricted	3,887,579	3,742,387	7,629,966
Total Net Position	<u>\$ 11,708,127</u>	<u>\$ 10,959,369</u>	<u>\$ 22,667,496</u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF STONEHAM, MASSACHUSETTS  
 PROPRIETARY FUNDS  
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
 YEAR ENDED JUNE 30, 2024**

	Business-Type Activities - Enterprise Funds		
	Sewer Enterprise	Water Enterprise	Total
<b>OPERATING REVENUES</b>			
Charges for Services	\$ 7,390,577	\$ 5,253,643	\$ 12,644,220
<b>OPERATING EXPENSES</b>			
Cost of Service and Administration	498,431	762,860	1,261,291
MWRA Assessment	5,906,212	3,624,473	9,530,685
Pension and OPEB Benefits Adjustments	(27,794)	(9,406)	(37,200)
Depreciation	233,239	305,958	539,197
Total Operating Expenses	<u>6,610,088</u>	<u>4,683,885</u>	<u>11,293,973</u>
<b>OPERATING INCOME</b>	780,489	569,758	1,350,247
<b>NONOPERATING REVENUES</b>			
Investment Income	<u>359,032</u>	<u>377,218</u>	<u>736,250</u>
<b>INCOME BEFORE TRANSFERS</b>	1,139,521	946,976	2,086,497
<b>TRANSFERS OUT</b>	<u>(601,762)</u>	<u>(526,565)</u>	<u>(1,128,327)</u>
<b>CHANGE IN NET POSITION</b>	537,759	420,411	958,170
Net Position - Beginning of Year	<u>11,170,368</u>	<u>10,538,958</u>	<u>21,709,326</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 11,708,127</u>	<u>\$ 10,959,369</u>	<u>\$ 22,667,496</u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF STONEHAM, MASSACHUSETTS  
PROPRIETARY FUNDS  
STATEMENT OF CASH FLOWS  
YEAR ENDED JUNE 30, 2024**

	Business-Type Activities - Enterprise Funds		
	Sewer Enterprise	Water Enterprise	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from Customers and Users	\$ 7,282,270	\$ 5,307,165	\$ 12,589,435
Payments to Vendors	(6,337,435)	(4,014,934)	(10,352,369)
Payments to Employees	(440,639)	(377,992)	(818,631)
Net Cash Provided by Operating Activities	<u>504,196</u>	<u>914,239</u>	<u>1,418,435</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers Out	(601,762)	(526,565)	(1,128,327)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Proceeds from the Issuance of Bonds and Notes	1,097,750	223,960	1,321,710
Acquisition and Construction of Capital Assets	(433,509)	(57,420)	(490,929)
Principal Payments on Bonds and Notes	(141,700)	(500,686)	(642,386)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>522,541</u>	<u>(334,146)</u>	<u>188,395</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchases/Sales of Investments, Net	(387,974)	(249,257)	(637,231)
Investment Income	359,032	377,218	736,250
Net Cash Provided (Used) by Investing Activities	<u>(28,942)</u>	<u>127,961</u>	<u>99,019</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	396,033	181,489	577,522
Cash and Cash Equivalents - Beginning of Year (Includes \$1,111,587 and \$277,150 Restricted Cash and Cash Equivalents in the Sewer and Water Enterprise Funds, Respectively)	<u>2,251,981</u>	<u>2,157,021</u>	<u>4,409,002</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b> (Includes \$1,455,388 and \$425,782 Restricted Cash and Cash Equivalents in the Sewer and Water Enterprise Funds, Respectively)	<u>\$ 2,648,014</u>	<u>\$ 2,338,510</u>	<u>\$ 4,986,524</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED FROM OPERATING ACTIVITIES</b>			
Operating Income	\$ 780,489	\$ 569,758	\$ 1,350,247
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:			
Changes in Assets and Liabilities not Requiring Current Cash Flows:			
Depreciation	233,239	305,958	539,197
Net Pension Liability and Related Deferred Outflows and Inflows	(44,955)	(37,929)	(82,884)
Total OPEB Liability and Related Deferred Outflows and Inflows	17,161	28,523	45,684
Effect of Changes in Operating Assets and Liabilities:			
User Charges	(105,164)	57,531	(47,633)
Utility Liens	(3,143)	(4,009)	(7,152)
Warrants Payable	(368,210)	(5,680)	(373,890)
Accrued Payroll	(226)	(1,383)	(1,609)
Compensated Absences	(4,995)	1,470	(3,525)
Total Adjustments	<u>(276,293)</u>	<u>344,481</u>	<u>68,188</u>
Net Cash Provided by Operating Activities	<u>\$ 504,196</u>	<u>\$ 914,239</u>	<u>\$ 1,418,435</u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF STONEHAM, MASSACHUSETTS  
FIDUCIARY FUNDS  
STATEMENT OF FIDUCIARY NET POSITION  
JUNE 30, 2024**

	Pension and Other Postemployment Benefits Trust Funds	Private Purpose Trust Funds	Custodial Funds
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 124,251	\$ 1,593,084	\$ 66,666
Investments:			
Equity Mutual Funds	43,188,502	-	-
Fixed Income Mutual Funds	24,649,610	-	-
Equity Securities	454,173	-	-
Fixed Income Securities	202,261	-	-
External Investment Pool (PRIT)	60,475,807	-	-
Receivables, Net of Allowance for Uncollectible Amounts:			
Other	18,752	-	-
Total Assets	<u>129,113,356</u>	<u>1,593,084</u>	<u>66,666</u>
 <b>LIABILITIES</b>			
Warrants Payable	<u>12,002</u>	<u>1,000</u>	<u>-</u>
 <b>FIDUCIARY NET POSITION</b>			
Restricted for:			
Pension Benefits	128,441,656	-	-
Postemployment Benefits Other Than Pensions	659,698	-	-
Individuals, Organizations, and Other Governments	<u>-</u>	<u>1,592,084</u>	<u>66,666</u>
Total Fiduciary Net Position	<u>\$ 129,101,354</u>	<u>\$ 1,592,084</u>	<u>\$ 66,666</u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF STONEHAM, MASSACHUSETTS  
FIDUCIARY FUNDS  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
YEAR ENDED JUNE 30, 2024**

	Pension and Other Postemployment Benefits Trust Funds	Private Purpose Trust Funds	Custodial Funds
	<u>Trust Funds</u>	<u>Trust Funds</u>	<u>Funds</u>
<b>ADDITIONS</b>			
Contributions:			
Employer	\$ 11,576,466	\$ -	\$ -
Plan Members	1,913,873	-	-
Workers Compensation Settlement	29,500	-	-
Transfers from Other Systems	905,881	-	-
Reimbursements from Other Systems and Commonwealth of Massachusetts	423,047	-	-
Private Donations	-	15,270	-
Total Contributions	<u>14,848,767</u>	<u>15,270</u>	<u>-</u>
Net Investment Income:			
Net Appreciation in Fair Value of Investments	12,476,016	-	-
Interest	<u>65,038</u>	<u>103,585</u>	<u>-</u>
Total Investment Income	12,541,054	103,585	-
Less: Investment Expense	<u>(527,606)</u>	<u>-</u>	<u>-</u>
Net Investment Income	12,013,448	103,585	-
Fees Collected for Other Governments	<u>-</u>	<u>-</u>	<u>16,425</u>
Total Additions	26,862,215	118,855	16,425
<b>DEDUCTIONS</b>			
Administration	493,046	-	-
Benefit Payments, Including Reimbursements and Refunds	14,223,520	-	-
Scholarships Awarded	-	99,675	-
Fees Remitted to Other Governments	<u>-</u>	<u>-</u>	<u>18,288</u>
Total Deductions	<u>14,716,566</u>	<u>99,675</u>	<u>18,288</u>
<b>CHANGE IN FIDUCIARY NET POSITION</b>	12,145,649	19,180	(1,863)
Fiduciary Net Position - Beginning of Year, as originally reported	116,461,045	1,572,904	68,529
Restatement (see Note 1)	494,660	-	-
Fiduciary Net Position - Beginning of Year, as restated	<u>116,955,705</u>	<u>1,572,904</u>	<u>68,529</u>
<b>FIDUCIARY NET POSITION - END OF YEAR</b>	<u>\$ 129,101,354</u>	<u>\$ 1,592,084</u>	<u>\$ 66,666</u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF STONEHAM, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. General**

The basic financial statements 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 standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting policies are described herein.

**B. Reporting Entity**

The Town of Stoneham, Massachusetts (the Town) is a municipal corporation governed by an elected five member Select Board and an appointed Town Administrator.

For financial reporting purposes, the basic financial statements include all funds, organizations, agencies, boards, commissions, and institutions that are not legally separate from the Town.

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/or significance of their relationship with the Town are such that exclusion would cause the Town's basic financial statements to be misleading or incomplete.

Fiduciary Fund Component Unit

The Town has included the Stoneham Contributory Retirement System (the System) and the Town of Stoneham Other Postemployment Benefits Trust (OPEB Trust) as component units (blended) in the reporting entity because of the significance of their operational and financial relationship with the Town. Fiduciary fund component units are entities that are legally separate from the Town, but are so related that they are, in substance, the same as the Town or entities providing services entirely or almost entirely for the benefit of the Town.

The System was established to provide retirement benefits to Town employees and their respective beneficiaries. The System is governed by a five-member board comprised of the Town Accountant (ex-officio), two members elected by the System's participants, a fourth member appointed by the Board of Selectmen and a fifth member appointed by the Retirement Board's members. The System is presented using the accrual basis of accounting and is reported (as of December 31, 2023) in the fiduciary funds financial statements. The System issues a separate audited financial statement that can be obtained by contacting the System located at 35 Central Street, Stoneham, Massachusetts 02180.

**TOWN OF STONEHAM, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. Reporting Entity (Continued)**

Fiduciary Fund Component Unit (Continued)

The OPEB Trust was established for the sole purpose of providing funding for postemployment health care and other benefits provided by the Town. The OPEB Trust is governed by a board of trustees. The OPEB Trust is presented using the accrual basis of accounting and is reported in the fiduciary funds financial statements. The OPEB Trust did not issue a separate audited financial statement.

Joint Venture

A joint venture is an organization (resulting from a contractual arrangement) that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control in which the participants retain an ongoing financial interest or ongoing financial responsibility. Joint control means that no single participant has the ability to unilaterally control the financial or operating policies of the joint venture.

The Town participates in one joint venture with other municipalities to pool resources and share the costs, risks, and rewards of providing goods and services to venture participants directly, or for the benefit of the general public or specified recipients.

*Northeast Metropolitan Regional Vocational High School*

The Town is a member of the Northeast Metropolitan Regional Vocational High School District (the District) which serves the members students seeking an education in academic and technical studies. The members share in the operations of the District and each member is responsible for its proportionate share of the operational and capital cost of the District, which are paid in the form of assessments. The Town's fiscal year 2024 assessment totaled \$1,368,936 Separate audited financial statements may be obtained by contacting the District Treasurer at 30 Log Bridge Road, Middleton, MA 01949.

**C. Correction of an Error**

During fiscal year 2024, the Town implemented GASB Statement No. 100, *Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62*.

During the fiscal year ended June 30, 2024, the Town's OPEB trust fund was reclassified from the general to the to the fiduciary funds as it qualified as a fiduciary component unit in the prior period. The effect of the correction of the error on beginning fund balance/net position is as follows:

	June 30, 2023 As Previously Reported	Error Correction	June 30, 2024 As Restated
Governmental Funds:			
Major Funds:			
General Fund	\$ 17,969,341	\$ (494,660)	\$ 17,474,681
	\$ 17,969,341	\$ (494,660)	\$ 17,474,681
Fiduciary Funds:			
Pension and Other Employee Benefit Trust Funds	\$ 116,461,045	\$ 494,660	\$ 116,955,705
	\$ 116,461,045	\$ 494,660	\$ 116,955,705

**TOWN OF STONEHAM, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Correction of an Error (Continued)**

The change also resulted in an error in the governmental activities financial statements, although it did not affect the beginning net position. Restricted cash associated with the OPEB trust fund in governmental activities was reclassified as a reduction of the OPEB liability by \$494,660.

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

Government-Wide Financial Statements

The government-wide financial statements (statement of net position and the statement of activities) report information on all 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 primarily supported by user fees.

Fund Financial Statements

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

**E. Measurement Focus, Basis of Accounting, and Basis of Presentation**

Government-Wide Financial Statements

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

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

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

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

**TOWN OF STONEHAM, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**E. Measurement Focus, Basis of Accounting, and Basis of Presentation (Continued)**

Government-Wide Financial Statements (Continued)

Except for charges between the general fund and enterprise funds, the effect of interfund activity has been eliminated from the government-wide financial statements. Elimination of these charges would distort the direct costs and program revenues reported for the functions affected.

Fund Financial Statements

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

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

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

The following major governmental funds are reported:

The *general fund* is used to account for and report all financial resources not accounted for and reported in another fund.

The *High School Construction fund* is a capital project fund used to account for funding and expenditures for the new high school construction project.

The *State and Local Fiscal Recovery fund* is a special revenue fund used to account for and report all revenue and expenses related to the American Rescue Plan Act of 2021.

**TOWN OF STONEHAM, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**E. Measurement Focus, Basis of Accounting, and Basis of Presentation (Continued)**

Fund Financial Statements (Continued)

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

*Special revenue funds* are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

*Capital projects funds* are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Capital projects funds exclude those types of capital-related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments.

*Permanent funds* are used to account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the government's programs and benefit the government or its citizenry.

**Proprietary funds** financial statements are reported using the flow of economic resources measurement focus and use the accrual basis of accounting, whereby revenues are recorded when earned and expenses are recorded when the liabilities are incurred.

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

The following major proprietary funds are reported:

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

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

**Fiduciary funds** 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's programs.

**TOWN OF STONEHAM, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**E. Measurement Focus, Basis of Accounting, and Basis of Presentation (Continued)**

Fund Financial Statements (Continued)

The following fiduciary fund types are reported:

The *pension and other postemployment benefits trust funds* is used to account for the activities of the System and the OPEB Trust, which accumulate resources to provide pension and healthcare benefits to eligible retirees and their beneficiaries.

The *private-purpose trust funds* is used to account for trust arrangements, other than those properly reported in the permanent fund, under which principal and investment income exclusively benefits individuals, private organizations, or other governments.

The *custodial funds* is used to account for assets held in a custodial capacity. Such assets consist of fees collected for other governments.

**F. Cash and Investments**

Government-Wide and Fund Financial Statements

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

Investments are carried at fair value, net asset value (NAV), or amortized cost, as further discussed in Note 3.

**G. Accounts Receivable**

Government-Wide and Fund Financial Statements

The recognition of revenue 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.

**Real Estate Taxes, Personal Property Taxes, and Tax Liens**

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

Real estate tax liens are processed in accordance with Massachusetts General Law (MGL) on delinquent properties and are recorded as receivables in the fiscal year they are processed.

**TOWN OF STONEHAM, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**G. Accounts Receivable (Continued)**

Government-Wide and Fund Financial Statements (Continued)

**Motor Vehicle Excise Taxes**

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

**User Charges (Sewer and Water)**

User charges are levied quarterly based on individual meter readings and are subject to penalties and interest if they are not paid by the respective due date. Sewer and water liens are processed in accordance with MGL and are included as a lien on the property owner's tax bill. Sewer and water charges are recorded as receivables when levied.

**Departmental and Other**

Departmental and other receivables consist primarily of uncollected trash fees and police details and are recorded as receivables in the fiscal year accrued.

**Intergovernmental**

Various state and federal operating and capital grants are applied for and received annually. Grant revenue is recognized as soon as all eligibility requirements imposed by the provider have been met.

**Opioid Settlements**

Opioid settlements receivable represents the Town's allocation of national settlement proceeds from pharmaceutical distributors to be received in future years in accordance with the national settlement agreement, as well as the subdivision agreement with the Commonwealth of Massachusetts.

**Leases**

The Town has various long-term, noncancellable lease agreements including a cellular antenna, a golf course and related facilities, a school classroom, and two billboards.

**H. Allowance for Uncollectible Amounts**

Government-Wide and Fund Financial Statements

The allowance for uncollectible amounts is estimated based on historical trends and specific account analysis for the following accounts receivable:

- Personal property taxes
- Motor vehicle and other excise taxes
- Departmental and other

**TOWN OF STONEHAM, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**H. Allowance for Uncollectible Amounts (Continued)**

Government-Wide and Fund Financial Statements (Continued)

At June 30, 2024, the allowances for uncollectible amounts for personal property taxes, motor vehicle and other excise taxes, and departmental and other receivables are immaterial and therefore not reported.

The following types of accounts receivable are secured via the lien process and are considered 100% collectible. Accordingly, an allowance for uncollectible amounts is not reported.

- Real estate taxes and tax liens
- User charges (water and sewer)
- Trash liens
- Utility liens (water and sewer)

Intergovernmental receivables are considered 100% collectible.

**I. Inventories**

Government-Wide and Fund Financial Statements

Inventories are recorded as expenditures at the time of purchase. Such inventories are not material in total to the government-wide and fund financial statements and, therefore, are not reported.

**J. Restricted Assets**

Government-Wide and Fund Financial Statements

Assets are reported as restricted when limitations on their use change the nature of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation.

**K. Capital Assets**

Government-Wide and Proprietary Fund Financial Statements

Capital assets, which consist of land, construction in progress, land improvements, buildings, machinery, vehicles and equipment, and infrastructure (e.g., roads, water mains, sewer mains, and similar items), are reported in the applicable governmental or business-type activities column of the government-wide financial statements and the proprietary fund financial statements.

Capital assets are recorded at historical cost or at estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at the estimated acquisition value at the date of donation.

**TOWN OF STONEHAM, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**K. Capital Assets (Continued)**

Government-Wide and Proprietary Fund Financial Statements (Continued)

All purchases and construction costs 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 and capitalization thresholds of capital assets are as follows:

Capital Asset Type	Estimated Useful Life
Buildings	10 to 40 Years
Land Improvements	15 to 40 Years
Machinery, Vehicles, and Equipment	5 to 20 Years
Infrastructure	10 to 60 Years

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

Governmental Fund Financial Statements

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

**L. Interfund Receivables and Payables**

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

Government-Wide Financial Statements

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

Fund Financial Statements

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

**TOWN OF STONEHAM, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**M. Interfund Transfers**

During the course of its operations, resources are permanently reallocated between and within funds.

Government-Wide Financial Statements

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

Fund Financial Statements

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

**N. Unearned Revenue**

Unearned revenue is presented in the governmental-wide statement of net position and governmental funds balance sheet and represents federal grants received by the Town in advance of meeting eligibility requirements for revenue recognition.

**O. Deferred Outflows of Resources**

Government-Wide and Fund Financial Statements

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until that time.

Deferred outflows of resources related to pensions and OPEB are reported in the government-wide and proprietary funds statements of net position.

**P. Deferred Inflows of Resources**

Government-Wide and Fund Financial Statements

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Unavailable revenue is reported in the governmental funds balance sheet. Unavailable revenue represents billed receivables that do not meet the available criterion in accordance with the current financial resources measurement focus and the modified accrual basis of accounting.

**TOWN OF STONEHAM, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**P. Deferred Inflows of Resources (Continued)**

Deferred inflows of resources related to pensions and OPEB are reported in the government-wide and proprietary funds statement of net position.

Deferred inflows of resources related to leases and taxes received in advance are reported in the government-wide statement of net position and the governmental funds balance sheet.

**Q. Net Position and Fund Balances**

Government-Wide Financial Statements and Proprietary Fund Financial Statements (Net Position)

Net position represents the residual difference between assets and deferred outflows less liabilities and deferred inflows.

Net position is reported as restricted when amounts are restricted by outside parties for a specific future use. Net position has been “restricted” for the following:

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

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

*Other specific purposes* represent restrictions placed on assets from outside parties.

Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by outstanding borrowings attributable to those assets and increased by unspent debt proceeds.

Unrestricted net position is the difference between total net position, net investment in capital assets and restricted net position.

Governmental Funds Financial Statements (Fund Balances)

The following fund balance classifications describe the relative strength of the spending constraints:

*Nonspendable* — represents amounts that cannot be spent either because they are in nonspendable form (i.e., prepaid amounts) or because they are legally or contractually required to be maintained intact (i.e., principal of permanent fund).

*Restricted* — represents amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

**TOWN OF STONEHAM, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Q. Net Position and Fund Balances (Continued)**

*Committed* — represents amounts that can be used only for specific purposes imposed by a formal action of Town Meeting, which is the highest level of decision-making authority for the Town. Committed amounts may be established, modified, or rescinded only through actions approved by Town Meeting.

*Assigned* — represents amounts that do not meet the criteria to be classified as restricted or committed but are intended to be used for specific purposes. Under the Town's structure, only authorized assignments for noncontractual encumbrances can be made by individual department heads.

*Unassigned* — represents the residual fund balance for the General Fund and the negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting assigned fund balance amounts.

In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of restricted, committed, assigned and unassigned.

Encumbrance amounts have been assigned for specific purposes for which resources already have been allocated.

**R. Long-Term Debt**

Government-Wide and Proprietary Fund Financial Statements

Long-term debt is reported as liabilities in the government-wide and proprietary fund statements of net position. Material bond premiums and discounts are amortized (through interest expense) over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium/discount.

Governmental Funds Financial Statements

The face amount of governmental funds long-term debt is reported as other financing sources when the debt is issued. 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.

**S. Investment Income**

Government-Wide and Fund Financial Statements

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

**TOWN OF STONEHAM, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**S. Investment Income (Continued)**

Government-Wide and Fund Financial Statements (Continued)

Investment income from the proprietary funds and fiduciary funds is retained in the respective funds.

**T. Compensated Absences**

Government-Wide and Proprietary Fund Financial Statements

Employees are granted vacation and sick leave in varying amounts based on collective bargaining agreements, state laws, and executive policies.

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

Governmental Funds Financial Statements

Vested or accumulated vacation and sick leave, which will be liquidated with expendable available financial resources, are reported as expenditures and fund liabilities upon employee retirements and resignations.

**U. Pensions**

Government-Wide and Proprietary Fund Financial Statements

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

**V. Other Postemployment Benefits**

Government-Wide and Proprietary Fund Financial Statements

In addition to providing pension benefits, and as more fully described in Note 11, the Town provides health and life insurance coverage for current and future retirees and their spouses.

**W. Use of Estimates**

Government-Wide and Fund Financial Statements

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

**TOWN OF STONEHAM, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**X. Total Column**

Government-Wide Financial Statements

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

Fund Financial Statements

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

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

**A. Budgetary Information**

Municipal Law requires the adoption of a balanced budget that is approved by Town Meeting vote. The Finance Committee presents an annual budget to Town Meeting, which includes estimates of revenues and other financing sources and recommendations of expenditures and other financing uses. Town Meeting, which has full authority to amend and/or reject the budget or any line item, adopts the expenditure budget by majority vote.

Appropriation increases to the original budget subsequent to the approval of the annual budget requires Special Town Meeting approval.

The majority of appropriations are noncontinuing which lapse at the end of each fiscal year. Others are continuing appropriations for which the governing body has authorized that an unspent balance from a prior fiscal year be carried forward and made available for spending in the current fiscal year.

Generally, expenditures may not exceed the level of spending (salaries, expenses, and capital) authorized for an appropriation account. However, the Town is statutorily required to pay debt service, regardless of whether such amounts are appropriated.

An annual budget is adopted for the General Fund in conformity with the guidelines described above. The original fiscal year 2024 approved budget for the General Fund authorized \$87,714,163 in appropriations. During fiscal year 2024, supplemental appropriations totaling \$1,418,286 were authorized.

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

**TOWN OF STONEHAM, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024**

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

**A. Budgetary Information (Continued)**

The General Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance – Non-GAAP Budgetary Basis – Budget and Actual, presented in the accompanying Required Supplementary Information, presents comparison of the legally adopted budget, as amended, with actual results. The originally adopted budget is presented for purposes of comparison to the final, amended budget.

**B. Fund Deficits**

At June 30, 2024, the following fund deficits exist in the governmental funds:

Fund	Amount	Funding Source
Police Detail	\$ 323,739	User Charges and Available Funds
Other Town Funds	170,985	Various Sources
Various Capital Projects	165,260	Short-Term Debt
Stoneham HS Wetland	52,900	State Grant
Total Deficits	\$ 712,884	

**NOTE 3 DEPOSITS AND INVESTMENTS**

**Town (Excluding the Pension Trust Fund)**

The municipal finance laws of the Commonwealth authorize the Town to invest temporarily idle cash in bank term deposits and certificates of deposits, and treasury and agency obligations of the United States government, with maturities of one year or less; U.S. Treasury or Agency repurchase agreements with maturities of not more than 90 days; money market accounts; and the state treasurer’s investment pool – the Massachusetts Municipal Depository Trust (MMDT). The MMDT meets the criteria of an external investment pool and operates in accordance with applicable state laws and regulations. The Treasurer of the Commonwealth serves as Trustee. The reported value of the pool is the same as the fair value of pool shares.

A cash and investment pool is maintained that is available for use by all funds with unrestricted cash and investments. The deposits and investments of the permanent funds, private purpose trust funds, and the pension trust fund are held separately from other Town funds.

Deposits – Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the Town’s deposits may not be recovered. The Town does not have a policy for custodial credit risk of deposits. As of June 30, 2024, none of the Town’s bank balance of \$54,990,271 was uninsured and uncollateralized. The carrying value of Town’s deposits totaled \$54,144,103 at June 30, 2024.

**TOWN OF STONEHAM, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)**

**Town (Excluding the Pension Trust Fund) (Continued)**

Investments Summary

The Town's investments at June 30, 2024 are presented below. All investments are presented by investment type, with debt securities presented by maturity.

<u>Investment Type</u>	<u>Total Amount</u>	<u>Investment Maturities (in Years)</u>	
		<u>Less Than 1</u>	<u>1 - 5</u>
<b>Debt Securities:</b>			
U.S. Treasuries	\$ 13,330,534	\$ 13,330,534	\$ -
Fixed Income Mutual Funds	202,262	202,262	-
Certificates of Deposit	726,655	726,655	-
External Investment Pool (MMDT)	<u>22,797,274</u>	<u>22,797,274</u>	<u>-</u>
Total Debt Securities	<u>37,056,725</u>	<u>\$ 37,056,725</u>	<u>\$ -</u>
<b>Other Investments:</b>			
Equity Securities	1,869,700		
Equity Mutual Funds	<u>8,369,049</u>		
Total Other Investments	<u>10,238,749</u>		
Total Investments	<u>\$ 47,295,474</u>		

Investments – Interest Rate Risk of Debt Securities

Interest rate risk for debt securities is the risk that changes in interest rates of debt securities will adversely affect the fair value of an investment. The Town has a policy that the fixed income portion of the portfolio shall have an average maturity of not more than 10 years.

Investments – Custodial Credit Risk

Custodial credit risk for investments 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. The Town does not have a policy for custodial credit risk of investments. As of June 30, 2024, the Town was not exposed to custodial credit risk.

**TOWN OF STONEHAM, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)**

Investments – Credit Risk of Debt Securities

Credit risk for investments is the risk that an issuer or other counterparty to a debt security will not fulfill its obligations. As of June 30, 2024, the credit quality ratings of the Town's debt securities are as follows:

Investment Type	Total Amount	Quality Ratings *	
		AAA	Unrated
U.S. Treasuries	\$ 13,330,534	\$ 13,330,534	\$ -
Fixed Income Securities	202,262	-	202,262
Certificates of Deposit	726,655	-	726,655
External Investment Pools	22,797,274	-	22,797,274
<b>Total</b>	<b>\$ 37,056,725</b>	<b>\$ 13,330,534</b>	<b>\$ 23,726,191</b>

\*Per the rating scale of *Standard and Poor's* (a nationally recognized statistical rating organization)

Investments – Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the Town's investment in a single issuer. As of June 30, 2024, the Town was not exposed to concentration of credit risk.

Investments – Foreign Currency Risk

Foreign currency risk is the risk that fluctuations in exchange rates will adversely affect the fair value of an investment or deposit. As of June 30, 2024, the Town was not exposed to foreign currency risk.

Investments – Fair Value Measurements

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.

Investment Type	Total Amount	Fair Value Measurements Using	
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
<b>Investments by Fair Value Level:</b>			
U.S. Treasuries	\$ 13,330,534	\$ 13,330,534	\$ -
Certificates of Deposit	726,655	-	726,655
Equity Securities	1,869,700	1,869,700	-
Equity Mutual Funds	8,369,049	8,369,049	-
Fixed Income Mutual Funds	202,262	202,262	-
<b>Total Investments by Value Level</b>	<b>24,498,200</b>	<b>\$ 23,771,545</b>	<b>\$ 726,655</b>
<b>Investments Measured at Amortized Cost:</b>			
External Investment Pool (MMDT)	22,797,274		
<b>Total Investments</b>	<b>\$ 47,295,474</b>		

**TOWN OF STONEHAM, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)**

Investments – Fair Value Measurements (Continued)

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

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

**Pension Trust Fund – Stoneham Contributory Retirement System**

The System invests in equity mutual funds and fixed income mutual funds managed by SEI Investments Company through January 2023 and by Russell Investments (RI) from February 2023. The System also invests in PRIT, an external state investment pool. Fair value is the same as the value of the pool share. PRIT, created under MGL, Chapter 32, Section 22 in December 1983, is operated under contract with a private investment advisor, approved by the Pension Reserves Investment Management Board (PRIM). PRIM chooses an investment advisor by requesting proposals from advisors and reviewing such proposals based on criteria adopted under MGL, Chapter 30B.

Investments - Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. MGL, Chapter 32, Section 23, limits the investment of the System's funds, to the extent not required for current disbursements, in PRIT or in securities, other than mortgages or collateral loans, which are legal for the investment of funds in savings banks under the laws of the Commonwealth of Massachusetts, provided that no more than the established percentage of assets is invested in any one security.

The System's investments in fixed income mutual funds of \$20,689,652 in RITC Fixed Income Fund and \$3,959,958 in RITC High Yield Bond Fund had weighted average duration of 6.3 years and 3.3 years, respectively. Due to PRIT's nature, any underlying holdings in fixed income securities in that external investment pool are not subject to the credit risk disclosure.

Investments – Custodial Credit Risk

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

At December 31, 2023, the System's investments in equity mutual funds and fixed income mutual funds are subject to custodial credit risk as investments are held by the pledging financial institution's trust department or agent, but not in the System's name. The System's investments in PRIT (state investment pool) is not subject to custodial credit risk disclosure.

**TOWN OF STONEHAM, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)**

Investments – Concentration of Credit Risk

MGL Chapter 32, Section 23 limits the amount the System may invest in any one issuer or security type, with the exception of PRIT.

As of December 31, 2023, the Retirement System had investments in PRIT and mutual funds which are not subject to concentration of credit risk.

Investments – Fair Value

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

The hierarchy is based on the valuation inputs used to measure the fair value of an asset. The hierarchy categorizes the inputs to valuation techniques used for fair value measurement into Level 1, 2, and 3. The System does not hold Level 1, 2, or 3 investments.

The net asset value (NAV) per share is the amount of net assets attributable to each share outstanding at the close of the period. Investments measured using NAV for fair value are not subject to level classification.

The System's investment in mutual funds and PRIT are not publicly traded funds and are valued using NAV:

Description	Amount	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Collective Investment Trusts:				
RITC World Equity Fund	\$ 7,469,725	\$ -	Daily	1 day
RITC High Yield Bond Fund	3,959,958	-	Daily	3 day
RITC Russell 1000 Index Fund	6,522,918	-	Daily	3 day
RITC Large Cap Defensive Equity Fund	6,756,071	-	Daily	1 day
RITC International Fund	10,224,506	-	Daily	1 day
RITC Emerging Mkts Fund	4,022,732	-	Daily	1 day
RITC Fixed Income Fund	20,689,652	-	Daily	1 day
RITC Small Cap Fund	2,749,018	-	Daily	1 day
RITC Global Real Estate SECS Fund	2,734,186	-	Daily	1 day
RITC Global Listed Infrastructure	2,709,346	-	Daily	1 day
External Investment Pools:				
PRIT General Allocation	32,803,872	-	Monthly	30 days
PRIT Core Real Estate	8,452,364	-	Monthly	30 days
PRIT Hedge Fund	10,530,959	-	Monthly	30 days
PRIT Private Equity VY 2016	493,925	513,809	Not eligible	N/A
PRIT Private Equity VY 2017	1,669,999	143,450	Not eligible	N/A
PRIT Private Equity VY 2018	1,478,374	215,726	Not eligible	N/A
PRIT Private Equity VY 2019	1,565,644	276,934	Not eligible	N/A
PRIT Private Equity VY 2020	1,368,096	258,760	Not eligible	N/A
PRIT Private Equity VY 2021	1,440,786	141,358	Not eligible	N/A
PRIT Private Equity VY 2022	548,460	1,295,931	Not eligible	N/A
PRIT Private Equity VY 2023	123,328	1,824,594	Not eligible	N/A
Total	<u>\$ 128,313,919</u>	<u>\$ 4,670,562</u>		

**TOWN OF STONEHAM, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 4 ACCOUNTS RECEIVABLE**

At June 30, 2024, receivables for the governmental funds are as follows:

	Gross Amount	Allowance for Uncollectibles	Net Amount
Receivables:			
Real Estate and Personal			
Property Taxes	\$ 1,248,758	\$ -	\$ 1,248,758
Tax and Trash Liens	153,672	-	153,672
Motor Vehicle and Other			
Excise Taxes	439,019	-	439,019
Departmental and Other	123,286	-	123,286
Opioid Settlement	278,914	-	278,914
Intergovernmental	4,258,154	-	4,258,154
Leases	6,077,426	-	6,077,426
Total	<u>\$ 12,579,229</u>	<u>\$ -</u>	<u>\$ 12,579,229</u>

At June 30, 2024, receivables for the enterprise funds consist of the following:

	Gross Amount	Allowance for Uncollectibles	Net Amount
Receivables:			
Sewer	\$ 2,780,383	\$ -	\$ 2,780,383
Water	1,852,209	-	1,852,209
Utility Liens	61,066	-	61,066
Total	<u>\$ 4,693,658</u>	<u>\$ -</u>	<u>\$ 4,693,658</u>

**Stoneham High School**

The MSBA provides contract assistance to the town related to the High School Construction project, which began in fiscal year 2021. The town has received \$41,149,476 as of June 30, 2024, and has recorded a receivable of \$3,649,996 as of June 30, 2024.

**NOTE 5 LEASES (LESSOR)**

The Town, acting as lessor, leases the following for various terms under long-term, noncancelable lease agreements: cellular antenna, golf course facilities, classroom space, and billboards. The leases expire at various dates through 2066. During the year ended June 30, 2024, the Town received variable payments as required by lease agreements totaling \$597,781.

**TOWN OF STONEHAM, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 5 LEASES (LESSOR) (CONTINUED)**

Total future minimum lease receipts to be received are as follows:

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 455,517	\$ 136,231	\$ 591,748
2026	453,446	125,665	579,111
2027	470,016	114,856	584,872
2028	483,909	103,706	587,615
2029	498,066	92,227	590,293
2029 - 2034	658,777	394,634	1,053,411
2034 - 2039	421,985	329,768	751,753
2039 - 2044	327,638	289,029	616,667
2044 - 2049	394,807	246,859	641,666
2049 - 2054	470,306	196,361	666,667
2054 - 2059	555,165	136,502	691,667
2059 - 2064	650,546	66,120	716,666
2064 - 2069	237,248	4,416	241,664
Total Minimum Lease Receipts	<u>\$ 6,077,426</u>	<u>\$ 2,236,374</u>	<u>\$ 8,313,800</u>

**NOTE 6 CAPITAL ASSETS**

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental Activities:</b>				
Capital Assets Not Being Depreciated:				
Land	\$ 6,258,486	\$ -	\$ -	\$ 6,258,486
Construction in Progress	47,177,909	98,814,835	(1,101,818)	144,890,926
Total Capital Assets Not Being Depreciated	53,436,395	98,814,835	(1,101,818)	151,149,412
Capital Assets Being Depreciated:				
Land Improvements	788,383	122,364	-	910,747
Buildings	112,568,516	388,475	-	112,956,991
Machinery, Vehicles, and Equipment	9,068,523	2,568,121	(648,173)	10,988,471
Infrastructure	21,584,478	1,715,575	-	23,300,053
Total Capital Assets Being Depreciated	144,009,900	4,794,535	(648,173)	148,156,262
Less: Accumulated Depreciation for:				
Land Improvements	(437,867)	(68,818)	-	(506,685)
Buildings	(55,290,412)	(2,479,658)	-	(57,770,070)
Machinery, Vehicles, and Equipment	(6,443,515)	(709,500)	638,495	(6,514,520)
Infrastructure	(10,186,546)	(629,476)	-	(10,816,022)
Total Accumulated Depreciation	<u>(72,358,340)</u>	<u>(3,887,452)</u>	<u>638,495</u>	<u>(75,607,297)</u>
Total Capital Assets Being Depreciated, Net	71,651,560	907,083	(9,678)	72,548,965
Total Governmental Activities Capital Assets, Net	<u>\$ 125,087,955</u>	<u>\$ 99,721,918</u>	<u>\$ (1,111,496)</u>	<u>\$ 223,698,377</u>

**TOWN OF STONEHAM, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 6 CAPITAL ASSETS (CONTINUED)**

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-Type Activity- Sewer Enterprise:</b>				
Capital Assets Not Being Depreciated:				
Land	\$ 215,801	\$ -	\$ -	\$ 215,801
Construction in Progress	766,966	321,618	(69,130)	1,019,454
Total Capital Assets Not Being Depreciated	<u>982,767</u>	<u>321,618</u>	<u>(69,130)</u>	<u>1,235,255</u>
Capital Assets Being Depreciated:				
Buildings and Improvements	1,600,441	-	-	1,600,441
Machinery, Vehicles, and Equipment	293,190	-	-	293,190
Infrastructure	8,034,284	181,021	-	8,215,305
Total Capital Assets Being Depreciated	<u>9,927,915</u>	<u>181,021</u>	<u>-</u>	<u>10,108,936</u>
Less: Accumulated Depreciation for:				
Buildings and Improvements	(984,076)	(24,036)	-	(1,008,112)
Machinery, Vehicles, and Equipment	(287,220)	(5,968)	-	(293,188)
Infrastructure	(2,068,346)	(203,235)	-	(2,271,581)
Total Accumulated Depreciation	<u>(3,339,642)</u>	<u>(233,239)</u>	<u>-</u>	<u>(3,572,881)</u>
Total Capital Assets Being Depreciated, Net	<u>6,588,273</u>	<u>(52,218)</u>	<u>-</u>	<u>6,536,055</u>
Total Sewer Enterprise Capital Assets, Net	<u>7,571,040</u>	<u>269,400</u>	<u>(69,130)</u>	<u>7,771,310</u>
<b>Business-Type Activity- Water Enterprise:</b>				
Capital Assets Not Being Depreciated:				
Construction in Progress	503,306	-	(503,306)	-
Capital Assets Being Depreciated:				
Buildings	26,438	-	-	26,438
Machinery, Vehicles, and Equipment	6,180	57,420	-	63,600
Infrastructure	11,725,045	503,306	-	12,228,351
Total Capital Assets Being Depreciated	<u>11,757,663</u>	<u>560,726</u>	<u>-</u>	<u>12,318,389</u>
Less: Accumulated Depreciation for:				
Buildings	(26,438)	-	-	(26,438)
Machinery, Vehicles, and Equipment	(6,180)	(5,742)	-	(11,922)
Infrastructure	(2,983,393)	(300,216)	-	(3,283,609)
Total Accumulated Depreciation	<u>(3,016,011)</u>	<u>(305,958)</u>	<u>-</u>	<u>(3,321,969)</u>
Total Capital Assets Being Depreciated, Net	<u>8,741,652</u>	<u>254,768</u>	<u>-</u>	<u>8,996,420</u>
Total Water Enterprise Capital Assets, Net	<u>9,244,958</u>	<u>254,768</u>	<u>(503,306)</u>	<u>8,996,420</u>
Total Business-Type Activities Capital Assets, Net	<u>\$ 16,815,998</u>	<u>\$ 524,168</u>	<u>\$ (572,436)</u>	<u>\$ 16,767,730</u>

**TOWN OF STONEHAM, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 6 CAPITAL ASSETS (CONTINUED)**

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

Governmental Activities:	
General Government	\$ 98,576
Public Safety	380,513
Education	2,344,307
Public Works	856,099
Culture and Recreation	<u>207,957</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 3,887,452</u></u>
Business-Type Activities:	
Sewer	\$ 233,239
Water	<u>305,958</u>
Total Depreciation Expense - Business-Type Activities	<u><u>\$ 539,197</u></u>

**NOTE 7 INTERFUND TRANSFERS**

Interfund transfers for the fiscal year ended June 30, 2024, are summarized below:

Transfers Out	Transfers In		
	General Fund	Nonmajor Governmental Fund	Total
General Fund	\$ -	\$ 366,027	\$ 366,027 (1)
Nonmajor Governmental Funds	55,016	-	55,016 (2)
Sewer Enterprise Fund	601,762	-	601,762 (3)
Water Enterprise Fund	526,565	-	526,565 (3)
Total	<u><u>\$ 1,183,343</u></u>	<u><u>\$ 366,027</u></u>	<u><u>\$ 1,549,370</u></u>

- (1) Represents budgeted transfer from the general fund to special revenue funds to subsidize waste and recycling (\$215,000) and a transfer from the general fund to special revenue funds to establish the Opioid Settlement fund (\$151,027).
- (2) Represents budgeted transfer from the Transportation Network Companies special revenue funds to the general fund for the Stoneham Shuttle Pilot Program.
- (3) Represents budgeted transfers from the sewer and water enterprise funds to the general fund for indirect costs.

**TOWN OF STONEHAM, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 8 SHORT-TERM DEBT**

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

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

Short-term loans are general obligations and carry maturity dates that are limited by statute. Interest expenditures and expenses for short-term borrowings are accounted for in the General Fund and Enterprise Funds, respectively.

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

**Governmental Funds**

Type	Description	Origination Date	Maturity Date	Interest Rate	Beginning Balance	Increases	Decreases	Ending Balance
BAN	Streets and Sidewalks	2/1/2023	2/1/2024	4.00%	\$ 100,000	\$ -	\$ (100,000)	\$ -
BAN	6 Wheel Dump Truck w/ Plow	2/1/2023	2/1/2024	4.00%	198,000	-	(198,000)	-
BAN	One-Ton Dump Truck	2/1/2023	2/1/2024	4.00%	55,000	-	(55,000)	-
BAN	Town Roof Restoration and Design Studies	2/1/2023	2/1/2024	4.00%	359,700	-	(359,700)	-
BAN	Town Wide ADA Improvements	2/1/2023	2/1/2024	4.00%	50,000	-	(50,000)	-
BAN	4 Portable Radios & Chargers	2/1/2023	2/1/2024	4.00%	35,000	-	(35,000)	-
BAN	Vehicle Replacement	2/1/2023	2/1/2024	4.00%	60,000	-	(60,000)	-
BAN	Drainage Installation (7th Fairway)	2/1/2023	2/1/2024	4.00%	38,000	-	(38,000)	-
BAN	Library Windows	2/1/2023	2/1/2024	4.00%	30,000	-	(30,000)	-
BAN	Marked Police Vehicle	2/1/2023	2/1/2024	4.00%	70,000	-	(70,000)	-
BAN	South School Playground and Park Lot Design	2/1/2023	2/1/2024	4.00%	50,000	-	(50,000)	-
BAN	Streets and Sidewalks	2/1/2024	11/1/2024	4.00%	-	100,000	(100,000)	-
BAN	6 Wheel Dump Truck w/ Plow	2/1/2024	11/1/2024	4.00%	-	198,000	(198,000)	-
BAN	One-Ton Dump Truck	2/1/2024	11/1/2024	4.00%	-	55,000	(55,000)	-
BAN	Town Roof Restoration and Design Studies	2/1/2024	11/1/2024	4.00%	-	359,700	(359,700)	-
BAN	Town Wide ADA Improvements	2/1/2024	11/1/2024	4.00%	-	50,000	(50,000)	-
BAN	4 Portable Radios & Chargers	2/1/2024	11/1/2024	4.00%	-	35,000	-	35,000
BAN	Vehicle Replacement	2/1/2024	11/1/2024	4.00%	-	60,000	-	60,000
BAN	Drainage Installation (7th Fairway)	2/1/2024	11/1/2024	4.00%	-	38,000	(35,750)	2,250
BAN	Library Windows	2/1/2024	11/1/2024	4.00%	-	30,000	(30,000)	-
BAN	Marked Police Vehicle	2/1/2024	11/1/2024	4.00%	-	70,000	-	70,000
BAN	South School Playground and Park Lot Design	2/1/2024	11/1/2024	4.00%	-	50,000	-	50,000
BAN	Facilities Capital Projects	2/1/2024	11/1/2024	4.00%	-	600,000	(600,000)	-
BAN	Marked Police Vehicle	2/1/2024	11/1/2024	4.00%	-	75,000	(26,500)	48,500
BAN	Unmarked Police Vehicle	2/1/2024	11/1/2024	4.00%	-	45,000	(45,000)	-
BAN	Streets & Sidewalks	2/1/2024	11/1/2024	4.00%	-	375,000	(375,000)	-
BAN	One Ton Dump Truck	2/1/2024	11/1/2024	4.00%	-	77,260	(77,260)	-
BAN	Park Improvements	2/1/2024	11/1/2024	4.00%	-	32,500	(32,500)	-
Total					<u>\$ 1,045,700</u>	<u>\$ 2,250,460</u>	<u>\$ (3,030,410)</u>	<u>\$ 265,750</u>

**Business-type Activities**

Type	Description	Origination Date	Maturity Date	Interest Rate	Beginning Balance	Increases	Decreases	Ending Balance
BAN	Park Street Sewer Main Design	2/1/24	11/1/24	4.00%	\$ -	\$ 65,000	\$ (62,750)	\$ 2,250
BAN	Removal of Lead Services	2/1/24	11/1/24	4.00%	-	60,000	(60,000)	-
BAN	Utility Truck	2/1/24	11/1/24	4.00%	-	57,420	(46,540)	10,880
Total					<u>\$ -</u>	<u>\$ 182,420</u>	<u>\$ (169,290)</u>	<u>\$ 13,130</u>

**TOWN OF STONEHAM, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 8 SHORT-TERM DEBT (CONTINUED)**

Subsequent Event

On July 24, 2024, the Town issued general obligation bonds in the amount of \$22,685,000 with interest rates of 4.00 - 5.00% and a maturity date of August 15, 2054, which was used to retire \$2,154,000 of expiring BANs and to fund various other capital projects, as a result these amounts have been reported as long-term debt. The remaining outstanding BANs of \$278,880 were paid down with the premium on the bond issuance which will be recognized as long term debt in the subsequent year..

**NOTE 9 LONG-TERM OBLIGATIONS**

The following represents a summary of changes that occurred in long-term obligations during the fiscal year ended June 30, 2024:

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion
<b>Governmental Activities:</b>					
Bonds and Notes Payable	\$ 141,585,000	\$ 1,984,710	\$ (4,155,000)	\$ 139,414,710	\$ 4,165,000
Unamortized Bond Premiums	7,983,888	-	(596,485)	7,387,403	573,456
Total Bonds and Notes Payable	149,568,888	1,984,710	(4,751,485)	146,802,113	4,738,456
Compensated Absences	1,322,351	-	(33,457)	1,288,894	128,889
Total	<u>\$ 150,891,239</u>	<u>\$ 1,984,710</u>	<u>\$ (4,784,942)</u>	<u>\$ 148,091,007</u>	<u>\$ 4,867,345</u>
<b>Business-Type Activities:</b>					
Bonds and Notes Payable	\$ 2,932,046	\$ 1,139,290	\$ (473,096)	\$ 3,598,240	\$ 559,850
Compensated Absences	47,330	-	(3,525)	43,805	4,381
Total	<u>\$ 2,979,376</u>	<u>\$ 1,139,290</u>	<u>\$ (476,621)</u>	<u>\$ 3,642,045</u>	<u>\$ 564,231</u>

The governmental activities long-term liabilities are generally liquidated by the General Fund. The business-type long-term liabilities are liquidated by the sewer and water enterprise funds.

**TOWN OF STONEHAM, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 10 LONG-TERM DEBT**

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

**Bonds and Notes Payable - Governmental Funds**

Project	Maturity Date	Interest Rate	Beginning Balance	Issued	Redeemed	Ending Balance
General Obligation Bonds 2013	02/15/33	2.00-4.00%	\$ 10,195,000	\$ -	\$ (865,000)	\$ 9,330,000
General Obligation Bonds 2016	12/15/26	2.00-3.00%	890,000	-	(100,000)	790,000
General Obligation Bonds 2017	06/30/42	3.00-4.00%	1,095,000	-	(70,000)	1,025,000
General Obligation Bonds 2018	12/15/31	3.00-4.00%	1,155,000	-	(85,000)	1,070,000
General Obligation Bonds 2019	12/15/29	4.00-5.00%	205,000	-	(170,000)	35,000
General Obligation Bonds 2019	12/15/29	4.00-5.00%	365,000	-	(100,000)	265,000
Pump/Vac Truck	06/01/30	4.00%	370,000	-	(55,000)	315,000
Golf Course Inflow & Infiltration Study	06/01/36	2.00-4.00%	105,000	-	(10,000)	95,000
General Obligation Bonds 2021	06/01/36	2.00-4.00%	855,000	-	(75,000)	780,000
General Obligation Refunding Bonds 2021	06/01/31	2.00-4.00%	945,000	-	(160,000)	785,000
High School Construction GOB 2022	01/15/52	2.00-5.00%	125,280,000	-	(2,455,000)	122,825,000
Golf Course Irrigation GOB 2022	01/15/32	2.00-5.00%	125,000	-	(10,000)	115,000
General Obligation Bonds 2024	08/15/52	4.00-5.00%	-	1,984,710	-	1,984,710
Total Governmental Funds			<u>\$ 141,585,000</u>	<u>\$ 1,984,710</u>	<u>\$ (4,155,000)</u>	<u>\$ 139,414,710</u>

Debt service requirements (gross) for principal and interest for governmental bonds and notes payable in future fiscal years are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 4,165,000	\$ 4,235,806	\$ 8,400,806
2026	4,464,710	4,182,595	8,647,305
2027	4,565,000	3,930,732	8,495,732
2028	4,725,000	3,719,257	8,444,257
2029	4,885,000	3,509,805	8,394,805
2030	5,075,000	3,293,005	8,368,005
2031	5,145,000	3,068,032	8,213,032
2032	5,155,000	2,844,282	7,999,282
2033	5,335,000	2,615,132	7,950,132
2034	4,335,000	2,376,368	6,711,368
2035	4,285,000	2,287,170	6,572,170
2036	4,360,000	2,198,495	6,558,495
2037	4,380,000	2,108,341	6,488,341
2038	4,455,000	2,012,849	6,467,849
2039	4,545,000	1,916,368	6,461,368
2040	4,620,000	1,812,931	6,432,931
2041	4,725,000	1,707,744	6,432,744
2042	4,830,000	1,600,143	6,430,143
2043	4,920,000	1,454,669	6,374,669
2044	5,070,000	1,306,619	6,376,619
2045	5,220,000	1,154,069	6,374,069
2046	5,310,000	1,017,325	6,327,325
2047	5,450,000	877,938	6,327,938
2048	5,595,000	734,875	6,329,875
2049	5,730,000	595,000	6,325,000
2050	5,875,000	451,750	6,326,750
2051	6,020,000	304,875	6,324,875
2052	6,175,000	154,375	6,329,375
Total	<u>\$ 139,414,710</u>	<u>\$ 57,470,550</u>	<u>\$ 196,885,260</u>

**TOWN OF STONEHAM, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 10 LONG-TERM DEBT (CONTINUED)**

**Bonds and Notes Payable – Sewer Enterprise Fund**

Project	Maturity Date	Interest Rate	Beginning Balance	Issued	Redeemed	Ending Balance
Sewer - MWRA*	6/30/2026	0.00%	\$ 86,350	\$ -	\$ (30,450)	\$ 55,900
Sewer - MWRA*	6/30/2029	0.00%	145,500	-	(24,250)	121,250
Sewer - MWRA*	6/30/2032	0.00%	218,250	-	(24,250)	194,000
Sewer - MWRA*	6/30/2034	0.00%	-	970,000	-	970,000
General Obligation Bond 2024	8/15/2034	5.00%	-	62,750	-	62,750
Total Sewer Enterprise Fund			<u>\$ 450,100</u>	<u>\$ 1,032,750</u>	<u>\$ (78,950)</u>	<u>\$ 1,403,900</u>

\*Notes from direct borrowings

Debt service requirements for the sewer enterprise fund bonds and notes payable in future years are as follows:

Year Ending June 30,	Bonded Debt		Notes from Direct Borrowings		Total
	Principal	Interest	Principal	Interest	
2025	\$ -	\$ -	\$ 175,950	\$ -	\$ 175,950
2026	17,750	4,219	170,950	-	192,919
2027	15,000	1,875	145,500	-	162,375
2028	15,000	1,125	145,500	-	161,625
2029	15,000	375	145,500	-	160,875
2030	-	-	121,250	-	121,250
2031	-	-	121,250	-	121,250
2032	-	-	121,250	-	121,250
2033	-	-	97,000	-	97,000
2034	-	-	97,000	-	97,000
Total	<u>\$ 62,750</u>	<u>\$ 7,594</u>	<u>\$ 1,341,150</u>	<u>\$ -</u>	<u>\$ 1,411,494</u>

**Bonds and Notes Payable – Water Enterprise Fund**

Project	Maturity Dates	Interest Rate	Beginning Balance	Issued	Redeemed	Ending Balance
Water - MWRA*	6/30/2026	0.00%	\$ 411,946	\$ -	\$ (144,146)	\$ 267,800
Water - MWRA*	6/30/2031	0.00%	1,440,000	-	(180,000)	1,260,000
Water - MWRA*	6/30/2032	0.00%	630,000	-	(70,000)	560,000
General Obligation Bond 2024	8/15/2037	5.00%	-	106,540	-	106,540
Total Water Enterprise Fund			<u>\$ 2,481,946</u>	<u>\$ 106,540</u>	<u>\$ (394,146)</u>	<u>\$ 2,194,340</u>

\*Notes from direct borrowings

Debt service requirements for the water enterprise fund bonds and notes payable in future years are as follows:

Year Ending June 30,	Bonded Debt		Notes from Direct Borrowings		Total
	Principal	Interest	Principal	Interest	
2025	\$ -	\$ -	\$ 383,900	\$ -	\$ 383,900
2026	11,540	7,628	383,900	-	403,068
2027	10,000	4,500	250,000	-	264,500
2028	10,000	4,000	250,000	-	264,000
2029	10,000	3,500	250,000	-	263,500
2030	10,000	3,000	250,000	-	263,000
2031	10,000	2,500	250,000	-	262,500
2032	10,000	2,000	70,000	-	82,000
2033	10,000	1,500	-	-	-
2034	10,000	1,000	-	-	-
2035	5,000	625	-	-	-
2036	5,000	375	-	-	-
2037	5,000	125	-	-	-
Total	<u>\$ 106,540</u>	<u>\$ 30,753</u>	<u>\$ 2,087,800</u>	<u>\$ -</u>	<u>\$ 2,186,468</u>

**TOWN OF STONEHAM, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 10 LONG-TERM DEBT (CONTINUED)**

**Authorized and Unissued Debt**

The Town is subject to various debt limits by statute and may issue additional general obligation debt under the normal debt limit. At June 30, 2024, the Town had the following authorized and unissued debt:

Purpose	Amount
High School Construction	\$ 52,047,927
Additional High School Construction	24,990,257
Middle School Construction	1,096,232
Water Rehabilitation and Construction	830,000
Sewer (Phase 10)	610,500
Facilities Capital Projects	600,000
Streets and Sidewalks	500,000
Library Roof Repair and Replace	432,000
High School Feasibility Study	390,450
Streets and Sidewalks	375,000
Town Roof Restoration and Design Studies	359,700
Water	200,000
6 Wheel Dump Truck w/ Plow	198,000
Marked Police Vehicle	150,000
Streets and Sidewalks	100,000
One-Ton Dump Truck	85,000
Utility Truck	85,000
Marked Police Vehicle	75,000
Marked Police Vehicle	70,000
Pickup Truck	70,000
Park Street Sewer Main Design	65,000
Vehicle Replacement	60,000
Removal of Lead Servces	60,000
One-Ton Dump Truck	55,000
Town Wide ADA Improvements	50,000
South School Site Rehab-Playground and Park Lot Design	50,000
Unmarked Police Vehicle	45,000
Drainage Installation (7th Fairway)	38,000
4 Portable Radios & Chargers	35,000
Park Improvements	32,500
Library Windows	30,000
School Feasibility Study	28,325
Golf Course Irrigation Replacement	500
Total	<u>\$ 83,814,391</u>

**TOWN OF STONEHAM, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 11 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)**

**Plan Description**

The Town provides lifetime healthcare insurance coverage for its retirees and their survivors (hereinafter referred to as the Plan) as a single-employer defined benefit Other Post-Employment Benefit (OPEB) plan. Chapter 32B of the MGL assigns authority to establish and amend benefit provisions. The Plan does not issue a stand-alone financial report.

The Town has established (in accordance with GASB requirements) an OPEB trust fund that is reported in the fiduciary funds financial statements using the flow of economic resources measurement focus and the accrual basis of accounting. Contributions are recognized as additions in the period they become due pursuant to formal commitments, statutory or contractual requirements. Benefits and refunds are recognized as deductions when incurred.

**Contributions**

The contribution requirements of Plan members and the Town are established and may be negotiated between the Town and Union representatives. The required health insurance contribution rates (including Medicare Part B) of Plan members and the Town vary by health plan and range from 15 - 25% and 85 - 75%, respectively. The Town currently contributes enough money to the Plan to satisfy current obligations on a pay-as-you-go basis. The costs of administering the Plan are paid by the Town. For the fiscal year ended June 30, 2024, employer contributions totaled \$4,323,743.

**Plan Members Covered by Benefit Terms**

At June 30, 2024 the following plan members were covered by benefit terms:

Active Plan Members	541
Inactive Members Entitled to But Not Receiving Benefits	15
Retired, Disabled, Survivors, and Beneficiaries	
Receiving Benefits	443
Total	<u>999</u>

**Net OPEB Liability**

The components of the net OPEB Liability of the Plan as of June 30, 2024 were as follows:

Total OPEB Liability	\$ 124,761,186
Plan Fiduciary Net Position	659,698
Plan's Net OPEB Liability	<u>\$ 124,101,488</u>

Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	0.53%
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**Actuarial Assumptions**

The Town's Total OPEB liability of \$124,101,488 was measured as of June 30, 2024 and was determined by an actuarial valuation as of July 1, 2023, which has been rolled forward to the June 30, 2024 measurement date.

**TOWN OF STONEHAM, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 11 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)**

**Actuarial Assumptions (Continued)**

The significant methods and assumptions used to measure the total OPEB liability are as follows:

Discount Rate	3.93% (was previously 3.65%)
Healthcare/Medical Cost Trend Rate:	
Commercial Managed Care Plan	5.38% decreasing to an ultimate level of 5.0%
Commercial Indemnity Plan	2.96% increasing to an ultimate level of 5.0%
Medicare Managed Care Plan	3.88% increasing to an ultimate level of 5.0%
Medicare Indemnity Plan	2.55% increasing to an ultimate level of 5.0%
Actives	The PUB-2010 Headcount-weighted Mortality Tables, sex-distinct, for Employees projected using generational mortality and scale MP-2021; General (Groups 1&2 and Spouses), Safety (Group 4), and Teachers.
Retirees	The PUB-2010 Headcount-weighted Mortality Tables, sex-distinct, for Healthy Retirees and Contingent Survivors projected using generational mortality and scale MP-2021; General (Groups 1&2 and Spouses), Safety (Group 4), and Teachers.
Disabled	The PUB-2010 Headcount-weighted Mortality Tables, sex-distinct, for Healthy Retirees projected using generational mortality and scale MP-2021; General (Groups 1&2 and Spouses), Safety (Group 4), and Teachers. Set forward 2 years.

**Investment Policies and Rates of Return**

The OPEB Trust's policy in regard to the allocation of invested assets is established and may be amended by the Select Board by a majority vote. It is the policy to pursue an investment strategy that will mitigate credit and interest rate risks by prudently selecting and diversifying investment instruments and depository choices.

For the year ended June 30, 2024, the annual money-weighted rate of return on investments, net of investment expense, was 10.11%. The money-weighted rate of return expresses investment performance, net of investment expense.

**TOWN OF STONEHAM, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 11 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)**

**Investment Policies and Rates of Return (Continued)**

The long-term expected real rate of return reflects the expected rate of return on plan assets adjusted for the expected rate of inflation. Note that the discount rate includes the effect of inflation. The long-term expected real rate of return removes the effect of inflation on the return amounts. It is a long-term assumption and is meant to reflect a reasonable estimate of future experience, based on the expected asset allocation. The allocation percentages show below are based on target allocations established in the OPEB Trust Investment Policy Statement signed September 30, 2024. Real rates of return are based on 30-year gross return estimates provided by the Trust asset consultant, Bartholomew and Co., adjusted for the Bartholomew inflation assumption of 3.00%. Best estimates of arithmetic real rates of return for each major asset class included in the target allocation as of June 30, 2024, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	34.00 %	4.10 %
International Equity	22.00	5.20
Domestic Bond	20.00	1.80
International Bond	4.00	1.60
Private Equity	7.00	7.70
Real Estate	3.00	1.50
Other Alternative	10.00	5.00
Total	100.00 %	

**Discount Rate**

Total OPEB Liability as of the plan's Fiscal Year-end (June 30, 2024) is calculated using a discount rate assumption of 3.93%. To calculate this rate, Stone Consulting has conducted a cash flow study of the Trust assets and liabilities. Using a rate consistent with the Trust's investment strategy, we determine the length of time for which the assets would support OPEB benefit payments for current and projected new employees. Since there are no assets for the Town of Stoneham, there is no depletion point. The present value of OPEB benefits is then calculated using a rate consistent with the Trust's investment strategy (6.00%) before the depletion point and a rate based on 20-year Municipal General Obligation bonds as shown in the Bond Buyer 20 Bond Index (3.93% as of June 30, 2024) after the depletion point. Finally, a single rate producing an equivalent present value of benefits is calculated. This is the 3.93% rate we have used for the Town of Stoneham (GASB 75) and the Town of Stoneham OPEB Trust (GASB 74). One of the objectives of the provisions introduced by GASB 74 and 75 is to examine how benefit payments and plan contributions and investment earnings interact on a cash flow basis. GASB 74 and 75 require that these amounts be calculated with the Fair Value of Assets and using the Entry Age Normal cost method.

**TOWN OF STONEHAM, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 11 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)**

**Changes in the Net OPEB Liability**

	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2023	\$ 120,592,282	\$ 494,660	\$ 120,097,622
Changes for the Year:			
Service Cost	4,435,747	-	4,435,747
Interest	4,486,309	-	4,486,309
Changes in Benefit Terms	6,611,262	-	6,611,262
Differences Between Expected and Actual Experience	(992,373)	-	(992,373)
Changes of Assumptions	(6,148,429)	-	(6,148,429)
Net Investment Income	-	64,908	(64,908)
Contributions - Employer	-	4,323,743	(4,323,743)
Benefit Payments	(4,223,743)	(4,223,743)	-
Net Changes	<u>4,168,773</u>	<u>164,908</u>	<u>4,003,866</u>
Balance at June 30, 2024	<u>\$ 124,761,055</u>	<u>\$ 659,568</u>	<u>\$ 124,101,488</u>

Changes of assumptions reflects a change in the discount rate from 3.65% to 3.93%, the mortality table for non-teachers was changed from RPH-2014 to PubH-2010, and cost-sharing between the Town and retirees was changed from 60% Town / 40% subscriber to 80% Town / 20% subscriber for the Unicare (Wellpoint) Medicare Extension plan.

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

The following presents the net OPEB liability of the Town, 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 or 1-percentage-point higher than the current rate:

	1% Decrease (2.93%)	Current Discount Rate (3.93%)	1% Increase (4.93%)
Net OPEB Liability	\$ 143,807,605	\$ 124,101,488	\$ 108,333,984

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

The following presents the net OPEB liability of the Town, 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 trend rates:

	1% Decrease	Current Trend Rate Base Trend	1% Increase
Net OPEB Liability	\$ 105,364,550	\$ 124,101,488	\$ 148,334,841

**TOWN OF STONEHAM, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 11 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)**

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

For the year ended June 30, 2024, the Town recognized OPEB expense of \$4,662,577. At June 30, 2024, the Town reported the following deferred outflows of resources and deferred inflows of resources related to OPEB:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ 9,785,366
Changes of Assumptions	217,086	17,822,650
Net Difference Between Projected and Actual Earnings on OPEB Trust Investments	-	36,019
Total	\$ 217,086	\$ 27,644,035

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

Year Ending June 30,	Amount
2025	\$ (9,717,993)
2026	(9,935,079)
2027	(5,722,861)
2028	(1,497,669)
2029	(553,347)
Total	\$ (27,426,949)

**TOWN OF STONEHAM, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 12 FUND BALANCE**

The constraints on fund balances in the Governmental Funds Balance Sheet are detailed as follows:

	General	High School Construction	State and Local Fiscal Recovery Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Nonspendable:</b>					
Permanent Fund Principal	\$ -	\$ -	\$ -	\$ 1,173,678	\$ 1,173,678
<b>Restricted:</b>					
Opioid Settlement	1,353	-	-	-	1,353
Town Gift and Grant Funds	-	-	-	657,708	657,708
Town Other Funds	-	-	-	3,063,733	3,063,733
School Lunch	-	-	-	683,749	683,749
School Gift and Grant Funds	-	-	-	362,648	362,648
School Other Funds	-	-	-	543,502	543,502
Receipts Reserved for Appropriation	-	-	-	16,099	16,099
Capital Projects	-	33,893,848	-	413,946	34,307,794
Cemeteries	-	-	-	362,235	362,235
Libraries	-	-	-	122,856	122,856
Other Permanent Funds	-	-	-	573,707	573,707
Subtotal - Restricted	<u>1,353</u>	<u>33,893,848</u>	<u>-</u>	<u>6,800,183</u>	<u>40,695,384</u>
<b>Committed:</b>					
Capital Stabilization	1,353,117	-	-	-	1,353,117
Subsequent Year's Expenditures	1,378,616	-	-	-	1,378,616
Continuing Appropriations	1,145,948	-	-	-	1,145,948
Subtotal - Committed	<u>3,877,681</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,877,681</u>
<b>Assigned:</b>					
Encumbrances	107,171	-	-	-	107,171
<b>Unassigned</b>					
	<u>18,976,465</u>	<u>-</u>	<u>-</u>	<u>(712,884)</u>	<u>18,263,581</u>
<b>Total</b>	<u>\$ 22,962,670</u>	<u>\$ 33,893,848</u>	<u>\$ -</u>	<u>\$ 7,260,977</u>	<u>\$ 64,117,495</u>

**NOTE 13 STABILIZATION FUNDS**

The Town maintains general and capital stabilization funds that were established under MGL Chapter 40, Section 5B. Appropriations in and out of the stabilization funds require two-thirds vote of Town Meeting. Investment income is retained by the funds.

The balance of the general and capital stabilization funds at June 30, 2024 total \$5,329,170 and \$1,353,117, respectively, and are reported as unassigned and committed fund balances in the general fund, respectively.

**TOWN OF STONEHAM, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 14 PENSION PLAN**

**Plan Description**

The Town contributes to the System, a cost-sharing, multiemployer defined benefit pension plan administered by the Stoneham Retirement Board. Substantially all employees of the Town are members of the System, except for public school teachers and certain administrators who are members of the Massachusetts Teachers Retirement System.

As of the most recent actuarial valuation dated January 1, 2022, the System's membership consisted of the following:

Active Members	309
Inactive Members	116
Retirees and Beneficiaries Currently Receiving Benefits	<u>291</u>
Total	<u><u>716</u></u>

The System is governed by a five-member board comprised of the Town Accountant (ex-officio), two members elected by the System's participants, a fourth member appointed by the Select Board, and a fifth member appointed by the Retirement Board's members.

**Benefits Provided**

The System provides retirement, disability, and death benefits to plan members and beneficiaries, pursuant to MGL Chapter 32, up to a maximum of 80% of the average of a member's three (if hired before April 1, 2012) or five (if hired on or after April 1, 2012) highest consecutive years' regular compensation. In addition to regular compensation, benefits are based upon a member's age, length of creditable service and group classification. Members become vested after 10 years of creditable service. A normal retirement allowance may be received after the completion of 20 years of service or upon reaching age 55 (if hired before April 1, 2012) or 60 (if hired on or after April 1, 2012), with 10 years of service. Normal retirement for most employees occurs at age 65 (if hired before April 1, 2012) or 67 (if hired on or after April 1, 2012), except for certain hazardous duty and public safety employees who attain normal retirement at age 55 (if hired before April 1, 2012) or 57 (if hired on or after April 1, 2012).

**Contributions**

Chapter 32 of MGL governs the contributions of plan members and the Town. Plan members are required to contribute to the System at rates ranging from 5% to 11% of annual covered compensation. Members hired in 1979 or subsequent contribute an additional 2% of regular compensation in excess of \$30,000. 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 annual covered payroll.

For the year ended December 31, 2023, active member contributions totaled \$1,913,873 and employer contributions totaled \$7,252,723. Contributions to the System from the Town were \$7,075,757 for the year ended June 30, 2024.

**TOWN OF STONEHAM, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 14 PENSION PLAN (CONTINUED)**

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

The components of the net pension liability of the System at December 31, 2023, were as follows:

Total Pension Liability	\$ 139,575,157
Plan Fiduciary Net Position	<u>(128,441,656)</u>
Net Pension Liability	<u>\$ 11,133,501</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	92.02%

At June 30, 2024, the Town reported a liability of \$10,861,845 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2022 that was rolled forward to the December 31, 2023 measurement date. The Town's proportion of the net pension liability is the proportionate share of employer contributions to the System as of December 31, 2023, actuarially determined. At December 31, 2023, the Town's proportion was 97.56%, compared to a proportion of 97.32% as of December 31, 2022.

For the year ended June 30, 2024, the Town recognized pension expense of \$2,051,948. At June 30, 2024, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	\$ 4,856,345	\$ -
Changes in Assumptions	1,565,163	245,370
Differences Between Expected and Actual Experience	729,106	3,367,521
Changes in Proportion and Differences Between Employee Contributions and Proportionate Share of Contributions	<u>71,557</u>	<u>33,098</u>
Total	<u>\$ 7,222,171</u>	<u>\$ 3,645,989</u>

The net amount reported as deferred outflows/inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2025	\$ 1,063,110
2026	543,755
2027	2,666,069
2028	<u>(696,752)</u>
Total	<u>\$ 3,576,182</u>

**TOWN OF STONEHAM, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 14 PENSION PLAN (CONTINUED)**

**Actuarial Assumptions**

The total pension liability in the January 1, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, that was rolled forward to the December 31, 2023 measurement date:

Salary Increases	4.50%
Investment Rate of Return	7.00%
Interest Rate Credited to Annuity Savings Fund	2.00%
Cost-of-Living Adjustment	A 3% COLA on the first \$15,000 of a member's retirement allowance is assumed to be granted every year.
Mortality	Mortality rates were based on RP-2014 table adjusted to 2006 and projected generationally with MP-2021. Mortality rates for disables retirees follows the same table as non-disabled retirees, set forward two years.

**Investment Policies and Rates of Return**

Deposits and investments made by the System are governed by Chapter 32 of the MGL.

For the year ended December 31, 2023, the annual money-weighted rate of return on System investments, net of investment expense, was 10.11%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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

**TOWN OF STONEHAM, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 14 PENSION PLAN (CONTINUED)**

**Investment Policies and Rates of Return (Continued)**

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US Bonds – Core	20.50 %	3.10 %
US Bonds – Dynamic	1.50	3.90
High Yield Bonds	3.00	5.10
Global Equity	15.50	5.10
US Large Cap	11.00	3.90
US Small Cap	2.00	3.40
International Equity Developed	8.00	5.60
Emerging Markets Equity	3.00	7.50
Real Estate	2.00	4.40
Private Real Estate	10.50	5.40
Global Infrastructure	2.00	4.50
Timberland	1.00	4.40
Marketable Alternatives	10.00	5.70
Private Equity	10.00	6.90
Total	100.00%	

**Discount Rate**

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

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

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00)
System's Net Pension Liability (Asset)	\$ 25,943,197	\$ 11,133,501	\$ (1,415,662)

**TOWN OF STONEHAM, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 14 PENSION PLAN (CONTINUED)**

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate (Continued)**

The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.00%, 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 (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00)
Town's Proportionate Share of the Net Pension Liability (Asset)	\$ 25,310,183	\$ 10,861,845	\$ (1,381,120)

**NOTE 15 MASSACHUSETTS TEACHERS RETIREMENT SYSTEM**

**Plan Description**

Public school teachers and certain administrators are provided with pensions through the Massachusetts Teachers' Retirement System (MTRS), a cost-sharing multiple-employer defined benefit pension plan administered by the Massachusetts Teachers' Retirement Board. The MTRS is part of the Commonwealth's reporting entity and does not issue a stand-alone audited financial report. The MTRS is reported as a Pension Trust Fund in the Commonwealth's audited financial statements that can be found at: <http://www.mass.gov/osc/publications-and-reports/financial-reports/cafr-reports.html>.

**Benefits Provided**

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

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

**Contributions**

The MTRS' funding policies have been established by Chapter 32 of the MGL. The Legislature has the authority to amend these policies. The annuity portion of the MTRS retirement allowance is funded by employees, who contribute a percentage of their regular compensation. Member contributions for MTRS vary depending on the most recent date of membership, ranging from 5-11% of regular compensation. Members hired in 1979 or subsequent contribute an additional 2.0% of regular compensation in excess of \$30,000.

**TOWN OF STONEHAM, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 15 MASSACHUSETTS TEACHERS RETIREMENT SYSTEM (CONTINUED)**

**Contributions (Continued)**

The Commonwealth is a nonemployer contributor and is required by statute to make all actuarially determined employer contributions on behalf of the member employers. 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 contributing entity in MTRS.

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

Since the Town does not contribute directly to MTRS, the Town does not report a proportionate share of the net pension liability of the MTRS at June 30, 2024. The Commonwealth's net pension liability associated with the Town was \$63,712,386.

The MTRS' net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2023 rolled forward to June 30, 2023.

For the year ended June 30, 2024, the Town recognized pension expense of \$5,948,834 associated with MTRS and revenue of the same amount for support provided by the Commonwealth.

**Actuarial Assumptions**

The MTRS' total pension liability for the June 30, 2023 measurement date was determined by an actuarial valuation as of January 1, 2023 rolled forward to June 30, 2023. This valuation used the following assumptions:

Salary Increases	Based on analyses of past experience but range from 4.0% to 7.5% depending on length of service.
Investment Rate of Return	7.00%
Mortality	Pre-retirement reflect Pub-2010 Teachers Employees mortality table (headcount-weighted) projected generationally with Scale MP-2021 (gender distinct.) Postretirement reflects Pub-2010 Teachers Retirees mortality table (headcount-weighted) projected generationally with Scale MP-2021 (gender distinct.) Disability is assumed to be in accordance with the Pub-2010 Teachers Retirees mortality table (headcount-weighted) projected generationally with Scale MP-2021 (gender distinct).
Other	3.5% interest rate credited to the annuity savings fund; 3.0% cost-of-living increase on the first \$13,000 per year.

**TOWN OF STONEHAM, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 15 MASSACHUSETTS TEACHERS RETIREMENT SYSTEM (CONTINUED)**

**Actuarial Assumptions (Continued)**

Investment assets of the MTRS are with the Pension Reserves Investment Trust (PRIT) Fund. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage.

Best estimates of geometric rates of return for each major asset class included in the PRIT Fund's target asset allocation as of June 30, 2024, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	38.00 %	4.2 %
Core Fixed Income	15.00	0.5
Private Equity	15.00	7.3
Portfolio Completion Strategies	10.00	2.7
Real Estate	10.00	3.3
Value Added Fixed Income	8.00	3.7
Timber/Natural Resources	4.00	3.9
Total	100.00 %	

**Discount Rate**

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

**Pension Plan Fiduciary Net Position**

Detailed information about the MTRS' fiduciary net position is available in the Commonwealth's audited financial statements.

**TOWN OF STONEHAM, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 16 COMBINING FIDUCIARY FUND FINANCIAL STATEMENTS**

The Town's Pension Trust Fund and OPEB Trust Fund Statements of Fiduciary Net Position are as follows:

	Pension Trust Fund <small>(As of 12/31/2023)</small>	OPEB Trust Fund <small>(As of 6/30/2024)</small>	<u>Total</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 120,987	\$ 3,264	\$ 124,251
Investments:			
Equity Mutual Funds	43,188,502	-	43,188,502
Fixed Income Mutual Funds	24,649,610	-	24,649,610
Equity Securities	-	454,173	454,173
Fixed Income Securities	-	202,261	202,261
External Investment Pool	60,475,807	-	60,475,807
Receivables, Net of Allowance for Uncollectible Amounts:			
Other	<u>18,752</u>	<u>-</u>	<u>18,752</u>
Total Assets	<u>128,453,658</u>	<u>659,698</u>	<u>129,113,356</u>
<b>LIABILITIES</b>			
Warrants Payable	<u>12,002</u>	<u>-</u>	<u>12,002</u>
<b>FIDUCIARY NET POSITION</b>			
Restricted for:			
Pension Benefits	128,441,656	-	128,441,656
Postemployment Benefits Other Than Pensions	<u>-</u>	<u>659,698</u>	<u>659,698</u>
Total Fiduciary Net Position	<u>\$ 128,441,656</u>	<u>\$ 659,698</u>	<u>\$ 129,101,354</u>

**TOWN OF STONEHAM, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 16 COMBINING FIDUCIARY FUND FINANCIAL STATEMENTS (CONTINUED)**

The Town's Pension Trust Fund and OPEB Trust Fund Statements of Changes in Fiduciary Net Position are as follows:

	Pension Trust Fund <i>(As of 12/31/2023)</i>	OPEB Trust Fund <i>(As of 6/30/2024)</i>	<u>Total</u>
<b>ADDITIONS</b>			
Contributions:			
Employer	\$ 7,252,723	\$ 4,323,743	\$ 11,576,466
Plan Members	1,913,873	-	1,913,873
Workers Compensation			
Settlement	29,500	-	29,500
Transfers from Other Systems	905,881	-	905,881
Reimbursements from Other Systems and Commonwealth of Massachusetts	423,047	-	423,047
Total Contributions	<u>10,525,024</u>	<u>4,323,743</u>	<u>14,848,767</u>
Net Investment Income:			
Net Appreciation in Fair Value of Investments	12,476,016	-	12,476,016
Interest	-	65,038	65,038
Total Investment Income	<u>12,476,016</u>	<u>65,038</u>	<u>12,541,054</u>
Less: Investment Expense	<u>(527,606)</u>	<u>-</u>	<u>(527,606)</u>
Net Investment Income	<u>11,948,410</u>	<u>65,038</u>	<u>12,013,448</u>
Total Additions	22,473,434	4,388,781	26,862,215
<b>DEDUCTIONS</b>			
Administration	493,046	-	493,046
Benefit Payments, Including Reimbursements and Refunds	9,999,777	4,223,743	14,223,520
Total Deductions	<u>10,492,823</u>	<u>4,223,743</u>	<u>14,716,566</u>
<b>CHANGE IN FIDUCIARY NET POSIT</b>	11,980,611	165,038	12,145,649
Fiduciary Net Position - Beginning of Year, as Restated (See Note 1)	<u>116,461,045</u>	<u>494,660</u>	<u>116,955,705</u>
<b>FIDUCIARY NET POSITION - END OF YEAR</b>	<u>\$ 128,441,656</u>	<u>\$ 659,698</u>	<u>\$ 129,101,354</u>

**TOWN OF STONEHAM, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 17 COMMITMENTS**

The Town's significant commitments include encumbrances and continuing appropriations totaling \$1,253,119 for the General Fund as of June 30, 2024.

**NOTE 18 CONTINGENCIES**

The Town participates in a number of federal award programs. Although the grant programs have been audited in accordance with the provisions of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* through June 30, 2024, these programs are still subject to financial and compliance audits. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although it is expected such amounts, if any, to be immaterial.

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

**NOTE 19 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; injuries to employees; and natural disasters. The Town carries commercial insurance for all such risks of loss, including workers' compensation and employees' health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**REQUIRED SUPPLEMENTARY INFORMATION**

**TOWN OF STONEHAM, MASSACHUSETTS  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
NON-GAAP BUDGETARY BASIS – BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2024**

	Prior Year Encumbrances and Continuing Appropriations	Original Budget	Supplemental Appropriations and Transfers	Final Budget	Actual	Current Year Encumbrances and Continuing Appropriations	Actual and Encumbrances and Continuing Appropriations	Variance Positive/ (Negative)
<b>REVENUES</b>								
Real Estate and Personal Property Taxes	\$ -	\$ 65,202,326	\$ -	\$ 65,202,326	\$ 65,158,471	\$ -	\$ 65,158,471	\$ (43,855)
Motor Vehicle and Other Excise Taxes	-	3,940,031	-	3,940,031	4,038,815	-	4,038,815	98,784
Hotel/Motel Tax	-	200,000	-	200,000	493,034	-	493,034	293,034
Tax Liens	-	-	-	-	174,734	-	174,734	174,734
Payments in Lieu of Taxes	-	64,000	-	64,000	67,267	-	67,267	3,267
Intergovernmental	-	12,925,554	-	12,925,554	13,207,463	-	13,207,463	281,909
Penalties and Interest on Taxes	-	143,000	-	143,000	161,983	-	161,983	18,983
Licenses and Permits	-	854,266	-	854,266	2,854,149	-	2,854,149	1,999,883
Fines and Forfeitures	-	56,500	-	56,500	71,694	-	71,694	15,194
Departmental and Other	-	1,629,266	-	1,629,266	2,135,632	-	2,135,632	506,366
Investment Income	-	205,181	-	205,181	2,898,004	-	2,898,004	2,692,823
Total Revenues	-	85,220,124	-	85,220,124	91,261,246	-	91,261,246	6,041,122
<b>EXPENDITURES</b>								
Current:								
General Government	790,287	3,487,198	502,984	4,780,469	3,625,679	918,565	4,544,244	236,225
Public Safety	34,091	10,181,271	685,250	10,900,612	10,719,364	16,126	10,735,490	165,122
Education	2,409	36,049,522	9,172	36,061,103	36,050,188	10,915	36,061,103	-
Public Works	91,370	2,232,363	754,248	3,077,981	2,791,185	231,791	3,022,976	55,005
Health and Human Services	2,140	888,189	12,800	903,129	822,255	10,189	832,444	70,685
Culture and Recreation	60,018	1,557,513	65,685	1,683,216	1,622,267	65,533	1,687,800	(4,584)
Pension Benefits	-	7,075,757	-	7,075,757	7,075,757	-	7,075,757	-
Employee Benefits	-	12,520,218	(761,853)	11,758,365	11,615,294	-	11,615,294	143,071
State and County Charges	-	4,090,323	-	4,090,323	4,004,841	-	4,004,841	85,482
Debt Service:								
Principal	-	4,155,000	-	4,155,000	4,155,000	-	4,155,000	-
Interest	-	4,465,334	-	4,465,334	4,465,334	-	4,465,334	-
Total Expenditures	980,315	86,702,688	1,268,286	88,951,289	86,947,164	1,253,119	88,200,283	751,006
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(980,315)	(1,482,564)	(1,268,286)	(3,731,165)	4,314,082	(1,253,119)	3,060,963	6,792,128
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers In	-	1,128,327	405,016	1,533,343	1,533,343	-	1,533,343	-
Transfers Out	-	(1,011,475)	(150,000)	(1,161,475)	(1,161,475)	-	(1,161,475)	-
Total Other Financing Sources (Uses)	-	116,852	255,016	371,868	371,868	-	371,868	-
<b>NET CHANGE IN FUND BALANCE</b>	(980,315)	(1,365,712)	(1,013,270)	(3,359,297)	4,685,950	(1,253,119)	3,432,831	6,792,128
Fund Balance - Beginning of Year	11,586,932	11,586,932	11,586,932	11,586,932	11,586,932	-	11,586,932	-
<b>FUND BALANCE - END OF YEAR</b>	\$ 10,606,617	\$ 10,221,220	\$ 10,573,662	\$ 8,227,635	\$ 16,272,882	\$ (1,253,119)	\$ 15,019,763	\$ 6,792,128

See accompanying Notes to Required Supplementary Information.

**TOWN OF STONEHAM, MASSACHUSETTS**  
**SCHEDULE OF CHANGES IN THE TOWN'S OPEB LIABILITY AND RELATED RATIOS (1)(2)**  
**YEAR ENDED JUNE 30, 2024**

	(2) 2024	2023	2022	2021	2020	2019	2018
Total OPEB Liability:							
Service Cost	\$ 4,435,747	\$ 4,433,356	\$ 6,658,781	\$ 6,372,652	\$ 5,308,599	\$ 4,713,064	\$ 4,851,472
Interest	4,486,440	4,253,861	3,485,026	3,403,358	5,301,865	5,439,349	4,923,108
Differences Between Expected and Actual Experience	(992,373)	-	(19,790,651)	-	(28,573,012)	(3,292,643)	-
Changes of Assumptions	(6,148,429)	(1,918,833)	(25,552,639)	1,263,286	21,224,711	7,642,632	(2,346,390)
Changes in Benefit Terms	6,611,262	-	-	-	2,295,854	-	-
Benefit Payments	(4,223,743)	(3,760,116)	(3,803,077)	(4,156,353)	(4,055,296)	(4,280,152)	(4,230,108)
Net Change in Total OPEB Liability	<u>4,168,904</u>	<u>3,008,268</u>	<u>(39,002,560)</u>	<u>6,882,943</u>	<u>1,502,721</u>	<u>10,222,250</u>	<u>3,198,082</u>
Total OPEB Liability - Beginning	<u>120,592,282</u>	<u>117,584,014</u>	<u>156,586,574</u>	<u>149,703,631</u>	<u>148,200,910</u>	<u>137,978,660</u>	<u>134,780,578</u>
Total OPEB Liability - Ending (a)	124,761,186	120,592,282	117,584,014	156,586,574	149,703,631	148,200,910	137,978,660
Plan Fiduciary Net Position:							
Contributions - Employer	4,323,743	-	-	-	-	-	-
Net Investment Income	65,038	-	-	-	-	-	-
Benefit Payments	(4,223,743)	-	-	-	-	-	-
Net Change in Plan Fiduciary Net Position	<u>165,038</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Plan Fiduciary Net Position - Beginning, as Restated	<u>494,660</u> *	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Plan Fiduciary Net Position - Ending (b)	<u>659,698</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Town's Net OPEB Liability - Ending (a) - (b)	<u>\$ 124,101,488</u>	<u>\$ 120,592,282</u>	<u>\$ 117,584,014</u>	<u>\$ 156,586,574</u>	<u>\$ 149,703,631</u>	<u>\$ 148,200,910</u>	<u>\$ 137,978,660</u>
Plan's Fiduciary Net Position as a Percentage of the Total Liability	0.53%						

\* Restated in fiscal year 2024 for recognition of the OPEB trust fund as a fiduciary component unit. See Note 1.

(1) Data is being accumulated annually to present 10 years of the reported information. Additional years' information will be displayed as it becomes available.

(2) First year reported as OPEB Trust.

See accompanying Notes to Required Supplementary Information.

**TOWN OF STONEHAM, MASSACHUSETTS  
SCHEDULE OF OPEB INVESTMENT RETURNS  
YEAR ENDED JUNE 30, 2024**

	<u>2024</u>
Annual Money-Weighted Rate of Return, Net of Investment Expense	10.11%

**TOWN OF STONEHAM, MASSACHUSETTS**  
**SCHEDULE OF CHANGES IN EMPLOYERS' NET PENSION LIABILITY AND RELATED RATIOS (SYSTEM)**  
**LAST TEN FISCAL YEARS**

Measurement Date - December 31,	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>Total Pension Liability:</b>										
Service Cost	\$ 2,937,021	\$ 2,721,055	\$ 2,603,881	\$ 2,336,615	\$ 2,235,992	\$ 2,139,709	\$ 2,047,568	\$ 1,959,395	\$ 1,892,280	\$ 1,810,794
Interest	9,413,405	9,613,327	9,382,079	8,944,825	8,759,422	8,742,692	8,513,362	8,358,786	8,240,349	8,016,557
Changes in Benefit Terms	-	1,306,085	-	-	-	-	-	(2,284,697)	-	-
Change in Assumptions	-	2,792,684	-	(1,688,687)	-	5,107,777	-	1,365,326	-	-
Difference Between Expected and Actual Experience	-	(6,008,591)	-	5,017,867	-	(110,760)	-	-	-	-
Benefit Payments, Including Refunds of Member Contributions and Net of Transfers	(8,630,938)	(8,890,913)	(8,936,057)	(8,757,563)	(8,319,945)	(7,610,099)	(7,777,887)	(7,206,972)	(6,760,615)	(7,373,458)
<b>Net Change in Total Pension Liability</b>	<b>3,719,489</b>	<b>1,533,648</b>	<b>3,049,903</b>	<b>5,853,057</b>	<b>2,675,469</b>	<b>8,269,319</b>	<b>2,783,043</b>	<b>2,191,838</b>	<b>3,372,014</b>	<b>2,453,893</b>
<b>Total Pension Liability - Beginning</b>	<b>135,855,669</b>	<b>134,322,021</b>	<b>131,272,118</b>	<b>125,419,061</b>	<b>122,743,592</b>	<b>114,474,273</b>	<b>111,691,230</b>	<b>109,499,392</b>	<b>106,127,378</b>	<b>103,673,485</b>
<b>Total Pension Liability - Ending (a)</b>	<b>139,575,158</b>	<b>135,855,669</b>	<b>134,322,021</b>	<b>131,272,118</b>	<b>125,419,061</b>	<b>122,743,592</b>	<b>114,474,273</b>	<b>111,691,230</b>	<b>109,499,392</b>	<b>106,127,378</b>
<b>Plan Fiduciary Net Position:</b>										
Contributions - Employer	7,252,723	7,252,723	7,041,479	6,465,692	6,805,992	6,578,380	6,099,564	5,690,889	5,276,670	4,892,601
Contributions - Member	1,913,873	1,767,974	1,721,248	1,677,755	1,626,284	1,497,813	1,469,429	1,376,935	1,323,924	1,394,426
Net Investment Income (Loss)	11,754,301	(10,453,565)	17,867,753	7,304,415	15,275,904	(4,634,357)	13,113,308	6,476,051	427,356	5,239,667
Benefit Payments, Including Refunds of Member Contributions and Net of Transfers (to)/from Other Systems	(8,630,938)	(8,890,913)	(8,936,057)	(8,757,562)	(8,319,945)	(7,610,100)	(7,777,887)	(7,206,972)	(6,760,615)	(7,373,458)
Administrative Expense	(309,348)	(305,695)	(265,180)	(258,931)	(280,429)	(261,640)	(250,143)	(282,419)	(239,647)	(229,368)
<b>Net Change in Plan Fiduciary Net Position</b>	<b>11,980,611</b>	<b>(10,629,476)</b>	<b>17,429,243</b>	<b>6,431,369</b>	<b>15,107,806</b>	<b>(4,429,904)</b>	<b>12,654,271</b>	<b>6,054,484</b>	<b>27,688</b>	<b>3,923,868</b>
<b>Plan Fiduciary Net Position - Beginning</b>	<b>116,461,045</b>	<b>127,090,521</b>	<b>109,661,278</b>	<b>103,229,909</b>	<b>88,122,103</b>	<b>92,552,007</b>	<b>79,897,736</b>	<b>73,843,252</b>	<b>73,815,564</b>	<b>69,891,696</b>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<b>128,441,656</b>	<b>116,461,045</b>	<b>127,090,521</b>	<b>109,661,278</b>	<b>103,229,909</b>	<b>88,122,103</b>	<b>92,552,007</b>	<b>79,897,736</b>	<b>73,843,252</b>	<b>73,815,564</b>
<b>Net Pension Liability - Ending (a) - (b)</b>	<b>\$ 11,133,502</b>	<b>\$ 19,394,624</b>	<b>\$ 7,231,500</b>	<b>\$ 21,610,840</b>	<b>\$ 22,189,152</b>	<b>\$ 34,621,489</b>	<b>\$ 21,922,266</b>	<b>\$ 31,793,494</b>	<b>\$ 35,656,140</b>	<b>\$ 32,311,814</b>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	<b>92.02%</b>	<b>85.72%</b>	<b>94.62%</b>	<b>83.54%</b>	<b>82.31%</b>	<b>71.79%</b>	<b>80.85%</b>	<b>71.53%</b>	<b>67.44%</b>	<b>69.55%</b>
<b>Covered Payroll</b>	<b>\$ 19,010,439</b>	<b>\$ 18,109,327</b>	<b>\$ 17,924,392</b>	<b>\$ 17,055,524</b>	<b>\$ 16,149,414</b>	<b>\$ 15,393,845</b>	<b>\$ 15,158,456</b>	<b>\$ 14,457,252</b>	<b>\$ 13,761,993</b>	<b>\$ 13,086,805</b>
<b>Net Pension Liability as a Percentage of Covered Payroll</b>	<b>58.6%</b>	<b>107.1%</b>	<b>40.3%</b>	<b>126.7%</b>	<b>137.4%</b>	<b>224.9%</b>	<b>144.6%</b>	<b>219.9%</b>	<b>259.1%</b>	<b>246.9%</b>

See accompanying Notes to Required Supplementary Information.

**TOWN OF STONEHAM, MASSACHUSETTS  
SCHEDULE OF EMPLOYER CONTRIBUTIONS (SYSTEM)  
LAST TEN FISCAL YEARS**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially Determined Contribution	\$ 7,252,723	\$ 7,252,723	\$ 7,041,479	\$ 6,465,692	\$ 6,805,992	\$ 6,578,380	\$ 6,099,564	\$ 5,690,889	\$ 5,276,670	\$ 4,892,601
Contributions in Relation to the Actuarially Determined Contribution	<u>(7,252,723)</u>	<u>(7,252,723)</u>	<u>(7,041,479)</u>	<u>(6,465,692)</u>	<u>(6,805,992)</u>	<u>(6,578,380)</u>	<u>(6,099,564)</u>	<u>(5,690,889)</u>	<u>(5,276,670)</u>	<u>(4,892,601)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>									
Covered Payroll	\$ 19,010,439	\$ 18,109,327	\$ 17,924,392	\$ 17,055,524	\$ 16,149,414	\$ 15,393,845	\$ 15,158,456	\$ 14,457,252	\$ 13,761,993	\$ 13,086,805
Contributions as a Percentage of Covered Payroll	38.15%	40.05%	39.28%	37.91%	42.14%	42.73%	40.24%	39.36%	38.34%	37.39%

See accompanying Notes to Required Supplementary Information.

**TOWN OF STONEHAM, MASSACHUSETTS  
SCHEDULE OF INVESTMENT RETURNS  
LAST TEN FISCAL YEARS**

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Annual Money-Weighted Rate of Return, Net of Investment Expense	10.11%	-8.22%	16.31%	7.10%	17.29%	-4.97%	16.28%	8.92%	0.50%	7.56%

See accompanying Notes to Required Supplementary Information.

**TOWN OF STONEHAM, MASSACHUSETTS  
SCHEDULE OF TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
LAST TEN FISCAL YEARS (1)**

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Town's Proportion of the Net Pension Liability	97.56%	97.32%	97.71%	97.03%	97.14%	97.44%	97.38%	97.29%	97.26%	97.87%
Town's Proportionate Share of the Net Pension Liability	\$ 10,861,845	\$ 18,874,848	\$ 7,065,898	\$ 20,968,997	\$ 21,541,229	\$ 33,717,745	\$ 21,354,750	\$ 30,932,526	\$ 34,690,539	\$ 31,622,155
Town's Covered Payroll	\$ 18,492,027	\$ 17,618,563	\$ 17,560,701	\$ 16,711,031	\$ 15,714,808	\$ 14,979,862	\$ 14,759,994	\$ 14,457,252	\$ 13,761,993	\$ 13,086,805
Town's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	58.74%	107.13%	40.24%	125.48%	137.08%	225.09%	144.68%	213.96%	252.07%	241.63%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	92.02%	85.72%	94.62%	83.54%	82.31%	71.88%	80.85%	71.53%	67.44%	69.55%

(1) The amounts presented were determined as of December 31 of the applicable fiscal year.

**TOWN OF STONEHAM, MASSACHUSETTS  
SCHEDULE OF TOWN CONTRIBUTIONS  
LAST TEN FISCAL YEARS (1)**

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially Required Contribution	\$ 7,075,757	\$ 7,058,350	\$ 6,880,229	\$ 6,273,661	\$ 6,611,111	\$ 6,409,652	\$ 5,943,258	\$ 5,538,241	\$ 5,135,261	\$ 4,788,848
Contributions in Relation to the Actuarially Required Contribution	<u>(7,075,757)</u>	<u>(7,058,350)</u>	<u>(6,880,229)</u>	<u>(6,273,661)</u>	<u>(6,611,111)</u>	<u>(6,409,652)</u>	<u>(5,943,258)</u>	<u>(5,538,241)</u>	<u>(5,135,261)</u>	<u>(4,788,848)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>									
Town's Covered Payroll	\$ 18,492,027	\$ 17,618,563	\$ 17,560,701	\$ 16,711,031	\$ 15,714,808	\$ 14,979,862	\$ 14,759,994	\$ 14,457,252	\$ 13,401,725	\$ 13,086,805
Contributions as a Percentage of Covered Payroll	38.26%	40.06%	39.18%	37.54%	42.07%	42.79%	40.27%	38.31%	38.32%	36.59%

(1) The amounts presented were determined as of December 31 of the applicable fiscal year.

**TOWN OF STONEHAM, MASSACHUSETTS  
SCHEDULE OF TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (MTRS)  
LAST TEN FISCAL YEARS (1)**

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Town's Share of Net Pension Liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Commonwealth's Share of the Town's Net Pension Liability	<u>63,712,386</u>	<u>62,734,748</u>	<u>59,103,763</u>	<u>74,151,481</u>	<u>65,321,980</u>	<u>60,912,021</u>	<u>58,054,777</u>	<u>56,983,323</u>	<u>52,804,623</u>	<u>41,542,919</u>
Total	<u>\$ 63,712,386</u>	<u>\$ 62,734,748</u>	<u>\$ 59,103,763</u>	<u>\$ 74,151,481</u>	<u>\$ 65,321,980</u>	<u>\$ 60,912,021</u>	<u>\$ 58,054,777</u>	<u>\$ 56,983,323</u>	<u>\$ 52,804,623</u>	<u>\$ 41,542,919</u>
Town's Expense and Revenue Recognized for the Commonwealth's Support	\$ 5,948,834	\$ 5,160,545	\$ 4,742,831	\$ 9,158,770	\$ 7,921,424	\$ 6,172,551	\$ 6,059,346	\$ 5,812,673	\$ 4,282,925	\$ 2,886,186
Plan Fiduciary Net Position as a Percentage of Total Net Pension Liability	58.48%	57.75%	62.03%	50.67%	53.95%	54.84%	54.25%	52.73%	55.38%	61.64%

(1) The amounts presented were determined as of June 30 of the applicable fiscal year.

**TOWN OF STONEHAM, MASSACHUSETTS  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2024**

**NOTE A BUDGETARY-GAAP RECONCILIATION**

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

	Revenues	Expenditures	Other Financing Sources (Uses)	Fund Balance
Budgetary Basis as Reported on the Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	\$ 91,261,246	\$ 88,200,283	\$ 371,868	\$ 15,019,763
Adjustments and Reclassifications:				
To Record 60-Day Receipts	100,176	-	-	338,017
To Record Tax Refunds Payable	(72,581)	-	-	(164,369)
To Record MTRS On-Behalf Payments	5,948,834	5,948,834	-	-
Stabilization Fund Activities	336,665	-	258,600	5,329,170
Capital Stabilization Fund Activities	77,008	-	337,875	1,353,117
To Record Encumbrances and Continuing Appropriations	-	(1,253,119)	-	1,253,119
To Record Accrued Expenses	-	167,500	-	(167,500)
Activities Restricted for Opioid Settlement	82,823	-	(151,027)	1,353
GAAP Basis as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances	<u>\$ 97,734,171</u>	<u>\$ 93,063,498</u>	<u>\$ 817,316</u>	<u>\$ 22,962,670</u>

**NOTE B PENSION PLAN**

*Changes of Assumptions (2020):* Mortality tables were updated to RP-2014 table adjusted to 2006, projected generationally using MP-2019.

*Changes of Assumptions (2022):* Discount Rate was adjusted from 7.25% to 7.00%.

**NOTE C POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)**

*Changes of Assumptions (2021):* Discount rate was adjusted from 2.21% to 2.16%.

*Changes of Assumptions (2022):* Discount rate was adjusted from 2.16% to 3.54%.

*Changes of Assumptions (2023):* Discount Rate was adjusted from 3.54% to 3.65%.

*Changes of Assumptions (2024):* Discount rate was adjusted from 3.65% to 3.93%. Mortality tables for non-teachers were updated from RPH-2014 Mortality tables to the PubH-2010 Mortality tables for General and Safety employees and retirees.



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