



TOWN OF ORANGE, MASSACHUSETTS

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

TOWN OF ORANGE, MASSACHUSETTS

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

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Independent Auditors' Report

To the Honorable Select Board
Town of Orange, Massachusetts

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2025, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

CBIZ CPAs P.C.

Merrimack, NH
October 15, 2025

Management's Discussion and Analysis

Town of Orange, Massachusetts

Management's Discussion and Analysis

Year Ended June 30, 2024

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

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town of Orange's basic financial statements. These basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The government-wide financial statements provide both long and short-term information about the Town as a whole. The fund financial statements focus on the individual components of the Town government, reporting the Town's operations in more detail than the government-wide statements. Both presentations (government-wide and fund) allow the user to address relevant questions, broaden the basis of comparison and enhance the Town's accountability. An additional part of the basic financial statements are the notes to the financial statements.

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

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

The *statement of activities* presents information showing how the government's net position changed during the most recent 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 periods.

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

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

Town of Orange, Massachusetts

Management's Discussion and Analysis

Year Ended June 30, 2024

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund statements focus on *near-term inflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the 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 impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

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

The Town's general fund, federal grants fund, and school capital project fund are considered major funds for presentation purposes. These major funds are presented in separate columns in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances. The remaining governmental funds are aggregated and shown as nonmajor governmental funds.

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

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

Internal service funds are an accounting device used to accumulate and allocate costs internally among various functions. The Town uses its internal service fund to account for dental insurance activities.

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

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

Town of Orange, Massachusetts

Management's Discussion and Analysis

Year Ended June 30, 2024

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The Town of Orange's assets and deferred outflows exceeded liabilities and deferred inflows for governmental activities by \$33.0 million and the business-type activities assets and deferred outflows exceeded liabilities and deferred inflows by \$14.4 million at the close of the most recent year. Key components of the Town's activities presented below.

Governmental Activities

	2024	2023
Assets:		
Current assets.....	\$ 18,353,449	\$ 22,901,201
Noncurrent assets (excluding capital).....	1,172,868	2,001,727
Capital assets, non depreciable.....	56,843,653	49,057,249
Capital assets, net of accumulated depreciation.....	26,641,629	27,445,456
Total assets.....	103,011,599	101,405,633
Deferred outflows of resources.....	3,701,365	5,561,252
Liabilities:		
Current liabilities (excluding debt).....	3,048,651	4,656,638
Noncurrent liabilities (excluding debt).....	32,231,127	38,490,837
Current debt.....	11,688,006	12,030,722
Noncurrent debt.....	18,234,125	18,448,140
Total liabilities.....	65,201,909	73,626,337
Deferred inflows of resources.....	8,469,700	4,270,115
Net position:		
Net investment in capital assets.....	56,275,419	51,857,208
Restricted.....	4,223,199	3,519,092
Unrestricted.....	(27,457,263)	(26,305,867)
Total net position.....	\$ 33,041,355	\$ 29,070,433

Governmental net position of \$56.3 million reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment) less any related debt used to acquire those assets that are still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in its capital assets is reported net of its related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the net position of \$3.9 million represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position resulted in a \$27.1 million deficit. The primary reason for this deficit balance is the recognition of the Pension and OPEB liabilities.

Town of Orange, Massachusetts

Management's Discussion and Analysis

Year Ended June 30, 2024

	2024	2023
Program Revenues:		
Charges for services..... \$	2,312,331	\$ 2,210,755
Operating grants and contributions.....	12,222,086	13,456,855
Capital grants and contributions.....	4,011,848	14,135,577
General Revenues:		
Real estate and personal property taxes, net of tax refunds payable.....	13,564,251	13,299,323
Tax and other liens.....	862,109	162,066
Motor vehicle and other excise taxes.....	1,028,693	1,108,396
Penalties and interest on taxes.....	245,861	262,984
Payments in lieu of taxes.....	33,356	-
Grants and contributions not restricted to specific programs.....	2,090,458	2,019,475
Unrestricted investment income.....	262,150	233,691
Miscellaneous.....	444,539	95,950
Total revenues.....	37,077,682	46,985,072
Expenses:		
General government.....	2,687,734	3,259,634
Public safety.....	5,415,594	5,044,888
Education.....	18,482,486	18,988,977
Public works.....	2,925,963	2,698,814
Airport.....	1,233,727	375,118
Health and human services.....	833,743	380,282
Culture and recreation.....	542,554	532,035
Interest.....	984,959	740,671
Total expenses.....	33,106,760	32,020,419
Excess (Deficiency) before transfers.....	3,970,922	14,964,653
Transfers.....	-	(135,600)
Change in net position.....	3,970,922	14,829,053
Net position, beginning of year.....	29,070,433	14,241,380
Net position, end of year..... \$	\$ 33,041,355	\$ 29,070,433

Governmental net position increased during 2024 by approximately \$4.0 million as compared to an increase of \$14.8 million in 2023. Total revenues decreased \$9.9 million (-21.1%) mainly due to a decrease in capital grants received from the Massachusetts School Building Authority for a school construction project that is nearing completion. Additionally, total expenses increased overall by \$1.1 million, mostly due to the change in the net pension and net OPEB liabilities and increases in the general operating budget.

Town of Orange, Massachusetts

Management's Discussion and Analysis

Year Ended June 30, 2024

Business-type Activities

Water Fund

	2024	2023
Assets:		
Current assets.....	\$ 1,280,439	\$ 1,518,602
Capital assets, non depreciable.....	232,310	190,868
Capital assets, net of accumulated depreciation....	5,107,412	5,244,793
Total assets.....	6,620,161	6,954,263
 Deferred outflows of resources.....	 140,356	 191,905
 Liabilities:		
Current liabilities (excluding debt).....	14,348	166,611
Noncurrent liabilities (excluding debt).....	1,129,587	1,075,702
Total liabilities.....	1,143,935	1,242,313
 Deferred inflows of resources.....	 276,247	 224,010
 Net position:		
Net investment in capital assets.....	5,339,722	5,435,661
Unrestricted.....	613	244,184
 Total net position.....	 \$ 5,340,335	 \$ 5,679,845
 Program Revenues:		
Charges for services.....	\$ 786,818	\$ 782,087
General Revenues:		
Investment income.....	12,097	4,395
Total revenues.....	798,915	786,482
 Expenses:		
Water.....	1,138,425	771,327
 Change in net position.....	 (339,510)	 15,155
 Net position, beginning of year.....	 5,679,845	 5,664,690
 Net position, end of year.....	 \$ 5,340,335	 \$ 5,679,845

Water fund net position of \$5.3 million represents investments in capital assets net of related debt. The remaining \$613 is available to be used for the ongoing operation of the Town's water fund.

Town of Orange, Massachusetts

Management's Discussion and Analysis

Year Ended June 30, 2024

There was a decrease of approximately \$340,000 in net position compared to an increase of approximately \$15,000 in the prior year. Total revenues increased from the prior year, and expenses increased from changes in the pension liability and overall increases in operating expenses.

Sewer Fund

	2024	2023
Assets:		
Current assets.....	\$ 1,717,285	\$ 433,526
Capital assets, non depreciable.....	15,755,748	12,955,800
Capital assets, net of accumulated depreciation....	4,855,980	4,083,411
Total assets.....	22,329,013	17,472,737
Deferred outflows of resources.....	103,144	163,454
Liabilities:		
Current liabilities (excluding debt).....	380,576	3,821,466
Noncurrent liabilities (excluding debt).....	637,987	764,449
Current debt.....	305,062	57,293
Noncurrent debt.....	11,940,968	10,241,354
Total liabilities.....	13,264,593	14,884,562
Deferred inflows of resources.....	108,637	85,058
Net position:		
Net investment in capital assets.....	8,365,698	6,740,564
Unrestricted.....	693,229	(4,073,993)
Total net position.....	\$ 9,058,927	\$ 2,666,571
Program Revenues:		
Charges for services.....	\$ 1,349,937	\$ 1,410,739
Capital grants and contributions.....	6,410,769	-
General Revenues:		
Investment income.....	554	300
Total revenues.....	7,761,260	1,411,039
Expenses:		
Sewer.....	1,368,904	1,005,763
Total expenses.....	1,368,904	1,005,763
Excess (Deficiency) before transfers.....	6,392,356	405,276
Transfers.....	-	135,600
Change in net position.....	6,392,356	540,876
Net position, beginning of year.....	2,666,571	2,125,695
Net position, end of year.....	\$ 9,058,927	\$ 2,666,571

Town of Orange, Massachusetts

Management's Discussion and Analysis

Year Ended June 30, 2024

Sewer fund net position of \$8.4 million represent investments in capital assets net of related debt. The remaining \$694,000 is available to be used for the ongoing operation of the Town's sewer fund.

There was an increase of \$6.4 million in net position compared to an increase of \$541,000 in the prior year, due to \$6.4 million in capital grants related primarily to the wastewater treatment plant facility upgrades.

Financial Analysis of the Governmental Funds

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

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

As of the end of the current year, governmental funds reported combined ending fund balances of approximately \$1.0 million, a decrease of approximately \$1.7 million from the prior year. This decrease is due to the fact that capital project expenditures were incurred which have not yet been permanently financed and the timing of the receipt and expenditure of grant related funds.

The general fund is the chief operating fund. At the end of the current year, the unassigned fund balance of the general fund was \$3.8 million, while total fund balance was \$4.3 million.

The school capital project fund is used to account for the acquisition or construction of school facilities. The fund has current year revenues of \$3.2 million from the Massachusetts School Building Authority and expenditures of \$6.4 million, leaving a fund balance deficit of \$6.3 million. This deficit will be funded with future bond proceeds.

The nonmajor funds experienced an increase in fund balance of \$1.2 million, which was due to timing differences between the receipt and expenditure of grant funds and permanent financing of capital projects.

General Fund Budgetary Highlights

The Town of Orange adopts an annual appropriated budget for its general fund. The original budget appropriated \$28.3 million in expenditures and other financing uses. A budgetary comparison schedule has been provided for the general fund to demonstrate compliance with this budget. Actual revenues were higher than budgeted amounts by approximately \$336,000, or 1%. Actual expenditures, including carryovers, were less than budgeted amounts by approximately \$1.2 million, or 4.4%.

Town of Orange, Massachusetts

Management's Discussion and Analysis

Year Ended June 30, 2024

Capital Asset and Debt Administration

In conjunction with the operating budget, the Town annually prepares capital budgets for the upcoming year. Major capital additions during the year relate to sewer infrastructure upgrades, school building upgrades, airport improvements, vehicles, and equipment. Total additions for the Governmental and Business-type Activities amounted to \$9.2 million and \$3.7 million, respectively.

Outstanding long-term debt of the general government, as of June 30, 2024, totaled \$19.0 million, of which approximately \$15.8 million is related to the Fisher school project, \$1.1 million is related to the construction of a new fire station, \$470,000 is for energy conservation, \$578,000 is a state house note for equipment, and \$310,000 is for road design, and includes capitalized premiums of \$708,000.

In addition, the Sewer enterprise fund has approximately \$12.2 million of outstanding long-term debt related to funding various sewer projects, including sewer plant upgrades.

Please refer to the notes to the financial statements for further discussion of the major capital and debt activity.

Requests for Information

This financial report is designed to provide a general overview of the Town of Orange's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Town Accountant at 6 Prospect Street, Orange, MA 01364.

Basic Financial Statements

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Town of Orange, Massachusetts

Statement of Net Position

June 30, 2024

	<i>Primary Government</i>		
	Governmental Activities	Business-type Activities	Total
ASSETS			
CURRENT:			
Cash and cash equivalents.....	\$ 11,308,076	\$ 2,132,875	\$ 13,440,951
Investments.....	2,347,204	-	2,347,204
Receivables, net of allowance for uncollectibles:			
Real estate and personal property taxes.....	490,046	-	490,046
Tax liens.....	1,803,143	-	1,803,143
Motor vehicle and other excise taxes.....	155,700	-	155,700
User charges.....	-	864,849	864,849
Departmental and other.....	693,573	-	693,573
Intergovernmental.....	1,262,979	-	1,262,979
Tax foreclosures.....	239,325	-	239,325
Working capital deposit.....	23,000	-	23,000
Other assets.....	30,403	-	30,403
Total current assets.....	18,353,449	2,997,724	21,351,173
NONCURRENT:			
Receivables, net of allowance for uncollectibles:			
Loans.....	1,172,868	-	1,172,868
Capital assets, nondepreciable.....	56,843,653	15,988,058	72,831,711
Capital assets, net of accumulated depreciation.....	26,641,629	9,963,392	36,605,021
Total noncurrent assets.....	84,658,150	25,951,450	110,609,600
TOTAL ASSETS.....	103,011,599	28,949,174	131,960,773
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions.....	1,851,959	160,100	2,012,059
Deferred outflows related to other postemployment benefits....	1,849,406	83,400	1,932,806
TOTAL DEFERRED OUTFLOWS OF RESOURCES.....	3,701,365	243,500	3,944,865
LIABILITIES			
CURRENT:			
Warrants payable.....	637,533	46,772	684,305
Accrued payroll.....	939,995	23,375	963,370
Health claims payable.....	11,446	-	11,446
Unearned revenue.....	538,876	-	538,876
Payroll withholdings and other liabilities.....	702,408	127,610	830,018
Accrued interest.....	101,121	190,760	291,881
Compensated absences.....	117,272	6,407	123,679
Notes payable.....	10,966,167	-	10,966,167
Bonds payable.....	721,839	305,062	1,026,901
Total current liabilities.....	14,736,657	699,986	15,436,643
NONCURRENT:			
Compensated absences.....	30,596	-	30,596
Net pension liability.....	7,628,913	659,513	8,288,426
Other postemployment benefits.....	24,571,618	1,108,061	25,679,679
Bonds payable.....	18,234,125	11,940,968	30,175,093
Total noncurrent liabilities.....	50,465,252	13,708,542	64,173,794
TOTAL LIABILITIES.....	65,201,909	14,408,528	79,610,437
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions.....	71,140	6,150	77,290
Deferred inflows related to other postemployment benefits....	8,398,560	378,734	8,777,294
TOTAL DEFERRED INFLOWS OF RESOURCES.....	8,469,700	384,884	8,854,584
NET POSITION			
Net investment in capital assets.....	56,275,419	13,705,420	69,980,839
Restricted for:			
Loans.....	1,172,868	-	1,172,868
Permanent funds:			
Expendable.....	570,630	-	570,630
Nonexpendable.....	589,842	-	589,842
Gifts and grants.....	1,889,859	-	1,889,859
Unrestricted.....	(27,457,263)	693,842	(26,763,421)
TOTAL NET POSITION.....	\$ 33,041,355	\$ 14,399,262	\$ 47,440,617

See notes to basic financial statements.

Town of Orange, Massachusetts

Statement of Activities

Year Ended June 30, 2024

Functions/Programs	Program Revenues				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue
Primary Government:					
<i>Governmental Activities:</i>					
General government.....	\$ 2,687,734	\$ 224,814	\$ 253,015	\$ -	\$ (2,209,905)
Public safety.....	5,415,594	1,518,093	35,042	-	(3,862,459)
Education.....	18,482,486	8,924	11,189,680	3,168,279	(4,115,603)
Public works.....	2,925,963	255,630	386,478	577,272	(1,706,583)
Airport.....	1,233,727	271,394	-	266,297	(696,036)
Health and human services.....	833,743	32,000	297,454	-	(504,289)
Culture and recreation.....	542,554	1,476	60,417	-	(480,661)
Interest.....	984,959	-	-	-	(984,959)
Total Governmental Activities.....	<u>33,106,760</u>	<u>2,312,331</u>	<u>12,222,086</u>	<u>4,011,848</u>	<u>(14,560,495)</u>
<i>Business-Type Activities:</i>					
Water.....	1,138,425	786,818	-	-	(351,607)
Sewer.....	1,368,904	1,349,937	-	6,410,769	6,391,802
Total Business-Type Activities.....	<u>2,507,329</u>	<u>2,136,755</u>	<u>-</u>	<u>6,410,769</u>	<u>6,040,195</u>
Total Primary Government.....	<u>\$ 35,614,089</u>	<u>\$ 4,449,086</u>	<u>\$ 12,222,086</u>	<u>\$ 10,422,617</u>	<u>\$ (8,520,300)</u>

See notes to basic financial statements.

Town of Orange, Massachusetts
Statement of Activities (Continued)
Year Ended June 30, 2024

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Changes in net position:			
Net (expense) revenue from previous page.....	\$ (14,560,495)	\$ 6,040,195	\$ (8,520,300)
<i>General revenues:</i>			
Real estate and personal property taxes, net of tax refunds payable.....	13,564,251	-	13,564,251
Tax and other liens.....	862,109	-	862,109
Motor vehicle and other excise taxes.....	1,028,693	-	1,028,693
Penalties and interest on taxes.....	245,861	-	245,861
Payments in lieu of taxes.....	33,356	-	33,356
Grants and contributions not restricted to specific programs.....	2,090,458	-	2,090,458
Unrestricted investment income.....	262,150	12,651	274,801
Miscellaneous.....	444,539	-	444,539
Total general revenues.....	18,531,417	12,651	18,544,068
Change in net position.....	3,970,922	6,052,846	10,023,768
<i>Net position:</i>			
Beginning of year.....	29,070,433	8,346,416	37,416,849
End of year.....	\$ 33,041,355	\$ 14,399,262	\$ 47,440,617

See notes to basic financial statements.

Town of Orange, Massachusetts

Governmental Funds Balance Sheet

June 30, 2024

	General	School Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents.....	\$ 4,124,877	\$ 3,422,494	\$ 3,531,548	\$ 11,078,919
Investments.....	646,124	-	1,701,080	2,347,204
Receivables, net of uncollectibles:				
Real estate and personal property taxes.....	490,046	-	-	490,046
Tax liens.....	1,803,143	-	-	1,803,143
Motor vehicle and other excise taxes.....	155,700	-	-	155,700
Departmental and other.....	693,573	-	-	693,573
Intergovernmental.....	28,457	760,302	474,220	1,262,979
Loans.....	-	-	1,172,868	1,172,868
Tax foreclosures.....	239,325	-	-	239,325
Other assets.....	-	30,403	-	30,403
TOTAL ASSETS.....	\$ 8,181,245	\$ 4,213,199	\$ 6,879,716	\$ 19,274,160
LIABILITIES				
Warrants payable.....	\$ 58,135	\$ 315,939	\$ 263,459	\$ 637,533
Accrued payroll.....	881,050	346	58,599	939,995
Payroll withholdings and other liabilities.....	74,726	84,900	542,782	702,408
Unearned revenue.....	-	-	538,876	538,876
Notes payable.....	-	10,142,564	823,603	10,966,167
TOTAL LIABILITIES.....	1,013,911	10,543,749	2,227,319	13,784,979
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue.....	2,903,069	-	1,647,088	4,550,157
FUND BALANCES				
Nonspendable.....	-	-	589,842	589,842
Restricted.....	-	-	3,633,357	3,633,357
Assigned.....	503,667	-	-	503,667
Unassigned.....	3,760,598	(6,330,550)	(1,217,890)	(3,787,842)
TOTAL FUND BALANCES.....	4,264,265	(6,330,550)	3,005,309	939,024
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES.....	\$ 8,181,245	\$ 4,213,199	\$ 6,879,716	\$ 19,274,160

See notes to basic financial statements.

Town of Orange, Massachusetts

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

June 30, 2024

Total governmental fund balances.....	\$	939,024
Capital assets (net) used in governmental activities are not financial resources and, therefore, are not reported in the funds.....		83,485,282
Accounts receivable are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.....		4,550,157
The statement of net position includes certain deferred inflows of resources and deferred outflows of resources that will be amortized over future periods. In governmental funds, these amounts are not reported.....		(4,768,335)
The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position.....		240,711
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.....		(101,121)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds:		
Bonds payable.....	(18,955,964)	
Net pension liability.....	(7,628,913)	
Other postemployment benefits.....	(24,571,618)	
Compensated absences.....	<u>(147,868)</u>	
Net effect of reporting long-term liabilities.....		<u>(51,304,363)</u>
Net position of governmental activities.....	\$	<u>33,041,355</u>

See notes to basic financial statements.

Town of Orange, Massachusetts

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

Year Ended June 30, 2024

	General	Federal Grants	School Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:					
Real estate and personal property taxes, net of tax refunds.....	\$ 14,219,284	\$ -	\$ -	\$ -	\$ 14,219,284
Tax liens.....	93,463	-	-	-	93,463
Motor vehicle and other excise taxes.....	1,118,437	-	-	-	1,118,437
Charges for services.....	161,823	-	-	8,824	170,647
Penalties and interest on taxes.....	245,861	-	-	-	245,861
Payments in lieu of taxes.....	33,356	-	-	-	33,356
Intergovernmental - Teachers Retirement.....	986,694	-	-	-	986,694
Intergovernmental.....	9,129,338	-	3,168,279	6,513,791	18,811,408
Departmental and other.....	1,437,712	-	-	609,242	2,046,954
Contributions and donations.....	-	-	-	63,464	63,464
Investment income.....	128,252	-	-	133,898	262,150
Miscellaneous.....	444,539	-	-	-	444,539
TOTAL REVENUES.....	27,998,759	-	3,168,279	7,329,219	38,496,257
EXPENDITURES:					
Current:					
General government.....	1,285,471	-	-	964,518	2,249,989
Public safety.....	3,505,862	-	-	408,184	3,914,046
Education.....	14,043,509	-	6,385,364	2,621,299	23,050,172
Public works.....	1,698,316	-	-	1,504,569	3,202,885
Health and human services.....	192,791	-	-	580,851	773,642
Culture and recreation.....	379,674	-	-	41,286	420,960
Airport.....	194,877	-	-	407,523	602,400
Pension benefits.....	1,065,612	-	-	-	1,065,612
Pension benefits - Teachers Retirement.....	986,694	-	-	-	986,694
Employee benefits.....	2,586,870	-	-	-	2,586,870
State and county charges.....	468,288	-	-	-	468,288
Debt service:					
Principal.....	317,635	-	-	-	317,635
Interest.....	1,029,607	-	-	-	1,029,607
TOTAL EXPENDITURES.....	27,755,206	-	6,385,364	6,528,230	40,668,800
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	243,553	-	(3,217,085)	800,989	(2,172,543)
OTHER FINANCING SOURCES (USES):					
Issuance of bonds.....	-	-	-	507,824	507,824
Transfers in.....	75,395	-	-	-	75,395
Transfers out.....	-	-	-	(75,395)	(75,395)
TOTAL OTHER FINANCING SOURCES (USES).....	75,395	-	-	432,429	507,824
NET CHANGE IN FUND BALANCES.....	318,948	-	(3,217,085)	1,233,418	(1,664,719)
FUND BALANCES AT 06/30/2023, AS PREVIOUSLY REPORTED.....	3,945,317	535,541	(3,113,465)	1,236,350	2,603,743
ADJUSTMENTS - CHANGE FROM MAJOR TO NONMAJOR FUND.....	-	(535,541)	-	535,541	-
FUND BALANCES AT 06/30/2023, AS ADJUSTED.....	3,945,317	-	(3,113,465)	1,771,891	2,603,743
FUND BALANCES AT END OF YEAR.....	\$ 4,264,265	\$ -	\$ (6,330,550)	\$ 3,005,309	\$ 939,024

See notes to basic financial statements.

Town of Orange, Massachusetts

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

Year Ended June 30, 2024

Net change in fund balances - total governmental funds.....		\$ (1,664,719)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlay.....	9,244,443	
Depreciation expense.....	(2,261,866)	
	<u>6,982,577</u>	
Net effect of reporting capital assets.....		6,982,577
Revenues in the Statement of Activities that do not provide current financial resources are unavailable in the Statement of Revenues, Expenditures and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable differ between the two statements. This amount represents the net change in unavailable revenue.....		
		(1,418,573)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are unavailable and amortized in the Statement of Activities.		
Issuance of bonds.....	(507,824)	
Net amortization of premium from issuance of bonds.....	64,618	
Debt service principal payments.....	<u>317,635</u>	
Net effect of reporting long-term debt.....		(125,571)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		
Net change in compensated absences accrual.....	1,923	
Net change in accrued interest on long-term debt.....	(19,970)	
Net change in deferred outflow/(inflow) of resources related to pensions.....	(758,381)	
Net change in net pension liability.....	611,406	
Net change in deferred outflow/(inflow) of resources related to other postemployment benefits...	(5,301,091)	
Net change in other postemployment benefits liability.....	<u>5,652,388</u>	
Net effect of recording long-term liabilities.....		186,275
The net activity of internal service funds is reported with Governmental Activities.....		<u>10,933</u>
Change in net position of governmental activities.....		\$ <u>3,970,922</u>

See notes to basic financial statements.

Town of Orange, Massachusetts

Proprietary Funds Statement of Net Position

June 30, 2024

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Water	Sewer	Total	
ASSETS				
CURRENT:				
Cash and cash equivalents.....	\$ 969,642	\$ 1,163,233	\$ 2,132,875	\$ 229,157
Receivables, net of allowance for uncollectibles:				
User charges.....	310,797	554,052	864,849	-
Working capital deposit.....	-	-	-	23,000
Total current assets.....	1,280,439	1,717,285	2,997,724	252,157
NONCURRENT:				
Capital assets, non depreciable.....	232,310	15,755,748	15,988,058	-
Capital assets, net of accumulated depreciation.....	5,107,412	4,855,980	9,963,392	-
Total noncurrent assets.....	5,339,722	20,611,728	25,951,450	-
TOTAL ASSETS.....	6,620,161	22,329,013	28,949,174	252,157
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pensions.....	80,203	79,897	160,100	-
Deferred outflows related to other postemployment benefits.....	60,153	23,247	83,400	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES.....	140,356	103,144	243,500	-
LIABILITIES				
CURRENT:				
Warrants payable.....	-	46,772	46,772	-
Accrued payroll.....	14,348	9,027	23,375	-
Health claims payable.....	-	-	-	11,446
Accrued interest.....	-	190,760	190,760	-
Other liabilities.....	-	127,610	127,610	-
Compensated absences.....	-	6,407	6,407	-
Bonds payable.....	-	305,062	305,062	-
Total current liabilities.....	14,348	685,638	699,986	11,446
NONCURRENT:				
Net pension liability.....	330,387	329,126	659,513	-
Other postemployment benefits.....	799,200	308,861	1,108,061	-
Bonds payable.....	-	11,940,968	11,940,968	-
Total noncurrent liabilities.....	1,129,587	12,578,955	13,708,542	-
TOTAL LIABILITIES.....	1,143,935	13,264,593	14,408,528	11,446
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pensions.....	3,081	3,069	6,150	-
Deferred inflows related to other postemployment benefits.....	273,166	105,568	378,734	-
TOTAL DEFERRED INFLOWS OF RESOURCES.....	276,247	108,637	384,884	-
NET POSITION				
Net investment in capital assets.....	5,339,722	8,365,698	13,705,420	-
Unrestricted.....	613	693,229	693,842	240,711
TOTAL NET POSITION.....	\$ 5,340,335	\$ 9,058,927	\$ 14,399,262	\$ 240,711

See notes to basic financial statements.

Town of Orange, Massachusetts

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

Year Ended June 30, 2024

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Water	Sewer	Total	
OPERATING REVENUES:				
Employer contributions.....	\$ -	\$ -	\$ -	\$ 39,443
Charges for services.....	786,818	1,349,937	2,136,755	-
TOTAL OPERATING REVENUES	786,818	1,349,937	2,136,755	39,443
OPERATING EXPENSES:				
Cost of services and administration.....	918,111	750,924	1,669,035	-
Utilities.....	54,769	-	54,769	-
Repairs and maintenance.....	28,164	-	28,164	-
Depreciation.....	137,381	43,561	180,942	-
Employee benefits.....	-	-	-	28,510
TOTAL OPERATING EXPENSES.....	1,138,425	794,485	1,932,910	28,510
OPERATING INCOME (LOSS).....	(351,607)	555,452	203,845	10,933
NONOPERATING REVENUES (EXPENSES):				
Investment income.....	12,097	554	12,651	-
Interest expense.....	-	(574,419)	(574,419)	-
TOTAL NONOPERATING REVENUES (EXPENSES), NET.....	12,097	(573,865)	(561,768)	-
CAPITAL CONTRIBUTIONS.....	-	6,410,769	6,410,769	-
CHANGE IN NET POSITION.....	(339,510)	6,392,356	6,052,846	10,933
NET POSITION AT BEGINNING OF YEAR.....	5,679,845	2,666,571	8,346,416	229,778
NET POSITION AT END OF YEAR.....	\$ 5,340,335	\$ 9,058,927	\$ 14,399,262	\$ 240,711

See notes to basic financial statements.

Town of Orange, Massachusetts

Proprietary Funds Statement of Cash Flows

Year Ended June 30, 2024

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Water	Sewer	Total	
CASH FLOWS FROM (USED BY) OPERATING ACTIVITIES:				
Receipts from customers and users.....	\$ 701,001	\$ 1,229,411	\$ 1,930,412	\$ -
Receipts from interfund services provided.....	-	-	-	39,443
Payments to vendors.....	(705,476)	(560,969)	(1,266,445)	-
Payments to employees.....	(290,160)	(277,638)	(567,798)	-
Payments for interfund services used.....	-	-	-	(24,522)
NET CASH FROM (USED BY) OPERATING ACTIVITIES.....	(294,635)	390,804	96,169	14,921
CASH FLOWS FROM (USED BY) NONCAPITAL FINANCING ACTIVITIES:				
Advances from other funds.....	-	(1,977,331)	(1,977,331)	-
CASH FLOWS FROM (USED BY) CAPITAL AND RELATED FINANCING ACTIVITIES:				
Proceeds from the issuance of bonds and notes.....	-	2,695,526	2,695,526	-
Capital contributions.....	-	6,410,769	6,410,769	-
Acquisition and construction of capital assets.....	(41,442)	(5,225,287)	(5,266,729)	-
Principal payments on bonds and notes.....	-	(748,143)	(748,143)	-
Interest expense.....	-	(383,659)	(383,659)	-
NET CASH FROM (USED BY) CAPITAL AND RELATED FINANCING ACTIVITIES.....	(41,442)	2,749,206	2,707,764	-
CASH FLOWS FROM INVESTING ACTIVITIES:				
Investment income.....	12,097	554	12,651	-
NET CHANGE IN CASH AND CASH EQUIVALENTS.....	(323,980)	1,163,233	839,253	14,921
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR.....	1,293,622	-	1,293,622	214,236
CASH AND CASH EQUIVALENTS AT END OF YEAR.....	\$ 969,642	\$ 1,163,233	\$ 2,132,875	\$ 229,157
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES:				
Operating income (loss).....	\$ (351,607)	\$ 555,452	\$ 203,845	\$ 10,933
Adjustments to reconcile operating income to net cash from operating activities:				
Depreciation.....	137,381	43,561	180,942	-
Deferred (outflows)/inflows related to pensions.....	47,251	47,071	94,322	-
Deferred (outflows)/inflows related to OPEB.....	56,535	36,818	93,353	-
Changes in assets and liabilities:				
User charges.....	(85,817)	(120,526)	(206,343)	-
Working capital deposit.....	-	-	-	200
Warrants payable.....	(155,650)	(15,534)	(171,184)	-
Accrued payroll.....	3,387	(4,300)	(913)	-
Health claims payable.....	-	-	-	3,788
Other liabilities.....	-	(24,362)	(24,362)	-
Compensated absences.....	-	(914)	(914)	-
Net pension liability.....	(73,236)	(72,956)	(146,192)	-
Other postemployment benefits.....	127,121	(53,506)	73,615	-
Total adjustments.....	56,972	(164,648)	(107,676)	3,988
NET CASH FROM (USED BY) OPERATING ACTIVITIES.....	\$ (294,635)	\$ 390,804	\$ 96,169	\$ 14,921

See notes to basic financial statements.

Town of Orange, Massachusetts

Fiduciary Funds

Statement of Fiduciary Net Position

Year Ended June 30, 2024

	Other Postemployment Benefit Trust Fund	Private Purpose Trust Funds
ASSETS		
Cash and cash equivalents.....	\$ 129	\$ 59,506
Investments:		
Equity securities.....	4,300	-
Equity mutual funds.....	13,197	-
Fixed income.....	7,935	-
TOTAL ASSETS.....	25,561	59,506
NET POSITION		
Restricted for other postemployment benefits.....	25,561	-
Held in trust for other purposes.....	-	59,506
TOTAL NET POSITION.....	\$ 25,561	\$ 59,506

See notes to basic financial statements.

Town of Orange, Massachusetts

Fiduciary Funds Statement of Changes in Fiduciary Net Position

Year Ended June 30, 2024

	Other Postemployment Benefit Trust Fund	Private Purpose Trust Funds
<u>ADDITIONS:</u>		
Contributions:		
Employer contributions.....	\$ 25,000	\$ -
Employer contributions for other postemployment benefit payments....	968,893	-
Total contributions.....	993,893	-
Net investment income:		
Investment income.....	561	3,585
TOTAL ADDITIONS.....	994,454	3,585
<u>DEDUCTIONS:</u>		
Other postemployment benefit payments.....	968,893	-
NET INCREASE IN NET POSITION.....	25,561	3,585
NET POSITION AT BEGINNING OF YEAR.....	-	55,921
NET POSITION AT END OF YEAR.....	\$ 25,561	\$ 59,506

See notes to basic financial statements.

Town of Orange, Massachusetts

Notes to Basic Financial Statements

Year Ended June 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The Town is a municipal corporation that is governed by an elected 5-member Board of Selectmen.

For financial reporting purposes, the Town has included all funds, organizations, agencies, boards, commissions and institutions. The Town has also considered all potential component units for which it is financially accountable as well as other organizations for which the nature and significance of their relationship with the Town are such that exclusion would cause the basic financial statements to be misleading or incomplete. As required by GAAP, these basic financial statements present the Town (the primary government) and its component units. The Town has determined that there are no component units.

Joint Ventures

The Town is a member of the Ralph C. Mahar School District (the District) that provides for the education of grade levels 7-12 for the Town's students. The members share in the operations of the District and each member is responsible for its proportionate share of the operational and capital costs of the District, which are paid in the form of assessments. The Town does not have an equity interest in the District and the 2024 assessment was \$5,340,668 and its shares of the debt service expense totaled \$149,293.

The Town is also a member of the Franklin County Technical High School that serves the members' students seeking an education in academic, technical and agriculture studies. The members share in the operations of the Franklin County Technical High School and each member is responsible for its proportionate share of the operational and capital costs of the Franklin County Technical High School, which are paid in the form of assessments. The Town does not have an equity interest in the Franklin County Technical High School and the 2024 assessment was \$647,648 and its shares of the debt service expense totaled \$19,855.

Town of Orange, Massachusetts

Notes to Basic Financial Statements

Year Ended June 30, 2024

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

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

Fund Financial Statements

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

Major Fund Criteria

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

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

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

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

Town of Orange, Massachusetts
Notes to Basic Financial Statements
Year Ended June 30, 2024

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

Government-Wide Financial Statements

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

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

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

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

For the most part, the effect of interfund activity has been removed from the government-wide financial statements. Exceptions are charges between the general fund and the water enterprise fund. Elimination of these charges would distort the direct costs and program revenues reported for the functions affected.

Fund Financial Statements

Governmental fund financial statements are reported using the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures 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, other postemployment benefits obligations, and claims and judgments which are recognized when the obligations are expected to be liquidated with current expendable available resources.

Town of Orange, Massachusetts

Notes to Basic Financial Statements

Year Ended June 30, 2024

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

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

The following major governmental funds are reported:

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

The *school capital projects fund* is used to account for the acquisition or construction of school facilities.

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

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

The *capital project fund* is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlay, including the acquisition or construction of capital facilities and other capital assets of the governmental funds.

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

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

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

Town of Orange, Massachusetts
Notes to Basic Financial Statements
Year Ended June 30, 2024

The following major proprietary funds are reported:

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

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

Additionally, the following proprietary fund type is reported:

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

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

The following fiduciary fund type is reported, when applicable:

The *other postemployment benefit trust fund* accumulates resources to provide funding for future OPEB (other postemployment benefits) liabilities.

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

D. Cash and Investments

Government-Wide and Fund Financial Statements

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

E. Fair Value Measurements

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

Town of Orange, Massachusetts

Notes to Basic Financial Statements

Year Ended June 30, 2024

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

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

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

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

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

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

F. Accounts Receivable

Government-Wide and Fund Financial Statements

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

Real Estate, Personal Property Taxes and Tax Liens

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

Town of Orange, Massachusetts

Notes to Basic Financial Statements

Year Ended June 30, 2024

Real estate tax liens are processed on delinquent properties and are recorded as receivables in the year they are processed.

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

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

Motor Vehicle Excise

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

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

Water and Sewer Fees

User fees are levied monthly based on individual meter readings and are subject to penalties and interest if they are not paid by the respective due date. Water and sewer fees and liens are recorded as receivables in the year of the levy.

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

Departmental and Other

Departmental and other receivables are recorded as receivables in the year earned. The allowance for uncollectibles is estimated based on historical trends and specific account analysis.

Intergovernmental

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

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

Town of Orange, Massachusetts

Notes to Basic Financial Statements

Year Ended June 30, 2024

G. Inventories

Government-Wide and Fund Financial Statements

Inventories represent supplies to be used and are recorded as expenditures at the time of purchase in the government-wide and fund financial statements.

H. Capital Assets

Government-Wide and Proprietary Fund Financial Statements

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

All purchases and construction costs in excess of \$25,000 are capitalized at the date of acquisition or construction, respectively, with expected useful lives of greater than one year.

Capital assets are depreciated on a straight-line basis. The estimated useful lives of capital assets being depreciated are as follows:

<u>Capital Asset Type</u>	<u>Estimated Useful Life (in years)</u>
Buildings.....	20 - 40
Machinery and equipment.....	5 - 15
Infrastructure.....	20 - 50
Vehicles.....	5 - 10

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

Governmental Fund Financial Statements

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

Town of Orange, Massachusetts

Notes to Basic Financial Statements

Year Ended June 30, 2024

I. Deferred Outflows/Inflows of Resources

Government-Wide Financial Statements (Net Position)

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

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

Governmental Fund Financial Statements

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

J. Unavailable revenue

Fund Financial Statements

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

K. Interfund Receivables and Payables

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

Town of Orange, Massachusetts
Notes to Basic Financial Statements
Year Ended June 30, 2024

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.

L. Interfund Transfers

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

Government-Wide Financial Statements

Transfers between and within governmental funds 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”.

M. Net Position and Fund Equity

Government-Wide Financial Statements (Net Position)

Net position is reported as restricted when amounts that are not available for appropriation or are legally restricted by outside parties for a specific future use.

Net position has been “restricted for” the following:

“Loans” represents the Town’s Community Development loans receivable balances.

“Permanent funds - expendable” represents the amount of realized and unrealized investment earnings of donor restricted trusts. The donor restrictions and trustee policies only allow the trustee to authorize spending of the realized investment earnings that support governmental programs.

“Permanent funds - nonexpendable” represents the endowment portion of donor restricted trusts that support governmental programs.

Town of Orange, Massachusetts

Notes to Basic Financial Statements

Year Ended June 30, 2024

“Gifts and grants” represents amounts held for school and other Town grants, and for gift funds that have restrictions placed on assets from outside parties.

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

Fund Financial Statements (Fund Balances)

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

The governmental fund balance classifications are as follows:

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

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

“Committed” fund balance includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government’s highest level of decision-making authority.

“Assigned” fund balance includes amounts that are constrained by the Town’s intent to be used for specific purposes, but are neither restricted nor committed.

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

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

Town of Orange, Massachusetts

Notes to Basic Financial Statements

Year Ended June 30, 2024

N. Pensions

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

O. Long-term debt

Government-Wide and Proprietary Fund Financial Statements

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

Governmental Fund Financial Statements

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

P. Investment Income

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

Q. Compensated Absences

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

Government-Wide and Proprietary Fund Financial Statements

Vested or accumulated vacation leave is reported as a liability and expensed as incurred.

Town of Orange, Massachusetts
Notes to Basic Financial Statements
Year Ended June 30, 2024

Governmental Fund Financial Statements

Vested or accumulated vacation leave, which will be liquidated with expendable available financial resources, is reported as an expenditure and fund liability.

R. Use of Estimates

Government-Wide and Fund Financial Statements

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

S. Individual Fund Deficits

There are deficits within the school capital projects fund and the nonmajor funds. These deficits will be funded through bond proceeds and other available funds in future years.

T. Total Column

Government-Wide Financial Statements

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

Fund Financial Statements

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

NOTE 2 – CASH AND INVESTMENTS

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

Town of Orange, Massachusetts

Notes to Basic Financial Statements

Year Ended June 30, 2024

Custodial Credit Risk – Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the Town of Orange's deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk. At year-end, the carrying amount of deposits totaled \$13,441,661 which included all accounts of the Town including trust funds, and the bank balance totaled \$14,731,637. Of the bank balance, \$785,792 was covered by Federal Depository Insurance, \$12,658,501 was covered by Depositors Insurance Fund, and \$1,287,344 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Investments

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

Investment Type	Fair value	Maturities		
		Under 1 Year	1-5 Years	6-10 Years
<u>Debt securities:</u>				
U.S. treasury notes.....	\$ 229,474	\$ 93,392	\$ 136,082	\$ -
Government sponsored enterprises.....	85,012	29,392	55,620	-
Corporate bonds.....	391,779	75,743	316,036	-
Total debt securities.....	706,265	\$ 198,527	\$ 507,738	\$ -
<u>Other investments:</u>				
Equity securities.....	336,824			
Equity mutual funds.....	707,334			
Fixed income mutual funds.....	622,213			
Money market mutual funds.....	58,925			
Total investments.....	\$ 2,431,561			

Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of a failure by the counterparty, the Town will not be able to recover the value of its investments or collateral security that are in the possession of an outside party. The Town's investments of \$229,474 in U.S. Treasury Notes, \$85,012 in Governmental Sponsored Enterprises, \$391,779 in corporate bonds, and \$336,824 in equity securities all have custodial credit risk exposure because the related securities are uninsured, unregistered and held by the counterparty.

The Town minimizes this risk by requiring that all investments are in the name of the Town and their federal identification number.

Town of Orange, Massachusetts

Notes to Basic Financial Statements

Year Ended June 30, 2024

Interest Rate Risk

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

Credit Risk

The Town has not adopted a formal policy related to Credit Risk. At June 30, 2024, the Town's investments were rated as follows by Standard and Poor's Investor's Services:

<u>Quality Rating</u>	<u>Government Sponsored Enterprises</u>	<u>Corporate Bonds</u>
AAA.....	\$ -	\$ 35,640
AA+.....	85,012	-
A+.....	-	70,034
A.....	-	41,043
BBB+.....	-	75,743
BBB.....	-	82,404
Total.....	\$ <u>85,012</u>	\$ <u>391,779</u>

Concentration of Credit Risk

The Town places no limit on the amount the government may invest in any one issuer.

Fair Value of Investments

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

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

Town of Orange, Massachusetts
Notes to Basic Financial Statements
Year Ended June 30, 2024

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

Investment Type	June 30, 2024	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments measured at fair value:				
<u>Debt securities:</u>				
U.S. treasury notes.....	\$ 229,474	\$ -	\$ 229,474	\$ -
Government sponsored enterprises.....	85,012	-	85,012	-
Corporate bonds.....	391,779	-	391,779	-
Total debt securities.....	706,265	-	706,265	-
<u>Other investments:</u>				
Equity securities.....	336,824	336,824	-	-
Equity mutual funds.....	707,334	707,334	-	-
Fixed income mutual funds.....	622,213	622,213	-	-
Money market mutual funds.....	58,925	58,925	-	-
Total other investments.....	1,725,296	1,725,296	-	-
Total investments measured at fair value.....	\$ 2,431,561	\$ 1,725,296	\$ 706,265	\$ -

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

Town of Orange, Massachusetts

Notes to Basic Financial Statements

Year Ended June 30, 2024

NOTE 3 – RECEIVABLES

At June 30, 2024, receivables for the governmental funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
Real estate and personal property taxes....	\$ 562,465	\$ (72,419)	\$ 490,046
Tax liens.....	1,803,143	-	1,803,143
Motor vehicle and other excise taxes.....	184,953	(29,253)	155,700
Departmental and other.....	804,347	(110,774)	693,573
Intergovernmental.....	1,262,979	-	1,262,979
Loans.....	1,172,868	-	1,172,868
Total.....	\$ <u>5,790,755</u>	\$ <u>(212,446)</u>	\$ <u>5,578,309</u>

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

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
Water user charges.....	\$ 310,797	\$ -	\$ 310,797
Sewer user charges.....	554,052	-	554,052
Total.....	\$ <u>864,849</u>	\$ <u>-</u>	\$ <u>864,849</u>

Town of Orange, Massachusetts

Notes to Basic Financial Statements

Year Ended June 30, 2024

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

	General Fund	Other Governmental Funds	Total
<u>Receivables and other asset types:</u>			
Real estate and personal property taxes..... \$	320,871	\$ -	\$ 320,871
Tax liens.....	1,803,143	-	1,803,143
Motor vehicle and other excise taxes.....	155,700	-	155,700
Departmental and other.....	355,573	-	355,573
Intergovernmental.....	28,457	474,220	502,677
Loans.....	-	1,172,868	1,172,868
Tax foreclosures.....	239,325	-	239,325
Total..... \$	<u>2,903,069</u>	<u>\$ 1,647,088</u>	<u>\$ 4,550,157</u>

Town of Orange, Massachusetts

Notes to Basic Financial Statements

Year Ended June 30, 2024

NOTE 4 – CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 2,320,556	\$ -	\$ -	\$ 2,320,556
Construction in progress.....	46,736,693	7,786,404	-	54,523,097
 Total capital assets not being depreciated.	 49,057,249	 7,786,404	 -	 56,843,653
 <u>Capital assets being depreciated:</u>				
Buildings.....	16,341,728	-	(109,863)	16,231,865
Machinery and equipment.....	5,136,406	91,137	(138,126)	5,089,417
Infrastructure.....	48,862,722	1,298,283	(784,811)	49,376,194
Vehicles.....	5,613,513	68,619	-	5,682,132
 Total capital assets being depreciated.....	 75,954,369	 1,458,039	 (1,032,800)	 76,379,608
 <u>Less accumulated depreciation for:</u>				
Buildings.....	(11,757,051)	(427,498)	109,863	(12,074,686)
Machinery and equipment.....	(4,213,555)	(190,214)	138,126	(4,265,643)
Infrastructure.....	(28,780,119)	(1,322,394)	784,811	(29,317,702)
Vehicles.....	(3,758,188)	(321,760)	-	(4,079,948)
 Total accumulated depreciation.....	 (48,508,913)	 (2,261,866)	 1,032,800	 (49,737,979)
 Total capital assets being depreciated, net.....	 27,445,456	 (803,827)	 -	 26,641,629
 Total governmental activities capital assets, net..	 \$ 76,502,705	 \$ 6,982,577	 \$ -	 \$ 83,485,282

Town of Orange, Massachusetts

Notes to Basic Financial Statements

Year Ended June 30, 2024

	Beginning Balance	Increases	Decreases	Ending Balance
Water:				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 53,522	\$ -	\$ (4,676)	\$ 48,846
Construction in progress.....	137,346	46,118	-	183,464
 Total capital assets not being depreciated..	<u>190,868</u>	<u>46,118</u>	<u>(4,676)</u>	<u>232,310</u>
 <u>Capital assets being depreciated:</u>				
Buildings.....	639,689	-	-	639,689
Machinery and equipment.....	665,781	-	-	665,781
Infrastructure.....	8,551,731	-	-	8,551,731
Vehicles.....	306,203	-	-	306,203
 Total capital assets being depreciated.....	<u>10,163,404</u>	<u>-</u>	<u>-</u>	<u>10,163,404</u>
 <u>Less accumulated depreciation for:</u>				
Buildings.....	(194,665)	(15,052)	-	(209,717)
Machinery and equipment.....	(568,337)	(5,805)	-	(574,142)
Infrastructure.....	(3,878,634)	(95,298)	-	(3,973,932)
Vehicles.....	(276,975)	(21,226)	-	(298,201)
 Total accumulated depreciation.....	<u>(4,918,611)</u>	<u>(137,381)</u>	<u>-</u>	<u>(5,055,992)</u>
 Total capital assets being depreciated, net.....	<u>5,244,793</u>	<u>(137,381)</u>	<u>-</u>	<u>5,107,412</u>
 Total water activities capital assets, net.....	<u>\$ 5,435,661</u>	<u>\$ (91,263)</u>	<u>\$ (4,676)</u>	<u>\$ 5,339,722</u>

Town of Orange, Massachusetts

Notes to Basic Financial Statements

Year Ended June 30, 2024

	Beginning Balance	Increases	Decreases	Ending Balance
Sewer:				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 24,741	\$ -	\$ -	\$ 24,741
Construction in progress.....	12,931,059	2,799,948	-	15,731,007
Total capital assets not being depreciated	12,955,800	2,799,948	-	15,755,748
<u>Capital assets being depreciated:</u>				
Buildings.....	1,364,311	-	-	1,364,311
Machinery and equipment.....	687,300	30,550	-	717,850
Infrastructure.....	5,600,714	785,580	(30,551)	6,355,743
Vehicles.....	48,750	-	-	48,750
Total capital assets being depreciated...	7,701,075	816,130	(30,551)	8,486,654
<u>Less accumulated depreciation for:</u>				
Buildings.....	(1,303,061)	(2,500)	-	(1,305,561)
Machinery and equipment.....	(494,761)	(38,033)	-	(532,794)
Infrastructure.....	(1,771,092)	(3,028)	30,551	(1,743,569)
Vehicles.....	(48,750)	-	-	(48,750)
Total accumulated depreciation.....	(3,617,664)	(43,561)	30,551	(3,630,674)
Total capital assets being depreciated, net.....	4,083,411	772,569	-	4,855,980
Total sewer activities capital assets, net.....	\$ 17,039,211	\$ 3,572,517	\$ -	\$ 20,611,728

Town of Orange, Massachusetts
Notes to Basic Financial Statements
Year Ended June 30, 2024

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

Governmental Activities:

General government.....	\$ 151,343
Public safety.....	333,330
Education.....	262,755
Public works.....	766,602
Airport.....	734,395
Culture and recreation.....	<u>7,454</u>

Total depreciation expense - governmental activities.....	\$ <u>2,261,866</u>
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Business-Type Activities:

Water.....	\$ 137,381
Sewer.....	<u>43,561</u>

Total depreciation expense - business-type activities.....	\$ <u>180,942</u>
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NOTE 5 – INTERFUND TRANSFERS

For the year ended June 30, 2024, \$75,395 was transferred into the general fund from the receipts reserved fund and the other special revenue funds.

NOTE 6 – SHORT-TERM FINANCING

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

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

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

Town of Orange, Massachusetts

Notes to Basic Financial Statements

Year Ended June 30, 2024

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

Type	Purpose	Rate (%)	Due Date	Balance at June 30, 2023	Renewed/ Issued	Retired/ Redeemed	Balance at June 30, 2024
Governmental Funds:							
BAN	Recreation Facility	2.50	7/13/2023	\$ 10,000	\$ -	\$ (10,000)	\$ -
BAN	Police Department Renovations	2.50	7/13/2023	30,000	-	(30,000)	-
BAN	F350 Highway Truck	2.50	7/13/2023	15,000	-	(15,000)	-
BAN	Police Cruiser	2.50	7/13/2023	20,000	-	(20,000)	-
BAN	M2 Highway Truck	2.50	7/13/2023	151,998	-	(151,998)	-
BAN	Fire Brush Truck	2.50	7/13/2023	43,574	-	(43,574)	-
BAN	School Technology	2.50	7/13/2023	40,007	-	(40,007)	-
BAN	Dexter Park Repairs	2.50	7/13/2023	160,385	-	(160,385)	-
BAN	FRCOG Radio Upgrades	2.50	7/13/2023	20,000	-	(20,000)	-
BAN	Police Cruiser	2.50	7/13/2023	44,000	-	(44,000)	-
BAN	Probationary Firefighter Equipment	2.50	7/13/2023	9,000	-	(9,000)	-
BAN	Plow Truck	2.50	7/13/2023	19,231	-	(19,231)	-
BAN	Building Repairs	2.50	7/13/2023	108,000	-	(108,000)	-
BAN	New Elementary School	4.00	12/21/2023	10,000,000	-	(10,000,000)	-
BAN	2020 Ford Truck	4.27	3/28/2024	123,366	-	(123,366)	-
BAN	Broom Attachment for Loader	4.27	3/28/2024	19,619	-	(19,619)	-
BAN	Pavement Repairs	4.27	3/28/2024	14,812	-	(14,812)	-
BAN	Emergency Standby Generator	4.27	3/28/2024	24,015	-	(24,015)	-
BAN	Freightliner Dump Truck	4.27	3/28/2024	270,000	-	(270,000)	-
BAN	2021 Ford Escape	4.27	3/28/2024	29,933	-	(29,933)	-
BAN	Police Cruiser	4.27	3/28/2024	52,789	-	(52,789)	-
BAN	Airport New Wheel Loader	4.27	3/28/2024	100,000	-	(100,000)	-
BAN	Public Safety Building	4.27	3/28/2024	125,000	-	(125,000)	-
BAN	Radio System	4.27	3/28/2024	28,600	-	(28,600)	-
BAN	Town Hall Repairs	4.27	3/28/2024	25,000	-	(25,000)	-
BAN	Butterfield Playground	4.27	3/28/2024	20,000	-	(20,000)	-
BAN	Boiler Replacement	4.27	3/28/2024	20,000	-	(20,000)	-
BAN	Line Cruiser	4.27	3/28/2024	55,000	-	(55,000)	-
BAN	Station 2 Heating System	4.27	3/28/2024	15,000	-	(15,000)	-
BAN	Senior Center Touch Screen System	4.27	3/28/2024	9,140	-	(9,140)	-
BAN	Command Cruiser	4.27	3/28/2024	45,000	-	(45,000)	-
BAN	New Elementary School	4.25	12/19/2024	-	10,000,000	-	10,000,000
BAN	2020 Ford Truck	4.38	3/27/2025	-	113,366	-	113,366
BAN	Broom Attachment for Loader	4.38	3/27/2025	-	13,079	-	13,079
BAN	Pavement Repairs	4.38	3/27/2025	-	9,874	-	9,874
BAN	Emergency Standby Generator	4.38	3/27/2025	-	16,010	-	16,010
BAN	Freightliner Dump Truck	4.38	3/27/2025	-	255,000	-	255,000
BAN	2021 Ford Escape	4.38	3/27/2025	-	19,956	-	19,956
BAN	Police Cruiser	4.38	3/27/2025	-	35,294	-	35,294
BAN	Airport New Wheel Loader	4.38	3/27/2025	-	91,001	-	91,001
BAN	Public Safety Building	4.38	3/27/2025	-	125,000	-	125,000
BAN	Radio System	4.38	3/27/2025	-	28,600	-	28,600
BAN	Town Hall Repairs	4.38	3/27/2025	-	25,000	-	25,000
BAN	Butterfield Playground	4.38	3/27/2025	-	20,000	-	20,000
BAN	Boiler Replacement	4.38	3/27/2025	-	20,000	-	20,000
BAN	Line Cruiser	4.38	3/27/2025	-	49,848	-	49,848
BAN	Station 2 Heating System	4.38	3/27/2025	-	15,000	-	15,000
BAN	Senior Center Touch Screen System	4.38	3/27/2025	-	9,140	-	9,140
BAN	Command Cruiser	4.38	3/27/2025	-	119,999	-	119,999
Total Governmental Funds.....				\$ 11,648,469	\$ 10,966,167	\$ (11,648,469)	\$ 10,966,167
Sewer Enterprise Fund:							
BAN	Sewer Main	2.50	7/13/2023	\$ 30,000	\$ -	\$ (30,000)	\$ -
Total Enterprise Fund.....				\$ 30,000	\$ -	\$ (30,000)	\$ -

Town of Orange, Massachusetts

Notes to Basic Financial Statements

Year Ended June 30, 2024

For the BAN that came due on December 19, 2024, \$202,550 was paid down using MSBA grants and the remaining amount was rolled into a new BAN totaling \$9,797,450 that comes due on December 18, 2025, with an interest rate of 4.00%. Additionally, the BAN that came due on March 27, 2025, in the amount of \$966,167, was rolled into a new BAN totaling \$1,170,822 that comes due on March 26, 2026, with an interest rate of 4.35%.

NOTE 7 – LONG-TERM DEBT

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

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

Bonds Payable Schedule – Governmental Funds

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2024
Fire Station Bond.....	2048	\$ 1,335,000	4.00	\$ 1,050,743
Energy Conservation Bond.....	2031	952,300	4.00	469,798
State House Note - Equipment.....	2025	204,245	2.20	577,384
Road Design.....	2026	595,000	5.00	310,000
Fisher School Project.....	2051	15,870,000	5.00	15,840,000
Total Bonds Payable.....				18,247,925
Add: Unamortized premium on bonds.....				708,039
Total Bonds Payable, net.....				\$ 18,955,964

Town of Orange, Massachusetts

Notes to Basic Financial Statements

Year Ended June 30, 2024

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025.....	\$ 661,782	\$ 669,317	\$ 1,331,099
2026.....	820,855	628,596	1,449,451
2027.....	795,448	597,563	1,393,011
2028.....	799,186	559,054	1,358,240
2029.....	803,073	520,394	1,323,467
2030.....	725,116	483,466	1,208,582
2031.....	729,266	448,261	1,177,527
2032 - 2036....	3,296,804	1,807,506	5,104,310
2037 - 2041....	3,333,358	1,263,152	4,596,510
2042 - 2046....	3,358,915	754,477	4,113,392
2047 - 2051....	<u>2,924,122</u>	<u>155,722</u>	<u>3,079,844</u>
Total.....	\$ <u>18,247,925</u>	\$ <u>7,887,508</u>	\$ <u>26,135,433</u>

The Town has been approved to receive school construction assistance through the Massachusetts School Building Authority (MSBA). Under this program, the assistance is paid to support construction costs and reduce the total debt service of the Town. Through the end of 2024, the Town has received \$31,174,704 of capital grant reimbursements from the MSBA, which is equal to 80.0% of approved construction costs incurred to date. The Town anticipates receiving an additional \$760,302 of grant proceeds in 2025. Accordingly, a \$760,302 intergovernmental receivable and corresponding capital grant revenue has been reported in the governmental fund financial statements.

Town of Orange, Massachusetts

Notes to Basic Financial Statements

Year Ended June 30, 2024

Bonds Payable Schedule – Sewer Enterprise Fund

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2024
General Obligation Sewer Bond.....	2048	\$ 380,000	4.25	\$ 233,840
Wastewater Treatment Facility Upgrade Bond...	2058	10,000,000	2.13	<u>10,000,000</u>
Subtotal General Obligations Bonds Payable.....				10,233,840
MCWT Wastewater Management Plan.....	2033	\$ 350,000	2.00	176,139
MCWT Loan CWP-21-52.....	2044	1,405,855	2.00	1,161,236
MCWT Loan DWP-22-04.....	2044	1,120,955	2.00	<u>674,815</u>
Subtotal Direct Borrowings Payable.....				<u>2,012,190</u>
Total Bonds Payable, net.....				<u><u>\$ 12,246,030</u></u>

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

Year	General Obligations Bonds:			Direct Borrowings:		
	Principal	Interest	Total	Principal	Interest	Total
2025.....	\$ 212,862	\$ 223,020	\$ 435,882	\$ 92,200	\$ 45,573	\$ 137,773
2026.....	217,760	217,708	435,468	94,204	38,218	132,422
2027.....	222,181	212,873	435,054	96,252	36,329	132,581
2028.....	226,695	207,945	434,640	98,344	34,400	132,744
2029.....	230,772	203,454	434,226	100,481	32,429	132,910
2030.....	236,002	197,810	433,812	102,665	30,415	133,080
2031.....	240,810	192,587	433,397	104,896	28,356	133,252
2032 - 2036....	1,279,311	881,464	2,160,775	492,982	111,303	604,285
2037 - 2041....	1,415,430	734,993	2,150,423	502,010	63,370	565,380
2042 - 2046....	1,567,469	572,601	2,140,070	328,156	13,226	341,382
2047 - 2051....	1,706,664	395,048	2,101,712	-	-	-
2052 - 2056....	1,874,320	206,679	2,080,999	-	-	-
2057 - 2058....	803,564	25,718	829,282	-	-	-
Total.....	<u>\$ 10,233,840</u>	<u>\$ 4,271,901</u>	<u>\$ 14,505,741</u>	<u>\$ 2,012,190</u>	<u>\$ 433,619</u>	<u>\$ 2,445,809</u>

Town of Orange, Massachusetts

Notes to Basic Financial Statements

Year Ended June 30, 2024

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
Upgrade Wastewater Plant.....	\$ 6,494,225
Water/Sewer North Main Street.....	827,190
FY21 Capital Plan.....	25,000
FY22 Capital Plan.....	8,650
FY23 Capital Plan.....	5,152
Dexter Park School Building Project.....	31,827,704
Ambulance.....	400,000
School Solar Array.....	843,000
Influent Pump.....	1,500,000
Water Tower.....	1,000,000
Total.....	<u>\$ 42,930,921</u>

Changes in Long-term Liabilities

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

	Beginning Balance	Bonds and Notes Issued	Bonds and Notes Redeemed	Other Increases	Other Decreases	Ending Balance	Due Within One Year
Governmental Activities:							
Long-term bonds payable.....	\$ 18,057,736	\$ 507,824	\$ (317,635)	\$ -	\$ -	\$ 18,247,925	\$ 661,782
Add: Unamortized premium on bonds..	772,657	-	-	-	(64,618)	708,039	60,057
Total bonds payable.....	18,830,393	507,824	(317,635)	-	(64,618)	18,955,964	721,839
Compensated absences.....	149,791	-	-	121,356	(123,279)	147,868	117,272
Net pension liability.....	8,240,319	-	-	449,819	(1,061,225)	7,628,913	-
Other postemployment benefits.....	30,224,006	-	-	1,779,974	(7,432,362)	24,571,618	-
Total governmental activity							
long-term liabilities.....	<u>\$ 57,444,509</u>	<u>\$ 507,824</u>	<u>\$ (317,635)</u>	<u>\$ 2,351,149</u>	<u>\$ (8,681,484)</u>	<u>\$ 51,304,363</u>	<u>\$ 839,111</u>
Business-Type Activities:							
Long-term bonds payable.....	\$ 10,074,868	\$ 168,716	\$ (9,744)	\$ -	\$ -	\$ 10,233,840	\$ 212,862
Long-term direct borrowing payable.....	193,779	2,526,810	(708,399)	-	-	2,012,190	92,200
Total bonds payable.....	10,268,647	2,695,526	(718,143)	-	-	12,246,030	305,062
Compensated absences.....	7,321	-	-	6,407	(7,321)	6,407	6,407
Net pension liability.....	805,705	-	-	1,955	(148,147)	659,513	-
Other postemployment benefits.....	1,034,446	-	-	383,297	(309,682)	1,108,061	-
Total business-type activity							
long-term liabilities.....	<u>\$ 12,116,119</u>	<u>\$ 2,695,526</u>	<u>\$ (718,143)</u>	<u>\$ 391,659</u>	<u>\$ (465,150)</u>	<u>\$ 14,020,011</u>	<u>\$ 311,469</u>

Town of Orange, Massachusetts

Notes to Basic Financial Statements

Year Ended June 30, 2024

NOTE 8 – GOVERNMENTAL FUND BALANCE CLASSIFICATIONS

The Town follows GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The intention of the GASB is to provide a more structured classification of fund balance and to improve the usefulness of fund balance reporting to the users of the Town's financial statements. The reporting standard establishes a hierarchy for fund balance classification and the constraints imposed on the uses of those resources.

Massachusetts General Law Ch. 40 §5B allows for the establishment of stabilization funds for one or more different purposes. The creation of a fund requires a two-thirds vote of the legislative body and must clearly define the purpose of the fund. The specification and any alteration of purpose, and any appropriation of funds from any such fund, shall be approved by a two-thirds vote. At year end, \$452,510, \$129,147, and \$65,054 have been side aside in a general stabilization fund, capital stabilization fund, and a community development stabilization fund, respectively. They are reported as unassigned fund balance within the general fund.

GASB Statement No. 54 provides for two major types of fund balances, which are nonspendable and spendable. Nonspendable fund balances are balances that cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact. Examples of this classification are prepaid items, inventories, and principal (corpus) of an endowment fund. The Town has reported principal portions of endowment funds as nonspendable.

In addition to the nonspendable fund balance, GASB Statement No. 54 has provided a hierarchy of spendable fund balances, based on a hierarchy of spending constraints.

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

Town of Orange, Massachusetts

Notes to Basic Financial Statements

Year Ended June 30, 2024

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

	<u>General</u>	<u>School Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Fund Balances:				
Nonspendable:				
Permanent fund principal.....	\$ -	\$ -	\$ 589,842	\$ 589,842
Restricted for:				
Federal grants.....	-	-	546,969	546,969
Other special revenue funds.....	-	-	1,567,432	1,567,432
Revolving funds.....	-	-	369,883	369,883
Receipts reserved funds.....	-	-	464,806	464,806
Grants.....	-	-	113,637	113,637
Permanent fund.....	-	-	570,630	570,630
Assigned to:				
Encumbrances:				
General government.....	374,073	-	-	374,073
Public safety.....	68,603	-	-	68,603
Public works.....	9,415	-	-	9,415
Airport.....	50,976	-	-	50,976
Culture and recreation.....	600	-	-	600
Unassigned.....	<u>3,760,598</u>	<u>(6,330,550)</u>	<u>(1,217,890)</u>	<u>(3,787,842)</u>
Total Fund Balances.....	<u>\$ 4,264,265</u>	<u>\$ (6,330,550)</u>	<u>\$ 3,005,309</u>	<u>\$ 939,024</u>

NOTE 9 – RISK FINANCING

The Town is exposed to various risks of loss related to torts; theft of damage to and destruction of assets; errors and omissions; and natural disasters for which the Town carries commercial insurance. The amount of claim settlements has not exceeded insurance coverage in any of the previous three years.

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

Town of Orange, Massachusetts

Notes to Basic Financial Statements

Year Ended June 30, 2024

Dental Insurance

The estimate of Incurred But Not Reported (IBNR) claims is based on an estimate of claims incurred but unpaid at year end. At June 30, 2024, the amount of the liability for dental claims totaled \$11,446. This liability is the best estimate based on available information. Changes in the reported liability since July 1, 2022 are as follows:

	Balance at Beginning of Year	Current Year Claims and Changes in Estimate	Claims Payments	Balance at Year-End
2023.....	\$ 11,446	\$ 90,919	\$ (94,707)	\$ 7,658
2024.....	7,658	97,851	(94,063)	11,446

NOTE 10 – PENSION PLAN

Plan Descriptions

The Town is a member of the Franklin Regional Retirement System (System), a cost-sharing multiple-employer defined benefit pension plan covering eligible employees of the 39 member units. The System is administered by five board members (Board) on behalf of all current employees and retirees except for current teachers and retired teachers. Chapter 32 of the MGL assigns authority to establish and amend benefit provisions of the plan.

The Town is a member of the Massachusetts Teachers' Retirement System (MTRS), a cost-sharing multi-employer defined benefit plan. MTRS is managed by the Commonwealth of Massachusetts (Commonwealth) on behalf of municipal teachers and municipal teacher retirees. The Commonwealth is a nonemployer contributor and is responsible for 100% of the contributions and future benefit requirements of the MTRS. The MTRS covers certified teachers in cities (except Boston), towns, regional school districts, charter schools, educational collaboratives and Quincy College. The MTRS is part of the Commonwealth's reporting entity and the audited financial report may be obtained by visiting <https://www.macomptroller.org/gasb-68-reports/>.

Town of Orange, Massachusetts
Notes to Basic Financial Statements
Year Ended June 30, 2024

Special Funding Situation

The Commonwealth is a nonemployer contributor and is required by statute to make 100% of all actuarially determined employer contributions on behalf of the Town to the MTRS. Therefore, the Town is considered to be in a special funding situation as defined by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and the Commonwealth is a nonemployer contributor in MTRS. Since the Town does not contribute directly to MTRS, there is no net pension liability to recognize. The total of the Commonwealth provided contributions have been allocated based on each employer's covered payroll to the total covered payroll of employers in MTRS as of the measurement date of June 30, 2023. The Town's portion of the collective pension expense, contributed by the Commonwealth, of \$986,694 is reported in the general fund as intergovernmental revenue and pension expense in the current year. The portion of the Commonwealth's collective net pension liability associated with the Town is \$10,567,556 as of the measurement date.

Benefits Provided

Both Systems provide retirement, disability, survivor and death benefits to plan members and beneficiaries. Massachusetts Contributory Retirement System benefits are, with certain minor exceptions, uniform from system to system. The System provides for the retirement allowance benefits up to a maximum of 80% of a member's highest three-year average annual rate of regular compensation. For persons who become members on or after April 2, 2012, average salary is the average annual rate of regular compensation received during the five consecutive years that produce the highest average, or if greater, during the last five years (whether or not consecutive) preceding retirement. Benefit payments are based upon a member's age, length of creditable service, level of compensation, and group classification. Members become vested after ten years of creditable service. There were no changes in benefit terms that affected the measurement of the total pension liability at December 31, 2023.

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

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

Town of Orange, Massachusetts

Notes to Basic Financial Statements

Year Ended June 30, 2024

Contributions

Chapter 32 of the MGL governs the contributions of plan members and member units. Active plan members are required to contribute to the System at rates ranging from 5% to 9% of gross regular compensation with an additional 2% contribution required for compensation exceeding \$30,000. The percentage rate is keyed to the date upon which an employee's membership commences. The member units are required to pay into the FRRS a legislatively mandated actuarially determined contribution that is apportioned among the employers based on active current payroll. The Town's proportionate share of the required contribution equaled its actual contribution for the year ended June 30, 2024, which was \$1,152,968 and 23.17% of covered payroll, actuarially determined as an amount that, when combined with plan member contributions, is expected to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability.

Pension Liabilities

At June 30, 2024, the Town reported a liability of \$8,288,426 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2024. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At December 31, 2023, the Town's proportion was 13.38% which increased from its proportion measured at December 31, 2022 of 13.34%.

Pension Expense

For the year ended June 30, 2024, the Town recognized pension expense of \$1,248,073. At June 30, 2024, the Town reported deferred outflows of resources and inflows of resources related to pensions of \$2,012,059 and \$77,290 respectively.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Differences between expected and actual experience.....	\$ 153,859	\$ (43,044)	\$ 110,815
Difference between projected and actual earnings, net.....	1,110,701	-	1,110,701
Changes in assumptions.....	665,898	-	665,898
Changes in proportion and proportionate share of contributions....	81,601	(34,246)	47,355
Total deferred outflows/(inflows) of resources.....	\$ 2,012,059	\$ (77,290)	\$ 1,934,769

Town of Orange, Massachusetts

Notes to Basic Financial Statements

Year Ended June 30, 2024

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

Year ended June 30:

2025.....	\$	622,031
2026.....		534,598
2027.....		976,987
2028.....		<u>(198,847)</u>
Total.....	\$	<u><u>1,934,769</u></u>

Actuarial Assumptions

The total pension liability in the January 1, 2024, actuarial valuation was determined using the following actuarial assumptions:

Valuation date.....	January 1, 2024
Actuarial cost method.....	Individual Entry Age Normal.
Amortization method.....	Increasing dollar amount at 4% to reduce the unfunded actuarial accrued liability to zero, on or before June 30, 2034.
Remaining amortization method.....	10 years, as of December 31, 2023.
Salary increases:	
Group 1 and 2.....	4.00% - 6.00%, based on service.
Group 4.....	4.50% - 7.00%, based on service.
Net investment return/Discount rate.....	7.15%, net of pension plan investment expense, including inflation.
Inflation rate.....	2.50%.
Cost of living adjustments.....	3% of the first \$17,000.
Mortality Rates.....	RP-2014 Blue Collar Mortality Table with full generational mortality improvement using Scale MP-2021. For disabled members, RP-2014 Blue Collar Mortality Table set forward one year with full generational mortality improvement using Scale MP-2021.

Town of Orange, Massachusetts

Notes to Basic Financial Statements

Year Ended June 30, 2024

Investment Policy

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

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

<u>Asset Class</u>	<u>Long-Term Expected Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
PRIT Core.....	40.00%	5.20%
Domestic Equity.....	32.00%	4.40%
International Equity.....	5.00%	5.32%
Real Estate.....	10.00%	4.10%
Fixed Income.....	13.00%	2.40%
Total.....	<u>100.00%</u>	

Rate of Return

For the year ended December 31, 2023, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 12.16%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount Rate

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

Town of Orange, Massachusetts

Notes to Basic Financial Statements

Year Ended June 30, 2024

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

The following presents the net pension liability, calculated using the discount rate of 7.15%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.15%) or 1-percentage-point higher (8.15%) than the current rate:

	1% Decrease (6.15%)	Current Discount (7.15%)	1% Increase (8.15%)
The Town's proportionate share of the net pension liability.....	\$ <u>12,033,719</u>	\$ <u>8,288,426</u>	\$ <u>5,117,010</u>

Changes in Assumptions

The following changes were reflected in the January 1, 2024 valuation:

- The discount rate decreased from 7.25% to 7.15%.
- The salary scale and mortality improvement rates have been updated.

Changes in Plan Provisions

None.

NOTE 11 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description

The Town of Orange administers a single-employer defined benefit healthcare plan (“the Retiree Health Plan”). The plan provides lifetime healthcare, dental, and life insurance for eligible retirees and their spouses through the Town’s group health insurance plan, which covers both active and retired members. Chapter 32B of the MGL assigns authority to establish and amend benefit provisions of the plan. Benefit provisions are negotiated between the Town and the unions representing Town employees and are renegotiated each bargaining period. The Retiree Health Plan does not issue a publicly available financial report.

Town of Orange, Massachusetts

Notes to Basic Financial Statements

Year Ended June 30, 2024

Funding Policy

Contribution requirements are also negotiated between the Town and union representatives. The required contribution is based on a pay-as-you-go financing requirement. The Town contributes 75% of the cost of current-year premiums for eligible retired plan members and their spouses. Plan members receiving benefits contribute the remaining 25% of their premium costs. For 2024, the Town's age-adjusted contribution to the plan totaled \$993,893. For the year ended June 30, 2024, the Town's average contribution rate was 9.56% of covered-employee payroll.

The Commonwealth of Massachusetts passed special legislation that has allowed the Town to establish a postemployment benefit trust fund and to enable the Town to raise taxes necessary to begin pre-funding its OPEB liabilities.

During 2024, the Town pre-funded future OPEB liabilities totaling \$25,000 by contributing funds to the Other Postemployment Benefit Fund in excess of the pay-as-you-go required contribution. These funds are reported within the Fiduciary Funds financial statements. As of June 30, 2024, the balance of this fund totaled \$25,561.

Summary of Significant Accounting Policies

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

Employees Covered by Benefit Terms

The following table represents the Plan's membership at July 1, 2023:

Active members.....	159
Inactive employees or beneficiaries currently receiving benefits....	<u>172</u>
Total.....	<u><u>331</u></u>

Town of Orange, Massachusetts
Notes to Basic Financial Statements
Year Ended June 30, 2024

Components of OPEB Liability

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

Total OPEB liability.....	\$ 25,705,240
Less: OPEB plan's fiduciary net position.....	<u>(25,561)</u>
Net OPEB liability.....	<u>\$ 25,679,679</u>
The OPEB plan's fiduciary net position as a percentage of the total OPEB liability.....	0.10%

Significant Actuarial Methods and Assumptions

The total OPEB liability in the July 1, 2023, actuarial valuation was determined by using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified, that was updated to June 30, 2024:

Valuation date.....	July 1, 2023
Actuarial cost method.....	Individual Entry Age Normal.
Asset-valuation method.....	Fair value of assets as of the measurement date.
Municipal Bond rate.....	4.21% as of June 30, 2024 (Source: S&P Municipal Bond 20-Year High Grade Index- SAPIHG).
Single Equivalent Discount rate.....	4.28%, net of OPEB plan investment expense, including inflation.
Inflation rate.....	2.50% as of June 30, 2024 and for future periods.
Salary increases.....	3.00% annually as of June 30, 2024 and for future periods.

Town of Orange, Massachusetts

Notes to Basic Financial Statements

Year Ended June 30, 2024

Mortality Rates:

Pre-Retirement Mortality.....	RP-2014 Mortality Table for Blue Collar Employees projected generationally with scale MP-2021, set forward 2 year for females. Teachers: PubT-2010 Mortality Table (Headcount - weighted) for Employees projected generationally with scale MP-2021.
Post- Retirement Mortality.....	RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with scale MP-2021, set forward 1 year for females. Teachers: PubT-2010 Mortality Table (Headcount-weighted) for Healthy Annuitants projected generationally with scale MP-2021.
Disabled Mortality.....	RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with scale MP-2021, set forward 1 year for males and 2 years for females. Teachers: PubT-2010 Mortality Table (Headcount-weighted) for Healthy Annuitants projected generationally with scale MP-2021.

Rate of Return

For the year ended June 30, 2024, the annual money-weighted rate of return on OPEB plan investments was 5.53%. The money-weighted rate of return expresses investment performance, net of OPEB plan investment expense, adjusted for the changing amounts actually invested.

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

Town of Orange, Massachusetts

Notes to Basic Financial Statements

Year Ended June 30, 2024

Asset Class	Long-Term Expected Asset Allocation	Long-Term Expected Real Rate of Return
Domestic Equity - Large Cap.....	34.00%	4.52%
Domestic Equity - Small/Mid Cap.....	10.25%	5.06%
International Equity - Developed Market....	13.00%	5.08%
International Equity - Emerging Market.....	6.25%	5.80%
Domestic Fixed Income.....	27.50%	2.44%
International Fixed Income.....	4.75%	2.13%
Alternatives.....	3.75%	6.09%
Cash.....	0.50%	0.00%
Total.....	100.00%	

Discount Rate

The discount rate used to measure the total OPEB liability was 4.28% as of June 30, 2024 and June 30, 2023, which was based on the 20 year municipal bond index for a pay-as-you-go plan.

Changes in the Total OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance at June 30, 2023.....	\$ 31,258,452	\$ -	\$ 31,258,452
Changes for the year:			
Service cost.....	893,435	-	893,435
Interest.....	1,295,397	-	1,295,397
Differences between expected and actual experience....	(5,401,745)	-	(5,401,745)
Changes in assumptions.....	(1,371,406)	-	(1,371,406)
Benefit payments.....	(968,893)	(968,893)	-
Net investment income.....	-	561	(561)
Contributions - employer.....	-	993,893	(993,893)
Net change.....	(5,553,212)	25,561	(5,578,773)
Balance at June 30, 2024.....	\$ 25,705,240	\$ 25,561	\$ 25,679,679

Town of Orange, Massachusetts

Notes to Basic Financial Statements

Year Ended June 30, 2024

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following table presents the total other postemployment benefit liability, calculated using the discount rate of 4.28%, as well as what the total other postemployment benefit liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.28%) or 1-percentage-point higher (5.28%) than the current discount rate.

	1% Decrease (3.28%)	Current Discount Rate (4.28%)	1% Increase (5.28%)
OPEB liability.....	\$ 29,783,397	\$ 25,679,679	\$ 22,389,138

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

The following table presents the total other postemployment benefit liability, calculated using the current healthcare trend rate, as well as what the total other postemployment benefit liability would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher.

	1% Decrease	Current Trend	1% Increase
OPEB liability.....	\$ 22,109,876	\$ 25,679,679	\$ 30,192,823

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

For the year ended June 30, 2024, the GASB Statement #75 measurement date, the Town recognized OPEB expense of \$809,564. At June 30, 2024, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Deferred Category	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Differences between expected and actual experience.....	\$ -	\$ (7,135,595)	\$ (7,135,595)
Difference between projected and actual earnings.....	92	-	92
Changes in assumptions.....	1,932,714	(1,641,699)	291,015
Total deferred outflows/(inflows) of resources.....	\$ 1,932,806	\$ (8,777,294)	\$ (6,844,488)

Town of Orange, Massachusetts

Notes to Basic Financial Statements

Year Ended June 30, 2024

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

Year ended June 30:

2025.....	\$ (1,378,593)
2026.....	(1,511,805)
2027.....	(1,922,667)
2028.....	(1,349,227)
2029.....	<u>(682,196)</u>
Total.....	\$ <u><u>(6,844,488)</u></u>

Changes of Assumptions

The discount rate has been updated from 4.09% to 4.28%

The mortality table has been updated to the RP-2014 Mortality Table projected generationally with scale MP-2021 for non-teachers and PubT-2010 Mortality Table projected generationally with scale MP-2021 for teachers.

Changes in Plan Provisions

None.

NOTE 12 – COMMITMENTS

The Town is currently committed to the following projects:

<u>Purpose</u>	<u>Amount</u>
Upgrade Wastewater Plant.....	\$ 6,494,225
Water/Sewer North Main Street.....	827,190
FY21 Capital Plan.....	25,000
FY22 Capital Plan.....	8,650
FY23 Capital Plan.....	5,152
Dexter Park School Building Project.....	31,827,704
Ambulance.....	400,000
School Solar Array.....	843,000
Influent Pump.....	1,500,000
Water Tower.....	<u>1,000,000</u>
Total.....	\$ <u><u>42,930,921</u></u>

Town of Orange, Massachusetts

Notes to Basic Financial Statements

Year Ended June 30, 2024

The general fund has various commitments for goods and services related to encumbrances totaling \$503,667.

NOTE 13 – CONTINGENCIES

The Town participates in a number of federal award programs. Although the grant programs have been audited in accordance with the provisions of the Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 14 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 15, 2025, which is the date the financial statements were available to be issued.

NOTE 15 – CHANGE WITHIN THE REPORTING ENTITY

During the fiscal year ended June 30, 2024, the Town reviewed its fund classifications and determined that the federal grants fund, previously reported as a major governmental fund, no longer meets the criteria for major fund reporting accounting to Governmental Accounting Standards Board (GASB) Statement #34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*.

Town of Orange, Massachusetts

Notes to Basic Financial Statements

Year Ended June 30, 2024

For the fiscal year ended June 30, 2024, the federal grants fund has been reclassified to the nonmajor governmental funds. The effect of this reclassification is reflected in the accompanying financial statements for the fiscal year ended June 30, 2024, in accordance with GASB Statement #100, *Accounting Changes and Error Corrections*. The reclassification did not impact the total net position or change in net position of the Town. The schedule below reports how the restatement is accounted for in the fiscal year 2024 financial statements.

	Reporting Units Affected by Adjustment to Beginning Net Position	
	Federal Grants	Nonmajor Funds
Net position at beginning of year, as previously reported....	\$ 535,541	\$ 1,236,350
Change from major fund to nonmajor fund.....	<u>(535,541)</u>	<u>535,541</u>
Net position at beginning of year, as adjusted.....	<u>\$ -</u>	<u>\$ 1,771,891</u>

NOTE 16 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

During 2024, the following GASB pronouncements were implemented:

- GASB Statement #100, *Accounting Changes and Error Corrections*. The basic financial statements were restated for this accounting change. See NOTE 15 for more information.

The following GASB pronouncements will be implemented in the future:

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

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

Required Supplementary Information

General Fund

Budgetary Comparison Schedule

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

Town of Orange, Massachusetts

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

Year Ended June 30, 2024

	Budgeted Amounts						
	Amounts Carried Forward From Prior Year	Current Year Initial Budget	Original Budget	Final Budget	Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
REVENUES:							
Real estate and personal property taxes, net of tax refunds.....	\$ -	\$ 14,378,577	\$ 14,378,577	\$ 14,378,577	\$ 14,158,313	\$ -	\$ (220,264)
Tax liens.....	-	-	-	-	93,463	-	93,463
Motor vehicle and other excise taxes.....	-	1,054,000	1,054,000	1,054,000	1,081,705	-	27,705
Charges for services.....	-	240,000	240,000	240,000	161,823	-	(78,177)
Penalties and interest on taxes.....	-	230,500	230,500	230,500	245,861	-	15,361
Payments in lieu of taxes.....	-	30,000	30,000	30,000	33,356	-	3,356
Intergovernmental.....	-	9,101,094	9,101,094	9,101,094	9,129,338	-	28,244
Departmental and other.....	-	1,172,000	1,172,000	1,172,000	1,437,712	-	265,712
Investment income.....	-	60,000	60,000	60,000	139,796	-	79,796
Miscellaneous.....	-	374,566	374,566	374,566	495,359	-	120,793
TOTAL REVENUES.....	-	26,640,737	26,640,737	26,640,737	26,976,726	-	335,989
EXPENDITURES:							
Current:							
General government.....	189,558	1,282,979	1,472,537	1,784,168	1,303,966	374,073	106,129
Public safety.....	113,106	3,549,610	3,662,716	3,761,665	3,505,862	68,603	187,200
Education.....	10,665	13,951,399	13,962,064	14,111,357	14,043,509	-	67,848
Public works.....	187,806	1,732,935	1,920,741	1,965,176	1,698,316	9,415	257,445
Airport.....	53,084	201,047	254,131	257,531	194,877	50,976	11,678
Health and human services.....	-	274,647	274,647	274,646	192,791	-	81,855
Culture and recreation.....	18,795	378,985	397,780	416,607	379,674	600	36,333
Pension benefits.....	-	1,152,968	1,152,968	1,152,968	1,152,968	-	-
Employee benefits.....	-	2,754,137	2,754,137	2,774,799	2,691,582	-	83,217
State and county charges.....	-	560,998	560,998	560,998	468,288	-	92,710
Debt service:							
Principal.....	-	508,839	508,839	567,345	317,635	-	249,710
Interest.....	-	1,181,589	1,181,589	1,034,285	1,029,607	-	4,678
TOTAL EXPENDITURES.....	573,014	27,530,133	28,103,147	28,661,545	26,979,075	503,667	1,178,803
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	(573,014)	(889,396)	(1,462,410)	(2,020,808)	(2,349)	(503,667)	1,514,792
OTHER FINANCING SOURCES (USES):							
Transfers in.....	-	277,898	277,898	490,958	490,958	-	-
Transfers out.....	-	(146,995)	(146,995)	(75,820)	(75,820)	-	-
TOTAL OTHER FINANCING SOURCES (USES).....	-	130,903	130,903	415,138	415,138	-	-
NET CHANGE IN FUND BALANCE.....	(573,014)	(758,493)	(1,331,507)	(1,605,670)	412,789	(503,667)	1,514,792
BUDGETARY FUND BALANCE, Beginning of year..	-	3,037,372	3,037,372	3,037,372	3,037,372	-	-
BUDGETARY FUND BALANCE, End of year.....	\$ (573,014)	\$ 2,278,879	\$ 1,705,865	\$ 1,431,702	\$ 3,450,161	\$ (503,667)	\$ 1,514,792

See notes to required supplementary information.

Pension Plan Schedules

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

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

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

Town of Orange, Massachusetts

Schedule of Proportionate Share of the Net Pension Liability

Franklin Regional Retirement System

<u>Year</u>	<u>Proportion of the net pension liability (asset)</u>	<u>Proportionate share of the net pension liability (asset)</u>	<u>Covered payroll</u>	<u>Net pension liability as a percentage of Covered payroll</u>	<u>Plan fiduciary net position as a percentage of the total pension liability</u>
December 31, 2023.....	13.38%	\$ 8,288,426	\$ 4,879,352	169.87%	75.63%
December 31, 2022.....	13.34%	9,046,024	4,696,315	192.62%	72.17%
December 31, 2021.....	13.13%	3,998,113	4,476,682	89.31%	87.05%
December 31, 2020.....	12.99%	5,272,143	4,262,644	123.68%	81.10%
December 31, 2019.....	13.47%	6,583,507	4,148,020	158.71%	76.30%
December 31, 2018.....	14.17%	8,693,790	4,038,150	215.29%	68.98%
December 31, 2017.....	14.64%	6,692,078	4,069,644	164.44%	75.89%
December 31, 2016.....	15.24%	8,007,780	3,873,126	206.75%	70.75%
December 31, 2015.....	16.04%	7,474,423	4,111,318	181.80%	71.73%
December 31, 2014.....	12.97%	4,868,195	4,001,848	121.65%	75.98%

See notes to required supplementary information.

Town of Orange, Massachusetts

Schedule of Contributions

Franklin Regional Retirement System

Year	Actuarially determined contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of Covered payroll
June 30, 2024.....	\$ 1,152,968	\$ (1,152,968)	\$ -	\$ 4,976,939	23.17%
June 30, 2023.....	1,083,835	(1,083,835)	-	4,790,241	22.63%
June 30, 2022.....	1,008,777	(1,008,777)	-	4,566,216	22.09%
June 30, 2021.....	944,486	(944,486)	-	4,347,897	21.72%
June 30, 2020.....	925,592	(925,592)	-	4,230,980	21.88%
June 30, 2019.....	922,264	(922,264)	-	4,118,913	22.39%
June 30, 2018.....	902,626	(902,626)	-	4,151,037	21.74%
June 30, 2017.....	895,582	(895,582)	-	3,950,589	22.67%
June 30, 2016.....	905,685	(905,685)	-	4,193,544	21.60%
June 30, 2015.....	740,049	(740,049)	-	4,081,885	18.13%

See notes to required supplementary information.

Town of Orange, Massachusetts

Schedule of the Special Funding Amounts of the New Pension Liability

Franklin Regional Retirement System

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

Year	Commonwealth's 100% Share of the Associated Net Pension Liability	Expense and Revenue Recognized for the Commonwealth's Support	Plan Fiduciary Net Position as a Percentage of the Total Liability
2024.....	\$ 10,567,556	\$ 986,694	58.48%
2023.....	11,272,636	927,284	57.75%
2022.....	10,126,448	812,605	62.03%
2021.....	14,202,675	1,754,234	50.67%
2020.....	12,289,584	1,490,325	53.95%
2019.....	12,380,879	1,254,623	54.84%
2018.....	12,509,047	1,305,606	54.25%
2017.....	12,443,456	1,269,314	52.73%
2016.....	10,945,084	887,744	55.38%
2015.....	9,012,647	626,152	61.64%

See notes to required supplementary information.

Other Postemployment Benefits Plan Schedules

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

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

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

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

Town of Orange, Massachusetts

Schedule of Changes in the OPEB Liability and Related Ratios

Other Postemployment Benefit Plan

	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022	June 30, 2023	June 30, 2024
Total OPEB Liability							
Service Cost.....	\$ 781,865	\$ 835,653	\$ 1,272,573	\$ 1,313,934	\$ 1,613,073	\$ 856,223	\$ 893,435
Interest.....	1,189,271	901,260	950,339	856,114	806,709	1,245,830	1,295,397
Changes of benefit terms.....	(3,175,698)	-	-	-	-	-	-
Differences between expected and actual experience.....	(7,688,266)	-	(269,941)	-	(5,167,222)	-	(5,401,745)
Changes of assumptions.....	1,329,972	-	2,800,922	3,106,043	(1,012,422)	-	(1,371,406)
Benefit payments.....	(693,903)	(746,259)	(797,306)	(834,266)	(870,686)	(886,649)	(968,893)
Net change in total OPEB liability.....	(8,256,759)	990,654	3,956,587	4,441,825	(4,630,548)	1,215,404	(5,553,212)
Total OPEB liability - beginning.....	33,541,289	25,284,530	26,275,184	30,231,771	34,673,596	30,043,048	31,258,452
Total OPEB liability - ending.....	\$ 25,284,530	\$ 26,275,184	\$ 30,231,771	\$ 34,673,596	\$ 30,043,048	\$ 31,258,452	\$ 25,705,240
Plan fiduciary net position							
Employer contributions.....	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,000
Employer contributions for OPEB payments.....	-	-	-	-	-	-	968,893
Net investment income.....	-	-	-	-	-	-	561
Benefit payments.....	-	-	-	-	-	-	(968,893)
Net change in plan fiduciary net position.....	-	-	-	-	-	-	25,561
Plan fiduciary net position - beginning of year.....	-	-	-	-	-	-	-
Plan fiduciary net position - end of year (b).....	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,561
Net OPEB liability - ending (a)-(b).....	\$ 25,284,530	\$ 26,275,184	\$ 30,231,771	\$ 34,673,596	\$ 30,043,048	\$ 31,258,452	\$ 25,679,679
Plan fiduciary net position as a percentage of the total OPEB liability.....	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.10%
Covered payroll.....	\$ 9,545,603	\$ 9,831,971	\$ 9,919,884	\$ 10,217,481	\$ 10,168,644	\$ 10,473,703	\$ 10,397,715
OPEB liability as a percentage of covered payroll.....	265%	267%	305%	339%	295%	298%	246.97%

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

See notes to required supplementary information.

Town of Orange, Massachusetts

Schedule of Contributions

Other Postemployment Benefit Plan

Year	Actuarially determined contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of Covered payroll
June 30, 2024.....	\$ 1,911,475	\$ (993,893)	\$ 917,582	\$ 10,397,715	9.56%
June 30, 2023.....	2,064,971	(886,649)	1,178,322	10,473,703	8.47%
June 30, 2022.....	2,774,822	(870,686)	1,904,136	10,168,644	8.56%
June 30, 2021.....	2,351,432	(834,266)	1,517,166	10,217,481	8.17%
June 30, 2020.....	2,222,912	(797,306)	1,425,606	9,919,884	8.04%
June 30, 2019.....	1,736,913	(746,259)	990,654	9,831,971	7.59%
June 30, 2018.....	1,971,136	(693,903)	1,277,233	9,545,603	7.27%

Note: this schedule is intended to present information for 10 years.

Until a 10-year trend is compiled, information is presented for those years for which information is available.

See notes to required supplementary information.

Town of Orange, Massachusetts

Schedule of Investment Returns

Other Postemployment Benefit Plan

<u>Year</u>	<u>Annual money-weighted rate of return, net of investment expense</u>
June 30, 2024.....	5.53%

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

See notes to required supplementary information.

See notes to required supplementary information.

Town of Orange, Massachusetts

Notes to Required Supplementary Information

Year Ended June 30, 2024

NOTE A – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

Municipal Law requires the adoption of a balanced budget that is approved by Town Meeting. The 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. The Town Meeting, which has full authority to amend and/or reject the budget or any line item, adopts the expenditure budget by majority vote.

Increases or transfers between and within departments subsequent to the approval of the annual budget, requires majority Special Town Meeting approval via a special article.

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

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

An annual budget is adopted for the general fund in conformity with the guidelines described above. The original year 2024 approved budget authorized approximately \$28.3 million in appropriations and other amounts to be raised.

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 Orange, Massachusetts

Notes to Required Supplementary Information

Year Ended June 30, 2024

B. Budgetary - GAAP Reconciliation

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

Net change in fund balance - budgetary basis.....	\$ 412,789
<u>Perspective differences:</u>	
Activity of the stabilization fund recorded in the general fund for GAAP.....	(124,292)
<u>Basis of accounting differences:</u>	
Net change in recording 60 day receipts.....	60,971
Net change in recording accrued expenses.....	(30,520)
Recognition of revenue for on-behalf payments.....	986,694
Recognition of expenditures for on-behalf payments.....	<u>(986,694)</u>
Net change in fund balance - GAAP basis.....	\$ <u>318,948</u>

NOTE B – PENSION PLAN

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

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

Schedule of Town's Contributions

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

Town of Orange, Massachusetts

Notes to Required Supplementary Information

Year Ended June 30, 2024

Schedule of the Special Funding Amounts of the Net Pension Liabilities

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

Changes in Assumptions

The following changes were reflected in the January 1, 2024 valuation:

- The discount rate decreased from 7.25% to 7.15%.
- The salary scale and mortality improvement rates have been updated.

Changes in Plan Provisions

None.

NOTE C – OTHER POSTEMPLOYMENT BENEFITS

The Town administers a single-employer defined benefit healthcare plan (“the Other Postemployment Benefit Plan”). The plan provides lifetime healthcare and life insurance for eligible retirees and their spouses through the Town’s health insurance plan, which covers both active and retired members, including teachers.

The Other Postemployment Benefit Plan

The Schedule of Changes in the Town’s Total Other Postemployment Benefit Liability and Related Ratios

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

Town of Orange, Massachusetts

Notes to Required Supplementary Information

Year Ended June 30, 2024

Schedule of the Town's Contributions

The Schedule of the Town's Contribution includes the Town's actuarially determined contribution to the Plan, along with the contribution made in relation to the actuarially determined contribution and the covered payroll. The Town is not required to fully fund this contribution. It also demonstrates the contributions as a percentage of the covered payroll. Actuarial contribution rates are calculated as of June 30, 2024. Methods and assumptions used to determine contribution rates are as follows:

Valuation date.....	July 1, 2023
Actuarial cost method.....	Individual Entry Age Normal.
Asset-valuation method.....	Fair value of assets as of the measurement date.
Municipal Bond rate.....	4.21% as of June 30, 2024 (Source: S&P Municipal Bond 20-Year High Grade Index- SAPIHG).
Single Equivalent Discount rate.....	4.28%, net of OPEB plan investment expense, including inflation.
Inflation rate.....	2.50% as of June 30, 2024 and for future periods.
Salary increases.....	3.00% annually as of June 30, 2024 and for future periods.
Mortality Rates:	
Pre-Retirement Mortality.....	RP-2014 Mortality Table for Blue Collar Employees projected generationally with scale MP-2021, set forward 2 year for females. Teachers: PubT-2010 Mortality Table (Headcount-weighted) for Employees projected generationally with scale MP-2021.
Post- Retirement Mortality.....	RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with scale MP-2021, set forward 1 year for females. Teachers: PubT-2010 Mortality Table (Headcount-weighted) for Healthy Annuitants projected generationally with scale MP-2021.
Disabled Mortality.....	RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with scale MP-2021, set forward 1 year for males and 2 years for females. Teachers: PubT-2010 Mortality Table (Headcount-weighted) for Healthy Annuitants projected generationally with scale MP-2021.

Town of Orange, Massachusetts

Notes to Required Supplementary Information

Year Ended June 30, 2024

Changes in Assumptions

The discount rate has been updated from 4.09% to 4.28%

The mortality table has been updated to the RP-2014 Mortality Table projected generationally with scale MP-2021 for non-teachers and PubT-2010 Mortality Table projected generationally with scale MP-2021 for teachers.

Changes in Provisions

None.