



**Powers &  
Sullivan, LLC**  
CPAs AND ADVISORS

***MANSFIELD MUNICIPAL ELECTRIC DEPARTMENT  
(An Enterprise Fund of the Town of Mansfield,  
Massachusetts)***

***FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION***

***YEARS ENDED JUNE 30, 2023 AND 2022***

MANSFIELD MUNICIPAL ELECTRIC DEPARTMENT  
FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION  
YEARS ENDED JUNE 30, 2023 AND 2022

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## **Independent Auditor's Report**

To the Honorable Board of Electric Commissioners  
Mansfield Municipal Electric Department  
Mansfield, Massachusetts

## **Report on the Audit of the Financial Statements**

### **Opinions**

We have audited the accompanying financial statements of the business-type activities and the aggregate remaining fund information of the Mansfield Municipal Electric Department of the Town of Mansfield, Massachusetts, as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate remaining fund information of the Mansfield Municipal Electric Department of the Town of Mansfield, Massachusetts, as of June 30, 2023 and 2022, and the changes in financial position and cash flows for the years 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Mansfield Municipal Electric Department of the Town of Mansfield, Massachusetts and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Emphasis of Matter**

As discussed in Note 1, the financial statements present only the Mansfield Municipal Electric Department and do not purport to, and do not, present fairly the financial position of the Town of Mansfield, Massachusetts, as of June 30, 2023 and 2022, the changes in its financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

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

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

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 generally accepted auditing standards 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 Mansfield Municipal Electric Department of the Town of Mansfield, Massachusetts' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

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, located on the following pages, and the pension plan and other postemployment benefit plan schedules, 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 auditing standards generally accepted in the United States of America, which consisted of inquiries of management about

the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Supplementary Information**

Our audit was made for the purpose of forming an opinion on the financial statements that collectively comprise the Mansfield Municipal Electric Department's financial statements. The Schedules of Operation and Maintenance Expenses and Utility Plant in Service, as listed in the table of contents, are presented for the purpose of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United State of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 11, 2023 on our consideration of the Mansfield Municipal Electric Department's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 Mansfield Municipal Electric Department'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 Mansfield Municipal Electric Department's internal control over financial reporting and compliance.



October 11, 2023

# ***Management's Discussion and Analysis***

## ***Management's Discussion and Analysis***

As management of the Mansfield Municipal Electric Department, we offer readers of these financial statements this narrative overview and analysis of the financial activities for the years ended June 30, 2023 and 2022. The Department's performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

### ***Overview of the Financial Statements***

The financial statements include (1) the statements of net position, (2) the statements of revenues, expenses and changes in net position, (3) the statements of cash flows, (4) the statements of fiduciary net position, (5) the statements of changes in fiduciary net position, and (6) notes to the financial statements. This report also contains supplementary information in addition to the basic financial statements.

The statement of net position is designed to indicate the Department's financial position as of a specific point in time. At June 30, 2023, it shows the Department's net position of \$54.2 million, which is comprised of \$35.7 million net investment of capital assets, \$3.8 million restricted for depreciation, and \$14.8 million which is unrestricted.

The statements of revenues, expenses and changes in net position summarize the Department's operating results and reveal how net position changed for the year. Net position decreased for the year ended June 30, 2023 by \$991,000 compared to a decrease of \$434,000 in 2022. Total operating revenues increased by \$7.6 million while expenses increased in total by \$8.7 million. Increases in purchased power and administrative and general expenses (mainly pension and OPEB expenses) accounted for the majority of the overall expense increases in 2023.

The Statements of Cash Flows provides information about the Department's cash receipts and cash payments during the accounting period. It also provides information about the operating activities, non-capital and capital related financing activities, and investing activities for the same period.

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

	2023	2022
Assets:		
Current assets.....	\$ 22,056,171	\$ 23,432,045
Noncurrent assets (excluding capital).....	7,574,231	6,545,573
Capital assets, net of accumulated depreciation.....	35,661,916	35,042,359
Total assets.....	<u>65,292,318</u>	<u>65,019,977</u>
Total Deferred Outflows of Resources.....	<u>1,956,452</u>	<u>1,967,209</u>
Liabilities:		
Current liabilities (excluding debt).....	5,213,366	4,890,263
Noncurrent liabilities (excluding debt).....	7,355,121	6,020,321
Total liabilities.....	<u>12,568,487</u>	<u>10,910,584</u>
Total Deferred Inflows of Resources.....	<u>491,277</u>	<u>896,365</u>
Net Position:		
Net investment in capital assets.....	35,661,916	35,042,359
Restricted for depreciation.....	3,758,689	2,834,717
Unrestricted.....	<u>14,768,401</u>	<u>17,303,161</u>
Total net position.....	<u>\$ 54,189,006</u>	<u>\$ 55,180,237</u>

### **Condensed Statement of Revenues, Expenses, and Changes in Net Position**

	2023	2022
Operating revenues.....	\$ 36,687,291	\$ 29,133,323
Operating expenses.....	<u>37,114,597</u>	<u>28,451,470</u>
Operating income.....	<u>(427,306)</u>	<u>681,853</u>
Interest income.....	312,219	(126,800)
Interest expense.....	(27,503)	(15,913)
Other Town services provided.....	<u>(67,681)</u>	<u>(192,292)</u>
Nonoperating revenues/expenses, net.....	<u>217,035</u>	<u>(335,005)</u>
Change in net position before transfers.....	(210,271)	346,848
Transfers out - payment in lieu of taxes, Town of Mansfield.....	<u>(780,960)</u>	<u>(780,960)</u>
Change in net position.....	(991,231)	(434,112)
Net position at beginning of year.....	<u>55,180,237</u>	<u>55,614,349</u>
Net position at end of year.....	<u>\$ 54,189,006</u>	<u>\$ 55,180,237</u>



## ***Financial Highlights***

Operating revenues were \$36.7 million in 2023, an increase of \$7.6 million from 2022. Kilowatt hours sold decreased by 4.41% to \$217,228,305 in 2023, compared to \$227,253,533 in 2022.

Operating expenses were \$37.1 million in 2023, or \$8.7 million higher than 2022.

Transfers out consists of payments in lieu of taxes of \$781,000 to the Town of Mansfield in 2023 and 2022.

## ***Utility Plant***

### Utility Plant

The Department had total acquisitions of approximately \$3.3 million in 2023. The Department expended \$762,000 for distribution plant and \$2.5 for general plant additions.

## ***Requests for Information***

This financial report is designed to provide a general overview of the Mansfield Municipal Electric Department's finances for all those with an interest in the Department's financial operations. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the General Manager, 125 High Street, Mansfield, Massachusetts 02048.

# ***Financial Statements***

## STATEMENTS OF NET POSITION

JUNE 30,

	2023	2022
<b>ASSETS</b>		
<b>CURRENT:</b>		
Funds on deposit with Town Treasurer:		
Operating cash.....	\$ 11,755,942	\$ 12,587,768
Receivables, net of allowance for uncollectibles.....	3,217,055	2,715,505
Materials and supplies inventory.....	1,721,902	1,016,175
Purchased power advanced deposits.....	5,361,272	4,334,051
Other assets.....	-	2,778,546
Total current assets.....	<u>22,056,171</u>	<u>23,432,045</u>
<b>NONCURRENT:</b>		
Funds on deposit with Town Treasurer:		
Depreciation fund.....	3,758,689	2,834,717
Customer deposits.....	1,560,140	1,363,757
MMWEC reserve trust fund.....	2,242,764	2,334,461
Investment in Hydro Quebec.....	12,638	12,638
Capital assets, nondepreciable.....	313,205	313,205
Capital assets, net of accumulated depreciation.....	<u>35,348,711</u>	<u>34,729,154</u>
Total noncurrent assets.....	<u>43,236,147</u>	<u>41,587,932</u>
<b>TOTAL ASSETS.....</b>	<u>65,292,318</u>	<u>65,019,977</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred outflows related to pensions.....	1,391,977	1,100,199
Deferred outflows related to other postemployment benefits.....	<u>564,475</u>	<u>867,010</u>
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES.....</b>	<u>1,956,452</u>	<u>1,967,209</u>
<b>LIABILITIES</b>		
<b>CURRENT:</b>		
Accounts payable and accrued expenses.....	2,947,754	4,734,682
Customer refunds payable.....	2,133,807	-
Compensated absences.....	<u>131,805</u>	<u>155,581</u>
Total current liabilities.....	<u>5,213,366</u>	<u>4,890,263</u>
<b>NONCURRENT:</b>		
Customer deposits.....	1,549,253	1,373,910
Compensated absences.....	8,691	12,538
Net pension liability.....	5,217,817	3,710,243
Net OPEB liability.....	<u>579,360</u>	<u>923,630</u>
Total noncurrent liabilities.....	<u>7,355,121</u>	<u>6,020,321</u>
<b>TOTAL LIABILITIES.....</b>	<u>12,568,487</u>	<u>10,910,584</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred inflows related to pensions.....	14,551	806,734
Deferred inflows related to other postemployment benefits.....	<u>476,726</u>	<u>89,631</u>
<b>TOTAL DEFERRED INFLOWS OF RESOURCES.....</b>	<u>491,277</u>	<u>896,365</u>
<b>NET POSITION</b>		
Net investment in capital assets.....	35,661,916	35,042,359
Restricted for:		
Depreciation.....	3,758,689	2,834,717
Unrestricted.....	<u>14,768,401</u>	<u>17,303,161</u>
<b>TOTAL NET POSITION.....</b>	<u>\$ 54,189,006</u>	<u>\$ 55,180,237</u>

See notes to basic financial statements.

**PROPRIETARY FUNDS**  
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

FOR THE YEARS ENDED JUNE 30,

	2023	2022
<b>OPERATING REVENUES:</b>		
Residential.....	\$ 14,280,495	\$ 10,110,049
Commercial.....	22,372,065	15,874,057
Municipal.....	1,440,009	1,053,984
Customer discounts.....	(1,575,009)	(1,559,247)
Net customer sales.....	36,517,560	25,478,843
Other operating revenue.....	169,731	3,654,480
<b>TOTAL OPERATING REVENUES .....</b>	<b>36,687,291</b>	<b>29,133,323</b>
<b>OPERATING EXPENSES:</b>		
Purchased power.....	28,560,759	20,949,270
Distribution.....	2,788,061	2,759,549
Customer accounts.....	1,053,966	1,071,618
Administration and general.....	2,029,676	1,189,036
Depreciation.....	2,682,135	2,481,997
<b>TOTAL OPERATING EXPENSES.....</b>	<b>37,114,597</b>	<b>28,451,470</b>
<b>OPERATING INCOME.....</b>	<b>(427,306)</b>	<b>681,853</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>		
Investment income.....	312,219	(126,800)
Interest expense.....	(27,503)	(15,913)
Other Town services provided.....	(67,681)	(192,292)
<b>TOTAL NONOPERATING REVENUES (EXPENSES), NET.....</b>	<b>217,035</b>	<b>(335,005)</b>
<b>CHANGE IN NET POSITION BEFORE TRANSFERS.....</b>	<b>(210,271)</b>	<b>346,848</b>
<b>TRANSFERS:</b>		
Transfers out - payment in lieu of taxes, Town of Mansfield.....	(780,960)	(780,960)
<b>CHANGE IN NET POSITION.....</b>	<b>(991,231)</b>	<b>(434,112)</b>
<b>NET POSITION AT BEGINNING OF YEAR.....</b>	<b>55,180,237</b>	<b>55,614,349</b>
<b>NET POSITION AT END OF YEAR.....</b>	<b>\$ 54,189,006</b>	<b>\$ 55,180,237</b>

See notes to basic financial statements.

**PROPRIETARY FUNDS**  
**STATEMENTS OF CASH FLOWS**

FOR THE YEARS ENDED JUNE 30,

	2023	2022
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES:</u></b>		
Receipts from customers and users.....	\$ 41,273,437	\$ 25,680,252
Payments to vendors.....	(34,664,003)	(23,336,645)
Wages paid to employees, not capitalized.....	(2,614,666)	(2,577,633)
<b>NET CASH FROM OPERATING ACTIVITIES.....</b>	<b>3,994,768</b>	<b>(234,026)</b>
<b><u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u></b>		
Payment in lieu of taxes, Town of Mansfield.....	(780,960)	(780,960)
<b><u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u></b>		
Acquisition and construction of capital assets.....	(3,301,692)	(3,402,769)
Interest expense.....	(27,503)	(15,913)
<b>NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES.....</b>	<b>(3,329,195)</b>	<b>(3,418,682)</b>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES:</u></b>		
Investment income (loss).....	312,219	(126,800)
(Increase)/decrease in MMWEC reserve trust fund.....	91,697	271,077
<b>NET CASH FROM INVESTING ACTIVITIES.....</b>	<b>403,916</b>	<b>144,277</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS.....</b>	<b>288,529</b>	<b>(4,289,391)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR.....</b>	<b>16,786,242</b>	<b>21,075,633</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR.....</b>	<b>\$ 17,074,771</b>	<b>\$ 16,786,242</b>
<b><u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH</u></b>		
<b><u>FROM OPERATING ACTIVITIES:</u></b>		
Operating income (loss).....	\$ (427,306)	\$ 681,853
Adjustments to reconcile operating income to net cash from operating activities:		
Depreciation.....	2,682,135	2,481,997
Loss on disposal of capital assets.....	-	24,000
Other Town services provided.....	(67,681)	(192,292)
Deferred (outflows)/inflows related to pensions.....	(1,083,961)	480,759
Deferred (outflows)/inflows related to OPEB.....	689,630	(1,002,358)
Changes in assets and liabilities:		
Accounts receivable.....	(501,550)	(171,480)
Materials and supplies inventory.....	(705,727)	(318,380)
Purchased power advanced deposits.....	(1,027,221)	(2,006,021)
Other assets.....	2,778,546	(2,778,546)
Accounts payable and accrued expenses.....	(1,786,928)	2,513,645
Customer deposits.....	175,343	(58,039)
Compensated absences.....	(27,623)	617
Customer refunds payable.....	2,133,807	(445,006)
Net pension liability.....	1,507,574	(362,978)
Net OPEB liability.....	(344,270)	918,203
<b>Total adjustments.....</b>	<b>4,422,074</b>	<b>(915,879)</b>
<b>NET CASH FROM OPERATING ACTIVITIES.....</b>	<b>\$ 3,994,768</b>	<b>\$ (234,026)</b>

See notes to basic financial statements.

**FIDUCIARY FUNDS**  
**STATEMENTS OF FIDUCIARY NET POSITION**  
**OTHER POSTEMPLOYMENT BENEFIT TRUST FUND**

JUNE 30,

	<u>2023</u>	<u>2022</u>
<b>ASSETS</b>		
Investments:		
Equity and fixed income mutual funds.....	\$ <u>3,832,843</u>	\$ <u>3,382,556</u>
<b>NET POSITION</b>		
Restricted for other postemployment benefits.....	\$ <u><u>3,832,843</u></u>	\$ <u><u>3,382,556</u></u>

See notes to basic financial statements.

**FIDUCIARY FUNDS**  
**STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION**  
**OTHER POSTEMPLOYMENT BENEFIT TRUST FUND**

FOR THE YEARS ENDED JUNE 30,

	<u>2023</u>	<u>2022</u>
<b><u>ADDITIONS:</u></b>		
Contributions:		
Employer contributions.....	\$ 160,097	\$ 160,097
Employer contributions for other postemployment benefit payments.....	<u>157,104</u>	<u>150,186</u>
Total contributions.....	<u>317,201</u>	<u>310,283</u>
Net investment income:		
Investment income (loss).....	<u>290,190</u>	<u>(515,805)</u>
TOTAL ADDITIONS.....	<u>607,391</u>	<u>(205,522)</u>
<b><u>DEDUCTIONS:</u></b>		
Other postemployment benefit payments.....	<u>157,104</u>	<u>150,186</u>
NET INCREASE (DECREASE) IN NET POSITION.....	450,287	(355,708)
NET POSITION AT BEGINNING OF YEAR.....	<u>3,382,556</u>	<u>3,738,264</u>
NET POSITION AT END OF YEAR.....	<u>\$ 3,832,843</u>	<u>\$ 3,382,556</u>

See notes to basic financial statements.

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

The financial statements present only the Mansfield Municipal Electric Department (the Department), an Enterprise Fund of the Town of Mansfield, Massachusetts. These statements are not intended to present fairly the financial position of the Town of Mansfield, Massachusetts and the results of operations and cash flows in conformity with accounting principles generally accepted in the United States of America.

The Department purchases power from various sources and distributes it to consumers within the Town of Mansfield. The Department operates under the provisions of Chapter 164 of the Massachusetts General Laws. The Select Board serve as the Municipal Electric Commission. The Board appoints a manager who shall, under the direction of the Board, have full charge of the operation and management of the Department.

Regulation and Basis of Accounting

The Department complies with Generally Accepted Accounting Principles (GAAP). The Town's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements.

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 fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The Department uses the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

The electric rates are proposed by the Department. The rates are approved by Mansfield's Board of Electric Commissioners. Rate schedules are filed with the Massachusetts Department of Public Utilities (DPU). While the DPU exercises general supervisory authority over the Department, rates are not subject to DPU approval. Rates must be set such that net earnings from operations do not exceed 8% of the cost of the utility plant.

Revenues

Revenues from the sale of electricity are recorded on the basis of bills rendered from monthly readings taken on a cycle basis. The revenues are based on rates established by the Department, which are applied to customers' consumption of electricity. Revenues are billed on approximately the same working day of each month. At year end, unbilled revenue is recorded for those readings that would be included in the following July's billing cycle.

Cash and Investments

For purpose of the statement of cash flows, the Department considers all cash on deposit with the Town Treasurer as cash or cash equivalents. For purposes of the statements of net position, investments with original maturities of three months or less are considered to be cash equivalents. Investments are carried at fair value based on quoted market prices for those or similar investments.



### Fair Value Measurements

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

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

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

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

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.

### Inventories

Material and supplies inventory consists of parts and accessories purchased for use in the utility business for construction, operation, and maintenance purposes, and are stated at historical cost using the average cost method. Meters and transformers are capitalized when purchased.

### Utility Plant

Capital assets, which include property, plant, equipment, and infrastructure, are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Generally, all purchases and construction costs in excess of \$500 are capitalized at the date of acquisition or construction, respectively, with expected useful lives of greater than one year.

Depreciable capital assets are depreciated for financial statement reporting purposes using the straight-line method based on the assets' estimated useful lives. The statutory provision for depreciation of a utility plant is computed on the straight-line method at 3 percent of the cost of plant in service at the beginning of the year, exclusive of land and land rights. Massachusetts law stipulates that the Department may change from the statutory depreciation rate only with the approval of the DPU.

The estimated useful lives of capital assets being depreciated are as follows:

Capital Asset Type	Estimated Useful Life (in years)
Transmission plant.....	25-33
Distribution plant.....	10-40
Vehicles and other equipment.....	3-10

#### Deferred Outflows/Inflows of Resources

In addition to assets and liabilities, the statement of net position will sometimes report a separate section for deferred outflows and deferred inflows of resources. These separate financial statement elements, deferred outflows and inflows of resources, represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow/inflow of resources (expense/expenditure) until then. The Department reported deferred outflows of resources related to pensions, as well as deferred inflows of resources related to pensions.

#### Compensated Absences

In accordance with the negotiated labor settlements employees are allowed to accumulate sick days up to a maximum of 173 days. Upon retirement, or in the event of the death of an employee, the employees will be paid 20% of all accumulated but unused sick days at the employee's current rate of pay.

Employees are allowed to carryover up to 30 days of vacation time from one year to the next. Upon termination of employment with the Department, employees will be paid for unused vacation time based on the employee's base rate of pay at the time of termination.

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

#### Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Taxes

The Department is exempt from federal income taxes. Although also exempt from property taxes, the Department pays amounts in lieu of taxes to the Town of Mansfield. A sales and use tax is assessed by the Commonwealth on a portion of the sale of electricity. Taxes are remitted to the Commonwealth monthly.

**NOTE 2 – CASH AND INVESTMENTS**

Cash of the Department is in the control of the Town Treasurer, as required by state law. Separate accounts are maintained for the Department's Operating cash fund, Depreciation fund and Customer Deposits Escrow fund, and MMWEC Reserve Trust fund. All amounts, except for the MMWEC reserve trust fund held by MMWEC, are pooled with Town funds in various Town bank accounts.

Statutes authorize the investment in obligations of the U.S. Treasury, agencies, and instrumentalities, certificates of deposit, repurchase agreements, money market accounts, bank deposits and the State Treasurer's Investment Pool (the Pool). The Town Treasurer may also invest trust funds in securities, other than mortgages or collateral loans, which are legal for the investment of funds of savings banks under the laws of the Commonwealth. The Pool meets the criteria of an external investment pool. The Pool is administered by the Massachusetts Municipal Depository Trust (MMDT), which was established by the Treasurer of the Commonwealth who serves as Trustee. The fair value of the position in the Pool is the same as the value of the Pool shares.

Custodial Credit Risk – Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the Department's deposits may not be returned to it. Responsibility for enforcing policies addressing custodial credit risk of Department deposits vests with the Town Treasurer.

At year-end, the carrying amount of deposits totaled \$17,074,771 for 2023 and \$16,786,242 for 2022. Of the 2023 carrying amount of deposits, \$5,318,829 was held in separate MMED accounts and had a corresponding bank balance of \$4,958,767. Of the bank balance, \$500,000 was covered by Federal Depository Insurance and \$4,458,767 was exposed to custodial credit risk because it was uninsured and uncollateralized. The remaining carrying amount of deposits in 2023 of \$11,755,942, are pooled with other Town funds where specific collateralization and investment information is not available.

Fair Value of Investments

The Department holds investments in equity and fixed income mutual funds that are co-mingled with other similar investments in the OPEB Trust funds. The Department's share of these investments in the OPEB Trust Fund amounted to \$3,832,843 at June 30, 2023. These investments are considered Level 1 inputs based on quoted prices in active markets and are stated at fair value.

**NOTE 3 – DEPRECIATION FUND AND CUSTOMER DEPOSITS**

The Department maintains a depreciation fund which is to be used to pay for large capital investments such as new vehicles, equipment, distribution system upgrades and new construction. This fund is required by state statute. The Department sets aside annually 3% to 5% of gross cost-of-plant to be used for capital improvements and additions. The balance of the Depreciation fund was \$3,758,689 and \$2,834,717 at June 30, 2023 and 2022, respectively.

The Customer deposits escrow fund is utilized to hold deposits from residential and commercial customers who rent the premises that they will inhabit and when the electric account will be in their name. Deposits are collected at the time the account is instated. The amount of the deposit for residential customers varies from \$150 to \$500 depending on the size of the account. The deposits for commercial customers are based on an approximation of three months of user charges. All residential and commercial deposits collected are held until the account is closed. The balance of the Customer deposits fund was \$1,560,140 and \$1,363,757 at June 30, 2023 and 2022, respectively.

**NOTE 4 – MMWEC PARTICIPATION**

The Town of Mansfield, acting through its Electric Department, is a Participant in certain Projects of the Massachusetts Municipal Wholesale Electric Company (MMWEC).

MMWEC is a public corporation and a political subdivision of the Commonwealth of Massachusetts, created as a means to develop a bulk power supply for its Members and other utilities. MMWEC is authorized to construct, own or purchase ownership interests in, and to issue revenue bonds to finance, electric facilities (Projects). MMWEC has acquired ownership interests in electric facilities operated by other entities and also owns and operates its own electric facilities. MMWEC operates the Stony Brook Intermediate Project and the Stony Brook Peaking Project, both fossil-fueled power plants. MMWEC has the Nuclear Mix No 1 Project, Nuclear Project Three, Nuclear Project Four, Nuclear Project Five and Project Six, which comprise an 11.6% ownership interest in the Seabrook Station nuclear generating unit operated by NextEra Energy Seabrook, LLC, and a 4.8% ownership interest in the Millstone Unit 3 nuclear unit, operated by Dominion Nuclear Connecticut, Inc. The operating license for Seabrook Station extends to March 15, 2050. The operating license for the Millstone Unit 3 nuclear unit extends to November 25, 2045.

Mansfield Municipal Electric Department has entered into PSAs and Power Purchase Agreements (PPAs) with MMWEC. Under both the PSAs and PPAs, the Department is required to make certain payments to MMWEC payable solely from Electric Department revenues. Under the PSAs, each Participant is unconditionally obligated to make payments due to MMWEC whether or not the Project(s) is completed or operating and notwithstanding the suspension or interruption of the output of the Project(s).

**NOTE 5 – ACCOUNTS RECEIVABLE**

Accounts receivable consists of the following at June 30,

	2023	2022
Receivables, net of allowance for uncollectibles:		
User charges - billed.....	\$ 2,606,188	\$ 2,108,978
User charges - unbilled.....	1,139,264	1,053,066
Other services.....	932	-
	3,746,384	3,162,044
Less, allowance for doubtful accounts.....	(529,329)	(446,539)
Total.....	\$ <u>3,217,055</u>	\$ <u>2,715,505</u>

**NOTE 6 – PURCHASED POWER WORKING CAPITAL**

Purchased power working capital advances consist of advance payments to MMWEC for monthly purchases of power. As of June 30, 2023 and 2022, these advances totaled \$5,361,272 and \$4,334,051, respectively. The working capital advance requirement increased by approximately \$1.0 million in 2023 in anticipation of rising fuel costs.

**NOTE 7 – MMWEC RESERVE TRUST FUND**

The Department designs its electric service rates to recover costs of providing power supply services. In order to minimize possible future rate increases, the Department has established a reserve trust fund that is held by MMWEC. These funds are for unexpected escalation in costs, such as decommissioning of nuclear power plants before the end of their operating license, unusual price spikes in fuel prices and transmission cost increases. Additions or reductions are approved by the General Manager as authorized by the Municipal Electric Commissioners. The balance of the Reserve trust fund was \$2,242,764 and \$2,334,461 at June 30, 2023 and 2022, respectively. These funds are commingled and deposited by MMWEC in investment pools. Accordingly, it is not practical to disclose the credit risk of such funds.

**NOTE 8 – UTILITY PLANT ASSETS**

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

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business Type Activities:</b>				
<u>Capital assets not being depreciated:</u>				
Land and land rights.....	\$ 313,205	\$ -	\$ -	\$ 313,205
<u>Capital assets being depreciated:</u>				
Distribution plant.....	56,998,174	762,451	(1,582,841)	56,177,784
General plant.....	9,048,147	2,539,241	(218,544)	11,368,844
Total capital assets being depreciated.....	66,046,321	3,301,692	(1,801,385)	67,546,628
<u>Less accumulated depreciation for:</u>				
Distribution plant.....	(27,153,520)	(2,097,901)	1,582,841	(27,668,580)
General plant.....	(4,163,647)	(584,234)	218,544	(4,529,337)
Total accumulated depreciation.....	(31,317,167)	(2,682,135)	1,801,385	(32,197,917)
Total capital assets being depreciated, net.....	34,729,154	619,557	-	35,348,711
Total business-type activities capital assets, net.....	\$ 35,042,359	\$ 619,557	\$ -	\$ 35,661,916

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

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business Type Activities:</b>				
<u>Capital assets not being depreciated:</u>				
Land and land rights.....	\$ 313,205	\$ -	\$ -	\$ 313,205
<u>Capital assets being depreciated:</u>				
Distribution plant.....	55,849,923	2,292,747	(1,144,496)	56,998,174
General plant.....	8,471,918	1,110,022	(533,793)	9,048,147
Total capital assets being depreciated.....	64,321,841	3,402,769	(1,678,289)	66,046,321
<u>Less accumulated depreciation for:</u>				
Distribution plant.....	(26,346,254)	(1,927,762)	1,120,496	(27,153,520)
General plant.....	(4,143,205)	(554,235)	533,793	(4,163,647)
Total accumulated depreciation.....	(30,489,459)	(2,481,997)	1,654,289	(31,317,167)
Total capital assets being depreciated, net.....	33,832,382	920,772	(24,000)	34,729,154
Total business-type activities capital assets, net.....	\$ 34,145,587	\$ 920,772	\$ (24,000)	\$ 35,042,359

Depreciation expense amounted to \$2,682,135 and \$2,481,997 for the years ended June 30, 2023 and 2022, respectively.

**NOTE 9 – RELATED PARTY TRANSACTIONS**

The Department provides electrical service to the Town for schools, municipal buildings, and street lighting at average rates per kilowatt-hour, which approximates those billed to other customers. Revenues from billing to the Town for the years ending June 30, 2023 and 2022 were \$1,440,009 and \$1,053,984, respectively.

The Department made payments in lieu of property taxes to the Town of Mansfield, Massachusetts for the years ending June 30, 2023 and 2022 in the amounts of \$780,960, respectively.

**NOTE 10 – PENSION PLAN***Plan Description*

The Department is a member of the Bristol County Retirement System (“System” or “BCRS”) through the Town of Mansfield, a cost-sharing multiple-employer defined benefit pension plan covering eligible employees of the 38 member units. The System is administered by five board members (Board) on behalf of all current employees and retirees except for current teachers and retired teachers. Chapter 32 of the MGL assigns authority to establish and amend benefit provisions of the plan. The System issues a publicly available audited financial report that may be obtained by contacting the System at 645 County Street, Taunton, Massachusetts 02780. The report can also be obtained on-line at [www.bristolcountyretirement.org](http://www.bristolcountyretirement.org) or at [www.mass.gov/perac](http://www.mass.gov/perac).

*Benefits Provided*

The System provides 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 retirement allowance benefits up to a maximum of 80% of a member's highest three-year average annual rate of regular compensation. For persons who became members on or after April 2, 2012, average salary is the average annual rate of regular compensation received during the five consecutive years that produce the highest average, or, if greater, during the last five years (whether or not consecutive) preceding retirement. Benefit payments are based upon a member's age, length of creditable service, level of compensation, and group classification. Members become vested after ten years of creditable service.

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

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

*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 System a legislatively mandated actuarial determined contribution that is apportioned among the employers based on active current payroll. The Department's proportionate share of the required contribution equaled its actual contribution for the year ended June 30, 2023 which was \$496,281 and 24.39% 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, 2023, the Department reported a liability of \$5,217,817 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2022. The Department's proportion of the net pension liability was based on a projection of the Department's long-term share of contributions to the pension plan relative to the projected contributions of all participating members. At December 31, 2022, the Department's proportion was 7.93% of the Town of Mansfield's overall percentage.

### *Pension Expense*

For the year ended June 30, 2023, the Department recognized pension expense of \$919,894. At June 30, 2023, the Department reported deferred outflows and deferred inflows of resources related to pensions of \$1,391,977 and \$14,551, respectively. The balances of deferred outflows and inflows for the municipal electric department at June 30, 2023 consist of the following:

Deferred category	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Differences between expected and actual experience..... \$	192,805	\$ -	\$ 192,805
Changes of assumptions.....	332,179	-	332,179
Difference between projected and actual earnings, net.....	688,273	-	688,273
Changes in proportionate share of contributions.....	178,720	(14,551)	164,169
Total Deferred Outflows/(Inflows) of Resources..... \$	<u>1,391,977</u>	<u>\$ (14,551)</u>	<u>\$ 1,377,426</u>

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

#### Year ended June 30:

2023.....	\$ 445,224
2024.....	316,584
2025.....	271,384
2026.....	343,747
2027.....	<u>487</u>
Total..... \$	<u>1,377,426</u>



*Actuarial Assumptions*

The total pension liability in the January 1, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation date.....	January 1, 2022
Actuarial cost method.....	Entry age normal.
Investment rate of return/Discount rate.....	7.35%, net of expenses (previously 7.50%).
Projected salary increases.....	3.0%
Cost of living adjustments.....	3.0% on the first \$18,000 of benefits.
Mortality Rates.....	RP-2014 table adjusted to 2006 and projected generationally with MP-2021 (gender distinct). During employment, the healthy employee mortality table is used. Post-employment, the healthy annuitant table is used.

For disabled retirees, mortality follows same table as non-disabled retirees, set forward two years. Death is assumed to be due to same cause as disability 40% of the time.

*Investment policy*

The Retirement Board is responsible for establishing and amending investment policy decisions. The Retirement Board adopted the investment policy in 2019. According to its investment policy, the System's primary investment objective is to maximize the total rate of return subject to the preservation of capital, which it seeks to achieve through diversification of its investments across asset classes. The current investment policy establishes a custom index to benchmark its investment performance by asset class. To investment policy seeks to generate long-term investment performance that exceeds its actuarially targeted rates of return. The current target allocations based on the investment policy are as follows:

Asset Class	Long-Term Expected Asset Allocation	Long-Term Expected Rate of Return
Domestic equities.....	22.0%	5.0%
International equities.....	11.0%	5.2%
Emerging markets equities.....	11.0%	5.9%
Global REITs.....	2.0%	4.4%
Core fixed income.....	5.0%	1.5%
High yield fixed income.....	3.0%	3.1%
Emerging markets fixed income.....	4.0%	2.9%
Global fixed income.....	3.0%	1.4%
Private equity.....	12.0%	7.2%
Hedge funds.....	4.0%	2.9%
Real estate.....	11.0%	2.7%
Timber.....	3.0%	2.8%
Farmland.....	3.0%	5.3%
Infrastructure.....	6.0%	4.8%
	<u>100.00%</u>	

Rate of return

For the year ended December 31, 2022, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was (10.22)%. 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 7.35%. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that contributions will be made at rates equal to the actuarially determined contribution rate. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the net pension liability, calculated using the discount rate of 7.35%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.35%) or 1-percentage-point higher (8.35%) than the current rate:

	1% Decrease (6.35%)	Current Discount (7.35%)	1% Increase (8.35%)
The Department's proportionate share of the net pension liability.....	\$ 6,735,805	\$ 5,217,817	\$ 3,936,316

Changes of Assumptions – None.

Changes in Plan Provisions – None.

NOTE 11 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description

The Town of Mansfield administers a single-employer defined benefit healthcare plan (“The Other Postemployment Benefit Plan”), which the Department participates in. 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 Department and the unions representing Department employees and are renegotiated each bargaining period. The Retiree Health Plan does not issue a publicly available financial report.

Funding Policy

Contribution requirements are also negotiated between the Town and union representatives. Retired plan members and beneficiaries currently receiving benefits are required to contribute 25% of the healthcare insurance and 50% of the cost of dental and life insurance benefits provided depending on the plan they choose. The Town is required to contribute the balance of the current premiums and may contribute additional amounts to pre-fund

benefits. The Department contributed \$317,201 during the current year towards these benefits including the pre-funding amount discussed below. Administrative costs of the Plan are assumed to be included in the fully insured premium rates.

The State’s OPEB legislation allows municipal electric departments to fund their own OPEB obligation separate and distinct from the Town. The Electric Commissioners voted to establish a separate OPEB fund for the Department with the Town Treasurer as the custodian. This allows the Department to adopt its own funding schedule, separate from that used by the Town, and is consistent with the actuarial determination of the Department’s OPEB liability. As of June 30, 2023, the Department has set aside approximately \$3,832,843 million in its Other Postemployment Benefit Trust Fund to be used to fund future benefits. This fund is reported as a fiduciary fund in the Town’s basic financial statements.

*Investment policy*

The OPEB plan’s assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the OPEB plan. The long-term real rate of return on OPEB investments was determined using the Town’s investment policy.

*Employees Covered by Benefit Terms*

The following table represents the Plan’s membership at June 30, 2023:

Current retirees, beneficiaries, and dependents.....	25
Current active members.....	<u>19</u>
Total.....	<u><u>44</u></u>

*Components of OPEB Liability*

The following table represents the components of the Department’s OPEB liability as of June 30, 2023:

Total OPEB liability.....	\$ 4,412,203
Less: OPEB plan's fiduciary net position.....	<u>(3,832,843)</u>
Net OPEB liability.....	<u><u>\$ 579,360</u></u>
The OPEB plan's fiduciary net position as a percentage of the total OPEB liability.....	86.87%

*Significant Actuarial Methods and Assumptions*

The total OPEB liability in the July 1, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified, that was updated to June 30, 2023.

Valuation date.....	July 1, 2022.
Actuarial cost method.....	Individual Entry Age Normal.
Asset valuation method.....	Fair value of assets as of the measurement date, June 30, 2023.
Investment rate of return.....	6.10%, net of OPEB plan investment expense, including inflation.
Municipal bond rate.....	4.13% as of June 30, 2023 (source: S&P Municipal Bond 20-year high grade index - SAPIHG).
Single equivalent discount rate.....	6.03%, net of OPEB plan investment expense, including inflation.
Inflation.....	2.50% as of June 30, 2022 and for future periods.
Salary increases.....	3.00% annually as of June 30, 2022 and for future periods.
Pre-Retirement mortality.....	RP-2014 Mortality Table for Blue Collar Employees projected generationally with scale MP-2016 for males and females, set forward 1 year for females
Post-Retirement mortality.....	RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females, set forward 1 year for females
Disabled mortality.....	RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females, set forward 1 year for females

*Rate of return*

For the year ended June 30, 2023, the annual money-weighted rate of return on investments, net of investment expense, was 8.06%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return of by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and subtracting expected investment expense and a risk margin. The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before investment expenses, used in the derivation of the long-term expected investment rate of return assumption are summarized in the table on the following page:

Asset Class	Long-Term Expected Asset Allocation	Long-Term Expected Real Rate of Return
Domestic Equity - Large Cap.....	26.75%	4.10%
Domestic Equity - Small/Mid Cap.....	15.00%	4.55%
International Equity - Developed Market.....	13.75%	4.65%
International Equity - Emerging Market.....	8.50%	5.45%
Domestic Fixed Income.....	19.00%	1.05%
International Fixed Income.....	4.50%	0.96%
Alternatives.....	9.25%	5.95%
Real Estate.....	2.75%	6.25%
Cash and Cash Equivalents.....	0.50%	0.00%
Total.....	100.00%	

*Discount rate*

The discount rate used to measure the total OPEB liability was 6.03% as of June 30, 2023 and 5.80% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed that contributions will be made in accordance with the Town's funding policy. Based on those assumptions, the OPEB plan's fiduciary net position is projected to be insufficient to make all projected benefit payments to current plan members. Therefore, the long-term expected rate of return on the OPEB plan assets is applied to the projected benefits payments which the Fiduciary Net Position is expected to be sufficient to cover until fiscal year 2023 and the Municipal Bond Rate is applied thereafter. The Municipal Bond Rate is based on the S&P Municipal Bond 20 – Year High Grade Index ("SAPIHG"), which was 4.13% as of June 30, 2023. The S&P Municipal Bond 20 – High Grade Index is the index rate for 20-year, tax exempt general obligation municipal bonds with an average rate of AA/Aa or higher.

*Changes in the Net OPEB Liability*

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at June 30, 2022.....	\$ 4,306,186	\$ 3,382,556	\$ 923,630
Changes for the year:			
Service cost.....	88,389	-	88,389
Interest.....	281,276	-	281,276
Contributions - employer.....	-	317,201	(317,201)
Net investment income.....	-	290,190	(290,190)
Differences between expected and actual experience.....	(436,428)	-	(436,428)
Changes in assumptions and other inputs.....	329,884	-	329,884
Benefit payments.....	(157,104)	(157,104)	-
Net change.....	106,017	450,287	(344,270)
Balances at June 30, 2023.....	\$ 4,412,203	\$ 3,832,843	\$ 579,360

*Sensitivity of the net position liability to changes in the discount rate*

The following table presents the net other postemployment benefit liability, calculated using the discount rate of 6.03%, as well as what the net other postemployment benefit liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.03%) or 1-percentage-point higher (7.03%) than the current rate.

	1% Decrease (5.03%)	Current Discount Rate (6.03%)	1% Increase (7.03%)
Net OPEB liability.....	\$ 671,304	\$ 579,360	\$ 504,584

*Sensitivity of the net position liability to changes in the healthcare trend*

The following table presents the net other postemployment benefit liability, calculated using the healthcare trend rate if it was 1-percentage-point lower or 1-percentage-point higher than the current rate.

	1% Decrease	Current Trend	1% Increase
Net OPEB liability.....	\$ 496,194	\$ 579,360	\$ 682,745

*Deferred Outflows of Resources Related to OPEB*

For the financial reporting year ended June 30, 2023, the Department reported deferred outflows/(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.....	\$ -	\$ (374,120)	\$ (374,120)
Changes of assumptions.....	398,972	(102,606)	296,366
Net difference between projected and actual earnings, net.....	165,503	-	165,503
Total.....	\$ 564,475	\$ (476,726)	\$ 87,749

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

Years ended June 30:

2024.....	\$ 72,702
2025.....	46,949
2026.....	93,144
2027.....	(125,046)
Total.....	\$ 87,749

*Changes of Assumptions*

- The discount rate has been changed from 5.80% to 6.03%

*Changes in Plan Provisions* – None.

**NOTE 12 – COMMITMENTS AND CONTINGENCIES**

The Department is involved in legal proceedings and claims arising in the normal course of business. In the opinion of management, Mansfield Municipal Electric Department's liability, if any, would not materially affect its financial condition or results of operations.

Through its membership in MMWEC, the Department is contingently liable on various projects in which they participate as detailed below.

The Department is also a Participant in MMWEC Project 2015A, a capacity reliability resource in Peabody, Massachusetts, and in MMWEC Project 2020A, a solar resource in Ludlow, MA. Both Project 2015A and Project 2020A are under construction as of June 30, 2023. As of June 30, 2023, the Electric Department has contributed \$772,600 and \$33,758 for design and construction costs for Project 2015A and Project 2020A, respectively.

MMWEC sells all of the capability (Project Capability) of each of its Projects to its Members and other utilities (Project Participants) under Power Sales Agreements (PSAs). The Electric Department has entered into PSAs with MMWEC. Under the PSAs the Department is required to make certain payments to MMWEC payable solely from Municipal Electric Department revenues. Among other things, the PSAs require each Project Participant to pay its pro rata share of MMWEC's costs related to the Project, which costs include debt service on the revenue bonds issued by MMWEC to finance the Project. In addition, should a Project Participant fail to make any payment when due, other Project Participants of that Project may be required to increase (step-up) their payments and correspondingly their Participant's share of that Project's Project Capability. Project Participants have covenanted to fix, revise, and collect rates at least sufficient to meet their obligations under the PSAs. Each Participant is unconditionally obligated to make payments due to MMWEC whether or not the Project(s) is completed or operating and notwithstanding the suspension or interruption of the output of the Project(s).

Pursuant to the PSAs, the MMWEC Project Participants are liable for their proportionate share of the costs associated with decommissioning the plants, which are funded through monthly Project billings, as needed. Also, the Millstone and Seabrook Project Participants are liable for their proportionate share of the uninsured costs of a nuclear incident that might be imposed under the Price-Anderson Act (Act). Originally enacted in 1957, the Act has been renewed several times. In July 2005, as part of the Energy Policy Act of 2005, Congress extended the Act until the end of 2025.

MMWEC is involved in various legal actions. In the opinion of management, the outcome of such litigation or claims will not have a material adverse effect on the financial position of the company.

The total capital expenditures and annual capacity, fuel and transmission costs (which include debt service and decommissioning expenses as discussed above) and amount of required debt service payments (if applicable) under the PSAs associated with the Department's project capability of the projects in which it participates for the years ended June 30, 2023 and 2022, respectively are listed in the table on the following page.

Mansfield Municipal Electric Department Years Ended				
Projects	Percentage Share	Total Capital Expenditures 2023	Capacity, Fuel, & Transmission Billed 2023	Capacity, Fuel, & Transmission Billed 2022
Stony Brook Peaking Project.....	7.22%	\$ 4,475,985	\$ 415,186	\$ 293,181
Stony Brook Intermediate Project...	5.61%	10,294,234	1,334,668	826,438
Nuclear Mix No. 1-Seabrook.....	6.21%	645,829	28,566	26,777
Nuclear Mix No. 1-Millstone.....	6.21%	3,987,679	382,279	385,376
Nuclear Project No. 3-Millstone.....	1.83%	2,843,847	223,701	225,924
Nuclear Project No. 4-Seabrook.....	5.72%	17,574,407	690,655	655,119
Nuclear Project No. 5-Seabrook.....	2.04%	1,697,833	63,930	60,468
Project No. 6-Seabrook.....	8.49%	48,186,144	1,424,205	1,357,270
Project 2015A-Capacity Resource..	7.82%	5,354,305	-	-
Project 2020A-Ludlow Solar.....	7.25%	870,469	-	-
		<u>\$ 95,930,733</u>	<u>\$ 4,563,191</u>	<u>\$ 3,830,553</u>

**NOTE 13 – SUBSEQUENT EVENTS**

Management has evaluated subsequent events through October 11, 2023 which is the date the financial statements were available to be issued.

**NOTE 14 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS**

During 2023, the following GASB pronouncements were implemented:

- GASB Statement #91, *Conduit Debt Obligations*. This pronouncement did not impact the basic financial statements.
- GASB Statement #94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. This pronouncement did not impact the basic financial statements.
- GASB Statement #96, *Subscription-Based Information Technology Arrangements*. This pronouncement did not impact the basic financial statements.
- GASB Statement #99, *Omnibus 2022*. This pronouncement did not impact the basic financial statements.

The following GASB pronouncements will be implemented in the future:

- The GASB issued Statement #100, *Accounting Changes and Error Corrections*, which is required to be implemented in 2024.
- The GASB issued Statement #101, *Compensated Absences*, which is required to be implemented in 2025.



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

## ***Required Supplementary Information***

# ***Pension Plan Schedules***

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

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

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.

**SCHEDULE OF THE ELECTRIC LIGHT DEPARTMENT'S PROPORTIONATE SHARE  
OF THE NET PENSION LIABILITY  
BRISTOL COUNTY 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, 2022.....	7.93%	\$ 5,217,817	\$ 2,034,509	256.47%	61.80%
December 31, 2021.....	7.93%	3,710,243	1,968,079	188.52%	71.60%
December 31, 2020.....	7.93%	4,073,221	1,848,723	220.33%	65.20%
December 31, 2019.....	7.93%	4,423,883	1,788,690	247.33%	61.20%
December 31, 2018.....	7.93%	3,294,278	1,738,082	189.54%	63.48%
December 31, 2017.....	7.93%	2,768,516	1,685,382	164.27%	68.56%
December 31, 2016.....	7.93%	2,962,072	1,616,777	183.21%	64.17%
December 31, 2015.....	7.93%	2,984,988	1,590,250	187.71%	62.95%

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.

**SCHEDULE OF CONTRIBUTIONS**  
**BRISTOL COUNTY 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, 2023.....	\$ 496,281	\$ (496,281)	\$ -	\$ 2,034,509	24.39%
June 30, 2022.....	473,194	(473,194)	-	1,968,079	24.04%
June 30, 2021.....	411,469	(411,469)	-	1,848,723	22.26%
June 30, 2020.....	384,245	(384,245)	-	1,788,690	21.48%
June 30, 2019.....	347,886	(347,886)	-	1,738,082	20.02%
June 30, 2018.....	334,054	(334,054)	-	1,685,382	19.82%
June 30, 2017.....	351,198	(351,198)	-	1,616,777	21.72%
June 30, 2016.....	320,138	(320,138)	-	1,590,250	20.13%
June 30, 2015.....	311,076	(311,076)	-	1,489,352	20.89%

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.

# ***Other Postemployment Benefit Plan Schedules***

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

The Schedule of 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.

**SCHEDULE OF CHANGES IN THE  
DEPARTMENT'S NET 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
<b>Total OPEB Liability</b>						
Service Cost.....	\$ 78,577	\$ 57,202	\$ 68,374	\$ 71,870	\$ 76,774	\$ 88,389
Interest.....	125,561	181,426	186,726	182,563	215,058	281,276
Changes of benefit terms.....	-	-	-	(119,733)	-	-
Differences between expected and actual experience....	-	(61,157)	(12,622)	(36,435)	-	(436,428)
Changes of assumptions.....	-	(138,634)	221,848	417,205	420,849	329,884
Benefit payments.....	(102,643)	(132,950)	(139,769)	(147,524)	(150,186)	(157,104)
Net change in total OPEB liability.....	101,495	(94,113)	324,557	367,946	562,495	106,017
Total OPEB liability - beginning.....	3,043,806	3,145,301	3,051,188	3,375,745	3,743,691	4,306,186
Total OPEB liability - ending (a).....	<u>\$ 3,145,301</u>	<u>\$ 3,051,188</u>	<u>\$ 3,375,745</u>	<u>\$ 3,743,691</u>	<u>\$ 4,306,186</u>	<u>\$ 4,412,203</u>
<b>Plan fiduciary net position</b>						
Employer contributions.....	\$ 179,435	\$ 179,435	\$ 179,435	\$ 179,435	\$ 160,097	\$ 160,097
Employer contributions for OPEB payments.....	102,643	132,950	139,769	147,524	150,186	157,104
Net investment income.....	96,946	127,214	66,164	768,148	(515,805)	290,190
Benefit payments.....	(102,643)	(132,950)	(139,769)	(147,524)	(150,186)	(157,104)
Net change in plan fiduciary net position.....	276,381	306,649	245,599	947,583	(355,708)	450,287
Plan fiduciary net position - beginning of year.....	1,962,052	2,238,433	2,545,082	2,790,681	3,738,264	3,382,556
Plan fiduciary net position - end of year (b).....	<u>\$ 2,238,433</u>	<u>\$ 2,545,082</u>	<u>\$ 2,790,681</u>	<u>\$ 3,738,264</u>	<u>\$ 3,382,556</u>	<u>\$ 3,832,843</u>
<b>Net OPEB liability - ending (a)-(b).....</b>	<u><b>\$ 906,868</b></u>	<u><b>\$ 506,106</b></u>	<u><b>\$ 585,064</b></u>	<u><b>\$ 5,427</b></u>	<u><b>\$ 923,630</b></u>	<u><b>\$ 579,360</b></u>
Plan fiduciary net position as a percentage of the total OPEB liability.....	71.17%	83.41%	82.67%	99.86%	78.55%	86.87%

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.

**SCHEDULE OF PLANT CONTRIBUTIONS**  
**OTHER POSTEMPLOYMENT BENEFIT PLAN**

<u>Year</u>	<u>Actuarially determined contribution</u>	<u>Contributions in relation to the actuarially determined contribution</u>	<u>Contribution deficiency (excess)</u>
June 30, 2023.....	\$ 116,887	\$ (317,201)	\$ (200,314)
June 30, 2022.....	251,014	(310,283)	(59,269)
June 30, 2021.....	195,864	(326,959)	(131,095)
June 30, 2020.....	229,908	(319,204)	(89,296)
June 30, 2019.....	210,908	(312,385)	(101,477)
June 30, 2018.....	212,421	(282,078)	(69,657)
June 30, 2017.....	176,308	(280,469)	(104,161)

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.



**SCHEDULE OF INVESTMENT RETURNS**  
**OTHER POSTEMPLOYMENT BENEFIT PLAN**

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Year	Annual money-weighted rate of return, net of investment expense
June 30, 2023.....	8.06%
June 30, 2022.....	-13.76%
June 30, 2021.....	26.27%
June 30, 2020.....	2.63%
June 30, 2019.....	5.94%
June 30, 2018.....	8.03%
June 30, 2017.....	8.36%

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.

**NOTE A – PENSION PLAN*****Pension Plan Schedules***A. Schedule of the Department's Proportionate Share of the Net Pension Liability

The Schedule of the Department'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.

B. Schedule of Department'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 Department 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 Department based on covered payroll.

C. Changes in Assumptions – None.D. Changes in Plan Provisions – None.**NOTE B – OTHER POSTEMPLOYMENT BENEFITS**

The Town administers a single-employer defined benefit healthcare plan ("The Other Postemployment Benefit Plan"), which the Department participates in. 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.

**The Other Postemployment Benefit Plan**Schedule of Changes in the Department's Net Other Postemployment Benefit Liability and Related Ratios

The Schedule of Changes the Department'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 payroll.

Schedule of the Department's Contributions

The Schedule of the Department's Contributions included the Department's annual required contribution to the plan, along with the contribution made in relation to the actuarially determined contribution and the covered employee payroll. The Department is not required to fully fund this contribution. It also demonstrates the contributions as a percentage of covered payroll. Actuarially contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported. Methods and assumptions used to determine contribution rates are as follows:

Valuation date.....	July 1, 2022.
Actuarial cost method.....	Individual Entry Age Normal.
Asset valuation method.....	Fair value of assets as of the measurement date, June 30, 2023.
Investment rate of return.....	6.10%, net of OPEB plan investment expense, including inflation.
Municipal bond rate.....	4.13% as of June 30, 2023 (source: S&P Municipal Bond 20-year high grade index - SAPIHG).
Single equivalent discount rate.....	6.03%, net of OPEB plan investment expense, including inflation.
Inflation.....	2.50% as of June 30, 2022 and for future periods.
Salary increases.....	3.00% annually as of June 30, 2022 and for future periods.
Pre-Retirement mortality.....	RP-2014 Mortality Table for Blue Collar Employees projected generationally with scale MP-2016 for males and females, set forward 1 year for females
Post-Retirement mortality.....	RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females, set forward 1 year for females
Disabled mortality.....	RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females, set forward 1 year for females

#### Schedule of Investment Return

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

#### Changes of Assumptions

- The discount rate has been changed from 5.80% to 6.03%

#### Changes in Plan Provisions – None.

## ***Other Supplementary Information***

**SUPPLEMENTARY SCHEDULES OF OPERATION AND MAINTENANCE EXPENSES**  
**FOR THE YEARS ENDED JUNE 30,**

	2023	2022
<u>Purchase power expenses:</u>		
Capacity.....	\$ 23,309,979	\$ 15,864,376
Transmission and other purchased power charges.....	5,250,780	5,084,894
Total purchase power expenses.....	28,560,759	20,949,270
<u>Distribution expenses:</u>		
Operation labor.....	1,074,148	921,070
Operation expenses.....	200,752	219,917
Maintenance labor.....	1,001,678	1,007,071
Maintenance expenses.....	511,483	611,491
Total distribution expenses.....	2,788,061	2,759,549
<u>Customer account expenses:</u>		
Customer account labor.....	706,072	750,838
Customer records and collection expenses.....	236,937	215,921
Bad debt expense.....	80,000	80,000
Miscellaneous customer account expenses.....	30,957	24,859
Total customer account expenses.....	1,053,966	1,071,618
<u>Administrative and general expenses:</u>		
Administrative and general salaries.....	1,279,646	456,823
Office supplies and expenses.....	209,190	224,582
Outside services employed.....	114,517	128,158
Property insurance.....	51,367	39,119
Transportation expenses.....	126,985	103,650
Jobbing and other general expenses.....	247,971	236,704
Total administrative and general expenses.....	2,029,676	1,189,036
Total operation and maintenance expenses.....	\$ 34,432,462	\$ 25,969,473

**SCHEDULE OF UTILITY PLANT IN SERVICE**

**JUNE 30, 2023**

FERC Account	Description of the Asset Class	Original Cost	Accumulated Depreciation	Net Book Value
360	Land.....	\$ 313,205	\$ -	\$ 313,205
361	Structures & Improvements.....	679,665	463,933	215,732
362	Station Equipment.....	17,011,958	8,593,989	8,417,969
363	Storage Battery Equipment.....	3,454,725	1,652,596	1,802,129
364	Poles, Towers and Fixtures.....	2,114,000	1,302,786	811,214
365	Overhead Conductors & Devices.....	9,367,741	4,652,271	4,715,470
366	Underground Conduit.....	6,243,913	2,935,922	3,307,991
367	Underground Conductors & Devices.....	10,982,941	5,286,449	5,696,492
368	Line Transformers.....	2,990,978	1,917,934	1,073,044
369	Services.....	534,095	231,552	302,543
370	Meters.....	1,482,752	230,704	1,252,048
372	Leased Property on Customers' Premises.....	84,807	19,626	65,181
373	Street Lighting & Signal Systems.....	1,232,507	359,020	873,487
390	Structures and Improvements.....	4,807,802	1,035,714	3,772,088
391	Office Furniture & Equipment.....	49,740	19,157	30,583
392	Transportation Equipment.....	2,909,214	1,684,228	1,224,986
393	Stores Equipment.....	23,150	5,028	18,122
394	Tools, Shop & Garage Equipment.....	264,985	114,772	150,213
395	Laboratory Equipment.....	70,822	26,801	44,021
397	Communication Equipment.....	109,175	32,339	76,836
398	Miscellaneous Equipment.....	3,079,954	1,582,103	1,497,851
399	Other Tangible Property.....	51,615	50,904	711
	Totals.....	\$ 67,859,744	\$ 32,197,828	\$ 35,661,916

***Report on Internal Control Over Financial  
Reporting and on Compliance***

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Honorable Board of Electric Commissioners  
Mansfield Municipal Electric Department  
Mansfield, Massachusetts

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Mansfield Municipal Electric Department (the Department); an enterprise fund of the Town of Mansfield, Massachusetts, as of and for the year ended June 30, 2023, and the related notes to the financial statements, and have issued our report thereon dated October 11, 2023.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Department's internal control over financial reporting (internal control) to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control. Accordingly, we do not express an opinion on the effectiveness of the Department's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Department's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those

provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink, appearing to read "Pomeroy & Sullivan, LLC". The signature is written in a cursive, flowing style.

October 11, 2023