

TOWN OF LYNNFIELD, MASSACHUSETTS

Annual Comprehensive Financial Report

For the Year Ended June 30, 2021



Lynnfield Town Common at Dusk with the Centre Congregational Church. Town Common recently received many improvements. This included the painting of the Meeting House, restoration of the bell, installation of new sod, walkways, curbing, and irrigation. - Photo courtesy of Dick Dalton

TOWN OF LYNNFIELD, MASSACHUSETTS

Annual Comprehensive Financial Report

For the Year Ended June 30, 2021



Robert Dolan
Town Administrator

Prepared by:

Julie McCarthy
Assistant Finance Director/Town Accountant



Flower gardens maintained by dedicated residents. – Photo courtesy of Joe Connell

**TOWN OF LYNNFIELD, MASSACHUSETTS
Annual Comprehensive Financial Report
For the Year Ended June 30, 2021**

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTORY SECTION:	
Letter of Transmittal	1
Organizational Chart	7
Principal Town Officials	8
Certificate of Achievement	9
Town Location	10
FINANCIAL SECTION:	
INDEPENDENT AUDITORS' REPORT	13
MANAGEMENT'S DISCUSSION AND ANALYSIS	16
BASIC FINANCIAL STATEMENTS:	
Government-Wide Financial Statements:	
Statement of Net Position	26
Statement of Activities	27
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	28
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities in the Statement of Net Position	29
Statement of Revenues, Expenditures, and Changes in Fund Balances	30
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	31

Schedule of Revenues, Expenditures, and Other Financing Sources/(Uses) – Budget and Actual – General Fund	32
Proprietary Funds:	
Statement of Net Position	33
Statement of Revenues, Expenses, and Changes in Fund Net Position	34
Statement of Cash Flows	35
Fiduciary Funds:	
Statement of Fiduciary Net Position	36
Statement of Changes in Fiduciary Net Position	37
Notes to Financial Statements	38
REQUIRED SUPPLEMENTARY INFORMATION:	
Pension:	
Schedule of Proportionate Share of the Net Pension Liability	81
Schedule of Pension Contributions	82
OPEB:	
Schedule of Changes in Net OPEB Liability	83
Schedules of Net OPEB Liability, Contributions, and Investment Returns	84
SUPPLEMENTARY STATEMENTS AND DETAIL SCHEDULES:	
Detail Schedule of Expenditures and Other Financing Uses – Budget and Actual – General Fund	87
Governmental Funds Combining Financial Statements:	
Combining Balance Sheet – Nonmajor Governmental Funds	94
Combining Statement of Revenues, Expenditures, and Changes in Fund Equity – Nonmajor Governmental Funds	97

Fiduciary Funds Combining Financial Statements:

Combining Statement of Fiduciary Net Position – Fiduciary Funds	101
Combining Statement of Changes in Fiduciary Net Position – Fiduciary Funds	102

STATISTICAL SECTION:***Financial Trend Data***

Net Position by Component – Last Ten Fiscal Years	106
Changes in Net Position – Last Ten Fiscal Years	107
Fund Balances, Governmental Funds – Last Ten Fiscal Years	109
Changes in Fund Balances, Governmental Funds – Last Ten Fiscal Years	110

Information on Revenue Capacity

Assessed Value of Taxable Property by Classification – Last Ten Fiscal Years	111
Principal Property Taxpayers	112
Property Tax Levies & Collections – Last Ten Fiscal Years	113

Debt Capacity Information

Ratios of Outstanding Debt by Type – Last Ten Fiscal Years	114
Direct and Overlapping Governmental Activities Debt	115
Legal Debt Margin Information – Last Ten Fiscal Years	116

Demographic and Economic Information

Demographic and Economic Statistics – Last Ten Fiscal Years	117
Principal Employers	118

Operating Information

Government Employees by Function – Full Time Equivalents	119
Operating Indicators by Function – Last Ten Fiscal Years	120

Capital Asset Statistics by Function – Last Ten Fiscal Years	121
--	-----

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	122
--	-----



Pictured with the restored bell (left) Chairman of the Select Board, Richard Dalton, and (right) Rev Jamie Booth from the Calvary Christian Church. The historical steel cast bell on the Town Common was fully restored in the spring of 2021. A donation from the Calvary Christian Church assisted us in completing this project. – Photo courtesy of Tyler Hamlin

(This page intentionally left blank.)

INTRODUCTORY SECTION



TOWN OF LYNNFIELD

Julie McCarthy
Assistant Finance Director
55 Summer Street
Lynnfield MA 01940
Telephone: 781-334-9420

December 14, 2021

Letter of Transmittal

To the Honorable Select Board and Citizens of the Town of Lynnfield:

State law requires the Town of Lynnfield to publish at the close of each fiscal year, a complete set of financial statements, in conformity with U.S. generally accepted accounting principles (GAAP), that are audited in accordance with generally accepted auditing standards in the United States of America by a firm of licensed certified public accountants. Pursuant to that requirement, I hereby issue the Annual Comprehensive Financial Report (ACFR) of the Town of Lynnfield, Massachusetts, for the fiscal year ending June 30, 2021 for your review.

The report is designed to be used by the elected and appointed officials of the Town and others who are concerned with its management and progress such as bond analysts, banking institutions and credit raters as well as residents and taxpayers of the Town of Lynnfield.

The report consists of management's representations concerning the finances of the Town of Lynnfield. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in the report. To provide a reasonable basis for making these representations, management of the Town of Lynnfield has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft or misuse and to compile sufficient, reliable information for the preparation of the Town of Lynnfield's financial statements in compliance with GAAP. Since the cost of internal controls should not outweigh their benefits, the Town of Lynnfield's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatements. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The Town of Lynnfield's financial statements have been audited by Melanson, a firm of licensed certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the Town of Lynnfield for the year ending June 30, 2021, are free of material misstatement. The independent audit involved examining on a test

basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion on the Town of Lynnfield's financial statements for the year ended June 30, 2021, and that they are, in fact, fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statement of the Town of Lynnfield was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair representation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the Town of Lynnfield's separately issued Single Audit Report.

Generally accepted accounting principles (GAAP) requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of an MD&A. This letter of transmittal is designed to complement, and should be read in conjunction with, the MD&A. The Town's MD&A can be found immediately following the independent auditor's report from Melanson.

Profile of the Town

Lynnfield initially consisted of two separate villages with a single governing body. The Town of Lynnfield was settled in 1638 and was made a district separate from Lynn in 1782. It was later officially incorporated in 1814. With a population of approximately 12,000, it is located in what traditionally is known as the "North Shore" approximately 12 miles from Boston within Essex County. Lynnfield is an affluent suburban community with a total area of 10.5 miles. Lynnfield lies along the western border of Essex County, and is bordered by the towns of Wakefield to the southwest, Reading to the west, North Reading to the north and northwest, Peabody to the Northeast, Lynn to the southeast and Saugus to the south.

The Town has access to Interstate 95 and US route 1 that pass through Town. This provides residents with easy accessibility to various employment centers in the Boston area.

Lynnfield is governed by the open town meeting model with a three-member Select Board overseeing the operation of the Town. The Town Administrator is responsible for carrying out the policies and direction of the Select Board and managing the day-to-day operations of the Town. An elected, five-member School Committee appoints a School Superintendent who administers the school system. An appointed Finance Committee, consisting of 11 members, makes recommendations to Town Meeting on operating budgets, capital budgets and other financial matters.

The Town offers a full range of traditional municipal services including police and fire protection, K-12 education, street and sidewalk maintenance, curbside solid waste and recycling collection and disposal, services for senior citizens and veterans a full-service Library, and recreational activities. The Town currently owns and operates two successful nine-hole golf courses: Reedy Meadow and King Rail. Lynnfield also has a Cultural and Media Center which is a community meeting space and also houses the local Cable Access station.

Lynnfield Public Schools operate 4 public schools, Lynnfield High School, Lynnfield Middle School, Huckleberry Hill Elementary School and Summer Street Elementary School. The Essex North Shore Agricultural and Technical School in Middleton offers vocational technical education in grades 9 through 12.

Lynnfield is divided into two water districts: the Lynnfield Water District and the Lynnfield Center Water District. Both districts are chartered through the state legislature and exist separately from the Town government. Each holds its own annual meeting and elects its own Board of Water Commissioners.

The Town of Lynnfield is committed to preserve the character of our community through promoting programs and policies that preserve the friendly small-town community atmosphere.

Factors Affecting Financial Condition

Local Economy

Lynnfield typically has a very strong economy supported by the access to Boston's metropolitan area, high property values, and very good Town services, including highly rated public schools. The per capita income is significantly higher than state averages, and the unemployment rate of 3.9% is lower than the state average of 4.9% as of June 30, 2021; during the COVID-19 pandemic. Despite the difficult economy, in 2021 the average home price in Lynnfield was \$817,500, a sizeable increase of 15% over the prior year. The Town of Lynnfield has a primarily residential tax base which has grown through rapidly rising home values. The commercial base has also continued to grow through the continued expansion of the MarketStreet development. Prior to the development of Market Street (2012) commercial property comprised only 8% of the Town's total value compared to 18.5% in 2021.

MarketStreet Lynnfield is a mixed-use development consisting of 395,000 square feet of retail, restaurants and entertainment, a 180-unit residential community, and 80,000 square feet of office space. Anchored by Whole Foods, the MarketStreet development features a classic main street appeal with a town square and village green. It is easily accessible with close proximity from route 95.

Since the opening of MarketStreet in 2013 the Town has received in excess of \$30.6 million in property taxes. Also, with the numerous new restaurants the Town's meals tax revenue has increased substantially with over \$3 million directly attributed to these new restaurants. Other

revenues have increased, including motor vehicle taxes because of the additional cars at Arbor Point the Residential complex at MarketStreet and other miscellaneous fees and licenses. During fiscal year 2021, 14 new businesses have opened. These include a mix of restaurants, retail and specialty services. This shopping area is one of the most popular on the North Shore area and we have the distinct advantage that each store is directly accessible to the outside.

The Town's main source of revenue, property taxes are capped by Proposition 2 ½ and can only be overridden by a majority vote at a Town election. Tax revenue increases are limited, and state local aid has seen only minimal increases of less than 1%, local receipts have begun partially to rebound. The COVID-19 pandemic has continued to affect other sources of revenue including meals tax, miscellaneous receipts, and interest income. The Town collected in excess of \$5.4 million in local receipts, a 10% increase over the prior year. The major categories of revenues gains include, building permits, and motor vehicle excise taxes.

As COVID 19 continued during FY 2021 our buildings were open by appointment only and our schools were operating under a hybrid model with remote learning. There were some cost savings on bussing, heat and electricity, supplies, and contractual services etc. The Town had realized \$1.5 in unexpended appropriations. We also took a conservative approach to our FY 2022 budget. These included an increase in spending of \$1,473,929 or 2.4% to our operating and capital budgets.

Long–Term Financial Planning

Lynnfield is focused on addressing the numerous needs of the community.

The Town of Lynnfield has attained a solid financial rating of AA+ from Standard and Poor's since 2014. This reflects Lynnfield's strong budgetary flexibility, very strong liquidity with limited capital needs.

The Town of Lynnfield has a very conservative approach to budgeting. The Town maintains a 10-year capital improvement plan and also prepares a formal three- year budget forecast. The budget forecast is presented to the Select Board, School Committee and the Finance Committee.

The Town of Lynnfield also has several formal financial policies in place. The Stabilization reserve is to maintain a balance of 3% to 5% of the operating budget, and is currently at 3.8%. Also, the Capital Facilities Maintenance Fund policy is to maintain a balance of 1% to 3% of our operating budget, and is currently 2.4%.

Lynnfield has also adopted a formal debt management policy that requires debt service to not exceed 10% of annual operating budget. Fiscal 2021 debt service budget of \$3.2 million was just

5.1% of the operating budget. The Town has total debt outstanding as of June 2021 of \$30,510,405. 43% of this debt will be paid within the next 5 years.

During 2021 the Town dedicated \$1,851,900 in free cash and one-time revenues to fund the capital plan related to building and equipment replacement and repair. Going forward, it is the goal of the Town to continue to aggressively fund capital needs annually on a cash basis. Additionally, \$150,000 was voted to increase reserves such as the Stabilization Fund and the Capital Facilities Maintenance Fund. Also, \$100,000 was funded in the Town's Other Post Employment Benefit Fund.

Relevant Financial Policies

The Town has continued to maintain quality municipal and school services despite years of reduced state aid through prudent budgeting, strong tax collections, conservative revenue estimates and continued property growth.

The Town's goals are to create a balanced and sustainable budget, with no use of non-recurring reserves to fund the operating budget, to maintain an aggressive capital plan, to continue to build the stabilization and capital facilities maintenance fund reserves, and to fund annually the OPEB Trust.

The Town of Lynnfield manages its risk through a combination of self-insured programs for unemployment and worker's compensation. The Town of Lynnfield is a member of Massachusetts Interlocal Insurance Association (MIIA). This is a member based non-profit that provides property and casualty and worker's compensation coverage to Massachusetts cities and towns. MIIA is self-supported through premiums and reinsures through commercial companies.

Major Initiative

A Strategic Planning Committee (SPC) was formed in 2018 to advise the Select Board on the scope of upcoming capital projects, to examine and evaluate options regarding these projects, assist in their prioritization, examination of funding sources and strategies, and to analyze how these projects will fit in with the Town's spending and debt plan. Over the previous decade the Town has made historic investments in its public-school buildings and athletic / recreation facilities. Over the next decade the Town sees positive opportunities to make considerable investment in Town infrastructure such as public safety buildings, our library, school buildings and town hall to modernize operations and to invest and improve these important community services. This blue-ribbon committee is made up of some of the Lynnfield's most talented citizens, all experts in their fields, to lead this critical initiative in partnership with the Select Board, Town Administrator and his senior staff. It will truly be a community guide for the coming decade, and advance the goal of the Town of Lynnfield to be a AAA bond rated community.

Implementation of GASB 84

The Town implemented for year ended June 30, 2021, GASB 84 reporting for custodial funds. These custodial funds include additions and deductions on behalf of:

- Water Districts
- Student Activity Funds

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Lynnfield, Massachusetts for its annual comprehensive financial report for the fiscal year ended June 20, 2020. Based on information available on the GFOA website, only thirty-one municipalities or 9% in Massachusetts received this distinction for fiscal 2020. This is a very prestigious award and in order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A certificate of achievement is valid for one year only. We believe that our current annual comprehensive financial report will meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this comprehensive document requires a significant investment of time and resources. I would like to express my sincere thanks to all departments who assisted and contributed to the efforts of this report and also, a special thanks to Melanson, our audit firm for all of their advice and assistance in the preparation of this report.

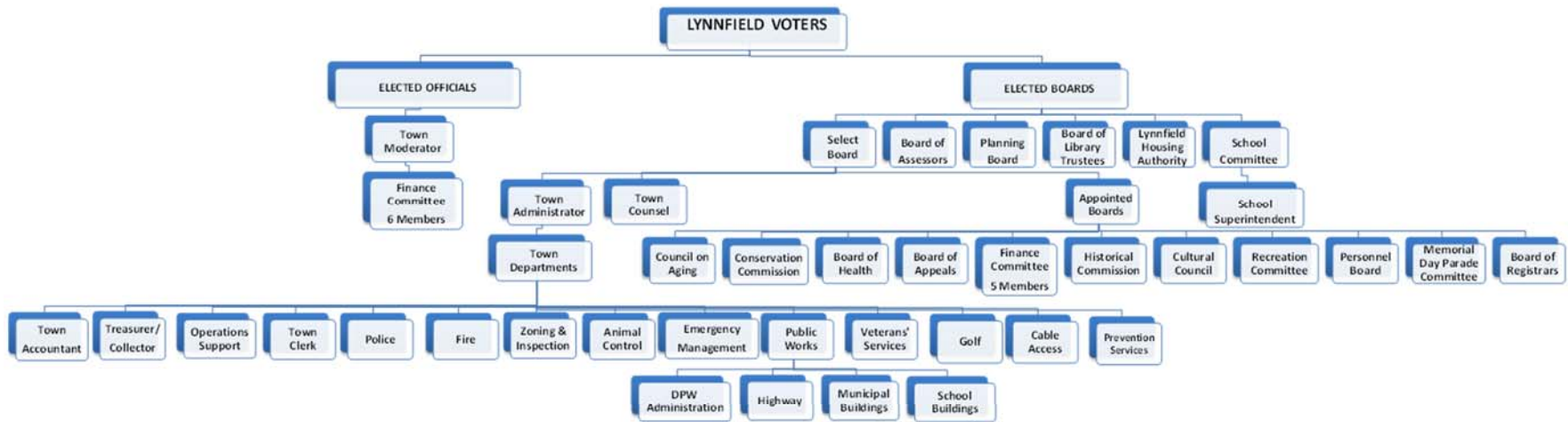
Respectfully submitted,



Robert Dolan
Town Administrator/Finance Director



Julie McCarthy
Assistant Finance Director/Town Accountant



**Town of Lynnfield,
Massachusetts**

Principal Executive Officers

<u>Title</u>	<u>Name</u>	<u>Manner of Selection</u>	<u>Length of Term</u>	<u>Expiration of Term</u>
Chairman- Select Board	Richard Dalton	Elected	3 Years	2022
Vice Chairman- Select Board	Philip B. Crawford	Elected	3 Years	2023
Clerk- Select Board	Joseph Connell	Elected	3 Years	2024
Town Administrator/ Director of Finance	Robert Dolan	Appointed	2 Years	2022
Asst. Finance Director/ Town Accountant	Julianne M. McCarthy	Appointed	2 Years	2022
Treasurer/Collector	Leslie Davidson	Appointed	Indefinite	2022
Town Clerk	Linda Emerson	Appointed	Indefinite	2022
Assessing Manager	Merideth Stone	Appointed	Indefinite	N/A
Assessor-Chairman	Donald P. Garrity	Elected	3 Years	2024
Assessor	Bonnie Celi	Elected	3 Years	2023
Assessor	Richard J. O'Neil, Jr.	Elected	3 Years	2022
Fire Chief	Glenn Davis	Appointed	Indefinite	N/A
Police Chief	Nicholas Secatore-Interim	Appointed	Indefinite	N/A
Public Works Director	John Tomasz	Appointed	Indefinite	N/A
School Superintendent	Kristen Vogel	Appointed	Indefinite	N/A
School Director of Finance	Thomas Geary	Appointed	Indefinite	N/A
Town Moderator	Joseph Markey	Elected	1 year	2022
Town Counsel	Thomas A. Mullen	Appointed	2 Years	2022



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Town of Lynnfield
Massachusetts**

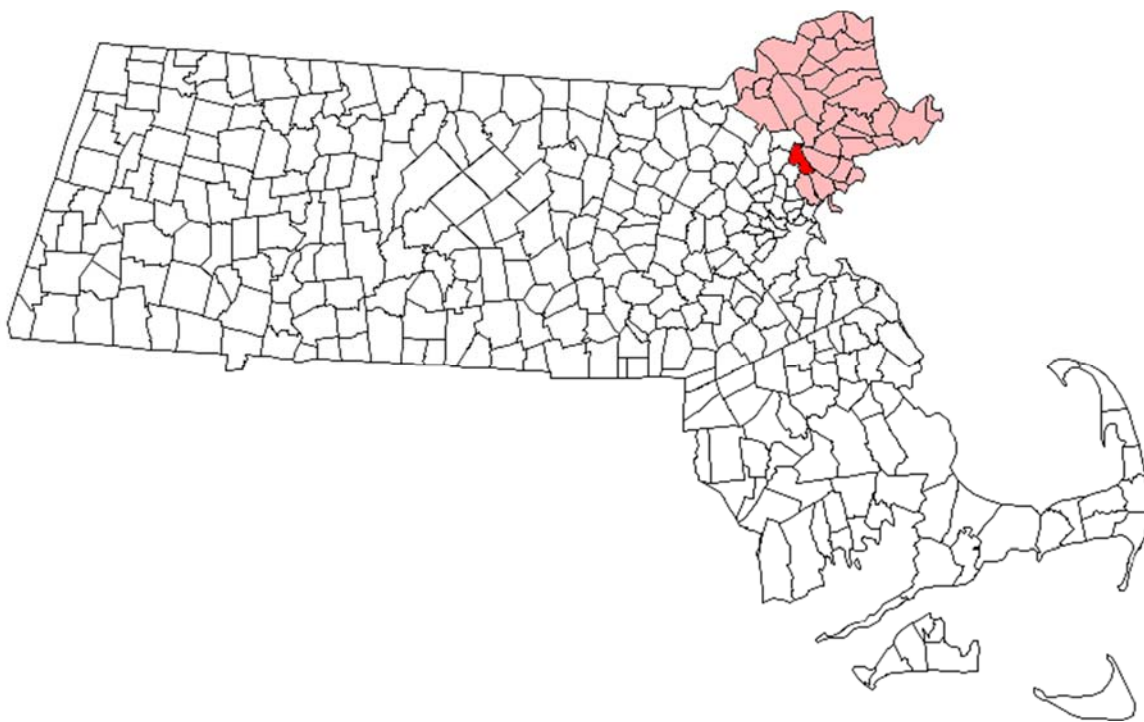
For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morill

Executive Director/CEO

Geographic Location



**FINANCIAL
SECTION**



MarketStreet outdoor ice skating rink open during the winter months for families and friends to enjoy the season together in the fresh air – Photo courtesy of Eric Hamlin



INDEPENDENT AUDITORS' REPORT

To the Select Board
Town of Lynnfield, Massachusetts

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Lynnfield, Massachusetts (the Town), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

The Town's 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; this includes 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly,

Merrimack, New Hampshire
Andover, Massachusetts
Greenfield, Massachusetts
Ellsworth, Maine

800.282.2440 | melansoncpas.com



we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Lynnfield, Massachusetts, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 19 to the financial statements, in 2021 the Town adopted Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and certain Pension and OPEB schedules be presented to supplement the basic financial statements. Such information, 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 evidence sufficient to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Lynnfield, Massachusetts' basic financial statements. The accompanying supplementary information appearing on pages 87 through 102 is presented for



purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The 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 States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The Introductory and Statistical sections are presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated December 14, 2021 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 Government'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.



Andover, Massachusetts
December 14, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Town of Lynnfield, Massachusetts (the Town), we offer readers this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2021.

Overview of the Financial Statements

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

Government-Wide Financial Statements

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

The Statement of Net Position presents information on all assets, liabilities, and deferred outflows/inflows of resources with the difference 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 Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

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

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting is used to ensure and

demonstrate compliance with finance-related legal requirements. All of the funds can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. 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 funds Balance Sheet and the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Proprietary Funds

Proprietary fund reporting focuses on the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows.

Enterprise funds are used to report activity for which a fee is charged to external users, and must be used when one of the following criteria are met: (1) activity is financed with debt that is secured solely by a pledge of the net revenues from fees and charges, (2) laws or regulations require the activity's costs of providing services be recovered with fees and charges, and (3) the pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs such as depreciation or debt service. The primary focus on these criteria is on fees charged to external users. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements, only in more detail. Specifically, enterprise funds are used to account for the golf course and emergency medical services operations.

Fiduciary Funds

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

Notes to 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.

Required/Other Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information which is required to be disclosed by accounting principles generally accepted in the United States of America. Supplementary statements and detailed schedules are presented immediately following the required supplementary information on pension and OPEB.

Financial Highlights

- As of the close of the current fiscal year, net position in governmental activities was \$(58,232,668), a change of \$(6,381,275), and net position in business-type activities was \$11,612,615, a change of \$1,068,509. The deficit balance in governmental activities is primarily due to the unfunded net pension liability and net OPEB liability.
- As of the close of the current fiscal year, governmental funds reported a combined ending fund balance of \$33,074,453, a change of \$16,705,823 in comparison to the prior year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$7,727,572, a change of \$1,244,221 in comparison to the prior year.

Government-Wide Financial Analysis

The following is a summary of condensed government-wide financial data for the current and prior fiscal years.

	NET POSITION (in thousands)					
	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Assets						
Current and other assets	\$ 37,319	\$ 19,849	\$ 1,550	\$ 909	\$ 38,869	\$ 20,758
Capital assets	69,201	71,462	13,206	13,548	82,407	85,010
Total assets	106,520	91,311	14,756	14,457	121,276	105,768
Deferred outflows of resources	27,345	23,415	-	-	27,345	23,415
Liabilities						
Other liabilities	2,803	1,986	17	31	2,820	2,017
Long-term liabilities	166,042	148,787	3,127	3,882	169,169	152,669
Total liabilities	168,845	150,773	3,144	3,913	171,989	154,686
Deferred inflows of resources	23,253	15,711	-	-	23,253	15,711
Net Position						
Net investment in capital assets	58,035	59,471	10,251	9,881	68,286	69,352
Restricted	6,875	6,564	-	-	6,875	6,564
Unrestricted	(123,143)	(117,793)	1,361	663	(121,782)	(117,130)
Total net position	\$ (58,233)	\$ (51,758)	\$ 11,612	\$ 10,544	\$ (46,621)	\$ (41,214)

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At the close of the most recent fiscal year, total net position was \$(46,620,053), a change of \$(5,312,766) in comparison to the prior year.

A portion of net position \$68,285,987 reflects our investment in capital assets (e.g., land and construction in progress, land improvements, buildings and improvements, machinery, equipment and furnishings, and infrastructure), less any related debt used to acquire those assets that is still outstanding. These capital assets are used to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of net position \$6,875,415 represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position reflects a deficit of \$(121,781,455) primarily resulting from unfunded pension and OPEB liabilities.

CHANGES IN NET POSITION						
(in thousands)						
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Revenues						
Program revenues:						
Charges for services	\$ 3,316	\$ 2,881	\$ 2,375	\$ 1,824	\$ 5,691	\$ 4,705
Operating grants and contributions	17,811	14,811	-	-	17,811	14,811
Capital grants and contributions	485	456	-	-	485	456
General revenues:						
Property taxes	48,162	46,727	-	-	48,162	46,727
Excises	3,363	3,396	-	-	3,363	3,396
Penalties and interest on taxes	781	717	-	-	781	717
Grants and contributions not restricted to specific programs	1,224	1,179	-	-	1,224	1,179
Investment income	163	230	1	3	164	233
Other	<u>471</u>	<u>396</u>	<u>-</u>	<u>-</u>	<u>471</u>	<u>396</u>
Total revenues	75,776	70,793	2,376	1,827	78,152	72,620
Expenses						
General government	3,774	4,013	-	-	3,774	4,013
Public safety	10,425	7,796	-	-	10,425	7,796
Education	53,329	51,261	-	-	53,329	51,261
Public works	10,637	10,026	-	-	10,637	10,026
Health and human services	1,382	1,166	-	-	1,382	1,166
Culture and recreation	1,436	1,472	-	-	1,436	1,472
Interest on long-term debt	358	182	-	-	358	182
Other	-	61	-	-	-	61
Golf course	-	-	1,405	1,039	1,405	1,039
Emergency medical services	<u>-</u>	<u>-</u>	<u>726</u>	<u>764</u>	<u>726</u>	<u>764</u>
Total expenses	<u>81,341</u>	<u>75,977</u>	<u>2,131</u>	<u>1,803</u>	<u>83,472</u>	<u>77,780</u>

(continued)

(continued)

	<u>Governmental</u> <u>Activities</u>		<u>Business-Type</u> <u>Activities</u>		<u>Total</u>	
Change in net position before transfers and permanent fund contributions	(5,565)	(5,184)	245	24	(5,320)	(5,160)
Transfers in (out)	(823)	(850)	823	850	-	-
Permanent fund contributions	<u>6</u>	<u>19</u>	<u>-</u>	<u>-</u>	<u>6</u>	<u>19</u>
Change in net position	(6,382)	(6,015)	1,068	874	(5,314)	(5,141)
Net position - beginning of year, as restated	<u>(51,851)</u>	<u>(45,743)</u>	<u>10,544</u>	<u>9,670</u>	<u>(41,307)</u>	<u>(36,073)</u>
Net position - end of year	<u>\$ (58,233)</u>	<u>\$ (51,758)</u>	<u>\$ 11,612</u>	<u>\$ 10,544</u>	<u>\$ (46,621)</u>	<u>\$ (41,214)</u>

Governmental Activities

Governmental activities for the year resulted in a change in net position of \$(6,381,275). Key elements of this change are as follows:

Change in net pension liability, net of related deferrals	\$ (103,132)
Change in net OPEB liability, net of related deferrals	(5,829,335)
Other	<u>(448,808)</u>
Total	<u>\$ (6,381,275)</u>

Business-Type Activities

Business-type activities for the year resulted in a change in net position of \$1,068,509. Key elements of this change are as follows:

Golf course operations (after general fund debt service subsidy)	\$ 1,008,395
Emergency medical services operations	<u>60,114</u>
Total	<u>\$ 1,068,509</u>

The increase in Golf Course operations resulted primarily because debt service, which was subsidized by the General Fund, exceeded depreciation expense.

Financial Analysis of the Town's Funds

As noted earlier, fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing financing requirements. In

particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, governmental funds reported combined ending fund balances of \$33,074,453, a change of \$16,705,823 in comparison to the prior year. Key elements of this change are as follows:

General fund change in fund balance (explained in more detail below)	\$ 458,928
Elementary Schools Expansion major fund change in fund balance	15,908,982
Nonmajor funds change in fund balance	<u>337,913</u>
Total	<u>\$ 16,705,823</u>

The Elementary Schools Expansion Major Fund change in fund balance was primarily caused by issuance of a bond of \$15,520,000 received in the current year.

The nonmajor funds change in fund balance was primarily caused by various unexpended grants received by the Town.

The General Fund is the chief operating fund. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$7,727,572, while total fund balance was \$10,865,193. The unassigned fund balance increased by \$1,244,221 from positive budgetary results of \$2,207,326 less "Free Cash" of \$952,537 appropriated for fiscal year 2022 capital items. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total General Fund expenditures. Refer to the table below.

<u>General Fund</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>Change</u>	% of Total General Fund Expenditures*
Unassigned fund balance	\$ 7,727,572	\$ 6,483,351	\$ 1,244,221	13.2%
Total fund balance	\$ 10,865,193	\$ 10,406,265	\$ 458,928	18.6%

* Expenditure amounts used to calculate the above percentage have been adjusted to exclude the on-behalf payment from Commonwealth to the Massachusetts Retirement System of \$3,823,258.

The total fund balance of the General Fund changed by \$458,928 during the current fiscal year. Key factors in this change are as follows:

Revenues in excess of budget	\$ 659,027
Expenditures less than budget	1,541,695
Use of free cash as a funding source	(2,159,312)
Use of overlay surplus as a funding source	(60,000)
Change in stabilization funds balance	270,920
Other	206,598
Total	<u>\$ 458,928</u>

Major causes of revenue and expenditure budget variances are discussed below. The use of free cash (component of General Fund balance) was primarily used for capital-related purposes.

Included in the total General Fund balance are the Town's stabilization accounts with the following balances:

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>Change</u>
General stabilization fund (unassigned)	\$ 2,377,826	\$ 2,201,392	\$ 176,434
Capital facilities maintenance fund (unassigned)	1,524,690	1,509,294	15,396
Recreation capital fund (committed)	<u>441,360</u>	<u>362,270</u>	<u>79,090</u>
Total	<u>\$ 4,343,876</u>	<u>\$ 4,072,956</u>	<u>\$ 270,920</u>

Proprietary Funds

Proprietary funds provide the same type of information found in the business-type activities reported in the government-wide financial statements, but in more detail.

Unrestricted net position of the proprietary funds at the end of the year amounted to \$1,361,363, a change of \$698,129 in comparison to the prior year. Other factors concerning the finances of proprietary funds have already been addressed in the entity-wide discussion of business-type activities.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget resulted in an overall change of \$468,175. This change primarily consists of prior year encumbrances.

The largest appropriation turnbacks relate to property/liability insurances, school maintenance and buses, and health/life/disability insurances.

Capital Asset and Debt Administration

Capital Assets

Total investment in capital assets for governmental and business-type activities at year-end amounted to \$82,407,584 (net of accumulated depreciation). This investment in capital assets includes land and construction in progress, land improvements, buildings and building improvements, machinery, equipment and furnishings, and infrastructure assets.

Major capital asset events during the current fiscal year included the following:

- \$202,708 for buildings and improvements related to Radio Site Work.
- \$1,094,674 for buildings and improvements related to the Elementary Schools Expansion.
- Depreciation expense of \$(3,482,834).

Additional capital asset disclosures can be found in Note 8 of the accompanying Financial Statements.

Long-Term Debt

At the end of the current fiscal year, total bonds and loans outstanding, including unamortized premiums, was \$30,382,805, all of which was backed by the full faith and credit of the Town. The Town also had \$94,000 in notes outstanding at year-end.

The Town maintained their AA+ rating from Standard & Poor for general obligation debt.

Additional information on long-term debt can be found in the Note 13 to Financial Statements.

Requests for Information

This financial report is designed to provide a general overview of the Town of Lynnfield'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:

Office of Assistant Finance Director/Town Accountant

Town of Lynnfield, Massachusetts

55 Summer Street

Lynnfield, Massachusetts 01940



Photo 1- Center Farm 1940. Photo 2 – Historic Center Farm renovated and preserved. The project was completed in December 2020. – Photos courtesy of Kirk Mansfield and Eric Roth

BASIC FINANCIAL STATEMENTS

TOWN OF LYNNFIELD, MASSACHUSETTS

Statement of Net Position
June 30, 2021

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets			
Current:			
Cash and short-term investments	\$ 30,473,169	\$ 1,368,236	\$ 31,841,405
Investments	5,340,561	-	5,340,561
Receivables, net of allowance for uncollectibles:			
Property taxes	490,945	-	490,945
Excises	316,555	-	316,555
User fees	-	181,733	181,733
Departmental and other	17,148	-	17,148
Intergovernmental	63,355	-	63,355
Betterments	<u>8,235</u>	<u>-</u>	<u>8,235</u>
Total Current Assets	36,709,968	1,549,969	38,259,937
Noncurrent:			
Receivables, net of allowance for uncollectibles:			
Property taxes	549,132	-	549,132
Betterments	59,447	-	59,447
Capital assets:			
Nondepreciable capital assets	8,881,161	12,586,893	21,468,054
Other capital assets, net of accumulated depreciation	<u>60,320,071</u>	<u>619,459</u>	<u>60,939,530</u>
Total Noncurrent Assets	<u>69,809,811</u>	<u>13,206,352</u>	<u>83,016,163</u>
Total Assets	106,519,779	14,756,321	121,276,100
Deferred Outflows of Resources			
Related to pensions	2,405,040	-	2,405,040
Related to OPEB	<u>24,939,486</u>	<u>-</u>	<u>24,939,486</u>
Total Deferred Outflows of Resources	27,344,526	-	27,344,526
Liabilities			
Current:			
Warrants payable	1,158,723	7,055	1,165,778
Accrued liabilities	711,477	9,448	720,925
Unearned revenues	379,697	-	379,697
Notes payable	94,000	-	94,000
Other current liabilities	458,735	-	458,735
Current portion of long-term liabilities:			
Bonds and loans payable	2,490,431	747,026	3,237,457
Compensated absences	398,189	-	398,189
Capital leases	<u>63,922</u>	<u>-</u>	<u>63,922</u>
Total Current Liabilities	5,755,174	763,529	6,518,703
Noncurrent:			
Bonds and loans payable, net of current portion	24,765,171	2,380,177	27,145,348
Net pension liability	30,725,902	-	30,725,902
Net OPEB liability	106,760,048	-	106,760,048
Compensated absences, net of current portion	774,234	-	774,234
Capital leases, net of current portion	<u>63,678</u>	<u>-</u>	<u>63,678</u>
Total Noncurrent Liabilities	<u>163,089,033</u>	<u>2,380,177</u>	<u>165,469,210</u>
Total Liabilities	168,844,207	3,143,706	171,987,913
Deferred Inflows of Resources			
Related to pensions	3,312,808	-	3,312,808
Related to OPEB	<u>19,939,958</u>	<u>-</u>	<u>19,939,958</u>
Total Deferred Inflows of Resources	<u>23,252,766</u>	<u>-</u>	<u>23,252,766</u>
Net Position			
Net investment in capital assets	58,034,735	10,251,252	68,285,987
Restricted for:			
Grants and other statutory restrictions	5,823,838	-	5,823,838
Endowment funds:			
Nonexpendable	969,700	-	969,700
Expendable	81,877	-	81,877
Unrestricted	<u>(123,142,818)</u>	<u>1,361,363</u>	<u>(121,781,455)</u>
Total Net Position	\$ <u>(58,232,668)</u>	\$ <u>11,612,615</u>	\$ <u>(46,620,053)</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF LYNNFIELD, MASSACHUSETTS

Statement of Activities
For the Year Ended June 30, 2021

	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expenses) Revenues and Changes in Net Position</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
Governmental Activities							
General government	\$ 3,774,338	\$ 315,220	\$ 49,493	\$ -	\$ (3,409,625)	\$ -	\$ (3,409,625)
Public safety	10,424,617	1,381,091	1,482,502	-	(7,561,024)	-	(7,561,024)
Education	53,328,535	1,000,900	15,467,414	-	(36,860,221)	-	(36,860,221)
Public works	10,637,079	287,104	355,637	485,447	(9,508,891)	-	(9,508,891)
Health and human services	1,381,683	86,836	426,788	-	(868,059)	-	(868,059)
Culture and recreation	1,436,179	244,593	28,966	-	(1,162,620)	-	(1,162,620)
Interest on long-term debt	<u>358,152</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(358,152)</u>	<u>-</u>	<u>(358,152)</u>
Total Governmental Activities	81,340,583	3,315,744	17,810,800	485,447	(59,728,592)	-	(59,728,592)
Business-Type Activities							
Golf course	1,404,621	1,588,931	-	-	-	184,310	184,310
Emergency medical services	<u>725,529</u>	<u>785,255</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>59,726</u>	<u>59,726</u>
Total Business-Type Activities	<u>2,130,150</u>	<u>2,374,186</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>244,036</u>	<u>244,036</u>
Total	<u>\$ 83,470,733</u>	<u>\$ 5,689,930</u>	<u>\$ 17,810,800</u>	<u>\$ 485,447</u>	<u>(59,728,592)</u>	<u>244,036</u>	<u>(59,484,556)</u>
General Revenues, Contributions, and Transfers:							
Property taxes					48,162,025	-	48,162,025
Excises					3,363,317	-	3,363,317
Penalties, interest and other taxes					781,260	-	781,260
Grants and contributions not restricted to specific programs					1,224,182	-	1,224,182
Investment income					163,298	1,052	164,350
Miscellaneous					470,906	-	470,906
Transfers, net					(823,421)	823,421	-
Permanent fund contributions					<u>5,750</u>	<u>-</u>	<u>5,750</u>
Total General Revenues, Contributions and Transfers					<u>53,347,317</u>	<u>824,473</u>	<u>54,171,790</u>
Change in Net Position					(6,381,275)	1,068,509	(5,312,766)
Net Position							
Beginning of year, as restated					<u>(51,851,393)</u>	<u>10,544,106</u>	<u>(41,307,287)</u>
End of year					<u>\$ (58,232,668)</u>	<u>\$ 11,612,615</u>	<u>\$ (46,620,053)</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF LYNNFIELD, MASSACHUSETTS

Governmental Funds
Balance Sheet
June 30, 2021

	General <u>Fund</u>	Elementary Schools <u>Expansion</u>	Nonmajor Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
Assets				
Cash and short-term investments	\$ 8,466,460	\$ 16,184,267	\$ 5,822,442	\$ 30,473,169
Investments	4,293,081	-	1,047,480	5,340,561
Receivables:				
Property taxes	975,942	-	-	975,942
Excises	367,916	-	-	367,916
Departmental and other	11,949	-	80,254	92,203
Intergovernmental	<u>55,168</u>	<u>-</u>	<u>8,187</u>	<u>63,355</u>
Total Assets	\$ <u>14,170,516</u>	\$ <u>16,184,267</u>	\$ <u>6,958,363</u>	\$ <u>37,313,146</u>
Liabilities				
Warrants payable	\$ 782,009	\$ 275,285	\$ 101,429	\$ 1,158,723
Accrued liabilities	708,771	-	2,706	711,477
Notes payable	-	-	94,000	94,000
Unearned revenues	-	-	379,697	379,697
Other liabilities	<u>458,735</u>	<u>-</u>	<u>-</u>	<u>458,735</u>
Total Liabilities	1,949,515	275,285	577,832	2,802,632
Deferred Inflows of Resources				
Unavailable revenues	1,355,808	-	80,253	1,436,061
Fund Balances				
Nonspendable	-	-	969,700	969,700
Restricted	-	15,908,982	5,907,791	21,816,773
Committed	1,628,152	-	-	1,628,152
Assigned	1,509,469	-	-	1,509,469
Unassigned	<u>7,727,572</u>	<u>-</u>	<u>(577,213)</u>	<u>7,150,359</u>
Total Fund Balances	<u>10,865,193</u>	<u>15,908,982</u>	<u>6,300,278</u>	<u>33,074,453</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ <u>14,170,516</u>	\$ <u>16,184,267</u>	\$ <u>6,958,363</u>	\$ <u>37,313,146</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF LYNNFIELD, MASSACHUSETTS

Reconciliation of Total Governmental Fund Balances
to Net Position of Governmental Activities
in the Statement of Net Position
June 30, 2021

Total governmental fund balances	\$ 33,074,453
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	69,201,232
Deferred outflows of resources related to pensions to be recognized in pension expense in future periods.	2,405,040
Deferred outflows or resources related to OPEB to be recognized in OPEB expense in future periods.	24,939,486
Revenues are reported on the accrual basis of accounting and are not deferred until collection.	1,441,462
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in governmental funds:	
Bonds and loans payable	(27,255,602)
Net pension liability	(30,725,902)
Net OPEB liability	(106,760,048)
Compensated absences	(1,172,423)
Capital leases	(127,600)
Deferred inflows of resources related to pensions to be recognized in pension expense in future periods.	(3,312,808)
Deferred inflows of resources related to OPEB to be recognized in OPEB expense in future periods.	<u>(19,939,958)</u>
Net position of governmental activities	<u><u>\$ (58,232,668)</u></u>

The accompanying notes are an integral part of these financial statements.

TOWN OF LYNNFIELD, MASSACHUSETTS

Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2021

	General <u>Fund</u>	Elementary Schools <u>Expansion</u>	Nonmajor Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
Revenues				
Property taxes	\$ 48,030,358	\$ -	\$ -	\$ 48,030,358
Excises	3,433,995	-	-	3,433,995
Penalties, interest and other taxes	154,080	-	19,113	173,193
Payments in lieu of taxes	608,068	-	-	608,068
Charges for services	456,028	-	2,250,207	2,706,235
Intergovernmental	9,547,850	-	5,015,225	14,563,075
Licenses and permits	631,448	-	-	631,448
Fines and forfeitures	34,321	-	-	34,321
Investment income	56,332	-	25,153	81,485
Miscellaneous	<u>135,968</u>	<u>-</u>	<u>420,917</u>	<u>556,885</u>
Total Revenues	63,088,448	-	7,730,615	70,819,063
Expenditures				
Current:				
General government	2,707,042	-	79,636	2,786,678
Public safety	6,130,437	-	2,344,776	8,475,213
Education	34,459,475	1,094,674	3,060,256	38,614,405
Public works	7,858,454	-	772,740	8,631,194
Health and human services	509,001	-	529,895	1,038,896
Culture and recreation	977,845	-	155,754	1,133,599
Employee benefits	6,925,563	-	-	6,925,563
Debt service:				
Principal	1,982,513	-	-	1,982,513
Interest	358,152	-	-	358,152
Intergovernmental	<u>474,722</u>	<u>-</u>	<u>-</u>	<u>474,722</u>
Total Expenditures	<u>62,383,204</u>	<u>1,094,674</u>	<u>6,943,057</u>	<u>70,420,935</u>
Excess (deficiency) of revenues over expenditures	705,244	(1,094,674)	787,558	398,128
Other Financing Sources (Uses)				
Issuance of bonds	-	15,520,000	-	15,520,000
Bond premium	-	1,483,656	-	1,483,656
Issuance of capital lease	127,460	-	-	127,460
Transfers in	552,731	-	162,663	715,394
Transfers out	<u>(926,507)</u>	<u>-</u>	<u>(612,308)</u>	<u>(1,538,815)</u>
Total Other Financing Sources (Uses)	<u>(246,316)</u>	<u>17,003,656</u>	<u>(449,645)</u>	<u>16,307,695</u>
Change in fund balance	458,928	15,908,982	337,913	16,705,823
Fund Balances, at Beginning of Year, as restated	<u>10,406,265</u>	<u>-</u>	<u>5,962,365</u>	<u>16,368,630</u>
Fund Balances, at End of Year	\$ <u><u>10,865,193</u></u>	\$ <u><u>15,908,982</u></u>	\$ <u><u>6,300,278</u></u>	\$ <u><u>33,074,453</u></u>

The accompanying notes are an integral part of these financial statements.

TOWN OF LYNNFIELD, MASSACHUSETTS

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities For the Year Ended June 30, 2021

Net changes in fund balances - total governmental funds	\$ 16,705,823																						
<ul style="list-style-type: none"> Governmental funds report capital outlays as expenditures. However, in the the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense: <table> <tr> <td>Capital outlay</td><td style="text-align: right;">1,222,134</td></tr> <tr> <td>Depreciation</td><td style="text-align: right;">(3,482,834)</td></tr> </table> The issuance of long-term debt (e.g., bonds and capital leases) provides current financial resources to governmental funds, while the repayment of the the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net position: <table> <tr> <td>Issuance of general obligation bonds</td><td style="text-align: right;">(15,520,000)</td></tr> <tr> <td>Premiums received on issuance of general obligation bonds</td><td style="text-align: right;">(1,483,656)</td></tr> <tr> <td>Repayments of general obligation bonds</td><td style="text-align: right;">1,915,704</td></tr> <tr> <td>Amortization of bond premiums</td><td style="text-align: right;">81,812</td></tr> <tr> <td>Issuance of capital lease</td><td style="text-align: right;">(127,460)</td></tr> <tr> <td>Repayments of capital lease</td><td style="text-align: right;">66,809</td></tr> </table> Revenues in the Statement of Activities that do not provide current financial resources are fully deferred in the Statement of Revenues, Expenditures and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable (i.e., real estate and personal property, motor vehicle excise, etc.) differ between the two statements. This amount represents the net change in unavailable revenue, net of change in allowance for doubtful accounts. <div style="text-align: right;">67,123</div> 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: <table> <tr> <td>Change in net pension liability and related deferred outflows and inflows</td><td style="text-align: right;">(103,132)</td></tr> <tr> <td>Change in net OPEB liability and related deferred outflows and inflows</td><td style="text-align: right;">(5,829,335)</td></tr> <tr> <td>Change in accrued employee benefits</td><td style="text-align: right;">132,323</td></tr> </table> Other differences <div style="text-align: right;">(26,586)</div> 	Capital outlay	1,222,134	Depreciation	(3,482,834)	Issuance of general obligation bonds	(15,520,000)	Premiums received on issuance of general obligation bonds	(1,483,656)	Repayments of general obligation bonds	1,915,704	Amortization of bond premiums	81,812	Issuance of capital lease	(127,460)	Repayments of capital lease	66,809	Change in net pension liability and related deferred outflows and inflows	(103,132)	Change in net OPEB liability and related deferred outflows and inflows	(5,829,335)	Change in accrued employee benefits	132,323	
Capital outlay	1,222,134																						
Depreciation	(3,482,834)																						
Issuance of general obligation bonds	(15,520,000)																						
Premiums received on issuance of general obligation bonds	(1,483,656)																						
Repayments of general obligation bonds	1,915,704																						
Amortization of bond premiums	81,812																						
Issuance of capital lease	(127,460)																						
Repayments of capital lease	66,809																						
Change in net pension liability and related deferred outflows and inflows	(103,132)																						
Change in net OPEB liability and related deferred outflows and inflows	(5,829,335)																						
Change in accrued employee benefits	132,323																						
Change in net position of governmental activities	\$ <u>(6,381,275)</u>																						

The accompanying notes are an integral part of these financial statements.

TOWN OF LYNNFIELD, MASSACHUSETTS

General Fund

Statement of Revenues, Expenditures, and Other Financing Sources/(Uses) - Budget and Actual - General Fund
For the Year Ended June 30, 2021

	<u>Budgeted Amounts</u>			Variance with Final Budget
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Positive (Negative)</u>
Revenues				
Property taxes	\$ 47,981,132	\$ 47,981,132	\$ 48,090,689	\$ 109,557
Excise taxes	3,190,000	3,190,000	3,433,995	243,995
Penalties, interest and other taxes	150,000	150,000	154,080	4,080
Payments in lieu of taxes	610,000	610,000	608,068	(1,932)
Charges for services	364,000	364,000	528,107	164,107
Intergovernmental	5,650,190	5,650,190	5,724,592	74,402
Licenses and permits	550,000	550,000	631,448	81,448
Fines and forfeitures	36,000	36,000	34,321	(1,679)
Investment income	26,000	26,000	9,233	(16,767)
Miscellaneous	-	-	1,816	1,816
Total Revenues	58,557,322	58,557,322	59,216,349	659,027
Expenditures				
General government	2,944,998	2,959,279	2,565,955	393,324
Public safety	5,305,109	5,572,974	5,421,763	151,211
Education	30,548,474	30,617,618	30,557,782	59,836
Public works	7,383,377	7,417,540	7,113,501	304,039
Health and human services	550,579	553,531	505,957	47,574
Culture and recreation	1,029,701	1,031,701	985,101	46,600
Employee benefits	7,357,468	7,297,994	6,826,562	471,432
Miscellaneous	188,942	188,942	188,942	-
Debt service	3,268,039	3,189,291	3,189,291	-
Intergovernmental	495,782	495,782	474,722	21,060
Prior year encumbrances	-	269,220	222,601	46,619
Articles	3,171,775	3,118,547	3,118,547	-
Total Expenditures	62,244,244	62,712,419	61,170,724	1,541,695
Excess (deficiency) of revenues over expenditures	(3,686,922)	(4,155,097)	(1,954,375)	2,200,722
Other Financing Sources/(Uses)				
Use of free cash:				
Operating budget	157,412	157,412	157,412	-
Capital budget	1,851,900	1,851,900	1,851,900	-
Transfer to stabilization funds	150,000	150,000	150,000	-
Use of overlay surplus	60,000	60,000	60,000	-
Use of prior year assigned fund balance (carryforwards)	1,180,569	1,648,744	1,648,744	-
Transfers in	537,041	537,041	552,731	15,690
Transfers out	(250,000)	(250,000)	(259,086)	(9,086)
Total Other Financing Sources/(Uses)	3,686,922	4,155,097	4,161,701	6,604
Excess of revenues and other sources over expenditures and other uses	\$ -	\$ -	\$ 2,207,326	\$ 2,207,326

The accompanying notes are an integral part of these financial statements.

TOWN OF LYNNFIELD, MASSACHUSETTS

Proprietary Funds
Statement of Net Position
June 30, 2021

	Business-Type Activities		
	Enterprise Funds		
	Golf Course Fund	Nonmajor Emergency Medical Services Fund	Total
Assets			
Current:			
Cash and short-term investments	\$ 1,070,801	\$ 297,435	\$ 1,368,236
User fee receivables, net of allowance	-	181,733	181,733
Total Current Assets	1,070,801	479,168	1,549,969
Noncurrent:			
Nondepreciable capital assets	12,586,893	-	12,586,893
Capital assets, net of accumulated depreciation	406,534	212,925	619,459
Total Noncurrent Assets	12,993,427	212,925	13,206,352
Total Assets	14,064,228	692,093	14,756,321
Liabilities			
Current:			
Warrants payable	3,027	4,028	7,055
Accrued liabilities	9,448	-	9,448
Current portion of long-term liabilities:			
Bonds payable	747,026	-	747,026
Total Current Liabilities	759,501	4,028	763,529
Noncurrent:			
Bonds payable, net of current portion	2,380,177	-	2,380,177
Total Noncurrent liabilities	2,380,177	-	2,380,177
Total Liabilities	3,139,678	4,028	3,143,706
Net Position			
Net investment in capital assets	10,038,327	212,925	10,251,252
Unrestricted	886,223	475,140	1,361,363
Total Net Position	\$ 10,924,550	\$ 688,065	\$ 11,612,615

The accompanying notes are an integral part of these financial statements.

TOWN OF LYNNFIELD, MASSACHUSETTS

Proprietary Funds
Statement of Revenues, Expenses and Changes in Fund Net Position
For the Year Ended June 30, 2021

	Business-Type Activities Enterprise Funds		
	Golf Course Fund	Nonmajor Emergency Medical Services Fund	Total
Operating Revenues			
Charges for services	\$ 1,588,931	\$ 785,255	\$ 2,374,186
Total Operating Revenues	1,588,931	785,255	2,374,186
Operating Expenses			
Salaries and benefits	535,748	542,386	1,078,134
Other operating expenses	518,871	123,129	642,000
Depreciation	<u>18,831</u>	<u>60,014</u>	<u>78,845</u>
Total Operating Expenses	<u>1,073,450</u>	<u>725,529</u>	<u>1,798,979</u>
Operating Income	515,481	59,726	575,207
Nonoperating Revenues (Expenses)			
Investment income	664	388	1,052
Interest expense	(68,496)	-	(68,496)
Loss on disposal of assets	<u>(262,675)</u>	<u>-</u>	<u>(262,675)</u>
Total Nonoperating Revenues (Expenses), Net	<u>(330,507)</u>	<u>388</u>	<u>(330,119)</u>
Income before transfers	184,974	60,114	245,088
Transfers in	<u>823,421</u>	<u>-</u>	<u>823,421</u>
Total transfers	<u>823,421</u>	<u>-</u>	<u>823,421</u>
Change in Net Position	1,008,395	60,114	1,068,509
Net Position at Beginning of Year	<u>9,916,155</u>	<u>627,951</u>	<u>10,544,106</u>
Net Position at End of Year	\$ <u>10,924,550</u>	\$ <u>688,065</u>	\$ <u>11,612,615</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF LYNNFIELD, MASSACHUSETTS

Proprietary Funds
Statement of Cash Flows
For the Year Ended June 30, 2021

	Business-Type Activities		
	Enterprise Funds		
	Golf Course <u>Fund</u>	Nonmajor Emergency Medical Services <u>Fund</u>	<u>Total</u>
Cash Flows From Operating Activities			
Receipts from customers and users	\$ 1,588,931	\$ 725,327	\$ 2,314,258
Payments to employees	(535,748)	(542,387)	(1,078,135)
Payments to vendors	<u>(525,691)</u>	<u>(130,748)</u>	<u>(656,439)</u>
Net Cash Provided By Operating Activities	527,492	52,192	579,684
Cash Flows From Capital and Related Financing Activities			
Transfers from general fund	823,421	-	823,421
Principal payments on bonds	(711,900)	-	(711,900)
Interest expense	<u>(111,521)</u>	<u>-</u>	<u>(111,521)</u>
Net Cash Provided By Capital and Related Financing Activities	-	-	-
Cash Flows From Investing Activities			
Investment income	<u>664</u>	<u>388</u>	<u>1,052</u>
Net Cash Provided By Investing Activities	<u>664</u>	<u>388</u>	<u>1,052</u>
Net Change in Cash and Short-Term Investments	528,156	52,580	580,736
Cash and Short-Term Investments, Beginning of Year	<u>542,645</u>	<u>244,855</u>	<u>787,500</u>
Cash and Short-Term Investments, End of Year	\$ <u><u>1,070,801</u></u>	\$ <u><u>297,435</u></u>	\$ <u><u>1,368,236</u></u>
Reconciliation of Operating Income to Net Cash Provided By Operating Activities			
Operating income	\$ 515,481	\$ 59,726	\$ 575,207
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	18,831	60,014	78,845
Changes in assets and liabilities:			
Accounts receivable	-	(59,928)	(59,928)
Warrants payable	(11,531)	(7,620)	(19,151)
Accrued liabilities	<u>4,711</u>	<u>-</u>	<u>4,711</u>
Net Cash Provided By Operating Activities	\$ <u><u>527,492</u></u>	\$ <u><u>52,192</u></u>	\$ <u><u>579,684</u></u>

The accompanying notes are an integral part of these financial statements.

TOWN OF LYNNFIELD, MASSACHUSETTS

Fiduciary Funds
Statement of Fiduciary Net Position
June 30, 2021

	<u>OPEB Trust Fund</u>	<u>Private Purpose Trust Funds</u>	<u>Custodial Funds</u>
Assets			
Cash and short term investments	\$ 3,392	\$ 8,644	\$ 292,535
Investments:			
Certificates of deposit	-	77,977	-
Corporate bonds	-	334,860	-
Corporate equities	1,357,452	42,045	-
Fixed income mutual funds	569,787	55,254	-
U.S. Treasury and agencies	<u>-</u>	<u>220,385</u>	<u>-</u>
Total Investments	1,927,239	730,521	-
Accounts receivable	<u>-</u>	<u>-</u>	<u>12,444</u>
Total Assets	1,930,631	739,165	304,979
Liabilities			
Warrants payable	-	-	82,155
Other liabilities	<u>-</u>	<u>-</u>	<u>134,349</u>
Total Liabilities	<u>-</u>	<u>-</u>	<u>216,504</u>
Net Position			
Restricted for OPEB purposes	1,930,631	-	-
Restricted for individuals, organizations, and other governments	<u>-</u>	<u>739,165</u>	<u>88,475</u>
Total Net Position	\$ <u><u>1,930,631</u></u>	\$ <u><u>739,165</u></u>	\$ <u><u>88,475</u></u>

The accompanying notes are an integral part of these financial statements.

TOWN OF LYNNFIELD, MASSACHUSETTS

Fiduciary Funds
Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2021

	<u>OPEB Trust Fund</u>	<u>Private Purpose Trust Funds</u>	<u>Custodial Funds</u>
Additions			
Contributions from Employers	\$ 2,333,429	\$ -	\$ -
Contributions from Others	<u>-</u>	<u>10,334</u>	<u>-</u>
Total contributions	2,333,429	10,334	-
Investment Income:			
Interest	<u>378,717</u>	<u>17,070</u>	<u>-</u>
Net investment income	<u>378,717</u>	<u>17,070</u>	<u>-</u>
Fees collected for Lynnfield Water Districts	-	-	2,156,283
Fees collected for Other Governments	-	-	22,965
Fees collected for students	-	-	158,956
Miscellaneous	<u>-</u>	<u>-</u>	<u>108,782</u>
Total additions	2,712,146	27,404	2,446,986
Deductions			
Benefit payments to plan members	2,233,429	-	-
Payments to Lynnfield Water Districts	-	-	2,167,226
Payments to Other Governments	-	-	22,827
Payments on behalf of students	-	-	144,154
Other	<u>-</u>	<u>21,623</u>	<u>104,861</u>
Total deductions	<u>2,233,429</u>	<u>21,623</u>	<u>2,439,068</u>
Net increase	478,717	5,781	7,918
Net position restricted for OPEB and other purposes			
Beginning of year	<u>1,451,914</u>	<u>733,384</u>	<u>80,557</u>
End of year	\$ <u><u>1,930,631</u></u>	\$ <u><u>739,165</u></u>	\$ <u><u>88,475</u></u>

The accompanying notes are an integral part of these financial statements.

TOWN OF LYNNFIELD, MASSACHUSETTS

Notes to Financial Statements

1. **Summary of Significant Accounting Policies**

The accounting policies of the Town of Lynnfield (the Town) conform to generally accepted accounting principles (GAAP) as applicable to governmental units. The following is a summary of the significant policies:

Reporting Entity

The Town is a municipal corporation governed by an elected Board of Selectmen. As required by GAAP, these financial statements present the government and applicable component units for which the government is considered to be financially accountable. In fiscal year 2021, it was determined that no entities met the required GASB 14 (as amended) criteria of component units.

Related Organization

The Town has a related organization relationship with Lynnfield Initiative for Elders, Inc. (LIFE), a Massachusetts non-profit corporation organized under Chapter 180 of the Massachusetts General Laws to own, develop, operate, and manage elderly housing units within the Town of Lynnfield. The Town, acting through the Board of Selectmen, is the sole Class A member of LIFE, and as such, has the right to fix the number of LIFE's directors, elect a majority of directors, remove directors, and fill all director vacancies. In addition, the Board of Selectmen must approve LIFE's plans for financing, constructing, and managing real property before they become final. However, the Town is not financially accountable for LIFE because it cannot impose its will and does not have a financial benefit or burden relationship with LIFE, even though it appoints a voting majority of LIFE's governing Board of Directors.

Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. However, internal eliminations do not include services provided to Town departments. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges

provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements

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

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*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as *program revenues* include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes and excises.

Fund Financial Statements

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers property tax revenues to be available if they are collected within 60 days of the end of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, certain expenditures such as debt service, claims and judgments, compensated absences, OPEB, and pension are recorded only when payment is due.

The Town reports the following major governmental funds:

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

- The *Elementary Schools Expansion Fund* accounts for funds used for the expansion of the Summer Street and Huckleberry Hill Elementary Schools.

The proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recognized when earned and expenses are recorded when 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 a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The Town reports the following major proprietary fund:

- The Golf Course Fund is used to account for all of the activity associated with the Town's operation of the Reedy Meadow and King Rail Reserve golf courses.

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

The Town reports the following fiduciary funds:

- The Other Post-Employment Benefit Trust Fund is used to accumulate resources for health and life insurance benefits for retired employees.
- 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. Private-Purpose Trust Funds held by the Town include trust arrangements for multiple educational scholarships.
- The Custodial Funds account for fiduciary assets held by the Town in a custodial capacity as an agent on behalf of others and are not required to be reported elsewhere on the financial statements. Custodial funds held by the Town include funds collected on behalf of the Lynnfield Center Water District, Lynnfield Water District, Peabody Municipal Light Plant, Reading Municipal Light Department, and students of the Lynnfield Public Schools.

Cash and Investments

Cash balances from all funds, except those required to be segregated by law, are combined to form a consolidation of cash. Cash balances are invested to the extent available, and interest earnings are recognized in the General Fund. Certain special revenue, proprietary, and fiduciary funds segregate cash, and investment earnings become a part of those funds.

Deposits with financial institutions consist primarily of demand deposits, certificates of deposits, savings accounts, and money market accounts. Generally, a cash and investment pool is maintained that is available for use by all funds. Each fund's portion of this pool is reflected on the combined financial statements under the caption "cash and short-term investments".

For purposes of the statement of cash flows, the proprietary funds consider investments with original maturities of three months or less to be cash equivalents.

The Town's investments in the Massachusetts Municipal Depository Trust (MMDT) Cash Portfolio, an external investment pool overseen by the Treasurer of the Commonwealth of Massachusetts. This cash portfolio meets the requirements of GASB Statement No. 79, Certain External Investment Pools and Pool Participants, and investments are valued at amortized cost, which approximates the net asset value of \$1 per share.

Investments are carried at fair value, except certificates of deposit which are reported at cost.

Property Tax Limitations

Legislation known as "Proposition 2½" limits the amount of revenue that can be derived from property taxes. The prior fiscal year's tax levy limit is used as a base and cannot increase by more than 2.5% (excluding new growth); unless an override or debt exemption is voted. The actual fiscal year 2021 tax levy reflected an excess capacity of \$18,871. Certain provisions of Proposition 2 1/12 can be overridden by a referendum.

Capital Assets

Capital assets, which include property, plant, and equipment and infrastructure assets, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial individual cost of more than \$50,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition 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 assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40
Building improvements	20
Infrastructure	30 - 75
Vehicles	5
Office equipment	5
Computer equipment	5

Compensated Absences

It is the Town's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vested sick and vacation pay is accrued when incurred in the government-wide and proprietary financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position.

Fund Equity

Fund equity at the governmental fund financial reporting level is classified as "fund balance". Fund equity for all other reporting is classified as "net position".

Fund Balance

Generally, fund balance represents the difference between the current assets/deferred outflows and current liabilities/deferred inflows. The Town reserves those portions of fund balance that are legally segregated for a specific future use or which do not represent available, spendable resources and therefore, are not available for appropriation or expenditure. Unassigned fund balance indicates that portion of fund balance that is available for appropriation in future periods. The General Fund is the only fund that reports a positive unassigned fund balance. When an expenditure is incurred that would qualify for payment

from multiple fund balance types, the Town uses the following order to liquidate liabilities: restricted, committed, assigned and unassigned.

Net Position

Net position represents the difference between assets/deferred outflows and liabilities/deferred inflows. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The remaining net position is reported as unrestricted.

Use of Estimates

The preparation of basic 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 disclosures for contingent assets and liabilities at the date of the basic financial statements, and the reported amounts of the revenues and expenditures/expenses during the fiscal year. Actual results could vary from estimates that were used.

2. Stewardship, Compliance and Accountability

Budgetary Information

At the annual town meeting, the Finance Committee presents an operating and capital budget for the proposed expenditures of the fiscal year commencing the following July 1. The budget, as enacted by town meeting, establishes the legal level of control and specifies that certain appropriations are to be funded by particular revenues. The original budget is amended during the fiscal year at special town meetings as required by changing conditions. In cases of extraordinary or unforeseen expenses, the Finance Committee is empowered to transfer funds from the reserve fund (a contingency appropriation) to a departmental appropriation. "Extraordinary" includes expenses which are not in the usual line, or are great or exceptional. "Unforeseen" includes expenses which are not foreseen as of the time of the annual meeting when appropriations are voted.

Departments are limited to the line items as voted. Certain items may exceed the line item budget as approved if it is for an emergency and for the safety of the general public. These items are limited by the Massachusetts General Laws and must be raised in the next year's tax rate.

Formal budgetary integration is employed as a management control device during the year for the general fund and proprietary funds. Effective budgetary control is achieved for all other funds through provisions of the Massachusetts General Laws.

At year end, appropriation balances lapse, except for certain unexpended capital items and encumbrances which will be honored during the subsequent year.

Budgetary Basis

The General Fund final appropriation appearing on the "Budget and Actual" page of the fund financial statements represents the final amended budget after all reserve fund transfers and supplemental appropriations.

Budget/GAAP Reconciliation

The budgetary data for the General Fund is based upon accounting principles that differ from generally accepted accounting principles (GAAP). Therefore, in addition to the GAAP basis financial statements, the results of operations of the General Fund are presented in accordance with budgetary accounting principles to provide a meaningful comparison to budgetary data.

The following is a summary of adjustments made to the actual revenues and expenditures and other financing sources (uses) to conform to the budgetary basis of accounting.

<u>General Fund</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Other Financing Sources (Uses)</u>
GAAP Basis	\$ 63,088,448	\$ 62,383,204	\$ (246,316)
Reverse MTRS on-behalf payment	(3,823,258)	(3,823,258)	-
Add end-of-year appropriation carryforwards from expenditures	-	1,743,724	-
To record raising of prior year deficits	-	188,942	-
To record use of assigned fund balance	-	-	1,648,744
To record use of free cash	-	-	2,159,312
To record use of overlay surplus	-	-	60,000
Reclassification of transfers	-	817,421	817,421
Reverse the effects of combining general fund and stabilization funds (GASB 54)	(120,920)	-	(150,000)
Other	<u>72,079</u>	<u>(139,309)</u>	<u>(127,460)</u>
Budgetary Basis	\$ <u>59,216,349</u>	\$ <u>61,170,724</u>	\$ <u>4,161,701</u>

Deficit Fund Equity

The following had unassigned fund balance deficits as of June 30, 2021:

<u>Nonmajor Governmental Funds:</u>	
Revolving Funds	\$ (66,604)
Town Grants	(392,367)
School Grants	(24,242)
Center Farm Acquisition	<u>(94,000)</u>
Total	\$ <u>(577,213)</u>

It is anticipated that the deficits in these funds will be eliminated through future departmental revenues, bond proceeds, and transfers from other funds.

Excess of Expenditures Over Appropriations

Expenditures exceeded appropriations during the current fiscal year as follows:

Snow and ice removal	\$275,012
----------------------	-----------

3. Deposits and Investments

State statutes Massachusetts General Law (MGL) Chapter 44, Section 55 place certain limitation on the nature of deposits and investments available to the Town. Deposits, including demand deposits, money markets, certificates of deposits in any one financial institution, may not exceed 60% of the capital and surplus of such institution unless collateralized by the institution involved. Investments may be made in unconditionally guaranteed U.S. government obligations have maturities of a year or less from the date of purchase, or through repurchase agreements with maturities of no greater than 90 days in which the underlying securities consists of such obligations. Other allowable investments include certificates of deposits having a maturity date of up to 3 years from the date of purchase, national banks and Massachusetts Municipal Depository Trust (MMDT). MMDT, which is an external investment pool overseen by the Treasurer of the Commonwealth of Massachusetts, meets the criteria established by Governmental Accounting Standards Board (GASB) 79. MMDT has an average maturity of less than 1 year and is not rated or subject to custodial credit risk disclosure. MGL Chapter 44, Section 54 provides additional investment options for certain special revenue, trust and OPEB funds.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned. The Town does not have formal deposit policies related to the custodial credit risk of deposits.

As of June 30, 2021, \$13,736,372 of the Town's bank balance of \$30,527,056 was exposed to custodial credit risk as uninsured and/or uncollateralized. Additionally, \$2,621,507 was invested in a state pool, which is not subject to this disclosure.

Investment Summary

The following is a summary of the Town's investments (in thousands) as of June 30, 2021:

<u>Investment Type</u>	<u>Amount</u>
Market linked certificates of deposits	\$ 648
Corporate bonds	2,783
Corporate equities	1,707
Federal agency securities	576
Fixed income mutual funds	1,029
U.S. Treasury notes	<u>1,255</u>
Total investments	\$ <u><u>7,998</u></u>

Custodial Credit Risk – Investments

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

As of June 30, 2021, \$6,321,305 was subject to custodial credit risk exposure because the related securities are uninsured, unregistered, and held by the Town's brokerage firm, which is also the counterparty to these securities as follows (in thousands):

<u>Investment Type</u>	<u>Amount</u>	<u>Held by Counterparty</u>	<u>Held by Counterparty's Trust or Agent</u>
Corporate bonds	\$ 2,783	\$ -	\$ 2,783
Corporate equities	1,707	-	1,707
Federal agency securities	576	-	576
U.S. Treasury notes	<u>1,255</u>	<u>-</u>	<u>1,255</u>
Total	\$ <u><u>6,321</u></u>	\$ <u><u>-</u></u>	\$ <u><u>6,321</u></u>

Credit Risk – Investments of Debt Securities

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligations. The Town does not have formal investment policies related to credit risk.

As of June 30, 2021, the credit quality ratings of the Town's debt securities are as follows (in thousands) (U.S. Treasury notes have an implied rating of AAA):

Investment Type	Amount	Rating as of Year End								
		AAA	AA2	AA3	A1	A2	A3	Baa1	Baa2	Unrated
Market linked certificates of deposit	\$ 648	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 648
Corporate bonds	2,783	-	-	126	149	332	284	1,228	664	-
Federal agency securities	576	576	-	-	-	-	-	-	-	-
Fixed income mutual funds	1,029	-	-	-	-	-	-	-	-	1,029
U.S. Treasury notes	1,255	1,255	-	-	-	-	-	-	-	-
Total	\$ 6,291	\$ 1,831	\$ -	\$ 126	\$ 149	\$ 332	\$ 284	\$ 1,228	\$ 664	\$ 1,677

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributable to the magnitude of the Town's investment in a single issuer. The Town places no limit on the amount invested in any one issuer. The Town does not have formal investment policies related to concentration of credit risk exposure. There were no individual investments that exceeded 5% of the Town's total investments as of June 30, 2021.

Interest Rate Risk – Investment of Debt Securities

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

Information about the sensitivity of the fair values of the Town's investments to market interest rate fluctuations is as follows (in thousands):

Investment Type	Amount	Investment Maturities (in Years)			
		Not Readily Available	Less Than 1	1-5	6-10
Marked linked certificates of deposits	\$ 648	\$ -	\$ 198	\$ 450	\$ -
Corporate bonds	2,783	-	256	2,527	-
Federal agency securities	576	-	-	437	139
Fixed income mutual funds	1,029	1,029	-	-	-
U.S. Treasury notes	1,255	-	635	620	-
Total	\$ 6,291	\$ 1,029	\$ 1,089	\$ 4,034	\$ 139

Foreign Currency Risk - Investments

Foreign currency risk is the risk that changes in foreign exchange rates will adversely affect the fair value of an investment. The Town does not have formal investment policies related to foreign currency risk.

As of June 30, 2021, the Town had no investments that were directly exposed to foreign currency risk.

Fair Value

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

The hierarchy is based on the valuation inputs used to measure the fair value of the asset and give the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The hierarchy categorizes the inputs to valuation techniques used for fair value measurement into three levels as follows:

- Level 1 – inputs that reflect quoted prices (unadjusted) in active markets for identical assets or liabilities that the fund has the ability to access at the measurement date.
- Level 2 – inputs other than quoted prices that are observable for an asset or liability either directly or indirectly, including inputs in markets that are not considered to be active. Because they must often be priced on the basis of transactions involving similar but not identical securities or do not trade with sufficient frequency, certain directly held securities are categorized as level 2.
- Level 3 – unobservable inputs based on the best information available, using assumptions in determining the fair value of investments and derivative instruments.

In instances where inputs used to measure fair value fall into different levels in the fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Town's OPEB Plan's assessment of the

significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

The Town has the following fair value measurements (in thousands) as of June 30, 2021:

		Fair Value Measurements Using:	
		Quoted prices in active markets for identical assets (Level 1)	Significant observable inputs (Level 2)
<u>Investment Type</u>	<u>Amount</u>		
Investments by fair value level:			
Market linked certificates of deposit	\$ 648	\$ -	\$ 648
Corporate bonds	2,783	-	2,783
Corporate equities	1,707	1,707	-
Federal agency securities	576	-	576
Fixed income mutual funds	1,029	-	1,029
U.S. Treasury notes	1,255	1,255	-
Total	\$ 7,998	\$ 2,962	\$ 5,036

Equity securities classified in Level 1 are valued using prices quoted in active markets for those securities.

Debt securities classified in Level 2 are valued using either a bid evaluation or a matrix pricing technique. Bid evaluations may include market quotations, yields, maturities, call features, and ratings. Matrix pricing is used to value securities based on the securities relationship to benchmark quote prices. Level 2 debt securities have non-proprietary information that was readily available to market participants, from multiple independent sources, which are known to be actively involved in the market.

4. Property Taxes and Excises Receivables

Real and personal property taxes are based on market values assessed as of each January 1. By law, all taxable property must be assessed at 100% of fair cash value. Also by law, property taxes must be levied at least 30 days prior to their due date. Once levied, these taxes are recorded as receivables, net of estimated uncollectible balances. Property tax revenues have been recorded using the accrual and modified accrual basis of accounting on the government-wide and fund basis statements accordingly.

The Town bills and collects its property taxes on a quarterly basis following the January 1 assessment. The due dates for those quarterly tax billings are August 1, November 1,

February 1, and May 1. Property taxes that remain unpaid after the respective due dates are subject to penalties and interest charges.

Based on the Town's experience, most property taxes are collected during the year in which they are assessed. Liening of properties on which taxes remain unpaid generally occurs annually. The Town ultimately has the right to foreclose on all properties where the taxes remain unpaid.

A statewide property tax limitation known as "Proposition 2 ½" limits the amount of increase in the property tax levy in any fiscal year. Generally, Proposition 2 ½ limits the total levy to an amount not greater than 2 ½% of the total assessed value of all taxable property within the Town. Secondly, the tax levy cannot increase by more than 2 ½ % of the prior year's levy plus the taxes on property newly added to the tax rolls.

Motor vehicle excise taxes are assessed annually for every motor vehicle and trailer registered in the Commonwealth. The Registry of Motor Vehicles annually calculates the value of all registered motor vehicles for the purpose of excise assessment. The amount of motor vehicle excise tax due is calculated using a fixed rate of \$25 per \$1,000 of value.

Property taxes and excise receivables at June 30, 2021 consist of the following:

	Gross Amount (fund basis)	Allowance for Doubtful Accounts	Current Portion	Long- Term Portion
Real estate taxes	\$ 438,795	\$ 43,880	\$ 394,915	\$ -
Personal property taxes	12,379	4,893	7,486	-
Tax liens	85,655	8,566	28,089	49,000
Deferred taxes	380,334	38,033	60,455	281,846
Taxes in litigation	58,779	58,779	-	-
Other	-	-	-	218,286
Total property taxes	<u>\$ 975,942</u>	<u>\$ 154,151</u>	<u>\$ 490,945</u>	<u>\$ 549,132</u>
Motor vehicle excise	<u>\$ 367,916</u>	<u>\$ 51,361</u>	<u>\$ 316,555</u>	
Total excises	<u>\$ 367,916</u>	<u>\$ 51,361</u>	<u>\$ 316,555</u>	

5. User Fee Receivables

Receivables for user charges and betterments at June 30, 2021 consist of the following:

	Gross <u>Amount</u>	Allowance for Doubtful <u>Accounts</u>	Net <u>Amount</u>
Emergency Medical Services	\$ 236,765	\$ 55,032	\$ 181,733
Total	<u>\$ 236,765</u>	<u>\$ 55,032</u>	<u>\$ 181,733</u>

6. Intergovernmental Receivables

This balance represents reimbursements requested from Federal and State agencies for expenditures incurred in fiscal 2021.

7. Interfund Accounts

Transfers

The Town reports interfund transfers between various funds. Most transfers result from budgetary or statutory actions, whereby funds are moved to accomplish various expenditure purposes. The following is an analysis of interfund transfers:

	<u>Transfers In</u>	<u>Transfers Out</u>
<u>Governmental Funds:</u>		
General fund	\$ 552,731	\$ 926,507
<u>Nonmajor Funds:</u>		
Special revenue:		
Receipts reserved fund	9,085	230,034
Revolving fund	1,970	278,970
School lunch	-	-
Town grants	-	5,190
Other	57,608	10,508
Capital project funds:		
Center Farm acquisition	94,000	-
Athletic fields project	-	31,591
Other	-	26,015
Permanent trust fund	-	30,000
Subtotal nonmajor funds	162,663	612,308
<u>Business-Type Funds:</u>		
Golf enterprise fund	823,421	-
Subtotal business-type funds	823,421	-
Total	<u>\$ 1,538,815</u>	<u>\$ 1,538,815</u>

Most transfers into the General Fund reflect annual transfers from various school revolving special revenue funds and receipts reserved as voted during the annual Town meeting. The majority of transfers out of the General Fund were to subsidize the Golf Course Enterprise fund debt service costs.

8. Capital Assets

Capital asset activity for the year ended June 30, 2021 was as follows (in thousands):

	Beginning <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	Ending <u>Balance</u>
Governmental Activities				
Capital assets, being depreciated:				
Land improvements	\$ 1,076	\$ -	\$ -	\$ 1,076
Buildings and improvements	103,915	203	-	104,118
Machinery, equipment, and furnishings	16,730	127	-	16,857
Infrastructure	<u>14,612</u>	<u>-</u>	<u>-</u>	<u>14,612</u>
Total capital assets, being depreciated	136,333	330	-	136,663
Less accumulated depreciation for:				
Land improvements	(890)	(22)	-	(912)
Buildings and improvements	(52,399)	(2,516)	-	(54,915)
Machinery, equipment, and furnishings	(14,572)	(565)	-	(15,137)
Infrastructure	<u>(4,999)</u>	<u>(380)</u>	<u>-</u>	<u>(5,379)</u>
Total accumulated depreciation	<u>(72,860)</u>	<u>(3,483)</u>	<u>-</u>	<u>(76,343)</u>
Capital assets, being depreciated, net	63,473	(3,153)	-	60,320
Capital assets, not being depreciated:				
Land	7,768	-	-	7,768
Construction in progress	<u>221</u>	<u>1,095</u>	<u>(203)</u>	<u>1,113</u>
Total capital assets, not being depreciated	<u>7,989</u>	<u>1,095</u>	<u>(203)</u>	<u>8,881</u>
Governmental activities capital assets, net	<u>\$ 71,462</u>	<u>\$ (2,058)</u>	<u>\$ (203)</u>	<u>\$ 69,201</u>

	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities				
Capital assets, being depreciated:				
Land improvements	\$ 161	\$ -	\$ -	\$ 161
Buildings and improvements	482	-	-	482
Machinery, equipment, and furnishings	<u>1,148</u>	<u>-</u>	<u>-</u>	<u>1,148</u>
Total capital assets, being depreciated	1,791	-	-	1,791
Less accumulated depreciation for:				
Land improvements	(38)	(7)	-	(45)
Buildings and improvements	(180)	(12)	-	(192)
Machinery, equipment, and furnishings	<u>(875)</u>	<u>(60)</u>	<u>-</u>	<u>(935)</u>
Total accumulated depreciation	<u>(1,093)</u>	<u>(79)</u>	<u>-</u>	<u>(1,172)</u>
Capital assets, being depreciated, net	698	(79)	-	619
Capital assets, not being depreciated:				
Land	12,587	-	-	12,587
Construction in progress	<u>263</u>	<u>-</u>	<u>(263)</u>	<u>-</u>
Total capital assets, not being depreciated	<u>12,850</u>	<u>-</u>	<u>(263)</u>	<u>12,587</u>
Business-type activities capital assets, net	\$ <u>13,548</u>	\$ <u>(79)</u>	\$ <u>(263)</u>	\$ <u>13,206</u>

Depreciation expense was charged to functions of the Town as follows (in thousands):

Governmental Activities	
General government	\$ 475
Public safety	198
Education	2,100
Public works	580
Health and human services	122
Culture and recreation	<u>8</u>
Total governmental activities	\$ <u>3,483</u>
Business-Type Activities	
Golf Course	\$ 19
Emergency Medical Services	<u>60</u>
Total business-type activities	\$ <u>79</u>

9. Deferred Outflows of Resources

Deferred outflows of resources represent the consumption of net position by the Town that is applicable to future reporting periods. Deferred outflows of resources have a positive effect on net position, similar to assets. Deferred outflows of resources related to pensions and OPEB, in accordance with GASB Statements No. 68 and 75, are more fully discussed in the corresponding pension and OPEB notes.

10. Notes Payable

The Town had the following notes outstanding at June 30, 2021:

<u>Purpose</u>	<u>Interest Rate</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Balance at 6/30/21</u>
Land acquisition	0.75%	06/04/21	06/03/22	\$ 94,000
Total				<u>\$ 94,000</u>

The following summarizes activity in notes payable during fiscal year 2021:

<u>Purpose</u>	<u>Balance Beginning of Year</u>	<u>Rollover</u>	<u>Paydown</u>	<u>Balance End of Year</u>
Land acquisition	\$ 188,000	\$ (94,000)	\$ (94,000)	\$ -
Land acquisition	<u>-</u>	<u>94,000</u>	<u>-</u>	<u>94,000</u>
Total	<u>\$ 188,000</u>	<u>\$ -</u>	<u>\$ (94,000)</u>	<u>\$ 94,000</u>

11. Other Current Liabilities

This balance consists primarily of various employee payroll withholdings.

12. Capital Lease Obligations

The Town is the lessee of certain equipment under a capital lease expiring in fiscal year 2022. Future minimum lease payments under the capital lease consist of the following as of June 30, 2021:

<u>Fiscal</u> <u>Year</u>	<u>Capital</u> <u>Leases</u>
2022	\$ 64,937
2023	96,145
2024	<u>65,618</u>
Total minimum lease payments	226,700
Less amounts representing interest	<u>(99,100)</u>
Present value of minimum lease payments	<u>\$ 127,600</u>

The following is an analysis for the leased assets included in capital assets as June 30, 2021:

	<u>Governmental</u> <u>Activities</u>
Machinery, vehicles and equipment	\$ 292,510
Less: accumulated depreciation	<u>(64,141)</u>
Equipment under capital leases, net	<u>\$ 228,369</u>

13. Long-Term Debt

General Obligation Bonds and Loans

The Town issues general obligation bonds and direct borrowings to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities. General obligation bonds and direct borrowings currently outstanding are as follows:

	Serial Maturities Through	Interest Rate(s) %	Amount Outstanding as of 6/30/21
<u>Governmental Activities</u>			
General obligation bonds:			
General obligation bonds	04/01/30	3.00-4.00%	\$ 1,070,000
School bonds	06/15/33	2.75%	1,525,000
Refunded senior center bonds	07/01/21	1.42%	105,000
Refunded school bonds	07/01/22	1.55%	1,155,000
Refunded school bonds	07/01/24	1.79%	2,175,000
Recreation	07/15/34	2.67%	3,035,000
Refunded capital bonds	02/15/24	2.00-5.00%	37,900
Refunded athletic facilities bond	02/15/33	2.00-5.00%	877,000
Elementary schools expansion bond	06/01/41	2.00-5.00%	<u>15,520,000</u>
Total general obligation bonds			25,499,900
Loans payable (direct borrowings):			
Septic (MWPAT)	07/15/32	0.00%	120,719
Septic (MWPAT)	01/15/33	0.00%	<u>151,704</u>
Total loans payable (direct borrowings)			<u>272,423</u>
Total Governmental Activities			<u>\$ 25,772,323</u>

	Serial Maturities Through	Interest Rate(s) %	Amount Outstanding as of 6/30/21
<u>Business-Type Activities</u>			
Golf fund general obligation bonds:			
Refunded golf course purchase	02/15/25	2-5%	\$ 804,400
Refunded golf course purchase	02/15/25	2-5%	<u>2,150,700</u>
Total golf fund general obligation bonds			<u>2,955,100</u>
Total Business-Type Activities			<u>\$ 2,955,100</u>

Future Debt Service

The annual payments to retire all general obligation long-term debt outstanding as of June 30, 2021 are as follows:

<u>Governmental</u>	<u>Bonds</u>		<u>Loans - Direct Borrowings</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2022	\$ 2,386,000	\$ 798,700	\$ 22,619	\$ -	\$ 3,207,319
2023	2,294,000	707,614	22,634	-	3,024,248
2024	1,724,900	630,451	22,649	-	2,378,000
2025	1,740,000	569,019	22,664	-	2,331,683
2026	1,250,000	514,019	22,679	-	1,786,698
2027	1,260,000	464,819	22,694	-	1,747,513
2028	1,295,000	414,694	22,709	-	1,732,403
2029	1,340,000	362,769	22,725	-	1,725,494
2030	1,380,000	308,894	22,740	-	1,711,634
2031	1,045,000	257,169	22,755	-	1,324,924
2032 - 2036	4,985,000	803,969	45,555	-	5,834,524
2037 - 2041	4,800,000	292,000	-	-	5,092,000
Total	\$ <u>25,499,900</u>	\$ <u>6,124,117</u>	\$ <u>272,423</u>	\$ <u>-</u>	\$ <u>31,896,440</u>

<u>Business-Type</u>	<u>Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2022	\$ 704,000	\$ 118,355	\$ 822,355
2023	721,000	89,155	810,155
2024	750,100	53,105	803,205
2025	<u>780,000</u>	<u>15,600</u>	<u>795,600</u>
Total	\$ <u>2,955,100</u>	\$ <u>276,215</u>	\$ <u>3,231,315</u>

Changes in General Long-Term Liabilities

During the year ended June 30, 2021, the following changes occurred in long-term liabilities (in thousands):

	Beginning <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	Ending <u>Balance</u>	Less Current <u>Portion</u>	Equals Long-Term <u>Portion</u>
Governmental Activities						
Bonds payable	\$ 11,873	\$ 15,520	\$ (1,893)	\$ 25,500	\$ (2,386)	\$ 23,114
Loans payable (direct borrowings)	295	-	(23)	272	(22)	250
Unamortized premium	<u>81</u>	<u>1,484</u>	<u>(82)</u>	<u>1,483</u>	<u>(82)</u>	<u>1,401</u>
Subtotal	12,249	17,004	(1,998)	27,255	(2,490)	24,765
Net pension liability	32,937	-	(2,211)	30,726	-	30,726
Net OPEB liability	102,229	4,531	-	106,760	-	106,760
Compensated absences	1,305	12	(145)	1,172	(398)	774
Capital leases	<u>67</u>	<u>127</u>	<u>(66)</u>	<u>128</u>	<u>(64)</u>	<u>64</u>
Totals	<u>\$ 148,787</u>	<u>\$ 21,674</u>	<u>\$ (4,420)</u>	<u>\$ 166,041</u>	<u>\$ (2,952)</u>	<u>\$ 163,089</u>
Business-Type Activities						
Bonds payable	\$ 3,667	\$ -	\$ (712)	\$ 2,955	\$ (704)	\$ 2,251
Unamortized premium	<u>215</u>	<u>-</u>	<u>(43)</u>	<u>172</u>	<u>(43)</u>	<u>129</u>
Totals	<u>\$ 3,882</u>	<u>\$ -</u>	<u>\$ (755)</u>	<u>\$ 3,127</u>	<u>\$ (747)</u>	<u>\$ 2,380</u>

Long-Term Debt Supporting Governmental and Business-Type Activities

General obligation bonds and loans issued by the Town for various municipal projects are approved by Town Meeting and repaid with revenues recorded in the General Fund. All other long-term debt is repaid from the General Fund.

14. Deferred Inflows of Resources

Deferred inflows of resources are the acquisition of net position by the Town that are applicable to future reporting periods. Deferred inflows of resources have a negative effect on net position, similar to liabilities. Deferred inflows of resources related to pension and OPEB will be recognized as expense in future years and is more fully described in the corresponding pension and OPEB notes. Unavailable revenues are reported in the governmental funds balance sheet in connection with receivables for which revenues are not considered available to liquidate liabilities of the current year.

15. Governmental Funds – Balances

Fund balances are segregated to account for resources that are either not available for expenditure in the future or are legally set aside for a specific future use.

The Town has implemented *GASB Statement No. 54 (GASB 54), Fund Balance Reporting and Governmental Fund Type Definitions*, which enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying existing governmental fund type definitions.

The following types of fund balances are reported at June 30, 2021:

Nonspendable

Represents amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. This fund balance includes nonmajor governmental fund reserves for the principal portion of permanent trust funds.

Restricted

Represents amounts that are restricted to specific purposes by constraints imposed by creditors, grantors, contributors, or laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation. This fund balance classification includes various special revenue, capital projects funded by borrowing, and the income portion of permanent trust funds.

Committed

Represents amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Town's highest level of decision-making authority. This fund balance classification includes General Fund encumbrances for non-lapsing, special article appropriations approved at Town Meeting, and a special purpose stabilization fund. The Town's stabilization account is authorized in accordance with Massachusetts General Law Chapter 40, section 5B. The creation of, appropriation into, and appropriation out of the stabilization account requires two-thirds approval at Town Meeting.

Assigned

Represents amounts that are constrained by the Town's intent to use these resources for a specific purpose. This fund balance classification includes General Fund encumbrances that have been established by various Town departments for the expenditure of current year budgetary financial resources upon vendor performance in the subsequent budgetary period, and General Fund surplus fund balance that has been appropriated as a funding source for the subsequent fiscal period. The Town follows an informal policy that permits the Town Administrator to assign fund balance amounts to specific purpose, although fund balance to be applied against a subsequent year's budget is voted by Town Meeting through formal warrant articles.

Unassigned

Represents amounts that are available to spend in future periods. This fund balance classification includes General Fund surplus fund balance, general and capital facility stabilization funds set aside by Town Meeting vote (now reported as part of the General Fund

per GASB 54), and various special revenue and capital project temporary deficit fund balances.

Following is a breakdown of the Town's fund balances at June 30, 2021:

	General Fund	Elementary Schools Expansion	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable				
Nonexpendable permanent funds:	\$ -	\$ -	\$ 969,700	\$ 969,700
Total Nonspendable	-	-	969,700	969,700
Restricted				
Special revenue funds:				
Sale of real estate	-	-	1,408,829	1,408,829
MWPAT septic-betterment				
loan/interest proceeds	-	-	291,496	291,496
Cable/PEG access gift	-	-	1,156,298	1,156,298
Community School support	-	-	463,100	463,100
Non-residential tuition revolving	-	-	198,560	198,560
Circuit breaker	-	-	578,121	578,121
Council on Aging activity	-	-	173,282	173,282
Other	-	-	1,554,152	1,554,152
Capital project funds	-	15,908,982	2,076	15,911,058
Expendable permanent funds	-	-	81,877	81,877
Total Restricted	-	15,908,982	5,907,791	21,816,773
Committed				
Article carryforwards				
General government	455,776	-	-	455,776
Public safety	241,654	-	-	241,654
Education	8,727	-	-	8,727
Public works	475,491	-	-	475,491
Health and human services	5,035	-	-	5,035
Culture and recreation	109	-	-	109
Recreation capital stabilization	441,360	-	-	441,360
Total Committed	1,628,152	-	-	1,628,152
Assigned				
Encumbered for:				
General government	37,681	-	-	37,681
Public safety	13,072	-	-	13,072
Education	277,103	-	-	277,103
Public works	199,844	-	-	199,844
Health and human services	286	-	-	286
Culture and recreation	27,946	-	-	27,946
Employee benefits	1,000	-	-	1,000
For next year's expenditures:				
Operating budget	60,000	-	-	60,000
Capital budget	892,537	-	-	892,537
Total Assigned	1,509,469	-	-	1,509,469
Unassigned				
General fund	3,825,056	-	-	3,825,056
General stabilization	2,377,826	-	-	2,377,826
Capital facilities stabilization	1,524,690	-	-	1,524,690
Special revenue fund deficits	-	-	(483,213)	(483,213)
Capital project fund deficits	-	-	(94,000)	(94,000)
Total Unassigned	7,727,572	-	(577,213)	7,150,359
Total Fund Balance	\$ 10,865,193	\$ 15,908,982	\$ 6,300,278	\$ 33,074,453

16. Essex Regional Retirement System

The Town follows the provisions of GASB Statement No. 68, Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27, with respect to the employees' retirement funds.

Plan Description

Substantially all Town employees (except teachers and administrators under contract employed by the School Department) are members of the Essex Regional Retirement System (the System), a cost-sharing, multiple-employer public employee retirement system (PERS). Eligible employees must participate in the System, which provides pension benefits, deferred allowances, and death and disability benefits. The System's authority is established by Chapter 32 of the Massachusetts General Laws, which also govern contribution percentages and benefits paid. The System's Board of Directors does not have the authority to amend benefit provisions. Additional information is disclosed in the System's annual financial reports, which are publicly available from the System's administrative offices located at 491 Maple Street, Suite 202, Danvers, Massachusetts 01923-4025. Reports are also available on the System's website at www.essexregional.com.

Participants Contributions

Participants contribute a set percentage of their gross regular compensation annually. Employee contribution percentages are specified in Chapter 32 of the Massachusetts General Laws. The employee's individual contribution percentage is determined by their date of entry into the system. In addition, all employees hired after January 1, 1979 contribute an additional 2% on all gross regular compensation over the rate of \$30,000 per year. The percentages are as follows:

Before January 1, 1975	5%
January 1, 1975 - December 31, 1983	7%
January 1, 1984 - June 30, 1996	8%
Beginning July 1, 1996	9%

For those members entering a Massachusetts System on or after April 2, 2012 in Group 1, the contribution rate will be reduced to 6% when at least 30 years of creditable service has been attained.

Participant Retirement Benefits

A retirement allowance consists of two parts: an annuity and a pension. A member's accumulated total deductions and a portion of the interest they generate constitute the annuity. The difference between the total retirement allowance and the annuity is the

pension. The average retirement benefit is approximately 80-85% pension and 15-20% annuity.

The System provides for retirement allowance benefits up to a maximum of 80% of a member's highest 3-year average annual rate of regular compensation for those hired prior to April 2, 2012 and the highest 5-year average annual rate of regular compensation for those first becoming members of the Massachusetts System on or after that date. However, per Chapter 176 of the Acts of 2011, for members who retire on or after April 2, 2012, if in the 5 years of creditable service immediately preceding retirement, the difference in the annual rate of regular compensation between any 2 consecutive years exceeds 100%, the normal yearly amount of the retirement allowance shall be based on the average annual rate of regular compensation received by the member during the period of 5 consecutive years preceding retirement. Benefit payments are based upon a member's age, length of creditable service, level of compensation, and group classification.

There are four classes of membership in the retirement system, but one of these classes, Group 3, is made up exclusively of the Massachusetts State Police. The other three classes are as follows:

- Group 1 – General employees, including clerical, administrative, technical, and all other employees not otherwise classified.
- Group 2 – Certain specified hazardous duty positions.
- Group 4 – Police officers, firefighters, and other specified hazardous positions.

A retirement allowance may be received at any age, upon attaining 20 years of service. The plan also provides for retirement at age 55 if the participant was a member prior to January 1, 1978, with no minimum vesting requirements. If the participant was a member on or after January 1, 1978 and a member of Groups 1 or 2, then a retirement allowance may be received if the participant (1) has at least 10 years of creditable service, (2) is age 55, (3) voluntarily left Town employment on or after that date, and (4) left accumulated annuity deductions in the fund. Members of Group 4 have no minimum vesting requirements, however, must be at least age 55. Groups 2 and 4 require that participants perform the duties of the Group position for at least 12 months immediately prior to retirement.

A participant who became a member on or after April 2, 2012 is eligible for a retirement allowance upon 10 years creditable service and reaching ages 60 or 55 for Groups 1 and 2, respectively. Participants in Group 4 must be at least age 55. Groups 2 and 4 require that participants perform the duties of the Group position for at least 12 months immediately prior to retirement.

Methods of Payment

A member may elect to receive his or her retirement allowance in one of three forms of payment as follows:

- Option A – Total annual allowance, payable in monthly installments, commencing at retirement and terminating at the member's death.
- Option B – A reduced annual allowance, payable in monthly installments, commencing at retirement and terminating at the death of the member, provided however, that if the total amount of the annuity portion received by the member is less than the amount of his or her accumulated deductions, including interest, the difference or balance of his accumulated deductions will be paid in a lump sum to the retiree's beneficiary or beneficiaries of choice.
- Option C – A reduced annual allowance, payable in monthly installments, commencing at retirement. At the death of the retired employee, 2/3 of the allowance is payable to the member's designated beneficiary (who may be the spouse, or former spouse who has not remarried, child, parent, sister, or brother of the employee) for the life of the beneficiary. For members who retired on or after January 12, 1988, if the beneficiary pre-deceases the retiree, the benefit payable increases (or "pops up" to Option A) based on the factor used to determine the Option C benefit at retirement. For members who retired prior to January 12, 1988, if the System has accepted Section 288 of Chapter 194 of the Acts of 1998 and the beneficiary pre-deceases the retiree, the benefit payable "pops up" to Option A in the same fashion. The Option C became available to accidental disability retirees on November 7, 1996.

Participant Refunds

Employees who resign from service and who are not eligible to receive a retirement allowance are entitled to request a refund of their accumulated total deductions. Members voluntarily withdrawing with at least 10 years of service or involuntarily withdrawing, receive 100% of the regular interest that has accrued on those accumulated total deductions. Members voluntarily withdrawing with less than 10 years of service get credited interest each year at a rate of 3%.

Employer Contributions

Employers are required to contribute at actuarially determined rates as accepted by the Public Employee Retirement Administration Commission (PERAC).

The Town's contribution to the System for the year ended June 30, 2021 was \$2,988,778, which was equal to its annual required contribution.

Summary of Significant Accounting Policies

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

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

At June 30, 2021, the Town reported a liability of \$30,725,902 for its proportionate share of the System's net pension liability. The net pension liability was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2020. The Town's proportion of the net pension liability was based on an actuarially determined projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers. At December 31, 2020, the Town's proportion was 7.741%.

For the year ended June 30, 2021, the Town recognized pension expense of \$3,091,910. In addition, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Differences between expected and actual experience	\$ 3,357	\$ 26,345
Changes of assumptions	2,055,511	-
Net difference between projected and actual earnings on pension plan investments	-	2,286,023
Changes in proportion and differences between employer contributions and proportionate share of contributions	<u>346,172</u>	<u>1,000,440</u>
Total	<u>\$ 2,405,040</u>	<u>\$ 3,312,808</u>

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

Year ended June 30:	
2022	\$ 46,531
2023	162,669
2024	(696,624)
2025	<u>(420,344)</u>
Total	\$ <u>(907,768)</u>

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of January 1, 2020, using the following actuarial assumptions:

Valuation Date	January 1, 2020
Actuarial cost method	Entry Age
Actuarial assumptions:	
Investment rate of return	7.30%
Projected salary increases	Based on years of service, ranging from 7.50% at 0 years of service decreasing to 3.75% after 5 years of service.
Inflation rate	2.75%
Post-retirement cost-of-living adjustment	2% of first \$14,000 for fiscal year 2021 and 3% of first \$14,000 thereafter

Mortality rates for pre-retirement were based on the RP-2014 Employee Mortality Table projected generationally with Scale MP-2019, RP-2014 Healthy Annuitant Mortality Table projected generationally with Scale MP-2019, and RP-2014 Healthy Annuitant Mortality Table set forward two years projected generationally with Scale MP-2019.

Target Allocations

The long-term expected rate of return on pension plan investments was selected from a best estimate range determined using the building block approach. Under this method, an expected future real return range (expected returns, net of pension plan investment expense and inflation) is calculated separately for each asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return net of investment expenses by the target asset allocation percentage and by adding

expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major class are summarized in the table on the following page.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Domestic equity	23.10%	6.40%
International developed markets equity	14.40%	6.60%
International emerging markets equity	5.80%	8.40%
Core fixed income	15.80%	2.70%
Value added fixed income	7.40%	6.20%
Private equity	12.40%	10.20%
Real estate	8.30%	6.00%
Timberland	3.30%	6.60%
Hedge fund, PCS	8.80%	5.20%
Liquidating portfolios	0.10%	0.00%
Private equity	<u>0.60%</u>	0.00%
Total	<u>100.00%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 7.30%. The projection of cash flows used to determine the discount rate assumed that the plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments to current active and inactive 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 Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.30%, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate:

1% Decrease (6.30%)	Current Discount Rate (7.30%)	1% Increase (8.30%)
\$ 39,343,252	\$ 30,725,902	\$ 23,482,941

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the System's separately issued financial report.

17. Massachusetts Teachers' Retirement System (MTRS)

Plan Description

The Massachusetts Teachers' Retirement System (MTRS) is a public employee retirement system (PERS) that administers a cost-sharing multi-employer defined benefit plan, as defined in Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans*. MTRS is managed by the Commonwealth on behalf of municipal teachers and municipal teacher retirees. The Commonwealth is a nonemployer contributor and is responsible for all 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 does not issue a stand-alone audited financial report.

Management of MTRS is vested in the Massachusetts Teachers' Retirement Board (MTRB), which consists of seven members—two elected by the MTRS members, one who is chosen by the six other MTRB members, the State Treasurer (or their designee), the State Auditor (or their designee), a member appointed by the Governor, and the Commissioner of Education (or their designee), who serves ex-officio as the Chairman of the MTRB.

Benefits Provided

MTRS provides retirement, disability, survivor, and death benefits to members and their beneficiaries. Massachusetts General Laws (MGL) establishes uniform benefit and contribution requirements for all contributory PERS. These requirements provide for superannuation retirement allowance benefits up to a maximum of 80% of a member's highest 3-year average annual rate of regular compensation. For employees hired after April 1, 2012, retirement allowances are calculated on the basis of the last 5 years or any 5 consecutive years, whichever is greater in terms of compensation. Benefit payments are based upon a member's age, length of creditable service, group creditable service, and group classification. The authority for amending these provisions rests with the State Legislature.

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

MTRS funding policies have been established by Chapter 32 of the MGL and the State Legislature has the authority to amend these policies. The annuity portion of the MTRS retirement allowance is funded by employees, who contribute a percentage of their regular compensation. Costs of administering the plan are funded out of plan assets.

Contributions

Member contributions to MTRS vary depending on the most recent date of membership:

<u>Membership Date</u>	<u>% of Compensation</u>
Prior to 1975	5% of regular compensation
1975 to 1983	7% of regular compensation
1984 to 6/30/1996	8% of regular compensation
7/1/1996 to present	9% of regular compensation
7/1/2001 to present	11% of regular compensation (for teachers hired after 7/1/01 and those accepting provisions of Chapter 114 of the Acts of 2000)
1979 to present	An additional 2% of regular compensation in excess of \$30,000

Actuarial Assumptions

The total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of January 1, 2020 rolled forward to June 30, 2020. This valuation used the following assumptions:

- (a) 7.15% (changed from 7.25%) investment rate of return, (b) 3.50% interest rate credited to the annuity savings fund and (c) 3.00% cost of living increase on the first \$13,000 per year.
- Salary increases are based on analyses of past experience but range from 4.00% to 7.50% depending on length of service.
- Experience study is dated July 21, 2014 and encompasses the period January 1, 2006 to December 31, 2011, updated to reflect post-employment mortality through January 1, 2017.
- Mortality rates were as follows:
 - Pre-retirement – reflects Pub-2010 Teachers Employees mortality table (headcount weighted) projected generationally with Scale MP-2018 (gender distinct).
 - Post-retirement – reflects Pub-2010 Teachers Retirees mortality table (headcount weighted) projected generationally with Scale MP-2018 (gender distinct).

- Disability – assumed to be in accordance with the Pub-2010 Teachers Retiree Mortality Table (headcount weighted) projected generationally with Scale MP-2018 (gender distinct).

Target Allocations

Investment assets of the MTRS are with the Pension Reserves Investment Trust (PRIT) Fund. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage. Best estimates of geometric rates of return for each major asset class included in the PRIT Fund's target asset allocation as of June 30, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global equity	39.00%	4.80%
Core fixed income	15.00%	0.70%
Private equity	13.00%	8.20%
Portfolio completion strategies	11.00%	3.20%
Real estate	10.00%	3.50%
Value added fixed income	8.00%	4.20%
Timber/natural resources	<u>4.00%</u>	4.10%
Total	<u><u>100.00%</u></u>	

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

Sensitivity Analysis

The following illustrates the sensitivity of the collective net pension liability to changes in the discount rate. In particular, the table presents the MTRS collective net pension liability

assuming it was calculated using a single discount rate that is one-percentage-point lower or one-percentage-point higher than the current discount rate (amounts in thousands):

1% Decrease <u>(6.15%)</u>	Current Discount Rate <u>(7.15%)</u>	1% Increase <u>(8.15%)</u>
\$ 35,411,955	\$ 28,544,844	\$ 22,908,510

Special Funding Situation

The Commonwealth is a nonemployer contributor and is required by statute to make all actuarially determined employer contributions on behalf of the member employers. Therefore, these employers are considered to be in a special funding situation as defined by GASB Statements No. 68, Accounting and Financial Reporting for Pensions (GASB 68), and the Commonwealth is a nonemployer contributing entity in MTRS. Since the employers do not contribute directly to MTRS, there is no net pension liability to recognize for each employer.

Town Proportions

In fiscal year 2020 (the most recent measurement period), the Town's proportionate share of the MTRS' collective net pension liability was approximately \$70,253,620 based on a proportionate share of 0.246117%. As required by GASB 68, the Town has recognized its portion of the Commonwealth's contribution of approximately \$3,823,258 as both a revenue and expenditure in the General Fund, and its portion of the collective pension expense of an additional \$4,854,071 as both a revenue and expense in the governmental activities.

18. Other Post-Employment Benefits (GASB 74 and GASB 75)

GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB), replaces the requirements of Statement No. 43, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans. This applies if a trust fund has been established to fund future OPEB costs. In fiscal year 2010, the Town established a single employer defined benefit OPEB Trust Fund to provide funding for future employee health care costs. The OPEB Trust Fund does not issue a stand-alone financial report.

GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, replaces the requirements of Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions. The Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. This Statement identifies the methods and assumptions that are required to be used to project benefit

payments, discounted projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

All the following OPEB disclosures are based on a measurement date of June 30, 2021.

General Information about the OPEB Plan

Plan Description

The Town provides post-employment healthcare benefits for retired employees through the Town's plan. The Town provides health insurance coverage through Group Insurance Commission (GIC). The benefits, benefit levels, employee contributions, and employer contributions are governed by Chapter 32 of the Massachusetts General Laws.

Benefits Provided

The Town provides medical and prescription drug insurance to retirees and their covered dependents. All active employees who retire from the Town and meet the eligibility criteria will receive these benefits.

Funding Policy

The Town's funding policy includes financing the implicit subsidy on a pay-as-you-go basis, as required by statute. Additional contributions are based on annual budget limitations/authorizations.

Plan Membership

At June 30, 2021, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries	
currently receiving benefit payments	348
Active employees	<u>314</u>
Total	<u><u>662</u></u>

Investments

The OPEB trust fund assets consist of corporate equities and fixed income mutual funds.

Rate of return. For the year ended June 30, 2021, the annual money-weighted rate of return on investments, net of investment expense, was 25.31%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Actuarial Assumptions and Other Inputs

The net OPEB liability was determined by an actuarial valuation as of July 1, 2021, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Salary increases	3.00%
Investment rate of return	7.00%
Municipal bond rate	1.92%
Discount rate	1.92% (previously 2.45%)
Healthcare cost trend rates	5.40% per year graded down by the Getzen model to an ultimate rate of 4.04% per year.
Retirees' share of benefit-related costs	Varies based on plan; 15% HMO plans, 25% PPO plans, 50% indemnity plans, and 15% Medicare plans
Participation rate	95%

Mortality rates were based on the 2010 Public Sector Retirement Plans Mortality table for general employee populations with MP-2021 mortality improvement scale.

Target Allocations

Long-term expected real rate of return information is not applicable because the OPEB Trust Fund is substantially underfunded and the OPEB plan uses the municipal bond rate for a discount rate. Target asset allocation as of June 30, 2021 is summarized in the following table.

<u>Asset Class</u>	<u>Target Asset Allocation</u>
Equity	56.86%
Fixed income	34.82%
Alternatives	8.14%
Cash	<u>0.18%</u>
Total	<u><u>100.00%</u></u>

Contributions

In addition to the implicit subsidy contribution, the Town's policy is to contribute various amounts provided annually by the budget. In recent years, the contributions (above the implicit subsidy) have approximated \$100,000 annually.

Discount Rate

The discount rate used to measure the net OPEB liability was 1.92%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate.

Based on those assumptions, the OPEB plan fiduciary net position was not projected to be available to make all projected future benefit payments of current plan members. As a result, the municipal bond rate of 1.92% was used for the discount rate. The municipal bond rate was based on the Fidelity GO AA 20-year index.

Net OPEB Liability

The components of the net OPEB liability, measured as of June 30, 2021, were as follows:

Total OPEB liability	\$ 108,690,679
Plan fiduciary net position	<u>1,930,631</u>
Net OPEB liability	<u>\$ 106,760,048</u>
Plan fiduciary net position as a percentage of the total OPEB liability	1.78%

The fiduciary net position has been determined on the same basis used by the OPEB Plan. For this purpose, the Plan recognizes benefit payments when due and payable.

Changes in the Net OPEB Liability

The following summarizes the changes in the net OPEB liability for the past year:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances, beginning of year	\$ 103,681,115	\$ 1,451,914	\$ 102,229,201
Changes for the year:			
Service cost	5,583,788	-	5,583,788
Interest	2,512,709	-	2,512,709
Contributions - employer	-	2,333,429	(2,333,429)
Net investment income	-	380,145	(380,145)
Differences between expected and actual experience	(10,695,549)	-	(10,695,549)
Changes in assumptions or other inputs	9,843,473	-	9,843,473
Benefit payments	<u>(2,234,857)</u>	<u>(2,234,857)</u>	<u>-</u>
Net Changes	<u>5,009,564</u>	<u>478,717</u>	<u>4,530,847</u>
Balances, end of year	<u>\$ 108,690,679</u>	<u>\$ 1,930,631</u>	<u>\$ 106,760,048</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 2.45% in 2020 to 1.92% in 2021.

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

The following presents the net OPEB liability, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current discount rate:

1% Decrease (0.92%)	Current Discount Rate (1.92%)	1% Increase (2.92%)
\$ 129,561,698	\$ 106,760,048	\$ 89,042,923

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

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

1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
<u>(3.04%)</u>	<u>(4.04%)</u>	<u>(5.04%)</u>
\$ 86,139,708	\$ 106,760,048	\$ 134,676,405

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

For the year ended June 30, 2021, the Town recognized an OPEB expense of \$8,162,764. At June 30, 2021, the Town reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Difference between expected and actual experience	\$ 75,229	\$ 14,024,593
Change in assumptions	24,864,257	5,739,190
Net difference between projected and actual OPEB investment earnings	<u>-</u>	<u>176,175</u>
Total	<u>\$ 24,939,486</u>	<u>\$ 19,939,958</u>

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

<u>Year Ended June 30:</u>		
2022	\$	175,693
2023		173,395
2024		171,225
2025		1,066,897
2026		2,021,503
Thereafter		<u>1,390,815</u>
Total	\$	<u><u>4,999,528</u></u>

19. **Change in Accounting Principle**

During fiscal year 2021, the Town adopted Governmental Accounting Standards Board (GASB) Statement No. 84, Fiduciary Activities. This required moving certain items previously reported as an agency fund to the special revenue funds. A restatement of beginning fund balance was required. See Note 22 for disclosure of the restatement.

20. **Subsequent Events**

Management has evaluated subsequent events through December 14, 2021, which is the date of the financial statements were available to be issued.

Debt

Subsequent to June 30, 2021, the Town has incurred the following additional debt:

	<u>Amount</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>
Energy savings capital lease	\$ 5,690,060	2.23%	09/02/21	09/02/41

21. **Commitments and Contingencies**

Outstanding Legal Issues

On an ongoing basis, there are typically pending legal issues in which the Town is involved. The Town's management is of the opinion that the potential future settlement of these issues would not materially affect its financial statements taken as a whole.

Grants

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount of expenditures which may be disallowed by the grantor cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial.

Encumbrances

At year-end the Town's General Fund has \$556,932 in encumbrances that will be honored in the next fiscal year.

COVID-19

The COVID-19 outbreak in the United States (and across the globe) has resulted in economic uncertainties. There is considerable uncertainty around the duration and scope of the economic disruption. The extent of the impact of COVID-19 on our operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on individuals served by the Town, employees, and vendors, all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact our financial condition or results of operations is uncertain.

22. Beginning Net Position and Fund Balance Restatement

The beginning (July 1, 2020) net position and fund balance of the Town has been restated as follows:

Government-Wide Financial Statements:

	<u>Governmental Activities</u>
As previously reported	\$ (51,757,469)
Implementation of GASB 84	<u>(93,924)</u>
As restated	\$ <u><u>(51,851,393)</u></u>

Fund Basis Financial Statements:

	<u>Nonmajor Governmental Funds</u>	
	<u>Receipts Reserved</u>	<u>Total</u>
As previously reported	\$ 2,847,228	\$ 3,209,061
Major fund in prior fiscal year	(2,847,228)	2,847,228
Implementation of GASB 84	<u>-</u>	<u>(93,924)</u>
As restated	\$ <u><u>-</u></u>	\$ <u><u>5,962,365</u></u>

23. New Pronouncements

The Governmental Accounting Standards Board (GASB) has issued Statement No. 87, Leases, effective for the Town beginning with its fiscal year ending June 30, 2022. This statement establishes new reporting and disclosure requirements, including the recording of various operating leases in the financial statements. Management has not evaluated the effect this standard will have on the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION



The Town remembers the 20th anniversary of the September 11, 2001 attacks in a solemn moving ceremony. – Photos courtesy of Rob Dolan

TOWN OF LYNNFIELD, MASSACHUSETTS

Required Supplementary Information
Schedule of Proportionate Share of the Net Pension Liability

(Unaudited)

Essex Regional Retirement System						
<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Proportion of the Net Pension Liability</u>	<u>Proportionate Share of the Net Pension Liability</u>	<u>Covered Payroll</u>	<u>Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position Percentage of the Total Pension Liability</u>
June 30, 2021	December 31, 2020	7.741%	\$30,725,902	\$ 11,273,319	272.55%	59.73%
June 30, 2020	December 31, 2019	7.818%	\$32,936,686	\$ 10,850,279	303.56%	55.46%
June 30, 2019	December 31, 2018	8.176%	\$30,725,902	\$ 10,944,608	280.74%	51.89%
June 30, 2018	December 31, 2017	7.993%	\$30,083,690	\$ 10,519,886	285.97%	55.40%
June 30, 2017	December 31, 2016	7.955%	\$30,649,501	\$ 10,794,272	283.94%	51.12%
June 30, 2016	December 31, 2015	8.020%	\$29,141,294	\$ 9,961,467	292.54%	51.01%
June 30, 2015	December 31, 2014	7.907%	\$26,824,501	\$ 9,568,326	280.35%	52.27%

Massachusetts Teachers' Retirement System								
<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Proportion of the Net Pension Liability</u>	<u>Proportionate Share of the Net Pension Liability</u>	<u>Commonwealth of Massachusetts' Total Proportionate Share of the Net Pension Liability Associated with the Town</u>	<u>Total Net Pension Liability Associated with the Town</u>	<u>Covered Payroll</u>	<u>Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position Percentage of the Total Pension Liability</u>
June 30, 2021	June 30, 2020	0.246117%	\$ -	\$ 70,253,620	\$ 70,253,620	\$ 18,657,251	-	50.67%
June 30, 2020	June 30, 2019	0.250719%	\$ -	\$ 63,216,300	\$ 63,216,300	\$ 18,220,901	-	53.95%
June 30, 2019	June 30, 2018	0.251846%	\$ -	\$ 59,715,836	\$ 59,715,836	\$ 17,879,533	-	54.84%
June 30, 2019	June 30, 2018	0.251846%	\$ -	\$ 59,715,836	\$ 59,715,836	\$ 17,879,533	-	54.84%
June 30, 2018	June 30, 2017	0.249970%	\$ -	\$ 57,212,889	\$ 57,212,889	\$ 16,960,942	-	54.25%
June 30, 2017	June 30, 2016	0.249821%	\$ -	\$ 55,854,804	\$ 55,854,804	\$ 16,429,324	-	52.73%
June 30, 2016	June 30, 2015	0.253662%	\$ -	\$ 51,974,513	\$ 51,974,513	\$ 16,096,692	-	55.38%
June 30, 2015	June 30, 2014	0.251726%	\$ -	\$ 40,015,290	\$ 40,015,290	\$ 15,439,861	-	61.64%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See notes to the Town's financial statements for summary of significant actuarial methods and assumptions.

See Independent Auditors' Report.

TOWN OF LYNNFIELD, MASSACHUSETTS

Required Supplementary Information
Schedule of Pension Contributions

(Unaudited)

Essex Regional Retirement System						
<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to the Contractually Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
June 30, 2021	December 31, 2020	\$ 2,988,778	\$ 2,988,778	\$ -	\$ 12,005,398	24.90%
June 30, 2020	December 31, 2019	\$ 2,950,357	\$ 2,950,357	\$ -	\$ 11,380,595	25.92%
June 30, 2019	December 31, 2018	\$ 2,864,069	\$ 2,864,069	\$ -	\$ 10,787,014	26.55%
June 30, 2018	December 31, 2017	\$ 2,609,984	\$ 2,609,984	\$ -	\$ 10,987,525	23.75%
June 30, 2017	December 31, 2016	\$ 2,418,319	\$ 2,418,319	\$ -	\$ 10,665,375	22.67%
June 30, 2016	December 31, 2015	\$ 2,308,330	\$ 2,308,330	\$ -	\$ 10,307,958	22.39%
June 30, 2015	December 31, 2014	\$ 2,118,002	\$ 2,118,002	\$ -	\$ 9,803,623	22.14%

Massachusetts Teachers' Retirement System						
<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Contractually Required Contribution Provided by Commonwealth</u>	<u>Contributions in Relation to the Contractually Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
June 30, 2021	June 30, 2020	\$ 3,823,258	\$ 3,823,258	\$ -	\$ 19,250,864	19.86%
June 30, 2020	June 30, 2019	\$ 3,619,653	\$ 3,619,653	\$ -	\$ 18,657,251	19.40%
June 30, 2019	June 30, 2018	\$ 3,311,223	\$ 3,311,223	\$ -	\$ 18,220,901	18.17%
June 30, 2018	June 30, 2017	\$ 3,088,756	\$ 3,088,756	\$ -	\$ 17,879,533	17.28%
June 30, 2017	June 30, 2016	\$ 2,809,445	\$ 2,809,445	\$ -	\$ 16,960,942	16.56%
June 30, 2016	June 30, 2015	\$ 2,592,252	\$ 2,592,252	\$ -	\$ 16,429,324	15.78%
June 30, 2015	June 30, 2014	\$ 2,359,629	\$ 2,359,629	\$ -	\$ 16,096,692	14.66%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See notes to the Town's financial statements for summary of significant actuarial methods and assumptions.

See Independent Auditors' Report.

TOWN OF LYNNFIELD, MASSACHUSETTS

Required Supplementary Information
Other Post-Employment Benefits (OPEB)
Schedule of Changes in Net OPEB Liability

(Unaudited)

	2021	2020	2019	2018	2017
Total OPEB Liability					
Service cost	\$ 5,583,788	\$ 4,581,138	\$ 3,976,612	\$ 4,033,881	\$ 4,972,243
Interest	2,512,709	2,602,608	2,507,008	2,655,790	2,370,457
Differences between expected and actual experience	(10,695,549)	90,630	(6,693,135)	15,920	(1,459,126)
Changes of assumptions	9,843,473	14,265,450	9,151,494	(3,144,633)	(10,371,124)
Benefit payments, including refunds of member contributions	<u>(2,234,857)</u>	<u>(2,061,658)</u>	<u>(1,958,373)</u>	<u>(1,999,825)</u>	<u>(2,001,110)</u>
Net change in total OPEB liability	5,009,564	19,478,168	6,983,606	1,561,133	(6,488,660)
Total OPEB liability - beginning	<u>103,681,115</u>	<u>84,202,947</u>	<u>77,219,341</u>	<u>75,658,208</u>	<u>82,146,868</u>
Total OPEB liability - ending (a)	108,690,679	103,681,115	84,202,947	77,219,341	75,658,208
Plan Fiduciary Net Position					
Contributions - employer	2,333,429	2,211,658	2,158,373	2,299,825	2,201,110
Net investment income	380,145	45,886	74,949	46,138	33,055
Benefit payments, including refunds of member contributions	<u>(2,234,857)</u>	<u>(2,061,658)</u>	<u>(1,958,373)</u>	<u>(1,999,825)</u>	<u>(2,001,110)</u>
Net change in plan fiduciary net position	478,717	195,886	274,949	346,138	233,055
Plan fiduciary net position - beginning	<u>1,451,914</u>	<u>1,256,028</u>	<u>981,079</u>	<u>634,941</u>	<u>401,886</u>
Plan fiduciary net position - ending (b)	<u>1,930,631</u>	<u>1,451,914</u>	<u>1,256,028</u>	<u>981,079</u>	<u>634,941</u>
Net OPEB liability (asset) - ending (a-b)	<u>\$ 106,760,048</u>	<u>\$ 102,229,201</u>	<u>\$ 82,946,919</u>	<u>\$ 76,238,262</u>	<u>\$ 75,023,267</u>

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See notes to the Town's financial statements for summary of significant actuarial methods and assumptions.

See Independent Auditors' Report.

TOWN OF LYNNFIELD, MASSACHUSETTS

Required Supplementary Information
Other Post-Employment Benefits (OPEB)
Schedule of Net OPEB Liability, Contributions, and Investment Returns

(Unaudited)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Schedule of Net OPEB Liability					
Total OPEB liability	\$ 108,690,679	\$ 103,681,115	\$ 84,202,947	\$ 77,219,341	\$ 75,658,208
Plan fiduciary net position	<u>1,930,631</u>	<u>1,451,914</u>	<u>1,256,028</u>	<u>981,079</u>	<u>634,941</u>
Net OPEB liability (asset)	<u>\$ 106,760,048</u>	<u>\$ 102,229,201</u>	<u>\$ 82,946,919</u>	<u>\$ 76,238,262</u>	<u>\$ 75,023,267</u>
Plan fiduciary net position as a percentage of the total OPEB liability	1.78%	1.40%	1.49%	1.27%	0.84%
Covered employee payroll *	\$ 22,115,965	\$ 22,036,000	\$ 21,394,304	\$ 18,958,000	\$ 18,405,817
Participating employer net OPEB liability as a percentage of covered employee payroll	482.73%	463.92%	387.71%	402.14%	407.61%
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Schedule of Contributions					
Actuarially determined contribution	\$ 10,435,554	\$ 8,884,396	\$ 7,794,911	\$ 8,143,717	\$ 1,784,927
Contributions in relation to the actuarially determined contribution	<u>2,333,429</u>	<u>2,211,658</u>	<u>2,158,373</u>	<u>2,299,825</u>	<u>2,201,110</u>
Contribution deficiency (excess)	<u>\$ 8,102,125</u>	<u>\$ 6,672,738</u>	<u>\$ 5,636,538</u>	<u>\$ 5,843,892</u>	<u>\$ (416,183)</u>
Covered employee payroll *	\$ 22,115,965	\$ 22,036,000	\$ 21,394,304	\$ 18,958,000	\$ 18,405,817
Contributions as a percentage of covered employee payroll	10.55%	10.04%	10.09%	12.13%	11.96%
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Schedule of Investment Returns					
Annual money weighted rate of return, net of investment expense	25.31%	3.36%	7.03%	5.88%	6.59%

* Contributions to the Other Post-Employment Benefits Trust Fund are not based on a measure of pay, therefore, covered employee payroll is presented in the above schedules.

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See notes to the Town's financial statements for summary of significant actuarial methods and assumptions.

See Independent Auditors' Report.

**SUPPLEMENTARY STATEMENTS
AND DETAIL SCHEDULES**

GENERAL FUND

The General Fund is established to account for all resources obtained and used for those services commonly provided by the Town, which are not accounted for in any other fund. These services include among other items: general government services, public safety, education, public works, health and human services, and culture and recreation. The primary sources of revenue of the General Fund are: property taxes, excise taxes, unrestricted state revenue sharing grants, certain restricted grants and fees for services rendered.

TOWN OF LYNNFIELD, MASSACHUSETTS

General Fund
Detail Schedule of Expenditures and Other Financing Uses - Budget and Actual
For the Year Ended June 30, 2021

	Original <u>Budget</u>	Final <u>Budget</u>	Actual <u>(Budgetary Basis)</u>	Variance Positive <u>(Negative)</u>
General Government				
Selectmen				
Selectmen's Salaries	\$ 2,250	\$ 2,250	\$ 1,437	\$ 813
Town Administrator's Salary	179,901	188,699	188,699	-
Administrative Salary	97,383	100,458	97,983	2,475
Professional Services	91,050	91,050	84,969	6,081
Pay Rate Increase Fund	100,000	6,181	-	6,181
Property and Liability Insurance	701,470	674,470	487,061	187,409
Other Expenses	24,500	24,500	13,914	10,586
Cable				
Cable Access Salaries	114,419	115,093	115,093	-
Cable Access Expense	35,010	35,821	35,821	-
Cable Access Capital	18,000	30,772	30,772	-
Town Accountant				
Accountant's Salary	128,058	134,058	133,570	488
Clerical Salary	63,758	63,758	61,533	2,225
Expenses	5,300	5,300	2,669	2,631
Town Counsel				
Professional Services	75,000	120,000	106,529	13,471
Expenses Law Books	3,500	3,500	2,473	1,027
Operations Support				
Salaries	76,172	76,172	62,527	13,645
Expenses	48,400	48,400	29,738	18,662
Information Systems				
Salaries	2,500	3,750	3,523	227
Expenses	261,969	261,969	231,755	30,214
Tax Collector				
Collector Expenses	21,050	21,050	9,941	11,109
Senior Tax Work-Off Program	9,000	1,038	1,037	1
Treasurer				
Treasurer's Salaries	209,695	236,669	236,658	11
Treasurer's Expenses	28,740	28,740	25,674	3,066
Town Clerk				
Town Clerk Salaries	137,930	141,126	141,009	117
Clerk Expenses	50,265	80,265	62,070	18,195
Board of Assessors				
Board Salaries	11,500	11,500	11,200	300
Other Salaries	154,338	160,392	147,750	12,642
Professional Services	45,935	45,935	45,228	707
Assessment Update	8,200	8,200	8,200	-
Expenses	11,970	12,122	7,758	4,364
Board of Appeals				
Expenses	2,741	6,741	3,559	3,182
Conservation Commission				
Salaries	155,206	162,679	160,844	1,835
Expenses	10,704	10,704	9,166	1,538
Professional Services	1,545	1,545	1,545	-
Open Space	1,545	1,545	886	659
Personnel Board				
Salary	1,874	1,874	-	1,874
Professional Services	2,870	2,870	650	2,220
Expenses	330	330	-	330
Finance Committee				
Salary	3,000	3,000	2,352	648
Expenses	420	420	362	58
Finance Committee Report	2,500	2,500	-	2,500
Reserve Fund	45,000	31,833	-	31,833
Total General Government	2,944,998	2,959,279	2,565,955	393,324

(continued)

(continued)

	Original <u>Budget</u>	Final <u>Budget</u>	Actual <u>(Budgetary Basis)</u>	Variance Positive <u>(Negative)</u>
Public Safety				
Police				
Chief's Salary (including holidays)	204,901	276,939	276,939	-
Other Salaries (including holidays)	2,355,963	2,337,463	2,292,415	45,048
Officers' Overtime	401,865	576,865	536,663	40,202
Officers Training	135,637	135,637	135,637	-
Other Expenses	230,525	240,525	238,066	2,459
Fire				
Chief's Salary (including holidays)	137,025	144,125	144,076	49
Full-time Salaries (including holidays)	901,365	901,365	882,536	18,829
Call Dept. Salaries	495,839	495,839	469,065	26,774
Fire Alarm Salaries	15,233	16,818	16,818	-
Fire Dept. Expenses	116,869	130,036	123,260	6,776
Fire Alarm Expenses	14,002	14,002	14,002	-
Division of Zoning & Inspection				
Other Salaries	216,009	216,734	213,204	3,530
Professional Services	34,424	34,424	33,009	1,415
Expenses	13,131	16,131	14,940	1,191
Emergency Management				
Other Salaries	2,500	6,250	3,721	2,529
Expenses	1	1	-	1
Animal Control Officer				
Dog Officer's Salary	27,966	27,966	27,282	684
Expenses	<u>1,854</u>	<u>1,854</u>	<u>130</u>	<u>1,724</u>
Total Public Safety	5,305,109	5,572,974	5,421,763	151,211
Education				
School Operating	26,916,605	26,990,878	26,987,205	3,673
School Health Insurance	3,006,170	3,006,170	2,950,007	56,163
School Vocational Assessment	<u>625,699</u>	<u>620,570</u>	<u>620,570</u>	<u>-</u>
Total Education	30,548,474	30,617,618	30,557,782	59,836
Public Works				
Administration				
Director Salary	135,964	140,714	140,714	-
Other Salaries	546,662	552,512	547,408	5,104
Motor Fuel/Oil	134,000	134,000	86,464	47,536
Other Expenses	9,500	9,500	6,453	3,047
Highway				
Salaries	911,731	911,731	831,885	79,846
Expenses	564,550	564,550	559,216	5,334
Sidewalk Construction & Maint.				
Expenses	25,000	25,000	25,000	-
Snow and Ice Removal				
Salaries and Expenses	120,000	143,564	418,576	(275,012)
Street Lighting				
Expenses	180,000	180,000	93,523	86,477
Rubbish Collection				
Expenses	857,000	857,000	855,210	1,790
School Maintenance and Buses				
Salaries	1,158,403	1,158,402	958,448	199,954
Energy Supply	724,000	724,000	660,918	63,082
Expenses	<u>1,393,200</u>	<u>1,393,200</u>	<u>1,342,488</u>	<u>50,712</u>
Town Building Maintenance				
Salaries	251,867	251,867	221,337	30,530
Expenses	<u>371,500</u>	<u>371,500</u>	<u>365,861</u>	<u>5,639</u>
Total Public Works	7,383,377	7,417,540	7,113,501	304,039

(continued)

(continued)

	Original <u>Budget</u>	Final <u>Budget</u>	Actual <u>(Budgetary Basis)</u>	Variance Positive <u>(Negative)</u>
Health and Human Services				
Board of Health				
Other Salaries	93,393	94,345	94,345	-
Expenses	44,304	44,304	34,097	10,207
Council on Aging				
Salary	337,482	339,482	316,782	22,700
Expenses	26,949	26,949	26,192	757
Veterans' Services				
Director's Salary	16,151	16,151	16,151	-
Expenses	8,300	8,300	1,788	6,512
Veterans Benefits	<u>24,000</u>	<u>24,000</u>	<u>16,602</u>	<u>7,398</u>
Total Health and Human Services	550,579	553,531	505,957	47,574
Culture and Recreation				
Library				
Director's Salary	93,853	94,853	94,851	2
Other Salaries	583,269	583,269	537,593	45,676
Expenses	259,597	259,597	259,597	-
Recreation Commission				
Salaries	73,772	74,772	74,691	81
Expenses	3,300	3,300	3,287	13
Historical Commission				
Expenses	<u>15,910</u>	<u>15,910</u>	<u>15,082</u>	<u>828</u>
Total Culture and Recreation	1,029,701	1,031,701	985,101	46,600
Employee Benefits and Unclassified				
Pension Contributions	2,988,778	2,981,043	2,969,430	11,613
Town Health/Life/Disability Insurance	3,563,143	3,501,404	3,159,900	341,504
Medicare - F.I.C.A.	500,000	500,000	488,686	11,314
Workers' Compensation Insurance	270,000	270,000	194,951	75,049
Other	5,047	5,047	4,907	140
Unemployment Compensation	<u>30,500</u>	<u>40,500</u>	<u>8,688</u>	<u>31,812</u>
Total Employee Benefits	7,357,468	7,297,994	6,826,562	471,432
Miscellaneous				
Prior Year Deficits	<u>188,942</u>	<u>188,942</u>	<u>188,942</u>	<u>-</u>
Total Miscellaneous	188,942	188,942	188,942	-
Debt Service				
Short-term Interest	28,433	3,854	3,854	-
Long-term Principal Payment	614,125	597,100	597,100	-
Long-term Interest	152,948	158,819	158,819	-
Long-term Principal Debt Exclusion	2,105,000	2,101,900	2,101,900	-
Long-term Interest Debt Exclusion	344,929	305,014	305,014	-
Septic Loan Program	<u>22,604</u>	<u>22,604</u>	<u>22,604</u>	<u>-</u>
Total Debt Service	3,268,039	3,189,291	3,189,291	-
Intergovernmental				
State and County Assessments	495,782	495,782	474,722	21,060
Prior Year Encumbrances				
General government	-	69,456	69,456	-
Public safety	-	4,890	3,910	980
Education	-	75,386	63,741	11,645
Public works	-	101,971	68,831	33,140
Health and human services	-	48	48	-
Culture and recreation	<u>-</u>	<u>17,469</u>	<u>16,615</u>	<u>854</u>
Total Prior Year Encumbrances	-	269,220	222,601	46,619

(continued)

(continued)

	Original <u>Budget</u>	Final <u>Budget</u>	Actual <u>(Budgetary Basis)</u>	Variance Positive <u>(Negative)</u>
Articles				
Unassigned (prior year bills)	-	3,160	3,160	-
General government	571,055	536,301	536,301	-
Public safety	959,490	959,490	959,490	-
Education	438,168	427,372	427,372	-
Public works	1,187,602	1,179,724	1,179,724	-
Health and human services	10,000	10,000	10,000	-
Culture and recreation	<u>5,460</u>	<u>2,500</u>	<u>2,500</u>	<u>-</u>
Total Articles	3,171,775	3,118,547	3,118,547	-
Other Financing Uses				
Transfers out				
Transfer to OPEB Trust	100,000	100,000	100,000	-
Transfer to Stabilization	150,000	150,000	150,000	-
Transfer to Cable	<u>-</u>	<u>-</u>	<u>9,086</u>	<u>9,086</u>
Total Other Financing Uses	<u>250,000</u>	<u>250,000</u>	<u>259,086</u>	<u>9,086</u>
Total Expenditures and Other Financing Uses	\$ <u>62,494,244</u>	\$ <u>62,962,419</u>	\$ <u>61,429,810</u>	\$ <u>1,550,781</u>

Combining Financial Statements

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for certain revenue generating activities that are legally and/or programmatically restricted to expenditures for a specified purpose. From the Town's financial ledgers, these activities can be distinctly categorized into the following groupings:

- Receipts Reserved: To account for Town funds that have received receipts from specific sources to be appropriated separately.
- Revolving Funds: To account for the Town's within revolving funds established in accordance with MGL Chapter 44, Section 53E ½, Chapter 71 and other applicable statutes.
- School Lunch: To account for the School Department's School Lunch Program.
- Town Grants: To account for Town grant programs.
- School Grants: To account for educational-based grant programs.
- Other Special Revenue Funds: To account for other miscellaneous special revenue accounts which relate to Town and educational-based activities.

CAPITAL PROJECT FUNDS

Capital Project Funds are used to account for the overall financial activities related to the acquisition, renovation, or construction of significant capital assets, excluding those associated with business-type funds. Significant project activities can be categorized as:

- Center Farm Acquisition: To account for activity associated with the purchase of 567 Main Street
- Outdoor Recreation and Athletic Fields: To account for the activity associated with the construction of outdoor recreation and athletic fields.
- Capital Equipment: To account for various equipment acquisitions to various Town activities.
- Athletic Facilities Improvement: To account for activity associated with the improvements to the athletic facilities.

- Other Capital Projects: To fund accounts for various Town activities.

PERMANENT FUNDS

Permanent Funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support governmental programs.

- Permanent Fund: To account for the principal received for perpetual care and related interest. The interest income is used to maintain community cemetery. It is also used to account for the various other bequests to the Town designated for particular purposes.

TOWN OF LYNNFIELD, MASSACHUSETTS

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2021

	<u>Special Revenue Funds</u>				
	<u>Receipts Reserved</u>	<u>Revolving Funds</u>	<u>School Lunch</u>	<u>Town Grants</u>	<u>School Grants</u>
Assets					
Cash and short-term investments	\$ 2,965,360	\$ 1,458,712	\$ 48,865	\$ 144,369	\$ 564,591
Investments	-	-	-	-	-
Departmental and other receivables	5,197	75,057	-	-	-
Intergovernmental receivables	-	-	8,187	-	-
	<u>-</u>	<u>-</u>	<u>8,187</u>	<u>-</u>	<u>-</u>
Total Assets	\$ <u>2,970,557</u>	\$ <u>1,533,769</u>	\$ <u>57,052</u>	\$ <u>144,369</u>	\$ <u>564,591</u>
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities					
Warrants and accounts payable	\$ -	\$ 48,365	\$ 3,685	\$ 36,158	\$ 6,949
Accrued liabilities	-	1,762	-	-	944
Notes Payable	-	-	-	-	-
Unearned revenue	-	-	-	379,697	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>379,697</u>	<u>-</u>
Total Liabilities	-	50,127	3,685	415,855	7,893
Deferred Inflows of Resources	5,196	75,057	-	-	-
Fund Balances					
Nonspendable	-	-	-	-	-
Restricted	2,965,361	1,475,189	53,367	120,881	580,940
Unassigned	-	(66,604)	-	(392,367)	(24,242)
	<u>-</u>	<u>(66,604)</u>	<u>-</u>	<u>(392,367)</u>	<u>(24,242)</u>
Total Fund Balances	<u>2,965,361</u>	<u>1,408,585</u>	<u>53,367</u>	<u>(271,486)</u>	<u>556,698</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ <u>2,970,557</u>	\$ <u>1,533,769</u>	\$ <u>57,052</u>	\$ <u>144,369</u>	\$ <u>564,591</u>

(continued)

(continued)

TOWN OF LYNNFIELD, MASSACHUSETTS

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2021

	Special Revenue Funds		Capital Project Funds		
	Other Special Revenues	Special Revenue Funds Subtotal	Center Farm Acquisition	Outdoor Recreation and Athletic Fields	Capital Equipment
Assets					
Cash and short-term investments	\$ 626,173	\$ 5,808,070	\$ -	\$ -	\$ -
Investments	8,199	8,199	-	-	-
Departmental and other receivables	-	80,254	-	-	-
Intergovernmental receivables	-	8,187	-	-	-
Total Assets	<u>\$ 634,372</u>	<u>\$ 5,904,710</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities					
Warrants and accounts payable	\$ 6,272	\$ 101,429	\$ -	\$ -	\$ -
Accrued liabilities	-	2,706	-	-	-
Notes Payable	-	-	94,000	-	-
Unearned revenue	-	379,697	-	-	-
Total Liabilities	6,272	483,832	94,000	-	-
Deferred Inflows of Resources	-	80,253	-	-	-
Fund Balances					
Nonspendable	-	-	-	-	-
Restricted	628,100	5,823,838	-	-	-
Unassigned	-	(483,213)	(94,000)	-	-
Total Fund Balances	<u>628,100</u>	<u>5,340,625</u>	<u>(94,000)</u>	<u>-</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 634,372</u>	<u>\$ 5,904,710</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(continued)

(continued)

TOWN OF LYNNFIELD, MASSACHUSETTS

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2021

	Capital Project Funds				
	Athletic Facilities Improvement	Other Capital Projects	Capital Project Funds Subtotal	Permanent Trust Fund	Total Nonmajor Governmental Funds
Assets					
Cash and short-term investments	\$ -	\$ 2,076	\$ 2,076	\$ 12,296	\$ 5,822,442
Investments	-	-	-	1,039,281	1,047,480
Departmental and other receivables	-	-	-	-	80,254
Intergovernmental receivables	-	-	-	-	8,187
Total Assets	\$ -	\$ 2,076	\$ 2,076	\$ 1,051,577	\$ 6,958,363
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities					
Warrants and accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 101,429
Accrued liabilities	-	-	-	-	2,706
Notes Payable	-	-	94,000	-	94,000
Unearned revenue	-	-	-	-	379,697
Total Liabilities	-	-	94,000	-	577,832
Deferred Inflows of Resources	-	-	-	-	80,253
Fund Balances					
Nonspendable	-	-	-	969,700	969,700
Restricted	-	2,076	2,076	81,877	5,907,791
Unassigned	-	-	(94,000)	-	(577,213)
Total Fund Balances	-	2,076	(91,924)	1,051,577	6,300,278
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ -	\$ 2,076	\$ 2,076	\$ 1,051,577	\$ 6,958,363

TOWN OF LYNNFIELD, MASSACHUSETTS

Combining Statement of Revenues, Expenditures
and Changes in Fund Equity
Nonmajor Governmental Funds
For the Year Ended June 30, 2021

	Special Revenue Funds				
	Receipts <u>Reserved</u>	Revolving <u>Funds</u>	School <u>Lunch</u>	Town <u>Grants</u>	School <u>Grants</u>
Revenues					
Penalties, interest and other taxes	\$ 19,113	\$ -	\$ -	\$ -	\$ -
Charges for services	1,402	2,143,664	89,872	-	-
Intergovernmental	-	6,300	530,045	2,688,443	1,790,437
Investment income	-	346	23	-	-
Miscellaneous	<u>319,379</u>	<u>49,766</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	339,894	2,200,076	619,940	2,688,443	1,790,437
Expenditures					
Current:					
General government	812	31,381	-	25,350	-
Public safety	-	807,831	-	1,515,997	-
Education	-	474,953	714,214	-	1,846,062
Public works	-	59,664	-	709,494	-
Health and human services	-	17,864	-	477,758	-
Culture and recreation	<u>-</u>	<u>149,149</u>	<u>-</u>	<u>16</u>	<u>-</u>
Total Expenditures	<u>812</u>	<u>1,540,842</u>	<u>714,214</u>	<u>2,728,615</u>	<u>1,846,062</u>
Excess (deficiency) of revenues over (under) expenditures	339,082	659,234	(94,274)	(40,172)	(55,625)
Other Financing Sources (Uses)					
Transfers in	9,085	1,970	-	-	-
Transfers out	<u>(230,034)</u>	<u>(278,970)</u>	<u>-</u>	<u>(5,190)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(220,949)</u>	<u>(277,000)</u>	<u>-</u>	<u>(5,190)</u>	<u>-</u>
Net change in fund balances	118,133	382,234	(94,274)	(45,362)	(55,625)
Fund Balances, beginning of year, as restated	<u>2,847,228</u>	<u>1,026,351</u>	<u>147,641</u>	<u>(226,124)</u>	<u>612,323</u>
Fund Balances, end of year	<u>\$ 2,965,361</u>	<u>\$ 1,408,585</u>	<u>\$ 53,367</u>	<u>\$ (271,486)</u>	<u>\$ 556,698</u>

(continued)

(continued)

TOWN OF LYNNFIELD, MASSACHUSETTS

Combining Statement of Revenues, Expenditures
and Changes in Fund Equity
Nonmajor Governmental Funds
For the Year Ended June 30, 2021

	Special Revenue Funds		Capital Project Funds		
	Other Special Revenues	Special Revenue Funds Subtotal	Center Farm Acquisition	Outdoor Recreation and Athletic Fields	Capital Equipment
Revenues					
Penalties, interest and other taxes	\$ -	\$ 19,113	\$ -	\$ -	\$ -
Charges for services	15,269	2,250,207	-	-	-
Intergovernmental	-	5,015,225	-	-	-
Investment income	814	1,183	-	-	-
Miscellaneous	43,855	413,000	-	-	-
Total Revenues	59,938	7,698,728	-	-	-
Expenditures					
Current:					
General government	11,406	68,949	-	-	-
Public safety	20,948	2,344,776	-	-	-
Education	25,027	3,060,256	-	-	-
Public works	3,582	772,740	-	-	-
Health and human services	341	495,963	-	-	-
Culture and recreation	3,588	152,753	-	-	-
Total Expenditures	64,892	6,895,437	-	-	-
Excess (deficiency) of revenues over (under) expenditures	(4,954)	803,291	-	-	-
Other Financing Sources (Uses)					
Transfers in	57,608	68,663	94,000	-	-
Transfers out	(10,508)	(524,702)	-	(31,591)	(26,015)
Total Other Financing Sources (Uses)	47,100	(456,039)	94,000	(31,591)	(26,015)
Net change in fund balances	42,146	347,252	94,000	(31,591)	(26,015)
Fund Balances, beginning of year, as restated	585,954	4,993,373	(188,000)	31,591	26,015
Fund Balances, end of year	\$ 628,100	\$ 5,340,625	\$ (94,000)	\$ -	\$ -

(continued)

(continued)

TOWN OF LYNNFIELD, MASSACHUSETTS

Combining Statement of Revenues, Expenditures
and Changes in Fund Equity
Nonmajor Governmental Funds
For the Year Ended June 30, 2021

	<u>Capital Project Funds</u>				
	<u>Athletic Facilities Improvement</u>	<u>Other Capital Projects</u>	<u>Capital Project Funds Subtotal</u>	<u>Permanent Trust Fund</u>	<u>Total Nonmajor Governmental Funds</u>
Revenues					
Penalties, interest and other taxes	\$ -	\$ -	\$ -	\$ -	\$ 19,113
Charges for services	-	-	-	-	2,250,207
Intergovernmental	-	-	-	-	5,015,225
Investment income	-	-	-	23,970	25,153
Miscellaneous	-	-	-	7,917	420,917
	<u>-</u>	<u>-</u>	<u>-</u>	<u>31,887</u>	<u>7,730,615</u>
Total Revenues	-	-	-	31,887	7,730,615
Expenditures					
Current:					
General government	10,687	-	10,687	-	79,636
Public safety	-	-	-	-	2,344,776
Education	-	-	-	-	3,060,256
Public works	-	-	-	-	772,740
Health and human services	-	33,932	33,932	-	529,895
Culture and recreation	-	-	-	3,001	155,754
	<u>10,687</u>	<u>33,932</u>	<u>44,619</u>	<u>3,001</u>	<u>6,943,057</u>
Total Expenditures	10,687	33,932	44,619	3,001	6,943,057
Excess (deficiency) of revenues over (under) expenditures	(10,687)	(33,932)	(44,619)	28,886	787,558
Other Financing Sources (Uses)					
Transfers in	-	-	94,000	-	162,663
Transfers out	-	-	(57,606)	(30,000)	(612,308)
	<u>-</u>	<u>-</u>	<u>36,394</u>	<u>(30,000)</u>	<u>(449,645)</u>
Total Other Financing Sources (Uses)	-	-	36,394	(30,000)	(449,645)
Net change in fund balances	(10,687)	(33,932)	(8,225)	(1,114)	337,913
Fund Balances, beginning of year, as restated	<u>10,687</u>	<u>36,008</u>	<u>(83,699)</u>	<u>1,052,691</u>	<u>5,962,365</u>
Fund Balances, end of year	<u>\$ -</u>	<u>\$ 2,076</u>	<u>\$ (91,924)</u>	<u>\$ 1,051,577</u>	<u>\$ 6,300,278</u>

FIDUCIARY FUNDS

OPEB TRUST FUND

The Other Post-Employment Benefit Trust Fund is used to accumulate resources for health and life insurance benefits for retired employees.

PRIVATE PURPOSE TRUST FUNDS

Private Purpose Trust Funds are used to account for assets held by the Town in trust for individuals, private organizations or other governmental units.

- Scholarship Funds: To account for scholarship bequests to the Town designated for students.

CUSTODIAL FUNDS

Custodial Funds are used to account for fiduciary assets held by the Town in a custodial capacity as an agent on behalf of others.

- Water Districts: To account for the Lynnfield Center Water District and Lynnfield Water District's collection and turnover of user fees.
- Student Activity Funds: To account for the Summer Street Elementary School, Huckleberry Hill Elementary School, Middle School, and High School student activity fund collections and disbursements.
- Other Custodial Funds: To account for other miscellaneous custodial fund accounts, which relate to collection of fees on behalf of the Lynnfield Center Water District, Lynnfield Water District, Peabody Municipal Light Plant, and Reading Municipal Light Department.

TOWN OF LYNNFIELD, MASSACHUSETTS

Combining Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2021

		Private Purpose Trust Funds	Custodial Funds			
	OPEB <u>Trust</u>	Scholarship <u>Funds</u>	Water <u>Districts</u>	Student Activity <u>Funds</u>	Other Custodial <u>Funds</u>	Total Custodial <u>Funds</u>
Assets						
Cash and short-term investments	\$ 3,392	\$ 8,644	\$ 11,133	\$ 83,106	\$ 198,296	\$ 292,535
Investments						
Certificates of deposit	-	77,977	-	-	-	-
Corporate bonds	-	334,860	-	-	-	-
Corporate equities	1,357,452	42,045	-	-	-	-
Fixed income mutual funds	569,787	55,254	-	-	-	-
US Treasury and agencies	-	220,385	-	-	-	-
Total Investments	1,927,239	730,521	-	-	-	-
Accounts receivable	-	-	9,733	-	2,711	12,444
Total Assets	1,930,631	739,165	20,866	83,106	201,007	304,979
Liabilities						
Warrants payable	-	-	14,102	33	68,020	82,155
Other liabilities	-	-	9,733	-	124,616	134,349
Total Liabilities	-	-	23,835	33	192,636	216,504
Net Position						
Restricted for OPEB purposes	1,930,631	-	-	-	-	-
Restricted for individuals, organizations, and other governments	-	739,165	(2,969)	83,073	8,371	88,475
Total Liabilities and Net Position	\$ 1,930,631	\$ 739,165	\$ 20,866	\$ 83,106	\$ 201,007	\$ 304,979

TOWN OF LYNNFIELD, MASSACHUSETTS

Combining Statement of Changes
in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2021

		Private Purpose Trust Funds	Custodial Funds			
	OPEB Trust	Scholarship Funds	Water Districts	Student Activity Funds	Other Custodial Funds	Total Custodial Funds
Additions						
Contributions from Employers	\$ 2,333,429	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions from Others	-	10,334	-	-	-	-
Total contributions	2,333,429	10,334	-	-	-	-
Investment income:						
Interest	378,717	17,070	-	-	-	-
Net investment income	378,717	17,070	-	-	-	-
Fees collected for Lynnfield Water Districts	-	-	2,156,283	-	-	2,156,283
Fees collected for Other Governments	-	-	-	-	22,965	22,965
Fees collected for students	-	-	-	158,956	-	158,956
Miscellaneous	-	-	-	-	108,782	108,782
Total additions	2,712,146	27,404	2,156,283	158,956	131,747	2,446,986
Deductions						
Benefit payments to plan members	2,233,429	-	-	-	-	-
Payments to Lynnfield Water Districts	-	-	2,167,226	-	-	2,167,226
Payments to Other Governments	-	-	-	-	22,827	22,827
Payments on behalf of students	-	-	-	144,154	-	144,154
Other	-	21,623	-	-	104,861	104,861
Total deductions	2,233,429	21,623	2,167,226	144,154	127,688	2,439,068
Change in net position	478,717	5,781	(10,943)	14,802	4,059	7,918
Net Position						
Beginning of year	1,451,914	733,384	7,974	68,271	4,312	80,557
End of year	\$ 1,930,631	\$ 739,165	\$ (2,969)	\$ 83,073	\$ 8,371	\$ 88,475

**STATISTICAL
SECTION**



The Town's Historical Centre was renamed the Pope Richards Lynnfield Historical Center on December 7th of 2020. Edith Pope and Earl and Steven Richards worked tirelessly to preserve Lynnfield's history. - Photos courtesy of Tyler Hamlin

TOWN OF LYNNFIELD, MASSACHUSETTS

STATISTICAL SECTION

The Town of Lynnfield's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Town's overall financial health.

	<u>Page</u>
<i>Financial Trends</i>	
These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	106 - 110
<i>Revenue Capacity</i>	
These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	111 - 113
<i>Debt Capacity</i>	
These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.	114 - 116
<i>Demographic and Economic Information</i>	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	117 - 118
<i>Operating Information</i>	
These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the service the government provides and the activities it performs.	119 - 121

TOWN OF LYNNFIELD, MASSACHUSETTS
Net Position by Component
Last Ten Fiscal Years

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Government Activity										
Net investment in capital assets	\$ 52,745,223	\$ 52,661,247	\$ 54,316,789	\$ 55,339,766	\$ 56,794,478	\$ 57,855,878	\$ 60,053,192	\$ 59,817,700	\$ 59,471,303	\$ 58,034,735
Restricted	3,754,482	4,515,269	4,968,768	6,587,689	6,444,293	6,578,942	6,170,785	6,356,808	6,564,024	6,875,415
Unrestricted	<u>(12,266,289)</u>	<u>(13,462,910)</u>	<u>(16,217,913)</u>	<u>(45,575,899)</u>	<u>(51,210,626)</u>	<u>(56,910,602)</u>	<u>(107,270,068)</u>	<u>(111,918,242)</u>	<u>(117,792,796)</u>	<u>(123,142,818)</u>
Total governmental activities net position	<u>\$ 44,233,416</u>	<u>\$ 43,713,606</u>	<u>\$ 43,067,644</u>	<u>\$ 16,351,556</u>	<u>\$ 12,028,145</u>	<u>\$ 7,524,218</u>	<u>\$ (41,046,091)</u>	<u>\$ (45,743,734)</u>	<u>\$ (51,757,469)</u>	<u>\$ (58,232,668)</u>
Business-type Activities										
Net investment in capital assets	\$ 3,513,689	\$ 4,976,433	\$ 5,476,229	\$ 6,360,015	\$ 6,936,101	\$ 7,547,509	\$ 8,294,921	\$ 9,093,478	\$ 9,880,872	\$ 10,251,252
Unrestricted	<u>274,798</u>	<u>215,013</u>	<u>158,798</u>	<u>62,255</u>	<u>236,738</u>	<u>492,760</u>	<u>609,624</u>	<u>576,756</u>	<u>663,234</u>	<u>1,361,363</u>
Total business-type activities net position	<u>\$ 3,788,487</u>	<u>\$ 5,191,446</u>	<u>\$ 5,635,027</u>	<u>\$ 6,422,270</u>	<u>\$ 7,172,839</u>	<u>\$ 8,040,269</u>	<u>\$ 8,904,545</u>	<u>\$ 9,670,234</u>	<u>\$ 10,544,106</u>	<u>\$ 11,612,615</u>
Primary Government										
Net investment in capital assets	\$ 56,258,912	\$ 57,637,680	\$ 59,793,018	\$ 61,699,781	\$ 63,730,579	\$ 65,403,387	\$ 68,348,113	\$ 68,911,178	\$ 69,352,175	\$ 68,285,987
Restricted	3,754,482	4,515,269	4,968,768	6,587,689	6,444,293	6,578,942	6,170,785	6,356,808	6,564,024	6,875,415
Unrestricted	<u>(11,991,491)</u>	<u>(13,247,897)</u>	<u>(16,059,115)</u>	<u>(45,513,644)</u>	<u>(50,973,888)</u>	<u>(56,417,842)</u>	<u>(106,660,444)</u>	<u>(111,341,486)</u>	<u>(117,129,562)</u>	<u>(121,781,455)</u>
Total primary government net position	<u>\$ 48,021,903</u>	<u>\$ 48,905,052</u>	<u>\$ 48,702,671</u>	<u>\$ 22,773,826</u>	<u>\$ 19,200,984</u>	<u>\$ 15,564,487</u>	<u>\$ (32,141,546)</u>	<u>\$ (36,073,500)</u>	<u>\$ (41,213,363)</u>	<u>\$ (46,620,053)</u>

Data source: Audited financial statements

TOWN OF LYNNFIELD, MASSACHUSETTS
Changes in Net Position
Last Ten Fiscal Years

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenses										
Governmental Activities										
General government	\$ 1,735,254	\$ 1,961,343	\$ 2,080,661	\$ 2,647,269	\$ 2,472,962	\$ 3,399,507	\$ 3,348,278	\$ 3,538,777	\$ 4,013,223	\$ 3,774,338
Public safety	4,632,068	4,706,569	4,968,269	4,423,705	4,669,749	6,345,717	6,911,541	7,216,296	7,795,920	10,424,617
Education	30,897,062	31,409,770	32,142,504	31,375,172	34,187,292	46,749,239	46,014,983	49,198,093	51,261,139	53,328,535
Public works	5,527,382	6,034,878	6,585,036	6,634,587	6,782,767	8,441,244	8,673,638	10,122,364	10,025,728	10,637,079
Health and human services	535,067	547,131	572,096	587,958	599,228	828,016	820,528	975,893	1,166,109	1,381,683
Cultural and recreation	827,293	845,631	908,344	1,069,362	1,290,029	1,496,611	1,501,844	1,587,342	1,472,248	1,436,179
Interest	742,445	915,256	607,393	713,244	612,107	573,441	513,806	483,552	181,592	358,152
Other	-	-	-	-	-	-	-	-	60,966	-
Employee benefits	8,209,486	8,161,277	9,015,854	9,175,205	11,820,997	*	*	*	*	*
Intergovernmental	375,678	400,171	398,616	372,449	375,413	364,845	437,107	**	**	**
Total governmental activities expenses	53,481,735	54,982,026	57,278,773	56,998,951	62,810,544	68,198,620	68,221,725	73,122,317	75,976,925	81,340,583
Business-type Activities										
Golf course operations	977,570	887,200	880,903	888,400	1,036,636	1,087,534	1,072,549	1,035,456	1,038,811	1,404,621
Emergency Medical Service operations	-	-	-	689,061	707,679	672,727	675,899	783,803	764,034	725,529
Total business-type activities expenses	977,570	887,200	880,903	1,577,461	1,744,315	1,760,261	1,748,448	1,819,259	1,802,845	2,130,150
Total primary government expenses	\$ 54,459,305	\$ 55,869,226	\$ 58,159,676	\$ 58,576,412	\$ 64,554,859	\$ 69,958,881	\$ 69,970,173	\$ 74,941,576	\$ 77,779,770	\$ 83,470,733
Program Revenues										
Governmental Activities										
Charges for services:										
General government	\$ 193,305	\$ 212,698	\$ 274,134	\$ 277,559	\$ 304,475	\$ 270,014	\$ 284,344	\$ 273,499	\$ 250,216	\$ 315,220
Public safety	981,583	999,297	1,137,462	360,303	390,131	372,131	472,791	659,480	579,478	1,381,091
Education	2,130,533	2,066,267	2,169,241	2,317,372	2,235,281	2,041,251	2,036,760	2,095,632	1,571,391	1,000,900
Public works	114,858	118,060	78,310	111,057	123,456	85,232	92,038	117,797	138,075	287,104
Health and human services	158,743	155,707	92,196	102,351	96,670	96,797	98,965	94,412	89,995	86,836
Cultural and recreation	83,970	122,358	103,152	161,237	322,334	238,159	250,695	307,371	252,194	244,593
Operating grants and contributions	9,951,771	10,721,726	10,735,791	9,000,984	10,401,336	12,295,036	12,678,689	12,643,471	14,811,643	17,810,800
Capital grants and contributions	402,551	1,761,586	602,081	534,181	423,191	550,612	621,626	228,186	455,618	485,447
Total government activities program revenues	14,017,314	16,157,699	15,192,367	12,865,044	14,296,874	15,949,232	16,535,908	16,419,848	18,148,610	21,611,991
Business-type Activities										
Charges for services:										
Golf course operations	692,034	507,443	509,133	530,043	733,527	878,376	974,670	1,007,033	1,061,125	1,588,931
Emergency Medical Service operations	-	-	-	612,764	711,668	910,870	724,432	791,153	762,438	785,255
Total business - type activities revenues	692,034	507,443	509,133	1,142,807	1,445,195	1,789,246	1,699,102	1,798,186	1,823,563	2,374,186
Total primary government revenues	\$ 14,709,348	\$ 16,665,142	\$ 15,701,500	\$ 14,007,851	\$ 15,742,069	\$ 17,738,478	\$ 18,235,010	\$ 18,218,034	\$ 19,972,173	\$ 23,986,177
Net (Expense)/Revenue										
Governmental activities	\$ (39,464,421)	\$ (38,824,327)	\$ (42,086,406)	\$ (44,133,907)	\$ (48,513,670)	\$ (52,249,388)	\$ (51,685,817)	\$ (56,702,469)	\$ (57,828,315)	\$ (59,728,592)
Business-type activities	(285,536)	(379,757)	(371,770)	(434,654)	(299,120)	28,985	(49,346)	(21,073)	20,718	244,036
Total primary government net (expense)	\$ (39,749,957)	\$ (39,204,084)	\$ (42,458,176)	\$ (44,568,561)	\$ (48,812,790)	\$ (52,220,403)	\$ (51,735,163)	\$ (56,723,542)	\$ (57,807,597)	\$ (59,484,556)

Data source: Audited financial statements

(continued)

* Beginning in FY16 the employee benefits have been allocated to the various function based on a % of total salaries and wages

** Beginning in FY19 the intergovernmental expenses have been reclassified to the various function based on the actual expenses.

TOWN OF LYNNFIELD, MASSACHUSETTS
Changes in Net Position
Last Ten Fiscal Years

continued:	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Real estate and personal property-net of refunds payable	\$ 32,613,283	\$ 33,859,481	\$ 35,530,602	\$ 38,861,219	\$ 40,121,435	\$ 42,206,263	\$ 42,874,531	\$ 46,282,176	\$ 46,727,020	\$ 48,162,025
Excise tax	1,983,946	2,282,217	2,586,452	3,226,540	3,405,622	3,431,592	3,670,019	3,597,245	3,396,349	3,363,317
Penalties, interest, and other taxes	533,685	467,777	551,830	608,955	667,345	678,974	655,075	710,051	716,704	781,260
Grants, contributions - not restricted to specific programs	1,010,482	1,021,952	1,011,292	1,042,971	1,078,400	1,126,084	1,108,886	1,203,261	1,179,302	1,224,182
Investment income	39,668	4,203	20,617	11,060	50,026	32,409	57,069	279,195	229,809	163,298
Contributions and miscellaneous	554,396	1,482,204	2,654,325	1,814,532	116,625	1,107,906	211,731	715,986	415,064	476,656
Transfers	(799,338)	(813,317)	(914,674)	(919,953)	(1,249,194)	(837,767)	(911,573)	(783,088)	(849,668)	(823,421)
Total government activities	35,936,122	38,304,517	41,440,444	44,645,324	44,190,259	47,745,461	47,665,738	52,004,826	51,814,580	53,347,317
Business-type activities										
Investment income	602	969,399	677	493	495	678	2,049	3,674	3,486	1,052
Transfers	799,338	813,317	814,674	819,953	1,049,194	837,767	911,573	783,088	849,668	823,421
Total business type activities	799,940	1,782,716	815,351	820,446	1,049,689	838,445	913,622	786,762	853,154	824,473
Total primary government	\$ 36,736,062	\$ 40,087,233	\$ 42,255,795	\$ 45,465,770	\$ 45,239,948	\$ 48,583,906	\$ 48,579,360	\$ 52,791,588	\$ 52,667,734	\$ 54,171,790
Changes in Net Position										
Governmental activities	\$ (3,528,299)	\$ (519,810)	\$ (645,962)	\$ 511,417	\$ (4,323,411)	\$ (4,503,927)	\$ (4,020,079)	\$ (4,697,643)	\$ (6,013,735)	\$ (6,381,275)
Business-type activities	514,404	1,402,959	443,581	385,792	750,569	867,430	864,276	765,689	873,872	1,068,509
Total primary government changes in net position	\$ (3,013,895)	\$ 883,149	\$ (202,381)	\$ 897,209	\$ (3,572,842)	\$ (3,636,497)	\$ (3,155,803)	\$ (3,931,954)	\$ (5,139,863)	\$ (5,312,766)

Data source: Audited financial statements

TOWN OF LYNNFIELD, MASSACHUSETTS
Fund Balance, Governmental Funds
Last Ten Fiscal Years

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Fund										
Committed	\$ 1,654,069	\$ 260,471	\$ 203,595	\$ 272,525	\$ 771,025	\$ 1,239,590	\$ 1,044,907	\$ 1,512,793	\$ 1,634,776	\$ 1,628,152
Assigned	999,492	921,176	1,105,984	529,203	1,585,025	2,887,111	2,204,030	1,387,384	2,288,138	1,509,469
Unassigned	797,575	3,325,112	3,249,849	5,792,182	5,771,370	5,684,933	4,672,751	7,471,257	6,483,351	7,727,572
Total general fund	<u>\$ 3,451,136</u>	<u>\$ 4,506,759</u>	<u>\$ 4,559,428</u>	<u>\$ 6,593,910</u>	<u>\$ 8,127,420</u>	<u>\$ 9,811,634</u>	<u>\$ 7,921,688</u>	<u>\$ 10,371,434</u>	<u>\$ 10,406,265</u>	<u>\$ 10,865,193</u>
All Other Governmental Funds										
Nonspendable	\$ 776,909	\$ 801,450	\$ 824,025	\$ 866,975	\$ 883,375	\$ 904,975	\$ 923,775	\$ 944,475	\$ 963,950	\$ 969,700
Restricted	3,161,227	3,956,234	3,322,745	5,858,847	5,600,380	6,006,186	5,404,333	5,505,947	5,704,374	21,816,773
Committed	-	-	1,449,113	-	-	-	-	-	-	-
Unassigned	(1,388,614)	(1,188,379)	(1,302,368)	(1,589,317)	(2,005,449)	(505,835)	(1,104,523)	(1,340,693)	(612,035)	(577,213)
Total all other governmental funds:	<u>\$ 2,549,522</u>	<u>\$ 3,569,305</u>	<u>\$ 4,293,515</u>	<u>\$ 5,136,505</u>	<u>\$ 4,478,306</u>	<u>\$ 6,405,326</u>	<u>\$ 5,223,585</u>	<u>\$ 5,109,729</u>	<u>\$ 6,056,289</u>	<u>\$ 22,209,260</u>

Data source: Audited financial statements

TOWN OF LYNNFIELD, MASSACHUSETTS
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues:										
Real estate and personal property taxes net of tax refunds	\$ 32,604,999	\$ 33,848,542	\$ 35,639,858	\$ 38,811,833	\$ 40,079,432	\$ 42,260,027	\$ 42,758,691	\$ 46,368,633	\$ 46,327,653	\$ 48,030,358
Motor vehicle and other excise taxes	1,987,219	2,250,003	2,627,824	3,110,340	3,494,597	3,428,366	3,643,200	3,581,298	3,801,445	3,433,995
Penalties, interest and other taxes	185,823	111,671	196,225	138,577	129,627	128,629	89,448	129,604	124,147	173,193
Charges for services	3,286,009	3,155,485	3,270,148	2,907,695	3,023,120	2,654,063	2,684,727	2,822,466	2,246,024	2,706,235
Intergovernmental	11,360,303	13,062,902	11,593,735	7,225,712	7,115,537	13,231,819	10,934,295	11,128,166	12,020,812	14,563,075
License and permits	336,628	425,073	592,594	427,977	472,212	450,425	550,317	725,014	552,852	631,448
Fines and forfeitures	77,670	81,872	83,435	83,541	92,291	60,894	67,591	53,960	38,488	34,321
Investment income	39,668	4,590	29,551	14,512	63,096	29,087	57,496	274,758	222,178	81,485
Miscellaneous and payment in lieu	906,759	1,213,769	2,769,702	3,480,781	1,096,052	2,334,851	1,296,138	1,447,805	754,990	1,164,953
Total Revenues	50,785,078	54,153,907	56,803,072	56,200,968	55,565,964	64,578,161	62,081,903	66,531,704	66,088,589	70,819,063
Expenditures:										
General government	1,774,913	1,912,643	3,300,704	9,736,014	2,681,776	2,881,887	4,393,417	2,911,326	3,257,764	2,786,678
Public safety	4,552,501	4,427,919	5,068,925	4,267,064	4,498,401	5,462,756	5,370,045	5,386,322	5,720,587	8,475,213
Education	29,211,273	32,967,696	30,715,415	27,002,713	28,708,227	35,131,328	34,253,732	35,155,820	36,025,881	38,614,405
Public works	6,021,965	6,076,877	6,912,985	6,650,511	7,439,531	7,954,733	9,140,897	8,556,891	8,845,289	8,503,734
Health and human services	427,547	438,489	529,949	476,067	489,093	555,735	618,832	617,428	798,696	1,038,896
Cultural and recreation	753,509	808,868	882,751	1,069,191	1,272,911	1,193,838	1,217,587	1,262,520	1,174,160	1,133,599
Employee benefits	4,773,386	4,882,243	5,037,722	5,129,181	5,524,278	5,910,860	6,239,796	6,529,495	6,650,957	6,925,563
Debt service -										
Principal	1,541,100	1,526,100	1,703,601	1,628,611	1,815,626	1,823,345	2,015,390	1,992,564	1,894,613	1,982,513
Interest	767,929	1,028,829	560,851	675,001	636,203	578,508	555,214	509,450	427,000	358,152
Intergovernmental	375,678	400,171	398,616	372,449	375,413	364,845	437,107	490,910	462,583	474,722
Total Expenditures	50,199,801	54,469,835	55,111,519	57,006,802	53,441,459	61,857,835	64,242,017	63,412,726	65,257,530	70,293,475
Excess of revenues over/(under) expenditures	585,277	(315,928)	1,691,553	(805,834)	2,124,505	2,720,326	(2,160,114)	3,118,978	831,059	525,588
Other Financing Sources (Uses)										
Issuance of bonds and notes	200,000	15,322,841	-	4,467,000	-	1,671,000	-	-	1,013,000	15,520,000
Bond premiums	-	1,616,929	-	178,253	-	57,675	-	-	47,966	1,483,656
Payments to refund bond escrow	-	(13,735,119)	-	-	-	-	-	-	(60,966)	-
Transfer in	709,119	613,090	3,195,591	1,574,259	1,047,175	1,004,911	2,303,835	795,982	1,468,311	715,394
Transfer out	(1,508,457)	(1,426,407)	(4,110,265)	(2,494,212)	(2,296,369)	(1,842,678)	(3,215,408)	(1,579,070)	(2,317,979)	(1,538,815)
Total other financing sources (uses)	(599,338)	2,391,334	(914,674)	3,725,300	(1,249,194)	890,908	(911,573)	(783,088)	150,332	16,180,235
Net change in fund balance	\$ (14,061)	\$ 2,075,406	\$ 776,879	\$ 2,919,466	\$ 875,311	\$ 3,611,234	\$ (3,071,687)	\$ 2,335,890	\$ 981,391	\$ 16,705,823
Debt service as a percentage of noncapital expenditures⁽¹⁾	4.76%	5.40%	4.30%	4.73%	4.82%	4.05%	4.32%	4.03%	3.63%	3.39%

Data source: Audited financial statements

⁽¹⁾ Capital outlay purchases from the reconciliation of the statement of revenues, expenditures, and changes in fund balances of governmental funds to the statement of activities are used to calculate this ratio.

TOWN OF LYNNFIELD, MASSACHUSETTS
Assessed Value⁽¹⁾ of Taxable Property by Classification
Last Ten Fiscal Years

Fiscal Year	Assessed Value							
	Residential Value	Residential Tax Rate	Commercial Value	Industrial Value	Personal Property	Total Commercial Value	Commercial Tax Rate	Total Town Value
2012	\$ 2,096,637,630	\$14.26	\$ 140,078,519	\$ 18,724,100	\$ 26,573,218	\$ 185,375,837	\$15.56	\$ 2,282,013,467
2013	\$ 2,082,581,167	\$14.82	\$ 146,443,644	\$ 18,733,700	\$ 27,280,229	\$ 192,457,573	\$16.29	\$ 2,275,038,740
2014	\$ 2,166,450,901	\$14.77	\$ 175,292,510	\$ 18,780,800	\$ 25,677,455	\$ 219,750,765	\$16.59	\$ 2,386,201,666
2015	\$ 2,288,137,880	\$14.49	\$ 287,271,431	\$ 18,780,800	\$ 29,035,704	\$ 335,087,935	\$17.28	\$ 2,623,225,815
2016	\$ 2,360,823,073	\$14.50	\$ 326,484,138	\$ 18,782,000	\$ 32,228,477	\$ 377,494,615	\$17.68	\$ 2,738,317,688
2017	\$ 2,582,557,718	\$13.78	\$ 353,115,470	\$ 20,333,300	\$ 32,621,122	\$ 406,069,892	\$16.80	\$ 2,988,627,610
2018	\$ 2,641,638,474	\$13.76	\$ 379,947,409	\$ 20,346,800	\$ 34,686,219	\$ 434,980,428	\$17.08	\$ 3,076,618,902
2019	\$ 2,680,991,049	\$13.91	\$ 379,807,443	\$ 20,346,800	\$ 38,311,769	\$ 438,466,012	\$17.95	\$ 3,119,457,061
2020	\$ 2,744,133,363	\$13.92	\$ 395,089,790	\$ 20,346,800	\$ 39,060,791	\$ 454,497,381	\$18.86	\$ 3,198,630,744
2021	\$ 2,958,186,189	\$13.27	\$ 397,745,312	\$ 20,422,400	\$ 44,069,471	\$ 462,237,183	\$19.29	\$ 3,420,423,372

Data source: Town of Lynnfield Tax Recapitulation Sheets

⁽¹⁾ Assessed value is comparable to estimated actual value

TOWN OF LYNNFIELD, MASSACHUSETTS

Principal Taxpayers
Current and Nine Years Ago

		2021			2012		
Name of Business	Nature of Business	Assessed Valuation	Rank	% of Total Taxable Assessed Value	Assessed Valuation	Rank	% of Total Taxable Assessed Value
Market Street South, LLC	Retail Mall	\$242,241,100	1	7.08%	\$21,469,000	2	0.94%
Arborpoint at Market Street, LLC	Apartment Building	\$38,374,000	2	1.12%	-	-	0.00%
Lynnfield Commons, LLC	Apartment Building	\$36,164,300	3	1.06%	\$27,078,900	1	1.19%
CIL Kimball, LLC	Retail Condo	\$16,259,400	4	0.48%	-	-	0.00%
Boston Gas	Utility	\$15,956,469	5	0.47%	-	-	0.00%
Ship Mall LLC	Retail Condo	\$15,185,400	6	0.44%	\$12,098,200	3	0.53%
Herb Chambers of Lynnfield, Inc.	Car Dealership	\$14,586,800	7	0.43%	\$9,952,200	5	0.44%
JAM Enterprise 2, LLC	Mixed Residential/Storage	\$14,572,800	8	0.43%	-	-	0.00%
SSMNMI, LLC	Office	\$8,844,000	9	0.26%	\$6,268,800	10	0.27%
LIM Partnership BL Assoc.	Industrial	\$8,661,800	10	0.25%	\$7,686,000	7	0.34%
Totals		<u>\$410,846,069</u>		<u>12.02%</u>	<u>\$ 63,084,100</u>		<u>3.71%</u>

Source: Board of Assessors, Town of Lynnfield

TOWN OF LYNNFIELD, MASSACHUSETTS
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy	Overlay Reserve for Abatements	Net Tax Levy	Collections During the Fiscal Year Payable		Collections in Subsequent Years	Collections as of June 30, 2021	
				Dollar Amount	% of Net Levy *		Dollar Amount	% of Net Levy *
2012	\$ 32,782,501	\$ 184,398	\$ 32,598,103	\$ 32,212,516	98.82%	\$ 213,658	\$ 32,426,174	99.47%
2013	\$ 33,998,987	\$ 328,657	\$ 33,670,330	\$ 33,586,379	99.75%	\$ 159,156	\$ 33,745,535	100.22%
2014	\$ 35,644,145	\$ 179,812	\$ 35,464,333	\$ 35,119,786	99.03%	\$ 316,054	\$ 35,435,840	99.92%
2015	\$ 38,945,437	\$ 778,964	\$ 38,166,473	\$ 38,472,415	100.80%	\$ 214,388	\$ 38,686,803	101.36%
2016	\$ 40,906,040	\$ 775,573	\$ 40,130,467	\$ 40,333,816	100.51%	\$ 210,768	\$ 40,544,584	101.03%
2017	\$ 42,409,619	\$ 587,402	\$ 41,822,217	\$ 41,913,978	100.22%	\$ 207,378	\$ 42,121,356	100.72%
2018	\$ 43,778,411	\$ 291,587	\$ 43,486,824	\$ 43,416,791	99.84%	\$ 119,130	\$ 43,535,921	100.11%
2019	\$ 45,163,050	\$ 202,307	\$ 44,960,743	\$ 44,630,946	99.27%	\$ 117,132	\$ 44,748,078	99.53%
2020	\$ 46,770,157	\$ 390,442	\$ 46,379,715	\$ 45,391,832	97.87%	\$ 256,567	\$ 45,648,399	98.42%
2021	\$ 47,330,001	\$ 190,554	\$ 47,139,447	\$ 46,750,125	99.17%	\$ 370,210	\$ 47,120,335	99.96%

Data source: DLS Databank - Tax Levies by Class
Town of Lynnfield General Ledger
Bond Prospectus

* Net tax levy is calculated using estimated overlay reserved for abatements, not actual abatements.
Unused overlay can result in actual collections exceeding the budgeted tax.

TOWN OF LYNNFIELD, MASSACHUSETTS

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Governmental Activities Debt									
Fiscal Year	Population	Total Personal Income	Assessed Valuation	General Obligation Bonds	Capital Leases	Total Debt	Per Capita Income	Percentage of Personal Income	Percentage of Assessed Value
2012	12,035	\$ 637,818,895	\$ 2,282,013,467	\$ 17,172,678	\$ -	\$ 17,172,678	\$ 52,997	2.6924%	0.7525%
2013	11,596	\$ 591,790,264	\$ 2,275,038,740	\$ 17,784,419	\$ -	\$ 17,784,419	\$ 51,034	3.0052%	0.7817%
2014	11,720	\$ 684,248,760	\$ 2,386,201,666	\$ 16,080,819	\$ -	\$ 16,080,819	\$ 58,383	2.3501%	0.6739%
2015	11,805	\$ 703,082,190	\$ 2,623,225,815	\$ 18,919,208	\$ -	\$ 18,919,208	\$ 59,558	2.6909%	0.7212%
2016	12,395	\$ 768,167,730	\$ 2,738,317,688	\$ 17,103,582	\$ -	\$ 17,103,582	\$ 61,974	2.2265%	0.6246%
2017	12,652	\$ 798,695,456	\$ 2,988,627,610	\$ 17,029,180	\$ 43,551	\$ 17,072,731	\$ 63,128	2.1376%	0.5713%
2018	12,761	\$ 899,331,475	\$ 3,076,618,902	\$ 15,065,087	\$ 152,867	\$ 15,217,954	\$ 70,475	1.6921%	0.4946%
2019	12,743	\$ 964,543,156	\$ 3,119,457,061	\$ 13,121,982	\$ 98,973	\$ 13,220,955	\$ 75,692	1.3707%	0.4238%
2020	13,041	\$ 1,033,108,020	\$ 3,198,630,744	\$ 12,249,462	\$ 66,949	\$ 12,316,411	\$ 79,220	1.1922%	0.3851%
2021	12,357	\$ 819,886,950	\$ 3,420,423,372	\$ 27,255,602	\$ 127,600	\$ 27,383,202	\$ 66,350	3.3399%	0.8006%

Business - Type Activities Debt			Total Primary Government			
Fiscal Year	Golf Fund	Total Debt Outstanding	Per Capita Income	Percentage of Personal Income	Percentage of Assessed Value	
2012	\$ 8,613,000	\$ 25,785,678	\$ 52,997	4.04%	1.13%	
2013	\$ 8,094,000	\$ 25,878,419	\$ 51,034	4.37%	1.14%	
2014	\$ 7,560,000	\$ 23,640,819	\$ 58,383	3.46%	0.99%	
2015	\$ 7,006,000	\$ 25,925,208	\$ 59,558	3.69%	0.99%	
2016	\$ 6,427,000	\$ 23,530,582	\$ 61,974	3.06%	0.86%	
2017	\$ 5,823,000	\$ 22,895,731	\$ 63,128	2.87%	0.77%	
2018	\$ 5,194,000	\$ 20,411,954	\$ 70,475	2.27%	0.66%	
2019	\$ 4,540,000	\$ 17,760,955	\$ 75,692	1.84%	0.57%	
2020	\$ 3,882,128	\$ 16,198,539	\$ 79,220	1.57%	0.51%	
2021	\$ 3,127,203	\$ 30,510,405	\$ 66,350	3.72%	0.89%	

Data source: Massachusetts Department of Revenue, Local Services Division
Audited financial statements

TOWN OF LYNNFIELD, MASSACHUSETTS
Direct and Overlapping Governmental Activities Debt
As of June 30, 2020

	Debt Outstanding	Estimated Percentage Applicable ⁽¹⁾	Estimated Share of Overlapping Debt ⁽²⁾
Debt repaid with property taxes:			
Essex North Shore Agricultural and Technical School District	\$ 26,855,000	3.198%	\$ 858,823
Massachusetts Bay Transportation	5,149,356,000	0.016%	823,897
Subtotal, overlapping debt			1,682,720
Town direct debt			27,383,202
Total direct and overlapping debt			\$ 29,065,922

Data source: Multiple entities including Town Treasurer

⁽¹⁾ Estimated share based on debt service only

⁽²⁾ Estimated dollar assessment based upon total net operating expenses, inclusive (where applicable) of debt service

TOWN OF LYNNFIELD, MASSACHUSETTS
Legal Debt Margin Information
Last Ten Fiscal Years

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Equalized Valuation ⁽¹⁾	\$2,504,734,600	\$2,504,734,600	\$2,496,773,700	\$2,496,773,700	\$3,007,167,600	\$3,007,167,600	\$3,324,301,800	\$3,324,301,800	\$3,508,636,700	\$3,508,636,700
Debt Limit - 5% of equalized valuation	125,236,730	125,236,730	124,838,685	124,838,685	150,358,380	150,358,380	166,215,090	161,715,090	175,431,835	175,431,835
Less:										
Total debt applicable to limitation ⁽²⁾	25,785,677	25,878,418	23,640,818	25,925,207	23,531,008	20,799,367	20,210,711	17,618,042	15,835,072	28,727,423
Legal debt margin	\$99,451,053	\$99,358,312	\$101,197,867	\$98,913,478	\$126,827,372	\$129,559,013	\$146,004,379	\$144,097,048	\$159,596,763	\$146,704,412
Total debt applicable to the limit as a percentage of debt limit	20.59%	20.66%	18.94%	20.77%	15.65%	13.83%	12.16%	10.89%	9.03%	16.38%

Data source:

⁽¹⁾ MA Bureau of Local Services (DataBank)

⁽²⁾ Town of Lynnfield

TOWN OF LYNNFIELD, MASSACHUSETTS

Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population Estimates	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
2012	12,035	\$52,997	44.6	2,280	4.90%
2013	11,596	\$51,034	44.6	2,266	4.90%
2014	11,720	\$58,383	44.6	2,222	5.20%
2015	11,805	\$59,558	44.6	2,212	3.90%
2016	12,395	\$61,974	44.6	2,227	3.10%
2017	12,652	\$63,128	44.6	2,210	2.10%
2018	12,761	\$70,475	44.6	2,155	2.90%
2019	12,743	\$75,692	44.6	2,201	2.30%
2020	13,041	\$79,220	44.6	2,140	13.92%
2021	12,357	\$66,350	43.6	2,166	3.90%

Data source: DLS Databank - Labor Force
Town of Lynnfield Census Data
DESE October 1 reports

TOWN OF LYNNFIELD, MASSACHUSETTS

Principal Employers
Current Year and Nine Years Ago

Employer	Type of Business	2021			2012		
		Number of Employees	Rank	Percentage of Total Town Employment	Number of Employees	Rank	Percentage of Total Town Employment
Boston Sports Club	Fitness/Gym	250	1	3.43%	-	-	-
Carnor Inc.	Investment Firm	250	2	3.43%	-	-	-
Catamount Management Group	Consultants	250	3	3.43%	-	-	-
Whole Foods	Grocery Store	250	4	3.43%	-	-	-
Unemployment Services Corporation	Software/Computer Processor	150	5	2.06%	-	-	-
Christmas Tree Shop	Retail Store	103	6	1.41%	103	5	1.63%
Johnson Controls, Inc.	Environmental Control Systems	100	7	1.37%	100	6	1.58%
Flagship Motors	Automobile	99	8	1.36%	99	7	1.56%
Ninety Nine	Restaurant	60	9	0.82%	60	8	0.95%
Kelly Jeep Eagle	Automobile	55	10	0.76%	55	9	0.87%
Total Principal Employers		1567			417		
Total Town Employment		7281 ⁽¹⁾			6338 ⁽²⁾		

Sources:

⁽¹⁾ Massachusetts Executive Office of Labor and Workforce Development

⁽²⁾ Massachusetts Bureau of Local Services (DataBank)

TOWN OF LYNNFIELD, MASSACHUSETTS
Government Employees by Function - Full Time Equivalents
Last Ten Years

Function	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Government:	15.54	15.80	15.80	15.86	16.02	15.64	15.64	15.93	17.30	16.46
Public Safety:										
Police	23.47	24.41	24.39	26.40	26.90	26.58	28.82	28.80	28.00	28.44
Fire	18.83	19.25	20.56	20.47	20.63	22.13	23.47	21.76	22.92	21.76
Inspection	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	3.03
Animal Control	0.28	0.28	0.28	0.28	0.28	0.28	0.28	0.28	0.28	0.28
Sub-Total	43.58	44.94	46.23	48.15	48.81	49.99	53.57	51.84	52.20	53.51
Education:	281.30	288.90	288.30	296.80	299.80	309.30	309.70	323.00	315.70	323.00
Public Works:										
Administration	6.00	6.46	6.61	6.28	6.32	6.14	6.65	7.65	8.00	7.60
Highway	14.95	15.10	15.10	15.10	14.18	14.18	14.18	14.20	14.00	13.00
Municipal Buildings	4.00	4.00	4.00	4.00	4.10	4.10	4.14	4.35	4.80	4.00
School Buildings & Bus	19.32	18.10	20.30	18.72	18.10	18.10	17.40	18.10	17.80	17.74
Sub-Total	44.27	43.66	46.01	44.10	42.70	42.52	42.37	44.30	44.60	42.34
Health and Human Services:										
Board of Health	1.06	1.40	1.40	1.40	1.40	1.40	1.40	1.40	1.40	1.42
Council on Aging	6.39	6.39	6.60	6.60	7.01	7.05	7.05	7.05	6.40	6.27
Veteran's Agent	0.28	0.28	0.28	0.28	0.28	0.28	0.28	0.43	0.43	0.43
Prevention Services	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2.75
Sub-Total	7.73	8.07	8.28	8.28	8.69	8.73	8.73	8.88	8.23	10.87
Culture and Recreation:										
Library	11.43	12.86	12.63	12.60	12.71	12.83	12.54	12.68	13.00	12.12
Recreation	0.63	0.43	0.54	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Golf	10.47	9.82	9.65	14.82	11.30	11.82	13.15	11.25	10.00	11.80
Sub-Total	22.53	23.11	22.82	28.42	25.01	25.65	26.69	24.93	24.00	24.92
TOTALS:	414.95	424.48	427.44	441.61	441.03	451.83	456.70	468.88	462.03	471.10

Source: Town of Lynnfield Departments

TOWN OF LYNNFIELD, MASSACHUSETTS
Operating Indicators by Function
Last Ten Fiscal Years

		2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Town Clerk	Registered Voters	9,239	9,310	9,310	8,767	9,336	9,144	9,614	9,287	9,497	9,458
	Dog Licenses	806	827	850	996	970	1,043	1,078	1,089	993	1,074
Finance	Taxable property parcels assessed	4,580	4,460	4,452	4,510	4,544	4,580	4,592	4,590	4,599	4,600
	Motor vehicles registered	13,071	13,417	13,772	11,745	14,637	14,705	14,387	14,425	13,569	13,752
Police	Physical arrests	70	67	52	68	63	31	51	124	80	21
	Traffic violations	349	218	254	452	614	399	539	1,289	230	267
Fire	Emergency responses	1,358	1,426	1,667	1,887	1,866	1,855	2,020	2,020	1,606	1,773
	Fires extinguished	111	97	91	85	146	109	83	89	96	91
	Medical Responses	827	846	1,016	1,212	1,239	1,113	1,204	1,239	919	1,026
Education	Number of students	2,280	2,266	2,222	2,212	2,227	2,210	2,155	2,201	2,140	2,166
Building	Building permits issued	193	457	437	482	323	408	416	477	449	603
	Estimated construction value	\$72,386,818	\$48,913,181	\$44,723,700	\$23,933,546	\$19,328,319	\$28,696,892	\$21,809,661	\$42,547,087	\$21,440,028	\$30,976,365
Public Library	Volumes of collections	88,830	90,835	97,661	99,211	101,914	101,631	105,377	109,487	97,517	102,499
	Total circulation	146,320	141,296	139,620	141,112	135,913	134,691	114,967	110,762	85,318	62,882
	Registered borrowers	7,525	7,911	8,271	8,570	8,907	9,175	9,385	7,348	6,095	5,747

Data source: Various Town departments

Registered Voters - Town Report
DLS Databank

TOWN OF LYNNFIELD, MASSACHUSETTS

Capital Assets Statistics by Function

Last Ten Fiscal Years

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Police										
Number of stations	1	1	1	1	1	1	1	1	1	1
Fire and Rescue										
Number of stations	2	2	2	2	2	2	2	2	2	2
Number of ladder trucks	1	1	1	1	1	1	1	1	1	1
Number of pumpers	4	4	4	4	4	4	4	4	4	4
Number of support vehicles	6	6	6	6	6	6	6	6	6	7
Education										
Number of Elementary Schools	2	2	2	2	2	2	2	2	2	2
Number of Middle Schools	1	1	1	1	1	1	1	1	1	1
Number of High Schools	1	1	1	1	1	1	1	1	1	1
Public Works										
Miles of street	68.65	68.85	69.05	69.05	69.05	69.05	69.05	69.16	69.16	69.16
Number of storm drains	1,626	1,629	1,635	1,635	1,635	1,635	1,635	1,642	1,741	1,741
Cemeteries	4	4	4	4	4	4	4	4	4	4
Recreation										
Acres of Parks	60	60	60	60	60	60	60	60	60	60
Ball fields	12	12	12	12	12	12	12	12	16	16
Tennis courts	11	11	11	11	11	11	11	11	10	10
Golf										
Number of courses	2	2	2	2	2	2	2	2	2	2
Emergency Medical Services										
Number of vehicles	3	3	3	3	3	3	3	3	3	3

Data source: Town reports

Various Town departments



**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**

INDEPENDENT AUDITORS' REPORT

To the Select Board
Town of Lynnfield, 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 governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Lynnfield, Massachusetts (the Town), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated December 14, 2021.

Internal Control Over Financial Reporting

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

Merrimack, New Hampshire
Andover, Massachusetts
Greenfield, Massachusetts
Ellsworth, Maine

800.282.2440 | melansoncpas.com



deficiency, or a 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 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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free from 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 financial statements. 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.

Andover, Massachusetts
December 14, 2021