

# **TOWN OF LYNNFIELD, MASSACHUSETTS**

## **Annual Comprehensive Financial Report**

**For the Year Ended June 30, 2022**



*The Historical Commission restored the Horse Trough on the Common and added new signage. - Photo courtesy of Richard Dalton*

**TOWN OF LYNNFIELD, MASSACHUSETTS**

**Annual Comprehensive Financial Report**

**For the Year Ended June 30, 2022**



Robert Dolan  
Town Administrator

Prepared by:

Julie McCarthy  
Assistant Finance Director/Town Accountant



*Pocket Park in the winter. – Photo courtesy of Jennifer Welter*

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Annual Comprehensive Financial Report  
For the Year Ended June 30, 2022**

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*Captain Mutti participated in the Holiday Stroll at Market Street, cruising in a Model "T" Ford Chemical truck. This was Lynnfield's first motorized piece of fire apparatus. – Photo courtesy of Chief Glenn Davis*



## **INTRODUCTORY SECTION**



*Richardson Green Acquisition – the Town worked with Essex County Greenbelt to protect the 21-acre Richardson Green property. Conserving this land protects forested trails, drinking water, wildlife habitat, and Lynnfield’s beautiful character. – Photos courtesy of Essex County Greenbelt*



# TOWN OF LYNNFIELD

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

December 13, 2022

## 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, 2022 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 Town'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, 2022, 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 on 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, 2022, 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 a Management Discussion & Analysis (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 the 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. The Town recently has gained sole custody of the Old Meeting House on the common, which provides space for community events.

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 a desirable community to live and work in, and the Town is committed to preserve the character of the community through promoting programs and policies that preserve the friendly small-town community atmosphere.

### **Factors Affecting Financial Condition**

#### ***Local Economy***

Lynnfield 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. Based on the data from the U.S. Census, the Town of Lynnfield's median household income (\$145,594) is considerably higher than the average in Massachusetts (\$84,385). Lynnfield also has an extremely low unemployment rate in comparison to the state average. In 2022, the average residential tax assessment in Lynnfield was \$815,980, a sizeable increase of 16.8% over the prior year.

The Town of Lynnfield has a primarily residential tax base at 88%, which has grown through rapidly rising home values. The commercial/industrial base is small, but stable at 12% of the total valuation. This has contributed to a strong property tax base growth over the past decade with the development of MarketStreet. This is the Town's high-profile 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 to route 95.

Since the opening of MarketStreet in 2013, the Town has received in excess of \$35.6 million in property taxes. Also, with the numerous new restaurants the Town's meals tax revenue has increased substantially in 2022 and has exceeded pre-pandemic levels (2019). This can be attributed to both new restaurants opening and fully rebounding from the pandemic. Other revenues have increased, including motor vehicle taxes because of the additional cars at the Residential complex at MarketStreet and other miscellaneous fees and licenses. During fiscal year 2022, 13 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 2% over the prior year, local receipts have slowly begun to rebound from the effects of the pandemic. The Town collected in excess of \$5.8 million in local receipts, a 7.5% increase over the prior year. The significant areas of growth in 2022 include building permits and meal taxes.

The Town has very strong collection rates and quarterly tax billings have eliminated the need for the Town to borrow on a short-term basis to maintain cash flow. The Town's investment options are governed by Massachusetts General Laws and focus on the sound principles of safety, liquidity, and yield.

In fiscal year 2022, the Town entered into an agreement with an Energy Service Company (ESCO). This has allowed Lynnfield to complete \$5.5 million in construction and installation of energy efficiency improvements in all of its buildings. This was financed through a 20-year tax-exempt agreement and all annual payments will be paid from energy cost savings from the project. This will allow the Town to conserve energy, reduce energy costs, and decrease operations and maintenance costs for many years to come.

### ***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 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 4.1%. Also, the Capital Facilities Maintenance Fund policy is to maintain a balance of 1% to 3% of our operating budget, and is currently 2%. The Town annually adds to both of these reserve funds.

Lynnfield has also adopted a formal debt management policy that requires debt service to not exceed 10% of annual operating budget. Fiscal 2022 debt service budget of \$4.2 million was 6.8% of the operating budget. The Town has total debt outstanding as of June 2022 of \$27,177,922. 41% of this debt will be paid within the next 5 years.

During 2022, the Town dedicated \$1,060,537 in free cash and one-time revenues to fund the capital plan related to building and equipment replacement and repair. Additionally, \$200,000 was voted to



increase the Stabilization Fund and Capital Facilities Maintenance Fund reserves. Also, \$100,000 was funded in the Town's Other Post-Employment Benefit Fund.

Lynnfield substantially completed the expansion and renovation of the Town's two elementary schools in 2022. This was funded through a debt exclusion at a cost of \$17 million. This project will adequately address the schools' current programming needs and an unprecedented spike in the enrollment by the year 2024-2025, with an additional 5 classrooms in each school and an enlarged new gymnasium at the Huckleberry Hill Elementary School.

The Town acquired a 20-acre parcel known as Richardson Green in partnership with Essex County Greenbelt Association. This acquisition will provide for the conservation of the natural resource by maintaining the land in its wooded, undeveloped state and protect the Town's vital water supply in perpetuity. The cost to the Town was \$2.4 million and was funded with a Municipal Vulnerability Preparedness grant, American Rescue Plan funds, and Conservation Trust Funds.

### ***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 nonprofit 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 investments 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.

In fiscal year 2022, the SPC completed a comprehensive assessment of the Town's infrastructure needs. The results determined that the highest need in the community is to expand and renovate the adjoining Public Safety/Town Hall complex. A Public Safety Building Committee was formed and conducted a feasibility study. This proposed project would modernize our police and fire operations and also our Town Hall building. This project is proposed as an approximate \$63.5 million cost to be funded through a debt exclusion. The intention of this project is that half of the cost will be replaced with existing debt that will be expiring in the next three years and significantly reduce the impact on the taxpayer.

### **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, 2021. Based on information available on the GFOA website, only twenty-one municipalities or 6% in Massachusetts received this distinction for fiscal year 2021. 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 the departments that 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.

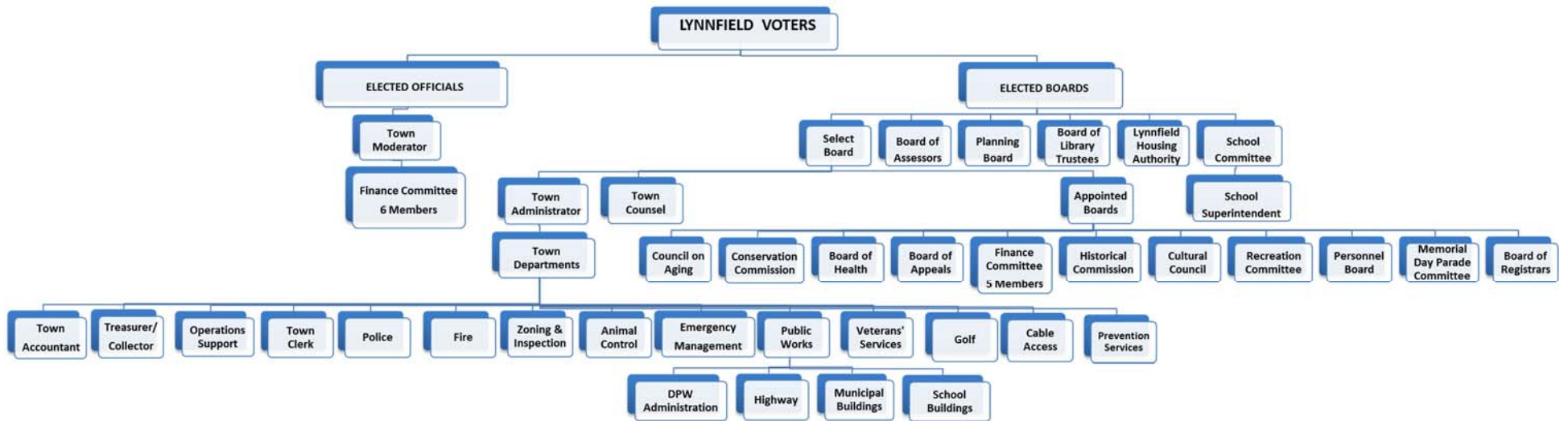
Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Robert Dolan".

Robert Dolan  
Town Administrator/Finance Director

A handwritten signature in blue ink, appearing to read "Julie McCarthy".

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	Philip B. Crawford	Elected	3 Years	2023
Vice Chairman- Select Board	Joseph Connell	Elected	3 Years	2024
Clerk- Select Board	Richard Dalton	Elected	3 Years	2025
Town Administrator/ Director of Finance	Robert Dolan	Appointed	2 Years	2024
Asst. Finance Director/ Town Accountant	Julianne M. McCarthy	Appointed	2 Years	2024
Treasurer/Collector	Leslie Davidson	Appointed	Indefinite	2023
Town Clerk	Linda Emerson	Appointed	Indefinite	2023
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	2025
Fire Chief	Glenn Davis	Appointed	Indefinite	N/A
Police Chief	Nicholas Secatore	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	2023
Town Counsel	Thomas A. Mullen	Appointed	2 Years	2023



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Town of Lynnfield  
Massachusetts**

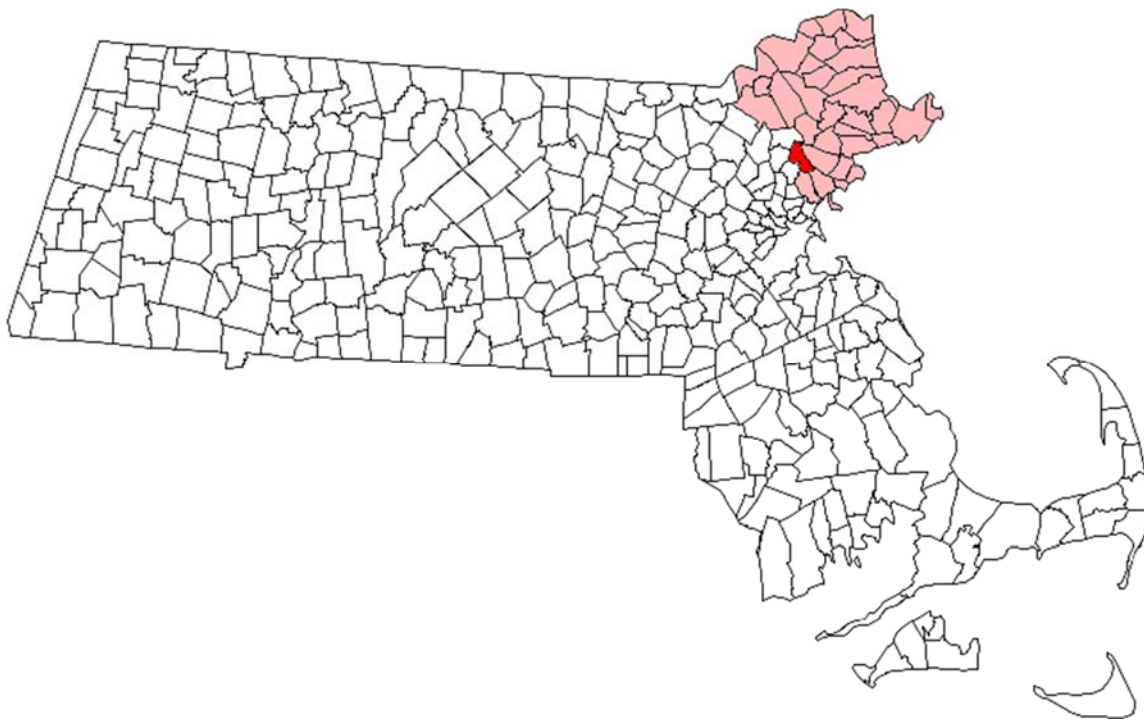
For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2021

*Christopher P. Morill*

Executive Director/CEO

### Town Geographic Location





**FINANCIAL  
SECTION**



*The Summer Street Elementary School expansion project was completed in 2022. Five permanent classrooms were added to the existing building. – Photo courtesy of Stephen Groussis*

## INDEPENDENT AUDITOR'S REPORT

To the Select Board  
Town of Lynnfield, Massachusetts

### Report on the Audit of the Financial Statements

#### ***Opinions***

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

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

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

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

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

The Town's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the



preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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



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

#### ***Required Supplementary Information***

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

#### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The governmental funds combining financial statements appearing on pages 95 through 101 are presented for purposes of additional analysis and is not a required part of the basic financial statements. The governmental funds combining financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the governmental combining financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

#### ***Other Information***

Management is responsible for the other information included in the Annual Comprehensive Financial Report (ACFR). The other information comprises the introductory and statistical sections, but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial



statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2022 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 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 13, 2022



## 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, 2022.

### **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 and 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. The Town's 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 the Town'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 Town's near-term financing decisions. Reconciliations are provided 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, which is considered to be a major fund, and emergency medical services operations.

### ***Fiduciary Funds***

Fiduciary funds are used to account for resources held for the benefit of parties outside the Town. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Town's programs. The accounting used for fiduciary funds is 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 and 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 \$(58,597,212), a change of \$(364,544), and net position in business-type activities was \$12,407,702, a change of \$795,087. 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 \$22,701,301, a change of \$(10,373,152) in comparison to the prior year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$7,219,196, a change of \$(508,376) 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 year.

	NET POSITION (in thousands)					
	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
<b>Assets</b>						
Current and other assets	\$ 29,694	\$ 37,319	\$ 1,724	\$ 1,550	\$ 31,418	\$ 38,869
Capital assets	79,966	69,201	13,138	13,206	93,104	82,407
Total Assets	109,660	106,520	14,862	14,756	124,522	121,276
<b>Deferred Outflows of Resources</b>	24,288	27,345	-	-	24,288	27,345
<b>Liabilities</b>						
Other liabilities	5,888	2,803	74	17	5,962	2,820
Long-term liabilities	138,842	166,042	2,380	3,127	141,222	169,169
Total Liabilities	144,730	168,845	2,454	3,144	147,184	171,989
<b>Deferred Inflows of Resources</b>	47,815	23,253	-	-	47,815	23,253
<b>Net Position</b>						
Net investment in capital assets	58,761	58,035	10,757	10,251	69,518	68,286
Restricted	7,187	6,875	-	-	7,187	6,875
Unrestricted	(124,545)	(123,143)	1,651	1,361	(122,894)	(121,782)
Total Net Position	\$ (58,597)	\$ (58,233)	\$ 12,408	\$ 11,612	\$ (46,189)	\$ (46,621)

As noted earlier, net position may serve over time as a useful indicator of the Town's financial position. At the close of the most recent fiscal year, total net position was \$(46,189,510), a change of \$430,543 in comparison to the prior year.

A portion of net position \$69,518,166 reflects our investment in capital assets (e.g., land, 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 \$7,187,294 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 \$(122,894,970), primarily resulting from unfunded pension and OPEB liabilities.

CHANGE IN NET POSITION						
(in thousands)						
	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 4,372	\$ 3,316	\$ 2,024	\$ 2,375	\$ 6,396	\$ 5,691
Operating grants and contributions	14,101	17,811	-	-	14,101	17,811
Capital grants and contributions	2,046	485	-	-	2,046	485
General revenues:						
Property taxes	50,602	48,162	-	-	50,602	48,162
Excises	3,573	3,363	-	-	3,573	3,363
Penalties, interest, and other taxes	793	781	-	-	793	781
Grants and contributions not restricted to specific programs	1,257	1,224	-	-	1,257	1,224
Investment income (loss)	(7)	163	1	1	(6)	164
Miscellaneous	788	471	-	-	788	471
<b>Total Revenues</b>	<b>77,525</b>	<b>75,776</b>	<b>2,025</b>	<b>2,376</b>	<b>79,550</b>	<b>78,152</b>
<b>Expenses</b>						
General government	3,809	3,774	-	-	3,809	3,774
Public safety	8,676	10,425	-	-	8,676	10,425
Education	50,047	53,329	-	-	50,047	53,329
Public works	10,749	10,637	-	-	10,749	10,637
Health and human services	1,324	1,382	-	-	1,324	1,382
Culture and recreation	1,570	1,436	-	-	1,570	1,436
Interest on long-term debt	921	358	-	-	921	358
Golf course	-	-	1,140	1,405	1,140	1,405
Emergency medical services	-	-	917	726	917	726
<b>Total Expenses</b>	<b>77,096</b>	<b>81,341</b>	<b>2,057</b>	<b>2,131</b>	<b>79,153</b>	<b>83,472</b>

(continued)

(continued)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Change in Net Position Before Transfers and Permanent Fund Contributions	429	(5,565)	(32)	245	397	(5,320)
Transfers in (out)	(828)	(823)	828	823	-	-
Permanent fund contributions	<u>35</u>	<u>6</u>	<u>-</u>	<u>-</u>	<u>35</u>	<u>6</u>
Change in Net Position	(364)	(6,382)	796	1,068	432	(5,314)
Net Position - Beginning of Year	<u>(58,233)</u>	<u>(51,851)</u>	<u>11,612</u>	<u>10,544</u>	<u>(46,621)</u>	<u>(41,307)</u>
Net Position - End of Year	<u>\$ (58,597)</u>	<u>\$ (58,233)</u>	<u>\$ 12,408</u>	<u>\$ 11,612</u>	<u>\$ (46,189)</u>	<u>\$ (46,621)</u>

### ***Governmental Activities***

Governmental activities for the year resulted in a change in net position of \$(364,544). Key elements of this change are as follows:

Capital grants and contributions	\$ 2,045,799
Decrease in net pension expense from GASB 68	526,970
Increase in net OPEB expense from GASB 75	(3,587,313)
Other	<u>650,000</u>
Total	<u>\$ (364,544)</u>

### ***Business-Type Activities***

Business-type activities for the year resulted in a change in net position of \$795,087. Key elements of this change are as follows:

Golf course operations (after General Fund debt service subsidy)	\$ 848,166
Emergency medical services operations	<u>(53,079)</u>
Total	<u>\$ 795,087</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 the Town's net resources available for spending at the end of the fiscal year.

#### ***General Fund***

The General Fund is the chief operating fund. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$7,219,196, while total fund balance was \$11,580,717. The unassigned fund balance decreased by \$508,376, primarily from favorable budgetary results of \$1,866,696 less "Free Cash" of \$301,500 used to supplement the fiscal year 2022 budget and less "Free Cash" of \$2,031,215 appropriated primarily for fiscal year 2023 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, 2022</u>	<u>June 30, 2021</u>	<u>Change</u>	<u>% of Total General Fund Expenditures*</u>
Unassigned fund balance	\$ 7,219,196	\$ 7,727,572	\$ (508,376)	11.7%
Total fund balance	\$ 11,580,717	\$ 10,865,193	\$ 715,524	18.8%

\* Expenditure amounts used to calculate the above percentage have been adjusted to exclude the on-behalf payment from Commonwealth of Massachusetts to the Massachusetts Teachers Retirement System of \$4,323,466.

The total fund balance of the General Fund changed by \$715,524 during the current fiscal year. Key factors in this change are as follows:

Revenues in excess of budget	\$ 1,188,870
Expenditures less than budget	677,826
Use of free cash as a funding source	(1,297,211)
Use of overlay surplus as a funding source	(60,000)
Change in stabilization funds balance	(86,946)
Other	<u>292,985</u>
Total	<u>\$ 715,524</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 fund balance of the General Fund are the Town's stabilization accounts with the following balances:

	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>Change</u>
General stabilization fund (unassigned)	\$ 2,477,874	\$ 2,377,826	\$ 100,048
Capital facilities maintenance fund (unassigned)	1,224,584	1,524,690	(300,106)
Recreation capital fund (committed)	<u>554,472</u>	<u>441,360</u>	<u>113,112</u>
Total	<u>\$ 4,256,930</u>	<u>\$ 4,343,876</u>	<u>\$ (86,946)</u>

#### *Receipts Reserved Major Governmental Fund*

The fund balance of the Receipts Reserved Fund changed by \$209,431, primarily from the collection of receipts from specific sources totaling \$489,345, less budgeted transfers to the General Fund of \$278,608 approved at annual Town Meeting. Under Massachusetts General Laws, these revenues are restricted for future appropriation.

#### *Town Grants Major Governmental Fund*

The fund balance of the Town Grants Fund changed by \$66,949, primarily from timing differences between the receipt and disbursement of grants.

#### *Elementary Schools Expansion Major Governmental Fund*

The fund balance of the Elementary Schools Expansion Fund changed by \$(11,616,159), primarily from timing differences between the expenditures on the Elementary Schools Expansion capital project and the permanent financing of the capital project.

#### *Nonmajor Governmental Funds*

The fund balance of the nonmajor governmental funds changed by \$(248,897), primarily from timing differences between the receipt and disbursement of grants.

#### ***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 \$1,650,371, a change of \$289,008 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 \$865,862. This change primarily consists of the use of prior year encumbrances.

The largest revenue budgetary surplus was property taxes of \$366,219. This was primarily due to the collection of prior year property tax receivables. There was also a large revenue budgetary surplus for motor vehicle excises of \$341,209. This was primarily due to a conservative budgetary estimate. The largest appropriation turnbacks relate to property and liability insurances and health/life/disability insurances.

## **Capital Assets and Debt Administration**

### ***Capital Assets***

Total investment in capital assets for governmental and business-type activities at year-end amounted to \$93,103,280 (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:

- \$11,116,973 for buildings and improvements related to Elementary Schools Expansion.
- \$2,410,000 for the purchase of the Richardson Green conservation land.
- Depreciation expense of \$(3,418,303).

Additional capital asset disclosures can be found in Note 8 of the financial statements.

### ***Long-Term Debt***

At the end of the current fiscal year, bonds and loans outstanding, including unamortized premiums, totaled \$27,177,922, all of which was backed by the full faith and credit of the Town. The Town also had \$1,750,000 in notes payable 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 12 of 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 Town'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



*The Huckleberry Hill Elementary School project was completed in 2022. Five permanent classrooms were added and a new gymnasium. – Photos courtesy of Stephen Groussis*

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## **BASIC FINANCIAL STATEMENTS**

**TOWN OF LYNNFIELD, MASSACHUSETTS**

Statement of Net Position  
June 30, 2022

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Current:			
Cash and short-term investments	\$ 21,414,660	\$ 1,540,826	\$ 22,955,486
Investments	5,220,896	-	5,220,896
Receivables, net of allowance for uncollectibles:			
Property taxes	366,043	-	366,043
Excises	316,665	-	316,665
User fees	-	183,412	183,412
Departmental and other	18,105	-	18,105
Intergovernmental	1,837,298	-	1,837,298
Betterments	<u>6,573</u>	<u>-</u>	<u>6,573</u>
Total Current Assets	29,180,240	1,724,238	30,904,478
Noncurrent:			
Receivables, net of allowance for uncollectibles:			
Property taxes	466,058	-	466,058
Betterments	47,365	-	47,365
Capital assets:			
Nondepreciable capital assets	21,872,982	12,586,893	34,459,875
Other capital assets, net of accumulated depreciation	<u>58,092,791</u>	<u>550,614</u>	<u>58,643,405</u>
Total Noncurrent Assets	<u>80,479,196</u>	<u>13,137,507</u>	<u>93,616,703</u>
Total Assets	109,659,436	14,861,745	124,521,181
<b>Deferred Outflows of Resources</b>			
Related to pension	3,077,123	-	3,077,123
Related to OPEB	<u>21,211,342</u>	<u>-</u>	<u>21,211,342</u>
Total Deferred Outflows of Resources	24,288,465	-	24,288,465
<b>Liabilities</b>			
Current:			
Accounts payable	2,134,149	25,670	2,159,819
Accrued liabilities	996,509	48,196	1,044,705
Unearned revenues	857,314	-	857,314
Notes payable	1,750,000	-	1,750,000
Other current liabilities	150,076	-	150,076
Current portion of long-term liabilities:			
Bonds and loans payable	2,426,812	764,026	3,190,838
Compensated absences	<u>369,352</u>	<u>-</u>	<u>369,352</u>
Total Current Liabilities	8,684,212	837,892	9,522,104
Noncurrent:			
Bonds and loans payable, net of current portion	22,370,933	1,616,151	23,987,084
Compensated absences, net of current portion	746,970	-	746,970
Net pension liability	26,392,684	-	26,392,684
Net OPEB liability	<u>86,535,043</u>	<u>-</u>	<u>86,535,043</u>
Total Noncurrent Liabilities	<u>136,045,630</u>	<u>1,616,151</u>	<u>137,661,781</u>
Total Liabilities	144,729,842	2,454,043	147,183,885
<b>Deferred Inflows of Resources</b>			
Related to pension	7,791,139	-	7,791,139
Related to OPEB	<u>40,024,132</u>	<u>-</u>	<u>40,024,132</u>
Total Deferred Inflows of Resources	47,815,271	-	47,815,271
<b>Net Position</b>			
Net investment in capital assets	58,760,835	10,757,331	69,518,166
Restricted for:			
Grants and other statutory restrictions	6,151,339	-	6,151,339
Permanent funds:			
Nonexpendable	975,700	-	975,700
Expendable	60,255	-	60,255
Unrestricted	<u>(124,545,341)</u>	<u>1,650,371</u>	<u>(122,894,970)</u>
Total Net Position	\$ <u>(58,597,212)</u>	\$ <u>12,407,702</u>	\$ <u>(46,189,510)</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, 2022

	<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>
<b>Governmental Activities</b>							
General government	\$ 3,809,018	\$ 266,937	\$ 101,500	\$ 1,638,750	\$ (1,801,831)	\$ -	\$ (1,801,831)
Public safety	8,676,222	1,517,691	1,419,249	-	(5,739,282)	-	(5,739,282)
Education	50,046,696	2,019,573	11,996,769	814	(36,029,540)	-	(36,029,540)
Public works	10,749,391	184,117	101,446	406,235	(10,057,593)	-	(10,057,593)
Health and human services	1,323,561	95,816	434,817	-	(792,928)	-	(792,928)
Culture and recreation	1,570,451	287,734	47,277	-	(1,235,440)	-	(1,235,440)
Interest on long-term debt	<u>920,787</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(920,787)</u>	<u>-</u>	<u>(920,787)</u>
Total Governmental Activities	77,096,126	4,371,868	14,101,058	2,045,799	(56,577,401)	-	(56,577,401)
<b>Business-Type Activities</b>							
Golf course	1,140,886	1,159,754	-	-	-	18,868	18,868
Emergency medical services	<u>917,323</u>	<u>863,906</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(53,417)</u>	<u>(53,417)</u>
Total Business-Type Activities	<u>2,058,209</u>	<u>2,023,660</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(34,549)</u>	<u>(34,549)</u>
Total	\$ <u>79,154,335</u>	\$ <u>6,395,528</u>	\$ <u>14,101,058</u>	\$ <u>2,045,799</u>	(56,577,401)	(34,549)	(56,611,950)
<b>General Revenues, Contributions, and Transfers:</b>							
Property taxes					50,602,155	-	50,602,155
Excises					3,572,576	-	3,572,576
Penalties, interest, and other taxes					792,553	-	792,553
Grants and contributions not restricted to specific programs					1,256,681	-	1,256,681
Investment income (loss)					(6,533)	1,281	(5,252)
Miscellaneous					788,580	-	788,580
Transfers, net					(828,355)	828,355	-
Permanent fund contributions					<u>35,200</u>	<u>-</u>	<u>35,200</u>
Total General Revenues, Contributions, and Transfers					<u>56,212,857</u>	<u>829,636</u>	<u>57,042,493</u>
Change in Net Position					(364,544)	795,087	430,543
<b>Net Position</b>							
Beginning of Year					<u>(58,232,668)</u>	<u>11,612,615</u>	<u>(46,620,053)</u>
End of Year					\$ <u>(58,597,212)</u>	\$ <u>12,407,702</u>	\$ <u>(46,189,510)</u>

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

**TOWN OF LYNNFIELD, MASSACHUSETTS**

Governmental Funds  
Balance Sheet  
June 30, 2022

	General <u>Fund</u>	Receipts <u>Reserved</u>	Town <u>Grants</u>	Elementary Schools <u>Expansion</u>	Nonmajor Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
<b>Assets</b>						
Cash and short-term investments	\$ 8,155,456	\$ 3,176,122	\$ -	\$ 7,577,778	\$ 2,505,305	\$ 21,414,661
Investments	4,192,592	-	-	-	1,028,304	5,220,896
Receivables:						
Property taxes	692,034	-	-	-	-	692,034
Excises	372,030	-	-	-	-	372,030
Departmental and other	13,520	4,583	-	-	82,412	100,515
Intergovernmental	-	-	1,638,750	-	198,548	1,837,298
Due from other funds	<u>970,606</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>970,606</u>
Total Assets	<u>\$ 14,396,238</u>	<u>\$ 3,180,705</u>	<u>\$ 1,638,750</u>	<u>\$ 7,577,778</u>	<u>\$ 3,814,569</u>	<u>\$ 30,608,040</u>
<b>Liabilities</b>						
Accounts payable	\$ 740,283	\$ 1,330	\$ 5,942	\$ 1,034,955	\$ 351,640	\$ 2,134,150
Accrued liabilities	847,578	-	9,425	-	23,011	880,014
Unearned revenues	-	-	857,314	-	-	857,314
Notes payable	-	-	-	1,750,000	-	1,750,000
Due to other funds	-	-	970,606	-	-	970,606
Other liabilities	<u>150,076</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>150,076</u>
Total Liabilities	1,737,937	1,330	1,843,287	2,784,955	374,651	6,742,160
<b>Deferred Inflows of Resources</b>						
Unavailable revenues	1,077,584	4,583	-	-	82,412	1,164,579
<b>Fund Balances</b>						
Nonspendable	-	-	-	-	975,700	975,700
Restricted	-	3,174,792	132,205	5,314,815	3,038,879	11,660,691
Committed	1,871,077	-	-	-	-	1,871,077
Assigned	2,490,444	-	-	-	-	2,490,444
Unassigned	<u>7,219,196</u>	<u>-</u>	<u>(336,742)</u>	<u>(521,992)</u>	<u>(657,073)</u>	<u>5,703,389</u>
Total Fund Balances	<u>11,580,717</u>	<u>3,174,792</u>	<u>(204,537)</u>	<u>4,792,823</u>	<u>3,357,506</u>	<u>22,701,301</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 14,396,238</u>	<u>\$ 3,180,705</u>	<u>\$ 1,638,750</u>	<u>\$ 7,577,778</u>	<u>\$ 3,814,569</u>	<u>\$ 30,608,040</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, 2022

<b>Total Governmental Fund Balances</b>	\$ 22,701,301
• Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.	79,965,773
• Deferred outflows of resources related to pension to be recognized in pension expense in future periods.	3,077,123
• Deferred outflows or resources related to OPEB to be recognized in OPEB expense in future periods.	21,211,342
• Revenues are reported on the accrual basis of accounting and are not deferred until collection.	1,220,809
• Long-term liabilities are not due and payable in the current period and, therefore, are not reported in governmental funds:	
Bonds and loans payable	(24,797,745)
Compensated absences	(1,116,322)
Net pension liability	(26,392,684)
Net OPEB liability	(86,535,043)
• Deferred inflows of resources related to pension to be recognized in pension expense in future periods.	(7,791,139)
• Deferred inflows of resources related to OPEB to be recognized in OPEB expense in future periods.	(40,024,132)
• Other reconciling items.	<u>(116,495)</u>
<b>Net Position of Governmental Activities</b>	\$ <u>(58,597,212)</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, 2022

	General Fund	Receipts Reserved Fund	Town Grants Fund	Elementary Schools Expansion	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues</b>						
Property taxes	\$ 50,810,745	\$ -	\$ -	\$ -	\$ -	\$ 50,810,745
Excises	3,572,468	-	-	-	-	3,572,468
Penalties, interest, and other taxes	150,267	17,846	-	-	-	168,113
Payments in lieu of taxes	624,439	-	-	-	-	624,439
Charges for services	558,203	2,833	-	-	3,098,055	3,659,091
Intergovernmental	10,209,760	-	4,026,099	-	2,842,204	17,078,063
Licenses and permits	736,572	-	-	-	-	736,572
Fines and forfeitures	28,352	-	-	-	-	28,352
Investment income (loss)	(68,410)	-	559	-	(20,495)	(88,346)
Miscellaneous	<u>266,042</u>	<u>468,666</u>	<u>-</u>	<u>814</u>	<u>216,254</u>	<u>951,776</u>
Total Revenues	66,888,438	489,345	4,026,658	814	6,136,018	77,541,273
<b>Expenditures</b>						
Current:						
General government	2,789,725	3,445	1,784,250	-	221,228	4,798,648
Public safety	5,822,063	-	1,225,721	-	857,172	7,904,956
Education	36,136,401	-	-	11,116,973	4,274,916	51,528,290
Public works	8,440,506	-	461,207	-	390,090	9,291,803
Health and human services	520,366	-	473,926	-	32,788	1,027,080
Culture and recreation	1,050,608	-	12,501	-	265,721	1,328,830
Employee benefits	7,321,317	-	-	-	-	7,321,317
Debt service:						
Principal	2,503,644	-	-	-	-	2,503,644
Interest	804,293	-	-	-	-	804,293
Intergovernmental	<u>577,209</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>577,209</u>
Total Expenditures	<u>65,966,132</u>	<u>3,445</u>	<u>3,957,605</u>	<u>11,116,973</u>	<u>6,041,915</u>	<u>87,086,070</u>
Excess (deficiency) of revenues over expenditures	922,306	485,900	69,053	(11,116,159)	94,103	(9,544,797)
<b>Other Financing Sources (Uses)</b>						
Transfers in	717,712	2,139	-	-	94,000	813,851
Transfers out	<u>(924,494)</u>	<u>(278,608)</u>	<u>(2,104)</u>	<u>-</u>	<u>(437,000)</u>	<u>(1,642,206)</u>
Total Other Financing Sources (Uses)	<u>(206,782)</u>	<u>(276,469)</u>	<u>(2,104)</u>	<u>-</u>	<u>(343,000)</u>	<u>(828,355)</u>
Change in fund balance	715,524	209,431	66,949	(11,116,159)	(248,897)	(10,373,152)
Fund Balances, at Beginning of Year, as reclassified	<u>10,865,193</u>	<u>2,965,361</u>	<u>(271,486)</u>	<u>15,908,982</u>	<u>3,606,403</u>	<u>33,074,453</u>
Fund Balances, at End of Year	\$ <u><u>11,580,717</u></u>	\$ <u><u>3,174,792</u></u>	\$ <u><u>(204,537)</u></u>	\$ <u><u>4,792,823</u></u>	\$ <u><u>3,357,506</u></u>	\$ <u><u>22,701,301</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, 2022

<b>Net Changes in Fund Balances - Total Governmental Funds</b>	<b>\$ (10,373,152)</b>
<ul style="list-style-type: none"><li>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:<ul style="list-style-type: none"><li>Capital outlay 14,113,999</li><li>Depreciation (3,349,458)</li></ul></li><li>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net position:<ul style="list-style-type: none"><li>Repayments of general obligation bonds and loans 2,503,645</li><li>Amortization of bond premiums 81,812</li></ul></li><li>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 certain 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. (292,580)</li><li>Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:<ul style="list-style-type: none"><li>Change in net pension liability and related deferred outflows and inflows 526,970</li><li>Change in net OPEB liability and related deferred outflows and inflows (3,587,313)</li><li>Change in accrued employee benefits 56,101</li><li>Change in accrued interest on bonds payable (116,495)</li></ul></li><li>Other differences <u>71,927</u></li></ul>	
<b>Change in Net Position of Governmental Activities</b>	<b>\$ <u>(364,544)</u></b>

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

**TOWN OF LYNNFIELD, MASSACHUSETTS**

Proprietary Funds  
Statement of Net Position  
June 30, 2022

	Business-Type Activities		
	Enterprise Funds		
	Golf Course <u>Fund</u>	Nonmajor Emergency Medical Services <u>Fund</u>	<u>Total</u>
<b>Assets</b>			
Current:			
Cash and short-term investments	\$ 1,243,290	\$ 297,536	\$ 1,540,826
User fees receivable, net of allowance	<u>-</u>	<u>183,412</u>	<u>183,412</u>
Total Current Assets	1,243,290	480,948	1,724,238
Noncurrent:			
Nondepreciable capital assets	12,586,893	-	12,586,893
Capital assets, net of accumulated depreciation	<u>387,703</u>	<u>162,911</u>	<u>550,614</u>
Total Noncurrent Assets	<u>12,974,596</u>	<u>162,911</u>	<u>13,137,507</u>
Total Assets	14,217,886	643,859	14,861,745
<b>Liabilities</b>			
Current:			
Accounts payable	16,797	8,873	25,670
Accrued liabilities	48,196	-	48,196
Current portion of long-term liabilities:			
Bonds payable	<u>764,026</u>	<u>-</u>	<u>764,026</u>
Total Current Liabilities	829,019	8,873	837,892
Noncurrent:			
Bonds payable, net of current portion	<u>1,616,151</u>	<u>-</u>	<u>1,616,151</u>
Total Noncurrent Liabilities	<u>1,616,151</u>	<u>-</u>	<u>1,616,151</u>
Total Liabilities	2,445,170	8,873	2,454,043
<b>Net Position</b>			
Net investment in capital assets	10,594,420	162,911	10,757,331
Unrestricted	<u>1,178,296</u>	<u>472,075</u>	<u>1,650,371</u>
Total Net Position	\$ <u>11,772,716</u>	\$ <u>634,986</u>	\$ <u>12,407,702</u>

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

**TOWN OF LYNNFIELD, MASSACHUSETTS**

Proprietary Funds  
Statement of Revenues, Expenses, and Changes in Net Position  
For the Year Ended June 30, 2022

	Business-Type Activities		
	Enterprise Funds		
	Golf Course Fund	Nonmajor Emergency Medical Services Fund	Total
<b>Operating Revenues</b>			
Charges for services	\$ 1,159,755	\$ 863,905	\$ 2,023,660
Total Operating Revenues	1,159,755	863,905	2,023,660
<b>Operating Expenses</b>			
Salaries and benefits	599,336	709,420	1,308,756
Other operating expenses	407,956	157,889	565,845
Depreciation	18,831	50,014	68,845
Total Operating Expenses	1,026,123	917,323	1,943,446
Operating Income (Loss)	133,632	(53,418)	80,214
<b>Nonoperating Revenues (Expenses)</b>			
Investment income	942	339	1,281
Interest expense	(114,763)	-	(114,763)
Total Nonoperating Revenues (Expenses), Net	(113,821)	339	(113,482)
Income (Loss) Before Transfers	19,811	(53,079)	(33,268)
Transfers in	828,355	-	828,355
Total Transfers	828,355	-	828,355
Change in Net Position	848,166	(53,079)	795,087
Net Position at Beginning of Year	10,924,550	688,065	11,612,615
Net Position at End of Year	\$ 11,772,716	\$ 634,986	\$ 12,407,702

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, 2022

	Business-Type Activities Enterprise Funds		
	Golf Course Fund	Nonmajor Emergency Medical Services Fund	Total
<b>Cash Flows From Operating Activities</b>			
Receipts from customers and users	\$ 1,159,755	\$ 862,226	\$ 2,021,981
Payments to employees	(599,336)	(709,420)	(1,308,756)
Payments to vendors	<u>(355,438)</u>	<u>(153,044)</u>	<u>(508,482)</u>
Net Cash Provided By (Used For) Operating Activities	204,981	(238)	204,743
<b>Cash Flows From Capital and Related Financing Activities</b>			
Transfers from General Fund	828,355	-	828,355
Principal payments on bonds	(704,000)	-	(704,000)
Interest expense	<u>(157,789)</u>	<u>-</u>	<u>(157,789)</u>
Net Cash (Used For) Capital and Related Financing Activities	(33,434)	-	(33,434)
<b>Cash Flows From Investing Activities</b>			
Investment income	<u>942</u>	<u>339</u>	<u>1,281</u>
Net Cash Provided By Investing Activities	<u>942</u>	<u>339</u>	<u>1,281</u>
Net Change in Cash and Short-Term Investments	172,489	101	172,590
Cash and Short-Term Investments, Beginning of Year	<u>1,070,801</u>	<u>297,435</u>	<u>1,368,236</u>
Cash and Short-Term Investments, End of Year	\$ <u><u>1,243,290</u></u>	\$ <u><u>297,536</u></u>	\$ <u><u>1,540,826</u></u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used For) Operating Activities</b>			
Operating income (loss)	\$ 133,632	\$ (53,418)	\$ 80,214
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	18,831	50,014	68,845
Changes in assets and liabilities:			
User fees receivable	-	(1,679)	(1,679)
Accounts payable	13,770	4,845	18,615
Accrued liabilities	<u>38,748</u>	<u>-</u>	<u>38,748</u>
Net Cash Provided By (Used For) Operating Activities	\$ <u><u>204,981</u></u>	\$ <u><u>(238)</u></u>	\$ <u><u>204,743</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, 2022

	<u>OPEB Trust Fund</u>	<u>Private Purpose Trust Funds</u>	<u>Custodial Funds</u>
<b>Assets</b>			
Cash and short-term investments	\$ 8,724	\$ 10,758	\$ 78,670
Investments:			
Corporate bonds	-	280,369	-
Corporate equities	1,268,407	86,669	-
Federal agency securities	-	64,650	-
Fixed income mutual funds	453,322	55,076	-
Market-linked certificates of deposit	-	24,133	-
U.S. Treasury notes	<u>-</u>	<u>190,175</u>	<u>-</u>
Total Investments	1,721,729	701,072	-
Accounts receivable	<u>-</u>	<u>-</u>	<u>17,426</u>
Total Assets	1,730,453	711,830	96,096
<b>Liabilities</b>			
Accounts payable	-	-	8,793
Other liabilities	<u>-</u>	<u>-</u>	<u>17,426</u>
Total Liabilities	-	-	26,219
<b>Net Position</b>			
Restricted for OPEB	1,730,453	-	-
Restricted for individuals, organizations, and other governments	<u>-</u>	<u>711,830</u>	<u>69,877</u>
Total Net Position	\$ <u><u>1,730,453</u></u>	\$ <u><u>711,830</u></u>	\$ <u><u>69,877</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, 2022

	<u>OPEB Trust Fund</u>	<u>Private Purpose Trust Funds</u>	<u>Custodial Funds</u>
<b>Additions</b>			
Contributions from employer	\$ 2,465,947	\$ -	\$ -
Total Contributions	2,465,947	-	-
Investment Income (Loss):			
Investment Income (loss)	<u>(300,178)</u>	<u>(14,767)</u>	<u>-</u>
Net investment Income (Loss)	(300,178)	(14,767)	-
Fees collected for Lynnfield Water Districts	-	-	2,398,089
Fees collected for other governments	-	-	5,145
Fees collected for students	-	-	139,842
Miscellaneous	<u>-</u>	<u>8</u>	<u>55,309</u>
Total Additions	2,165,769	(14,759)	2,598,385
<b>Deductions</b>			
Benefit payments to plan members	2,365,947	-	-
Payments to Lynnfield Water Districts	-	-	2,397,366
Payments to other governments	-	-	5,283
Payments on behalf of students	-	-	168,004
Other	<u>-</u>	<u>12,576</u>	<u>46,330</u>
Total Deductions	<u>2,365,947</u>	<u>12,576</u>	<u>2,616,983</u>
Change in Net Position	(200,178)	(27,335)	(18,598)
<b>Restricted Net Position</b>			
Beginning of Year	<u>1,930,631</u>	<u>739,165</u>	<u>88,475</u>
End of Year	\$ <u><u>1,730,453</u></u>	\$ <u><u>711,830</u></u>	\$ <u><u>69,877</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, Massachusetts (the Town) conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental and financial reporting principles. The following is a summary of the significant policies of the Town:

##### *Reporting Entity*

The Town is a municipal corporation governed by an elected Select Board. As required by GAAP, these financial statements present the Town and applicable component units for which the Town is considered to be financially accountable. In fiscal year 2022, no entities met the component unit requirements of GASB 14 (as amended).

##### *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 Massachusetts General Laws to own, develop, operate, and manage elderly housing units within the Town of Lynnfield. The Town, acting through the Select Board, 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 Select Board 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 are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include (1) charges to

customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

#### *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. 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 Town'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 *Receipts Reserved Fund* is used to account for Town funds that have been received from various specific sources to be appropriated separately, in accordance with Massachusetts General Laws.
- The *Town Grants Fund* accounts for all financial resources related to federal, state, and local grants for the Town.
- 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 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 insurance benefits for retired employees.
- The *Private-Purpose Trust Funds* are used to account for trust arrangements, other than those properly reported in the permanent fund, under which principal and investment income exclusively benefit individuals or private organizations. 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 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 short-term investments.

Where applicable, fair values are based on quotations from national securities exchanges, except for certain investments that are required to be presented using net asset value (NAV). The NAV per share is the amount of net assets attributable to each share of outstanding at the close of the period. Investments measured using NAV for fair value are not subject to level classification.

The Town invests 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*, where 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. Certain provisions of Proposition 2 1/2 can be overridden by a referendum.

### ***Interfund Receivables and Payables***

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due from/to other funds"

(i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans).

### ***Capital Assets***

Capital assets, which include property, plant, equipment and infrastructure assets, are reported in the applicable governmental and business-type activities columns in the government-wide financial statements and the proprietary fund type Statement of Financial Position. 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 five 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>
Land improvements	15 - 30
Buildings and improvements	20 - 40
Machinery, equipment, and furnishings	5 - 15
Infrastructure	30 - 75

### ***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 fund 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 current assets/deferred outflows and current liabilities/deferred inflows. 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, as follows:

- *Nonspendable* represents amounts that cannot be spent because they are either (1) not in spendable form or (2) legally or contractually required to be maintained intact. This fund balance classification 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 funds, 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 a 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.

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 use either through 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 GAAP 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 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 the 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 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 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.

**Deficit Fund Equity**

Certain individual funds reflected deficit balances as of June 30, 2022. It is anticipated that the deficits in these funds will be eliminated through future departmental and grant revenues, bond proceeds, and transfers from other funds.

***Excess of Expenditures Over Appropriations***

Significant expenditures exceeding appropriations during the current fiscal year were as follows:

Snow and ice removal	\$275,000
State and County assessments	\$99,541

**3. Deposits and Investments**

Massachusetts General Laws (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 having 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 Statement No. 79, *Certain External Investment Pools and Pool Participants*. 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.

***Deposits***

***Custodial Credit Risk***

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, 2022, \$17,350,144 of the Town's bank balance of \$29,193,580 was exposed to custodial credit risk as uninsured and uncollateralized. Additionally, \$2,545,195 was invested in MMDT, which is not subject to this disclosure.

### ***Investments***

The following is a summary of the Town's investments (in thousands) as of June 30, 2022:

<u>Investment Type</u>	<u>Amount</u>
Corporate bonds	\$ 2,368
Corporate equities	2,000
Federal agency securities	546
Fixed income mutual funds	919
Market linked certificates of deposits	204
U.S. Treasury notes	<u>1,607</u>
Total	\$ <u><u>7,644</u></u>

### ***Custodial Credit Risk***

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, the 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, 2022, \$6,725,145 was subject to custodial credit risk exposure because the related securities were 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>	Held by <u>Counterparty</u>	Held by Counterparty's <u>Trust or Agent</u>
Corporate bonds	\$ 2,368	\$ -	\$ 2,368
Corporate equities	2,000	-	2,000
Federal agency securities	546	-	546
Market-linked certificates of deposit	204	-	204
U.S. Treasury notes	<u>1,607</u>	<u>-</u>	<u>1,607</u>
Total	\$ <u><u>6,725</u></u>	\$ <u><u>-</u></u>	\$ <u><u>6,725</u></u>

### *Credit Risk – Investments in 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, 2022, the credit quality ratings, as rated by S&P Global Ratings, of the Town's debt securities were as follows (in thousands) (U.S. Treasury notes have an implied rating of AAA):

Investment Type	Amount	Rating as of Year End							
		AAA	AA3	A1	A2	A3	Baa1	Baa2	Unrated
Corporate bonds	\$ 2,368	\$ -	\$ 122	\$ 295	\$ 265	\$ 277	\$ 781	\$ 628	\$ -
Federal agency securities	546	546	-	-	-	-	-	-	-
Fixed income mutual funds	919	-	-	-	-	-	-	-	919
Market linked certificates of deposit	204	-	-	-	-	-	-	-	204
U.S. Treasury notes	1,607	1,607	-	-	-	-	-	-	-
Total	\$ 5,644	\$ 2,153	\$ 122	\$ 295	\$ 265	\$ 277	\$ 781	\$ 628	\$ 1,123

### *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.

As of June 30, 2022, the Town did not have investments in any one issuer that exceeded 5% of total investments.

### *Interest Rate Risk – Investment in 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 was as follows at June 30, 2022 (in thousands):

Investment Type	Amount	Investment Maturities (in Years)			
		Not Readily Available	Less Than 1	1-5	6-10
Corporate bonds	\$ 2,368	\$ -	\$ 399	\$ 1,969	\$ -
Federal agency securities	546	-	165	255	126
Fixed income mutual funds	919	919	-	-	-
Market-linked certificates of deposits	204	-	204	-	-
U.S. Treasury notes	1,607	-	812	795	-
Total	\$ 5,644	\$ 919	\$ 1,580	\$ 3,019	\$ 126

### *Foreign Currency Risk*

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, 2022, none of the Town's investments were 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 an asset or liability 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 are accessible 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 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, 2022:

		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:			
Corporate bonds	\$ 2,368	\$ -	\$ 2,368
Corporate equities	2,000	2,000	-
Federal agency securities	546	-	546
Fixed income mutual funds	919	-	919
Market-linked certificates of deposit	204	-	204
U.S. Treasury notes	<u>1,607</u>	<u>1,607</u>	<u>-</u>
Total	\$ <u>7,644</u>	\$ <u>3,607</u>	\$ <u>4,037</u>

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 is 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, respectively.

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. The actual fiscal year 2022 tax levy reflected an excess capacity of \$4,556.

Motor vehicle excise taxes are assessed annually for every motor vehicle and trailer registered in the Commonwealth of Massachusetts. 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, 2022 consisted of the following:

	Gross Amount (fund basis)	Allowance for Doubtful Accounts	Current Portion	Long- Term Portion
Real estate taxes	\$ 268,291	\$ 26,828	\$ 241,463	\$ -
Personal property taxes	21,543	9,228	12,315	-
Tax liens	105,781	10,578	28,088	67,115
Deferred taxes	294,260	29,426	84,177	180,657
Taxes in litigation	2,159	2,159	-	-
Other	-	-	-	218,286
Total property taxes	<u>\$ 692,034</u>	<u>\$ 78,219</u>	<u>\$ 366,043</u>	<u>\$ 466,058</u>
Motor vehicle excise	<u>\$ 372,030</u>	<u>\$ 55,365</u>	<u>\$ 316,665</u>	<u>\$ -</u>

**5. User Fees Receivable**

Receivables for user charges at June 30, 2022 consisted of the following:

	Gross <u>Amount</u>	Allowance for Doubtful <u>Accounts</u>	Net <u>Amount</u>
Emergency Medical Services	\$ <u>253,861</u>	\$ <u>70,449</u>	\$ <u>183,412</u>

**6. Intergovernmental Receivables**

This balance represents reimbursements requested from federal and state agencies for expenditures incurred in fiscal year 2022.

**7. Interfund Accounts**

***Receivables/Payables***

Although self-balancing funds are maintained, most transactions flow through the General Fund. In order to obtain accountability for each fund, interfund receivable and payable accounts must be utilized. The composition of interfund balances as of June 30, 2022 is as follows:

<u>Governmental Funds:</u>	Due From <u>Other Funds</u>	Due To <u>Other Funds</u>
General Fund	\$ 970,606	\$ -
Town Grants Fund	<u>-</u>	<u>970,606</u>
Total	\$ <u>970,606</u>	\$ <u>970,606</u>

***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 a schedule of interfund transfers for the year ended June 30, 2022:

	<u>Transfers In</u>	<u>Transfers Out</u>
<u>Governmental Funds:</u>		
General Fund	\$ 717,712	\$ 924,494
Receipts Reserved Fund	2,139	278,608
Town Grants Fund	-	2,104
Nonmajor Governmental Funds:		
Special revenue:		
Revolving fund	-	407,000
Capital project funds:		
Center Farm acquisition	94,000	-
Permanent trust fund	-	30,000
Subtotal nonmajor governmental funds	94,000	437,000
<u>Business-Type Funds:</u>		
Golf enterprise fund	828,355	-
Subtotal business-type funds	828,355	-
Total	\$ <u>1,642,206</u>	\$ <u>1,642,206</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 Fund (enterprise fund) debt service costs.

## 8. Capital Assets

Capital asset activity for the year ended June 30, 2022 was as follows (in thousands):

	Beginning <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Convert CIP</u>	Ending <u>Balance</u>
<b>Governmental Activities</b>					
Capital Assets, Being Depreciated:					
Land improvements	\$ 1,076	\$ -	\$ -	\$ -	\$ 1,076
Buildings and improvements	104,118	523	-	-	104,641
Machinery, equipment, and furnishings	16,857	455	-	-	17,312
Infrastructure	<u>14,612</u>	<u>132</u>	<u>-</u>	<u>12</u>	<u>14,756</u>
Total Capital Assets, Being Depreciated	136,663	1,110	-	12	137,785
Less Accumulated Depreciation For:					
Land improvements	(912)	(12)	-	-	(924)
Buildings and improvements	(54,915)	(2,515)	-	-	(57,430)
Machinery, equipment, and furnishings	(15,137)	(445)	-	-	(15,582)
Infrastructure	<u>(5,379)</u>	<u>(377)</u>	<u>-</u>	<u>-</u>	<u>(5,756)</u>
Total Accumulated Depreciation	<u>(76,343)</u>	<u>(3,349)</u>	<u>-</u>	<u>-</u>	<u>(79,692)</u>
Capital Assets, Being Depreciated, Net	60,320	(2,239)	-	12	58,093
Capital Assets, Not Being Depreciated:					
Land	7,768	2,410	-	-	10,178
Construction in progress	<u>1,113</u>	<u>10,594</u>	<u>-</u>	<u>(12)</u>	<u>11,695</u>
Total Capital Assets, Not Being Depreciated	<u>8,881</u>	<u>13,004</u>	<u>-</u>	<u>(12)</u>	<u>21,873</u>
Governmental Activities Capital Assets, Net	<u>\$ 69,201</u>	<u>\$ 10,765</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 79,966</u>
<b>Business-Type Activities</b>					
Capital Assets, Being Depreciated:					
Land improvements	\$ 161	\$ -	\$ -	\$ -	\$ 161
Buildings and improvements	482	-	-	-	482
Machinery, equipment, and furnishings	<u>1,148</u>	<u>-</u>	<u>(200)</u>	<u>-</u>	<u>948</u>
Total Capital Assets, Being Depreciated	1,791	-	(200)	-	1,591
Less Accumulated Depreciation For:					
Land improvements	(45)	(7)	-	-	(52)
Buildings and improvements	(192)	(62)	200	-	(54)
Machinery, equipment, and furnishings	<u>(935)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(935)</u>
Total Accumulated Depreciation	<u>(1,172)</u>	<u>(69)</u>	<u>200</u>	<u>-</u>	<u>(1,041)</u>
Capital Assets, Being Depreciated, Net	619	(69)	-	-	550
Capital Assets, Not Being Depreciated:					
Land	<u>12,587</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,587</u>
Total Capital Assets, Not Being Depreciated	<u>12,587</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,587</u>
Business-Type Activities Capital Assets, Net	<u>\$ 13,206</u>	<u>\$ (69)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,137</u>



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

Governmental Activities	
General government	\$ 475
Public safety	187
Education	2,028
Public works	536
Health and human services	116
Culture and recreation	<u>7</u>
Total Governmental Activities	\$ <u>3,349</u>
Business-Type Activities	
Golf Course	\$ 19
Emergency Medical Services	<u>50</u>
Total Business-Type Activities	\$ <u>69</u>

## **9. Deferred Outflows of Resources**

Deferred outflows of resources represent the consumption of net assets that apply to future reporting periods. Deferred outflows of resources have a positive effect on net position, similar to assets. Deferred outflows of resources related to pension 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 note outstanding at June 30, 2022:

<u>Purpose</u>	<u>Interest Rate</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Balance at 6/30/22</u>
Elementary schools	3.00%	06/02/22	06/02/23	\$ <u>1,750,000</u>
Total				\$ <u><u>1,750,000</u></u>

The following summarizes activity in notes payable during fiscal year 2022:

<u>Purpose</u>	<u>Balance Beginning of Year</u>	<u>New Issues</u>	<u>Paydown</u>	<u>Balance End of Year</u>
Land acquisition	\$ 94,000	-	\$ (94,000)	\$ -
Elementary schools	<u>-</u>	<u>1,750,000</u>	<u>-</u>	<u>1,750,000</u>
Total	\$ <u><u>94,000</u></u>	\$ <u><u>1,750,000</u></u>	\$ <u><u>(94,000)</u></u>	\$ <u><u>1,750,000</u></u>

## 11. Unearned Revenues

Unearned revenues represent grant funds received by the Town from the American Rescue Plan Act (ARPA). These funds will be used for COVID-19 related expenditures or negative economic impacts of COVID-19 over the next several years.

## 12. Long-Term Debt

### ***General Obligation Bonds and Loans***

The Town issues general obligation bonds (including direct placements) 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 outstanding are as follows:

	Original	Serial	Interest	Amount
<u>Governmental Activities</u>	<u>Issue</u>	<u>Maturities</u>	<u>Rate(s) %</u>	<u>Outstanding</u>
		<u>Through</u>		<u>as of</u>
				<u>6/30/22</u>
General obligation bonds:				
General obligation bonds	1,671,000	04/01/30	3.00-4.00%	\$ 935,000
School bonds	2,565,000	06/15/33	2.75%	1,395,000
Refunded school bonds	5,970,000	07/01/22	1.55%	575,000
Refunded school bonds	5,673,000	07/01/24	1.79%	1,615,000
Recreation	4,467,000	07/15/34	2.67%	2,765,000
Refunded capital bonds	57,700	02/15/24	5.00%	18,900
Refunded athletic facilities bond	955,300	02/15/33	2.00-5.00%	800,000
Elementary schools expansion bond	15,520,000	06/01/41	2.00-5.00%	<u>15,010,000</u>
Total general obligation bonds				23,113,900
Loans payable (direct borrowings):				
Septic (MWPAT)	200,000	07/15/32	0.00%	110,742
Septic (MWPAT)	252,841	01/15/33	0.00%	107,958
Freightliner dump truck	127,460	09/25/23	5.97%	<u>63,678</u>
Total loans payable (direct borrowings)				<u>282,378</u>
Total Governmental Activities				<u>\$ 23,396,278</u>
	Original	Serial	Interest	Amount
<u>Business-Type Activities</u>	<u>Issue</u>	<u>Maturities</u>	<u>Rate(s) %</u>	<u>Outstanding</u>
		<u>Through</u>		<u>as of</u>
				<u>6/30/22</u>
General obligation bonds:				
Refunded golf course purchase	1,007,000	02/15/25	2-5%	\$ 608,900
Refunded golf course purchase	2,660,000	02/15/25	2-5%	<u>1,642,200</u>
Total general obligation bonds				<u>2,251,100</u>
Total Business-Type Activities				<u>\$ 2,251,100</u>

**Future Debt Service**

The annual payments to retire all general obligation bonds and loans outstanding as of June 30, 2022 are as follows:

**Governmental**

<u>Activities</u>	<u>Bonds</u>		<u>Loans - Direct Borrowings</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2023	\$ 2,294,000	\$ 707,614	\$ 51,000	\$ 2,635	\$ 3,055,249
2024	1,724,900	630,451	52,305	1,344	2,409,000
2025	1,740,000	569,019	19,836	-	2,328,855
2026	1,250,000	514,019	19,851	-	1,783,870
2027	1,260,000	464,819	19,866	-	1,744,685
2028	1,295,000	414,694	19,881	-	1,729,575
2029	1,340,000	362,769	19,897	-	1,722,666
2030	1,380,000	308,894	19,912	-	1,708,806
2031	1,045,000	257,169	19,927	-	1,322,096
2032	1,080,000	218,075	19,942	-	1,318,017
2033 - 2037	4,825,000	681,894	19,961	-	5,526,855
2038 - 2042	<u>3,880,000</u>	<u>196,000</u>	<u>-</u>	<u>-</u>	<u>4,076,000</u>
Total	\$ <u>23,113,900</u>	\$ <u>5,325,417</u>	\$ <u>282,378</u>	\$ <u>3,979</u>	\$ <u>28,725,674</u>

**Business-Type**

<u>Activities</u>	<u>Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
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>2,251,100</u>	\$ <u>157,860</u>	\$ <u>2,408,960</u>

**Changes in Long-Term Liabilities**

During the year ended June 30, 2022, the following changes occurred in long-term liabilities (in thousands):

	Beginning Balance	Additions	Reductions	Ending Balance	Less Current Portion	Equals Long-Term Portion
<b>Governmental Activities</b>						
Bonds payable	\$ 25,500	\$ -	\$ (2,386)	\$ 23,114	\$ (2,294)	\$ 20,820
Loans payable (direct borrowings)	400	-	(117)	283	(51)	232
Unamortized premium	<u>1,483</u>	<u>-</u>	<u>(82)</u>	<u>1,401</u>	<u>(82)</u>	<u>1,319</u>
Subtotal	27,383	-	(2,585)	24,798	(2,427)	22,371
Compensated absences	1,172	34	(90)	1,116	(369)	747
Net pension liability	30,726	(4,333)	-	26,393	-	26,393
Net OPEB liability	<u>106,760</u>	<u>(20,225)</u>	<u>-</u>	<u>86,535</u>	<u>-</u>	<u>86,535</u>
Total	<u>\$ 166,041</u>	<u>\$ (24,524)</u>	<u>\$ (2,675)</u>	<u>\$ 138,842</u>	<u>\$ (2,796)</u>	<u>\$ 136,046</u>
<b>Business-Type Activities</b>						
Bonds payable	\$ 2,955	\$ -	\$ (704)	\$ 2,251	\$ (721)	\$ 1,530
Unamortized premium	<u>172</u>	<u>-</u>	<u>(43)</u>	<u>129</u>	<u>(43)</u>	<u>86</u>
Total	<u>\$ 3,127</u>	<u>\$ -</u>	<u>\$ (747)</u>	<u>\$ 2,380</u>	<u>\$ (764)</u>	<u>\$ 1,616</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. The Golf Course Fund (enterprise fund) long-term debt payments are funded by transfers from the General Fund.

**13. Deferred Inflows of Resources**

Deferred inflows of resources represent the acquisition of net assets that apply 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, in accordance with GASB Statements No. 68 and 75, will be recognized as expense in future years and are 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.

## 14. Governmental Funds – Fund Balances

The Town's fund balances at June 30, 2022 are comprised of the following:

	General Fund	Receipts Reserved Fund	Town Grants Fund	Elementary Schools Expansion	Nonmajor Governmental Funds	Total Governmental Funds
<b>Nonspendable</b>						
Permanent funds	\$ -	\$ -	\$ -	\$ -	\$ 975,700	\$ 975,700
Total Nonspendable	-	-	-	-	975,700	975,700
<b>Restricted</b>						
Special revenue funds						
Sale of real estate	-	1,524,029	-	-	-	1,524,029
MWPAT septic-betterment						
loan/interest proceeds	-	286,723	-	-	-	286,723
Cable/PEG access gift	-	1,208,814	-	-	-	1,208,814
Community School support	-	-	-	-	544,794	544,794
Non-residential tuition revolving	-	-	-	-	214,156	214,156
Circuit breaker	-	-	-	-	661,006	661,006
Council on Aging activity	-	-	-	-	182,444	182,444
Recreation	-	-	-	-	221,911	221,911
School lunch	-	-	-	-	441,626	441,626
Other	-	155,226	132,205	-	576,488	863,919
Expendable trust funds	-	-	-	-	134,123	134,123
Capital project funds	-	-	-	5,314,815	2,076	5,316,891
Permanent funds	-	-	-	-	60,255	60,255
Total Restricted	-	3,174,792	132,205	5,314,815	3,038,879	11,660,691
<b>Committed</b>						
Article carryforwards						
General government	821,678	-	-	-	-	821,678
Public safety	117,594	-	-	-	-	117,594
Public works	364,128	-	-	-	-	364,128
Health and human services	90	-	-	-	-	90
Culture and recreation	13,115	-	-	-	-	13,115
Recreation capital stabilization	554,472	-	-	-	-	554,472
Total Committed	1,871,077	-	-	-	-	1,871,077
<b>Assigned</b>						
General government	335	-	-	-	-	335
Public safety	300	-	-	-	-	300
Education	323,068	-	-	-	-	323,068
Public works	127,860	-	-	-	-	127,860
Health and human services	1,240	-	-	-	-	1,240
Culture and recreation	6,426	-	-	-	-	6,426
Operating budget	60,000	-	-	-	-	60,000
Capital budget	1,971,215	-	-	-	-	1,971,215
Total Assigned	2,490,444	-	-	-	-	2,490,444
<b>Unassigned</b>						
General Fund	3,516,738	-	-	-	-	3,516,738
General stabilization	2,477,874	-	-	-	-	2,477,874
Capital facilities stabilization	1,224,584	-	-	-	-	1,224,584
Special revenue fund deficits	-	-	(336,742)	-	(657,073)	(993,815)
Capital project fund deficits	-	-	-	(521,992)	-	(521,992)
Total Unassigned	7,219,196	-	(336,742)	(521,992)	(657,073)	5,703,389
Total Fund Balances	\$ 11,580,717	\$ 3,174,792	\$ (204,537)	\$ 4,792,823	\$ 3,357,506	\$ 22,701,301

## 15. 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 employees' retirement funds.

### ***Plan Description***

Substantially all employees of the Town (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. Chapter 32 of Massachusetts General Laws establishes the authority of the System, 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](http://www.essexregional.com).

### ***Participant Contributions***

Participants contribute a set percentage of their gross regular compensation annually. Employee contribution percentages are specified in Chapter 32 of 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 the 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 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, 2022 was \$3,149,644, 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, 2022, the Town reported a liability of \$26,392,684 for its proportionate share of the System's net pension liability. The net pension liability was measured as of December 31, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2022. 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, 2021, the Town's proportion was 7.601%, which was an increase of 0.14% from the proportion measured as of December 31, 2020.

For the year ended June 30, 2022, the Town recognized pension expense of \$2,622,674. In addition, the Town reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Differences between expected and actual experience	\$ 2,197	\$ 807,581
Changes of assumptions	2,923,554	-
Net difference between projected and actual earnings on pension plan investments	-	5,850,555
Changes in proportion and differences between employer contributions and proportionate share of contributions	<u>151,372</u>	<u>1,133,003</u>
Total	<u>\$ 3,077,123</u>	<u>\$ 7,791,139</u>

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

<u>Year Ended June 30:</u>	
2023	\$ (785,029)
2024	(1,631,469)
2025	(1,355,671)
2026	<u>(941,847)</u>
Total	\$ <u><u>(4,714,016)</u></u>

### ***Actuarial Assumptions***

The total pension liability in the latest actuarial valuation was determined using the following actuarial assumptions:

Valuation date	January 1, 2022
Actuarial cost method	Entry Age
Actuarial assumptions:	
Investment rate of return	7.00%
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 \$16,000 for fiscal year 2022 and 3% of first \$16,000 thereafter

Mortality rates for pre-retirement were based on the RP-2014 Employee Mortality Table projected generationally with Scale MP-2021, RP-2014 Healthy Annuitant Mortality Table projected generationally with Scale MP-2021, and RP-2014 Healthy Annuitant Mortality Table set forward two years projected generationally with Scale MP-2021.

### ***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	22.00%	6.11%
International developed markets equity	11.50%	6.49%
International emerging markets equity	4.50%	8.12%
Core fixed income	15.00%	0.38%
High-yield fixed income	8.00%	2.48%
Private equity	15.00%	9.93%
Real estate	10.00%	3.72%
Timberland	4.00%	3.44%
Hedge fund, PCS	10.00%	2.63%
Total	<u>100.00%</u>	

#### ***Discount Rate***

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that 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 7.00%, as well as what the Town's proportionate share of the net pension liability would be if it was calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate:

1% Decrease <u>(6.00%)</u>	Current Discount Rate <u>(7.00%)</u>	1% Increase <u>(8.00%)</u>
\$ 35,692,655	\$ 26,392,684	\$ 11,582,887

***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.

**16. 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 of Massachusetts on behalf of municipal teachers and municipal teacher retirees. The Commonwealth of Massachusetts 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 of Massachusetts' 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

In addition, members who join MTRS on or after April 2, 2012 will have their withholding rates reduced to 8% for those participating in retirement, otherwise the withholdings are reduced to 6% plus 2% on earnings over \$30,000 a year after achieving 30 years of creditable service.

### ***Actuarial Assumptions***

The net pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of January 1, 2021 rolled forward to June 30, 2021. This valuation used the following assumptions:

- (a) 7.00% (changed from 7.15%) 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 from 2012 – 2020.

- Mortality rates were as follows:
  - Pre-retirement – reflects Pub-2010 Teachers Employees mortality table (headcount weighted) projected generationally with Scale MP-2020 (gender distinct).
  - Post-retirement – reflects Pub-2010 Teachers Retirees mortality table (headcount weighted) projected generationally with Scale MP-2020 (gender distinct).
  - Disability – assumed to be in accordance with the Pub-2010 Teachers Retiree Mortality Table (headcount weighted) projected generationally with Scale MP-2020 (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, 2021 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%	0.30%
Private equity	13.00%	7.80%
Portfolio completion strategies	11.00%	2.90%
Real estate	10.00%	3.70%
Value added fixed income	8.00%	3.90%
Timberland/natural resources	<u>4.00%</u>	4.30%
Total	<u>100.00%</u>	

### ***Discount Rate***

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the Commonwealth of Massachusetts' 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>(6.00%)</u>	Current Discount Rate <u>(7.00%)</u>	1% Increase <u>(8.00%)</u>
\$ 29,687,706	\$ 22,706,876	\$ 16,882,184

### ***Special Funding Situation***

The Commonwealth of Massachusetts is a nonemployer contributor and is required by statute to make all actuarially determined employer contributions on behalf of the member employers. Therefore, these employers are considered to be in a special funding situation as defined by Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions* (GASB 68) and the Commonwealth of Massachusetts 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 2021 (the most recent measurement period), the Town's proportionate share of the MTRS' collective net pension liability was \$56,147,190 based on a proportionate share of 0.247270%. As required by GASB 68, the Town has recognized its portion of the Commonwealth's contribution of \$4,323,466 as both a revenue and expenditure on the Statement of Revenues, Expenditures, and Changes in Fund Balance, and its portion of the collective pension expense of an additional \$182,112 as both a revenue and expense on the Statement of Activities.

## **17. Other Post-Employment Benefits**

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* (OPEB), replaces the requirements of GASB 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 GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This 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, 2022.

**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 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, 2022, 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, 2022, the annual money-weighted rate of return on investments, net of investment expense, was (15.32)%. 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	3.69%
Discount rate	3.69%
Healthcare cost trend rates	6.00% per year graded down by the Getzen model to an ultimate rate of 4.44% 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, 2022 is summarized in the following table.

<u>Asset Class</u>	<u>Target Asset Allocation</u>
Equity	57.05%
Fixed income	26.65%
Alternatives	15.96%
Cash	0.34%
Total	<u>100.00%</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 3.69% and was based on Fidelity GO AA 20 year-index at June 30, 2022. 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 3.69% was used for the discount rate.

**Net OPEB Liability**

The components of the net OPEB liability, measured as of June 30, 2022, were as follows:

Total OPEB liability	\$	88,265,496
Plan fiduciary net position		<u>1,730,453</u>
Net OPEB liability	\$	<u><u>86,535,043</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability		1.96%

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	\$ 108,690,679	\$ 1,930,631	\$ 106,760,048
Changes for the year:			
Service cost	7,124,874	-	7,124,874
Interest	2,066,826	-	2,066,826
Contributions - employer	-	2,465,947	(2,465,947)
Net investment income (loss)	-	(303,556)	303,556
Differences between expected and actual experience	419,861	-	419,861
Changes in assumptions or other inputs	(27,674,175)	-	(27,674,175)
Benefit payments	<u>(2,362,569)</u>	<u>(2,362,569)</u>	<u>-</u>
Net Changes	<u>(20,425,183)</u>	<u>(200,178)</u>	<u>(20,225,005)</u>
Balances, end of year	\$ <u>88,265,496</u>	\$ <u>1,730,453</u>	\$ <u>86,535,043</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 1.92% in 2021 to 3.69% in 2022.

**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 was calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current discount rate:

1% Decrease (2.69%)	Current Discount Rate (3.69%)	1% Increase (4.69%)
\$ 102,945,269	\$ 86,535,043	\$ 73,582,767

***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 was 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 <u>(3.44%)</u>	Current Healthcare Cost Trend Rates <u>(4.44%)</u>	1% Increase <u>(4.44%)</u>
\$ 70,833,206	\$ 86,535,043	\$ 107,411,427

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

For the year ended June 30, 2022, the Town recognized an OPEB expense of \$6,053,260. At June 30, 2022, the Town reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 431,391	\$ 11,546,900
Change in assumptions	20,550,235	28,477,232
Net difference between projected and actual OPEB investment earnings	<u>229,716</u>	<u>-</u>
Total	<u>\$ 21,211,342</u>	<u>\$ 40,024,132</u>

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

**Year Ended June 30:**

2023	\$ (2,985,139)
2024	(2,987,309)
2025	(2,091,637)
2026	(1,137,031)
2027	(1,831,990)
Thereafter	<u>(7,779,684)</u>
Total	<u>\$ (18,812,790)</u>

## 18. 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 had \$459,229 in encumbrances that will be honored in the next fiscal year.

### ***COVID-19***

The COVID-19 outbreak in the United States of America (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 remains uncertain.

## 19. Beginning Fund Balance Reclassification

The beginning (July 1, 2021) fund balances of the Town have been reclassified as follows:

### Fund Basis Financial Statements:

	Receipts Reserved <u>Fund</u>	Town Grants <u>Fund</u>	Nonmajor Governmental <u>Funds</u>	<u>Total</u>
As previously reported	\$ -	\$ -	\$ 6,300,278	\$ -
Major fund in current fiscal year	<u>2,965,361</u>	<u>(271,486)</u>	<u>(2,693,875)</u>	<u>(2,693,875)</u>
As reclassified	<u>\$ 2,965,361</u>	<u>\$ (271,486)</u>	<u>\$ 3,606,403</u>	<u>\$ (2,693,875)</u>

## **20. Subsequent Events**

Management has evaluated subsequent events through December 13, 2022, which is the date the financial statements were available to be issued.

### ***Debt Authorizations***

Subsequent to June 30, 2022, the Town has authorized \$63.5 million in general obligation bonds for a renovation project of the Public Safety/Town Hall complex, as well as construction of the South Lynnfield Fire Station. This borrowing is outside the limitation of Proposition 2 ½, as described in Note 1.

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**REQUIRED SUPPLEMENTARY INFORMATION**



*Lynnfield recognized Red Ribbon week on the Town Common. This is America's largest and longest running drug use prevention campaign. – Photos courtesy of Peg Sallade*

**TOWN OF LYNNFIELD, MASSACHUSETTS**

General Fund  
Detail Schedule of Revenues and Other Financing Sources - Budget and Actual  
For the Year Ended June 30, 2022

(Unaudited)

	Original <u>Budget</u>	Final <u>Budget</u>	Actual <u>(Budgetary Basis)</u>	Variance Positive <u>(Negative)</u>
<b>Revenues and Other Sources</b>				
Property taxes	\$ 50,501,146	\$ 50,501,146	\$ 50,867,365	\$ 366,219
Excise taxes	3,231,259	3,231,259	3,572,468	341,209
Penalties, interest, and other taxes	100,000	100,000	150,267	50,267
Payments in lieu of taxes	608,000	608,000	624,439	16,439
Charges for services	503,000	503,000	558,203	55,203
Intergovernmental	5,771,712	5,771,712	5,886,294	114,582
Licenses and permits	550,000	550,000	736,572	186,572
Fines and forfeitures	30,000	30,000	28,352	(1,648)
Investment income	9,000	9,000	17,792	8,792
Miscellaneous	-	-	51,235	51,235
Transfers in	1,042,712	1,042,712	1,042,712	-
Use of free cash	1,297,211	1,297,211	1,297,211	-
Use of overlay surplus	60,000	60,000	60,000	-
Use of prior year assigned fund balance (carryforwards)	<u>877,862</u>	<u>1,743,724</u>	<u>1,743,724</u>	<u>-</u>
Total Revenues and Other Sources	\$ <u>64,581,902</u>	\$ <u>65,447,764</u>	\$ <u>66,636,634</u>	\$ <u>1,188,870</u>

**TOWN OF LYNNFIELD, MASSACHUSETTS**

General Fund  
Detail Schedule of Expenditures and Other Financing Uses - Budget and Actual  
For the Year Ended June 30, 2022

(Unaudited)

	Original <u>Budget</u>	Final <u>Budget</u>	Actual <u>(Budgetary Basis)</u>	Variance Positive <u>(Negative)</u>
<b>General Government</b>				
Select Board				
Select Board's Salaries	\$ 2,250	\$ 2,250	\$ 1,513	\$ 737
Town Administrator's Salary	182,542	192,102	192,102	-
Administrative Salary	98,883	104,883	102,398	2,485
Professional Services	94,240	129,240	93,819	35,421
Pay Rate Increase Fund	60,000	1,906	-	1,906
Property and Liability Insurance	701,471	639,496	551,480	88,016
Other Expenses	24,500	24,500	15,292	9,208
Cable				
Cable Access Salaries	116,050	116,800	116,800	-
Cable Access Expense	39,939	38,974	38,974	-
Cable Access Capital	20,000	32,471	32,471	-
Town Accountant				
Accountant's Salary	130,019	136,267	136,267	-
Clerical Salary	64,803	66,023	63,776	2,247
Expenses	5,300	5,300	4,543	757
Town Counsel				
Professional Services	90,000	120,000	120,000	-
Expenses Law Books	3,500	3,500	2,235	1,265
Operations Support				
Salaries	77,182	57,182	54,830	2,352
Expenses	48,400	48,400	45,005	3,395
Information Systems				
Salaries	5,000	5,000	4,995	5
Expenses	273,020	274,524	257,872	16,652
Tax Collector				
Collector Expenses	21,050	21,050	7,680	13,370
Senior Tax Work-Off Program	9,000	2,226	2,226	-
Treasurer				
Treasurer's Salaries	214,639	238,415	235,123	3,292
Treasurer's Expenses	28,740	28,740	16,894	11,846
Town Clerk				
Town Clerk Salaries	139,074	154,574	152,927	1,647
Clerk Expenses	38,265	38,265	23,157	15,108
Board of Assessors				
Board Salaries	11,500	11,500	11,200	300
Other Salaries	154,590	170,111	167,046	3,065
Professional Services	46,035	46,035	46,035	-
Assessment Update	8,200	8,200	8,200	-
Expenses	11,970	11,970	11,970	-
Board of Appeals				
Expenses	3,241	9,241	7,554	1,687
Conservation Commission				
Salaries	160,160	162,183	159,924	2,259
Expenses	10,704	10,704	9,456	1,248
Professional Services	1,545	1,545	1,545	-
Open Space	1,545	1,545	1,450	95
Personnel Board				
Salary	1,874	1,874	-	1,874
Professional Services	2,870	2,870	648	2,222
Expenses	330	330	-	330
Finance Committee				
Salary	3,000	3,000	2,623	377
Expenses	420	420	290	130
Finance Committee Report	2,500	2,500	-	2,500
Reserve Fund	45,000	45,000	-	45,000
Total General Government	2,953,351	2,971,116	2,700,320	270,796
				(continued)

(continued)

	Original <u>Budget</u>	Final <u>Budget</u>	Actual <u>(Budgetary Basis)</u>	Variance Positive <u>(Negative)</u>
<b>Public Safety</b>				
Police				
Chief's Salary (including holidays)	204,901	183,901	182,019	1,882
Other Salaries (including holidays)	2,405,051	2,381,634	2,347,130	34,504
Officers' Overtime	407,892	592,863	592,862	1
Officers Training	137,562	137,562	137,562	-
Other Expenses	230,525	230,525	225,732	4,793
Fire				
Chief's Salary (including holidays)	143,140	149,024	148,115	909
Full-time Salaries (including holidays)	914,220	989,220	988,778	442
Call Dept. Salaries	510,777	460,777	443,447	17,330
Fire Alarm Salaries	15,462	15,462	14,948	514
Fire Dept. Expenses	116,869	126,869	126,740	129
Fire Alarm Expenses	14,002	4,002	4,002	-
Division of Zoning & Inspection				
Other Salaries	219,076	220,076	216,234	3,842
Professional Services	34,424	34,424	33,418	1,006
Expenses	16,131	16,131	14,243	1,888
Emergency Management				
Other Salaries	7,500	7,960	7,960	-
Expenses	1	1	-	1
Animal Control Officer				
Dog Officer's Salary	28,386	28,386	27,691	695
Expenses	<u>1,854</u>	<u>1,854</u>	<u>672</u>	<u>1,182</u>
Total Public Safety	5,407,773	5,580,671	5,511,553	69,118
<b>Education</b>				
School Operating	27,946,605	28,223,708	28,223,014	694
School Health Insurance	3,156,479	3,156,479	3,112,512	43,967
School Vocational Assessment	<u>786,593</u>	<u>786,593</u>	<u>786,593</u>	<u>-</u>
Total Education	31,889,677	32,166,780	32,122,119	44,661
<b>Public Works</b>				
Administration				
Director Salary	138,003	142,003	141,474	529
Other Salaries	555,134	561,084	559,646	1,438
Motor Fuel/Oil	134,000	152,437	148,009	4,428
Other Expenses	9,500	9,500	8,191	1,309
Highway				
Salaries	930,969	890,202	860,368	29,834
Expenses	564,550	564,550	544,031	20,519
Sidewalk Construction & Maint.				
Expenses	25,000	25,000	14,154	10,846
Snow and Ice Removal				
Salaries and Expenses	120,000	283,080	558,080	(275,000)
Street Lighting				
Expenses	180,000	111,563	82,591	28,972
Rubbish Collection				
Expenses	945,000	945,000	927,910	17,090
School Maintenance and Buses				
Salaries	1,172,807	1,193,574	1,193,574	-
Energy Supply	724,000	724,000	724,000	-
Expenses	1,393,200	1,393,200	1,301,904	91,296
Town Building Maintenance				
Salaries	255,878	255,878	238,223	17,655
Expenses	<u>371,500</u>	<u>411,500</u>	<u>383,129</u>	<u>28,371</u>
Total Public Works	7,519,541	7,662,571	7,685,284	(22,713)

(continued)

(continued)

	Original <u>Budget</u>	Final <u>Budget</u>	Actual <u>(Budgetary Basis)</u>	Variance Positive <u>(Negative)</u>
<b>Health and Human Services</b>				
Board of Health				
Other Salaries	94,740	122,240	110,376	11,864
Expenses	44,304	51,804	49,099	2,705
Council on Aging				
Salary	345,712	349,312	300,105	49,207
Expenses	26,949	26,949	25,669	1,280
Veterans' Services				
Director's Salary	16,393	16,393	16,393	-
Expenses	8,300	8,300	5,847	2,453
Veterans Benefits	<u>24,000</u>	<u>24,000</u>	<u>13,969</u>	<u>10,031</u>
Total Health and Human Services	560,398	598,998	521,458	77,540
<b>Culture and Recreation</b>				
Library				
Director's Salary	95,625	130,625	128,716	1,909
Other Salaries	591,175	553,595	543,438	10,157
Expenses	259,047	271,897	264,229	7,668
Recreation Commission				
Salaries	74,870	75,999	75,990	9
Expenses	3,300	3,300	1,194	2,106
Historical Commission				
Expenses	<u>15,910</u>	<u>15,910</u>	<u>15,031</u>	<u>879</u>
Total Culture and Recreation	1,039,927	1,051,326	1,028,598	22,728
<b>Employee Benefits and Unclassified</b>				
Pension Contributions	3,149,644	3,138,488	3,129,601	8,887
Town Health/Life/Disability Insurance	3,597,521	3,497,521	3,410,596	86,925
Medicare - F.I.C.A.	510,000	525,000	507,904	17,096
Workers' Compensation Insurance	270,000	220,000	162,967	57,033
Other	5,047	5,047	967	4,080
Unemployment Compensation	<u>30,500</u>	<u>17,500</u>	<u>8,329</u>	<u>9,171</u>
Total Employee Benefits	7,562,712	7,403,556	7,220,364	183,192
<b>Miscellaneous</b>				
Prior Year Deficits	<u>275,012</u>	<u>275,012</u>	<u>275,012</u>	<u>-</u>
Total Miscellaneous	275,012	275,012	275,012	-
<b>Debt Service</b>				
Short-term Interest	4,000	4,000	703	3,297
Long-term Principal Payment	501,000	595,000	595,000	-
Long-term Interest	151,046	151,046	151,045	1
Long-term Principal Debt Exclusion	2,744,000	2,660,838	2,589,000	71,838
Long-term Interest Debt Exclusion	688,849	772,011	772,010	1
Septic Loan Program	<u>22,619</u>	<u>22,619</u>	<u>19,791</u>	<u>2,828</u>
Total Debt Service	4,111,514	4,205,514	4,127,549	77,965
<b>Intergovernmental</b>				
State and County Assessments	477,668	477,668	577,209	(99,541)
<b>Prior Year Encumbrances</b>				
General government	-	22,533	22,207	326
Public safety	-	13,072	12,219	853
Education	-	98,961	68,512	30,449
Public works	-	100,883	83,069	17,814
Health and human services	-	286	286	-
Culture and recreation	-	27,946	23,354	4,592
Employee benefits	<u>-</u>	<u>1,000</u>	<u>954</u>	<u>46</u>
Total Prior Year Encumbrances	-	264,681	210,601	54,080

(continued)

(continued)

	Original <u>Budget</u>	Final <u>Budget</u>	Actual <u>(Budgetary Basis)</u>	Variance Positive <u>(Negative)</u>
<b>Articles</b>				
Unassigned (prior year bills)	-	3,438	3,438	-
General government	885,775	885,775	885,775	-
Public safety	416,185	416,185	416,185	-
Education	98,752	98,752	98,752	-
Public works	1,065,467	1,067,571	1,067,571	-
Health and human services	5,035	5,035	5,035	-
Culture and recreation	<u>13,115</u>	<u>13,115</u>	<u>13,115</u>	<u>-</u>
Total Articles	2,484,329	2,489,871	2,489,871	-
<b>Other Financing Uses</b>				
Transfers out				
Transfer to OPEB Trust	100,000	100,000	100,000	-
Transfer to Stabilization	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>	<u>-</u>
Total Other Financing Uses	<u>300,000</u>	<u>300,000</u>	<u>300,000</u>	<u>-</u>
Total Expenditures and Other Financing Uses	<u>\$ 64,581,902</u>	<u>\$ 65,447,764</u>	<u>\$ 64,769,938</u>	<u>\$ 677,826</u>

**Notes to Required Supplementary Information  
for General Fund Budget**

***Budgetary Basis***

The General Fund final appropriation appearing on pages 81 to 85 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 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, 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	\$ 66,888,438	\$ 65,966,132	\$ (206,782)
Reverse MTRS on-behalf payment	(4,323,466)	(4,323,466)	-
Add end-of-year appropriation carryforwards from expenditures	-	1,775,835	-
To record raising of prior year deficits	-	275,012	-
To record use of assigned fund balance	-	-	1,743,724
To record use of free cash	-	-	1,297,211
To record use of overlay surplus	-	-	60,000
Reclassification of transfers	-	822,355	822,355
Reverse the effects of combining general fund and stabilization funds (GASB 54)	(38,054)	-	125,000
Other	<u>(33,931)</u>	<u>(45,930)</u>	<u>2,139</u>
Budgetary Basis	\$ <u>62,492,987</u>	\$ <u>64,469,938</u>	\$ <u>3,843,647</u>



**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, 2022	December 31, 2021	7.601%	\$26,392,684	\$ 11,757,462	224.48%	67.01%
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%	\$34,542,647	\$ 10,944,608	315.61%	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, 2022	June 30, 2021	0.247270%	\$ -	\$ 56,147,190	\$ 56,147,190	\$ 19,250,864	- %	62.03%
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, 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 Auditor's 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>Actuarially Required Contribution</u>	<u>Contributions in Relation to the Actuarially Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
June 30, 2022	December 31, 2021	\$ 3,149,644	\$ 3,149,644	\$ -	\$ 11,981,441	26.29%
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	21.60%

Massachusetts Teachers' Retirement System						
<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Actuarially Required Contribution Provided by Commonwealth</u>	<u>Contributions in Relation to the Actuarially Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
June 30, 2022	June 30, 2021	\$ 4,323,466	\$ 4,323,466	\$ -	\$ 23,910,296	18.08%
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%

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 Auditor's Report.

**TOWN OF LYNNFIELD, MASSACHUSETTS**

Required Supplementary Information  
Schedule of Changes in the Net OPEB Liability

(Unaudited)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b>Total OPEB Liability</b>						
Service cost	\$ 7,124,874	\$ 5,583,788	\$ 4,581,138	\$ 3,976,612	\$ 4,033,881	\$ 4,972,243
Interest	2,066,826	2,512,709	2,602,608	2,507,008	2,655,790	2,370,457
Differences between expected and actual experience	419,861	(10,695,549)	90,630	(6,693,135)	15,920	(1,459,126)
Changes of assumptions	(27,674,175)	9,843,473	14,265,450	9,151,494	(3,144,633)	(10,371,124)
Benefit payments, including refunds of member contributions	<u>(2,362,569)</u>	<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	(20,425,183)	5,009,564	19,478,168	6,983,606	1,561,133	(6,488,660)
Total OPEB liability - beginning	<u>108,690,679</u>	<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)	88,265,496	108,690,679	103,681,115	84,202,947	77,219,341	75,658,208
<b>Plan Fiduciary Net Position</b>						
Contributions - employer	2,465,947	2,333,429	2,211,658	2,158,373	2,299,825	2,201,110
Net investment income	(303,556)	380,145	45,886	74,949	46,138	33,055
Benefit payments, including refunds of member contributions	<u>(2,362,569)</u>	<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	(200,178)	478,717	195,886	274,949	346,138	233,055
Plan fiduciary net position - beginning	<u>1,930,631</u>	<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>1,730,453</u>	<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>86,535,043</u>	\$ <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 Auditor's Report.

**TOWN OF LYNNFIELD, MASSACHUSETTS**

Required Supplementary Information  
Schedule of the Net OPEB Liability, Contributions, and Investment Returns

(Unaudited)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b>Schedule of Net OPEB Liability</b>						
Total OPEB liability	\$ 88,265,496	\$ 108,690,679	\$ 103,681,115	\$ 84,202,947	\$ 77,219,341	\$ 75,658,208
Plan fiduciary net position	<u>1,730,453</u>	<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	<u>\$ 86,535,043</u>	<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	1.96%	1.78%	1.40%	1.49%	1.27%	0.84%
Covered employee payroll *	\$ 22,779,000	\$ 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	379.89%	482.73%	463.92%	387.71%	402.14%	407.61%
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b>Schedule of Contributions</b>						
Actuarially determined contribution	\$ 11,839,427	\$ 10,435,554	\$ 8,884,396	\$ 7,794,911	\$ 8,143,717	\$ 1,784,927
Contributions in relation to the actuarially determined contribution	<u>2,465,947</u>	<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>\$ 9,373,480</u>	<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 *	\$ 22,779,000	\$ 22,115,965	\$ 22,036,000	\$ 21,394,304	\$ 18,958,000	\$ 18,405,817
Contributions as a percentage of covered employee payroll	10.83%	10.55%	10.04%	10.09%	12.13%	11.96%
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b>Schedule of Investment Returns</b>						
Annual money weighted rate of return, net of investment expense	-15.32%	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 Auditor's Report.

**SUPPLEMENTARY STATEMENTS  
AND DETAIL SCHEDULES**

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## **Combining Financial Statements**

## **NONMAJOR 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:

- Revolving Funds: To account for the Town's 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.
- School Grants: To account for educational-based grant programs.
- Other Special Revenue Funds: To account for other miscellaneous special revenue accounts, which relate to the 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
- Other Capital Projects: To fund accounts for various Town capital project 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 a 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, 2022

	Special Revenue Funds				
	<u>Revolving Funds</u>	<u>School Lunch</u>	<u>School Grants</u>	<u>Other Special Revenues</u>	<u>Special Revenue Funds Subtotal</u>
<b>Assets</b>					
Cash and short-term investments	\$ 1,557,641	\$ 263,418	\$ 229,785	\$ 436,729	\$ 2,487,573
Investments	-	-	-	8,005	8,005
Departmental and other receivables	82,412	-	-	-	82,412
Intergovernmental receivables	<u>-</u>	<u>198,548</u>	<u>-</u>	<u>-</u>	<u>198,548</u>
Total Assets	<u>\$ 1,640,053</u>	<u>\$ 461,966</u>	<u>\$ 229,785</u>	<u>\$ 444,734</u>	<u>\$ 2,776,538</u>
<b>Liabilities</b>					
Accounts payable	\$ 287,442	\$ 20,340	\$ 40,964	\$ 2,894	\$ 351,640
Accrued liabilities	<u>21,721</u>	<u>-</u>	<u>1,290</u>	<u>-</u>	<u>23,011</u>
Total Liabilities	309,163	20,340	42,254	2,894	374,651
<b>Deferred Inflows of Resources</b>	82,412	-	-	-	82,412
<b>Fund Balances</b>					
Nonspendable	-	-	-	-	-
Restricted	1,416,675	441,626	676,407	441,840	2,976,548
Unassigned	<u>(168,197)</u>	<u>-</u>	<u>(488,876)</u>	<u>-</u>	<u>(657,073)</u>
Total Fund Balances	<u>1,248,478</u>	<u>441,626</u>	<u>187,531</u>	<u>441,840</u>	<u>2,319,475</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 1,640,053</u>	<u>\$ 461,966</u>	<u>\$ 229,785</u>	<u>\$ 444,734</u>	<u>\$ 2,776,538</u>

(continued)

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**TOWN OF LYNNFIELD, MASSACHUSETTS**

Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2022

	<u>Capital Project Funds</u>			Total Nonmajor Governmental Funds
	<u>Center Farm Acquisition</u>	<u>Other Capital Projects</u>	<u>Capital Project Funds Subtotal</u>	<u>Permanent Trust Fund</u>
<b>Assets</b>				
Cash and short-term investments	\$ -	\$ 2,076	\$ 2,076	\$ 15,656
Investments	-	-	-	1,020,299
Departmental and other receivables	-	-	-	-
Intergovernmental receivables	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>198,548</u>
Total Assets	\$ <u>-</u>	\$ <u>2,076</u>	\$ <u>2,076</u>	\$ <u>1,035,955</u>
<b>Liabilities</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,011</u>
Total Liabilities	-	-	-	-
Deferred Inflows of Resources	-	-	-	-
<b>Fund Balances</b>				
Nonspendable	-	-	-	975,700
Restricted	-	2,076	2,076	60,255
Unassigned	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>(657,073)</u>
Total Fund Balances	-	2,076	2,076	1,035,955
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ <u>-</u>	\$ <u>2,076</u>	\$ <u>2,076</u>	\$ <u>1,035,955</u>

**TOWN OF LYNNFIELD, MASSACHUSETTS**

Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2022

	Special Revenue Funds				
	Revolving Funds	School Lunch	School Grants	Other Special Revenues	Special Revenue Funds Subtotal
<b>Revenues</b>					
Charges for services	\$ 2,674,924	\$ 421,570	\$ -	\$ 1,561	\$ 3,098,055
Intergovernmental	6,200	1,134,843	1,701,161	-	2,842,204
Investment income (loss)	468	74	-	510	1,052
Miscellaneous	<u>91,113</u>	<u>-</u>	<u>-</u>	<u>87,643</u>	<u>178,756</u>
Total Revenues	2,772,705	1,556,487	1,701,161	89,714	6,120,067
<b>Expenditures</b>					
Current:					
General government	18,492	-	-	202,736	221,228
Public safety	852,100	-	-	5,072	857,172
Education	977,368	1,168,228	2,070,328	58,992	4,274,916
Public works	385,189	-	-	4,901	390,090
Health and human services	32,788	-	-	-	32,788
Culture and recreation	<u>259,875</u>	<u>-</u>	<u>-</u>	<u>4,273</u>	<u>264,148</u>
Total Expenditures	<u>2,525,812</u>	<u>1,168,228</u>	<u>2,070,328</u>	<u>275,974</u>	<u>6,040,342</u>
Excess (deficiency) of revenues over (under) expenditures	246,893	388,259	(369,167)	(186,260)	79,725
<b>Other Financing Sources (Uses)</b>					
Transfers in	-	-	-	-	-
Transfers out	<u>(407,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(407,000)</u>
Total Other Financing Sources (Uses)	<u>(407,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(407,000)</u>
Net Change in Fund Balances	(160,107)	388,259	(369,167)	(186,260)	(327,275)
Fund Balances, Beginning of Year, as Reclassified	<u>1,408,585</u>	<u>53,367</u>	<u>556,698</u>	<u>628,100</u>	<u>2,646,750</u>
Fund Balances, End of Year	<u>\$ 1,248,478</u>	<u>\$ 441,626</u>	<u>\$ 187,531</u>	<u>\$ 441,840</u>	<u>\$ 2,319,475</u>

(continued)

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**TOWN OF LYNNFIELD, MASSACHUSETTS**

Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2022

	<u>Capital Project Funds</u>				
	<u>Center Farm Acquisition</u>	<u>Other Capital Projects</u>	<u>Capital Project Funds Subtotal</u>	<u>Permanent Trust Fund</u>	<u>Total Nonmajor Governmental Funds</u>
<b>Revenues</b>					
Charges for services	\$ -	\$ -	\$ -	\$ -	\$ 3,098,055
Intergovernmental	-	-	-	-	2,842,204
Investment income (loss)	-	-	-	(21,547)	(20,495)
Miscellaneous	<u>-</u>	<u>-</u>	<u>-</u>	<u>37,498</u>	<u>216,254</u>
Total Revenues	-	-	-	15,951	6,136,018
<b>Expenditures</b>					
Current:					
General government	-	-	-	-	221,228
Public safety	-	-	-	-	857,172
Education	-	-	-	-	4,274,916
Public works	-	-	-	-	390,090
Health and human services	-	-	-	-	32,788
Culture and recreation	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,573</u>	<u>265,721</u>
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,573</u>	<u>6,041,915</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	-	14,378	94,103
<b>Other Financing Sources (Uses)</b>					
Transfers in	94,000	-	94,000	-	94,000
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>(30,000)</u>	<u>(437,000)</u>
Total Other Financing Sources (Uses)	<u>94,000</u>	<u>-</u>	<u>94,000</u>	<u>(30,000)</u>	<u>(343,000)</u>
Net Change in Fund Balances	94,000	-	94,000	(15,622)	(248,897)
Fund Balances, Beginning of Year, as Reclassified	<u>(94,000)</u>	<u>2,076</u>	<u>(91,924)</u>	<u>1,051,577</u>	<u>3,606,403</u>
Fund Balances, End of Year	\$ <u>-</u>	\$ <u>2,076</u>	\$ <u>2,076</u>	\$ <u>1,035,955</u>	\$ <u>3,357,506</u>

## **FIDUCIARY FUNDS**

### **OPEB TRUST FUND**

The Other Post-Employment Benefit Trust Fund is used to accumulate resources for health 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 and private organizations.

- 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 collection and turnover of user fees for the Lynnfield Center Water District and Lynnfield Water District.
- 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, 2022

		Private Purpose Trust Funds	Custodial Funds			
	OPEB Trust	Scholarship Funds	Water Districts	Student Activity Funds	Other Custodial Funds	Total Custodial Funds
<b>Assets</b>						
Cash and short-term investments	\$ 8,724	\$ 10,758	\$ 5,189	\$ 54,944	\$ 18,537	\$ 78,670
Investments						
Corporate bonds	-	280,369	-	-	-	-
Corporate equities	1,268,407	86,669	-	-	-	-
Federal agency securities	-	64,650	-	-	-	-
Fixed income mutual funds	453,322	55,076	-	-	-	-
Market-linked certificates of deposit	-	24,133	-	-	-	-
U.S. Treasury notes	-	190,175	-	-	-	-
Total Investments	1,721,729	701,072	-	-	-	-
Accounts receivable	-	-	17,426	-	-	17,426
Total Assets	1,730,453	711,830	22,615	54,944	18,537	96,096
<b>Liabilities</b>						
Accounts payable	-	-	7,435	33	1,325	8,793
Other liabilities	-	-	17,426	-	-	17,426
Total Liabilities	-	-	24,861	33	1,325	26,219
<b>Net Position</b>						
Restricted for OPEB	1,730,453	-	-	-	-	-
Restricted for individuals, organizations, and other governments	-	711,830	(2,246)	54,911	17,212	69,877
Total Net Position	\$ 1,730,453	\$ 711,830	\$ (2,246)	\$ 54,911	\$ 17,212	\$ 69,877

**TOWN OF LYNNFIELD, MASSACHUSETTS**

Combining Statement of Changes  
in Fiduciary Net Position  
Fiduciary Funds  
For the Year Ended June 30, 2022

		Private Purpose Trust Funds	Custodial Funds			
	OPEB Trust	Scholarship Funds	Water Districts	Student Activity Funds	Other Custodial Funds	Total Custodial Funds
<b>Additions</b>						
Contributions from employers	\$ 2,465,947	\$ -	\$ -	\$ -	\$ -	\$ -
Total Contributions	2,465,947	-	-	-	-	-
Investment income (loss)	<u>(300,178)</u>	<u>(14,767)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net investment income (loss)	(300,178)	(14,767)	-	-	-	-
Fees collected for Lynnfield Water Districts	-	-	2,398,089	-	-	2,398,089
Fees collected for other governments	-	-	-	-	5,145	5,145
Fees collected for students	-	-	-	139,842	-	139,842
Miscellaneous	<u>-</u>	<u>8</u>	<u>-</u>	<u>-</u>	<u>55,309</u>	<u>55,309</u>
Total Additions	2,165,769	(14,759)	2,398,089	139,842	60,454	2,598,385
<b>Deductions</b>						
Benefit payments to plan members	2,365,947	-	-	-	-	-
Payments to Lynnfield Water Districts	-	-	2,397,366	-	-	2,397,366
Payments to other governments	-	-	-	-	5,283	5,283
Payments on behalf of students	-	-	-	168,004	-	168,004
Other	<u>-</u>	<u>12,576</u>	<u>-</u>	<u>-</u>	<u>46,330</u>	<u>46,330</u>
Total Deductions	<u>2,365,947</u>	<u>12,576</u>	<u>2,397,366</u>	<u>168,004</u>	<u>51,613</u>	<u>2,616,983</u>
Change in Net Position	(200,178)	(27,335)	723	(28,162)	8,841	(18,598)
<b>Restricted Net Position</b>						
Beginning of Year	<u>1,930,631</u>	<u>739,165</u>	<u>(2,969)</u>	<u>83,073</u>	<u>8,371</u>	<u>88,475</u>
End of Year	<u>\$ 1,730,453</u>	<u>\$ 711,830</u>	<u>\$ (2,246)</u>	<u>\$ 54,911</u>	<u>\$ 17,212</u>	<u>\$ 69,877</u>

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**STATISTICAL  
SECTION**



*Lynnfield's newest ambulance purchased with American Rescue Plan funds. - Photos courtesy of Stephen Groussis*

## TOWN OF LYNNFIELD, MASSACHUSETTS

### STATISTICAL SECTION

The Town of Lynnfield's annual comprehensive 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 Town'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 Town'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 Town's current levels of outstanding debt and the Town'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 Town'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 Town's financial report relates to the services the Town provides and the activities it performs.	119 - 121

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Governmental Activity</b>										
Net investment in capital assets	\$ 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	\$ 58,760,835
Restricted	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	7,187,294
Unrestricted	(13,462,910)	(16,217,913)	(45,575,899)	(51,210,626)	(56,910,602)	(107,270,068)	(111,918,242)	(117,792,796)	(123,142,818)	(124,545,341)
<b>Total governmental activities net position</b>	<b>\$ 43,713,606</b>	<b>\$ 43,067,644</b>	<b>\$ 16,351,556</b>	<b>\$ 12,028,145</b>	<b>\$ 7,524,218</b>	<b>\$ (41,046,091)</b>	<b>\$ (45,743,734)</b>	<b>\$ (51,757,469)</b>	<b>\$ (58,232,668)</b>	<b>\$ (58,597,212)</b>
<b>Business-type Activities</b>										
Net investment in capital assets	\$ 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	\$ 10,757,331
Unrestricted	215,013	158,798	62,255	236,738	492,760	609,624	576,756	663,234	1,361,363	1,650,371
<b>Total business-type activities net position</b>	<b>\$ 5,191,446</b>	<b>\$ 5,635,027</b>	<b>\$ 6,422,270</b>	<b>\$ 7,172,839</b>	<b>\$ 8,040,269</b>	<b>\$ 8,904,545</b>	<b>\$ 9,670,234</b>	<b>\$ 10,544,106</b>	<b>\$ 11,612,615</b>	<b>\$ 12,407,702</b>
<b>Primary Government</b>										
Net investment in capital assets	\$ 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	\$ 69,518,166
Restricted	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	7,187,294
Unrestricted	(13,247,897)	(16,059,115)	(45,513,644)	(50,973,888)	(56,417,842)	(106,660,444)	(111,341,486)	(117,129,562)	(121,781,455)	(122,894,970)
<b>Total primary government net position</b>	<b>\$ 48,905,052</b>	<b>\$ 48,702,671</b>	<b>\$ 22,773,826</b>	<b>\$ 19,200,984</b>	<b>\$ 15,564,487</b>	<b>\$ (32,141,546)</b>	<b>\$ (36,073,500)</b>	<b>\$ (41,213,363)</b>	<b>\$ (46,620,053)</b>	<b>\$ (46,189,510)</b>

Data source: Audited financial statements

**TOWN OF LYNNFIELD, MASSACHUSETTS**

Changes in Net Position  
Last Ten Fiscal Years

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Expenses</b>										
<b>Governmental Activities</b>										
General government	\$ 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	\$ 3,809,018
Public safety	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	8,676,222
Education	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	50,046,696
Public works	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	10,749,391
Health and human services	547,131	572,096	587,958	599,228	828,016	820,528	975,893	1,166,109	1,381,683	1,323,561
Culture and recreation	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	1,570,451
Interest	915,256	607,393	713,244	612,107	573,441	513,806	483,552	181,592	358,152	920,787
Other	-	-	-	-	-	-	-	60,966	-	-
Employee benefits	8,161,277	9,015,854	9,175,205	11,820,997	*	*	*	*	*	*
Intergovernmental	400,171	398,616	372,449	375,413	364,845	437,107	**	**	**	**
<b>Total governmental activities expenses</b>	<b>54,982,026</b>	<b>57,278,773</b>	<b>56,998,951</b>	<b>62,810,544</b>	<b>68,198,620</b>	<b>68,221,725</b>	<b>73,122,317</b>	<b>75,976,925</b>	<b>81,340,583</b>	<b>77,096,126</b>
<b>Business-type Activities</b>										
Golf Course operations	887,200	880,903	888,400	1,036,636	1,087,534	1,072,549	1,035,456	1,038,811	1,404,621	1,140,886
Emergency Medical Service operations	-	-	689,061	707,679	672,727	675,899	783,803	764,034	725,529	917,323
<b>Total business-type activities expenses</b>	<b>887,200</b>	<b>880,903</b>	<b>1,577,461</b>	<b>1,744,315</b>	<b>1,760,261</b>	<b>1,748,448</b>	<b>1,819,259</b>	<b>1,802,845</b>	<b>2,130,150</b>	<b>2,058,209</b>
<b>Total primary government expenses</b>	<b>\$ 55,869,226</b>	<b>\$ 58,159,676</b>	<b>\$ 58,576,412</b>	<b>\$ 64,554,859</b>	<b>\$ 69,958,881</b>	<b>\$ 69,970,173</b>	<b>\$ 74,941,576</b>	<b>\$ 77,779,770</b>	<b>\$ 83,470,733</b>	<b>\$ 79,154,335</b>
<b>Program Revenues</b>										
<b>Governmental Activities</b>										
Charges for services:										
General government	\$ 212,698	\$ 274,134	\$ 277,559	\$ 304,475	\$ 270,014	\$ 284,344	\$ 273,499	\$ 250,216	\$ 315,220	\$ 266,937
Public safety	999,297	1,137,462	360,303	390,131	372,131	472,791	659,480	579,478	1,381,091	1,517,691
Education	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	2,019,573
Public works	118,060	78,310	111,057	123,456	85,232	92,038	117,797	138,075	287,104	184,117
Health and human services	155,707	92,196	102,351	96,670	96,797	98,965	94,412	89,995	86,836	95,816
Culture and recreation	122,358	103,152	161,237	322,334	238,159	250,695	307,371	252,194	244,593	287,734
Operating grants and contributions	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	14,101,058
Capital grants and contributions	1,761,586	602,081	534,181	423,191	550,612	621,626	228,186	455,618	485,447	2,045,799
<b>Total governmental activities program revenues</b>	<b>16,157,699</b>	<b>15,192,367</b>	<b>12,865,044</b>	<b>14,296,874</b>	<b>15,949,232</b>	<b>16,535,908</b>	<b>16,419,848</b>	<b>18,148,610</b>	<b>21,611,991</b>	<b>20,518,725</b>
<b>Business-type Activities</b>										
Charges for services:										
Golf Course operations	507,443	509,133	530,043	733,527	878,376	974,670	1,007,033	1,061,125	1,588,931	1,159,754
Emergency Medical Service operations	-	-	612,764	711,668	910,870	724,432	791,153	762,438	785,255	863,906
<b>Total business - type activities revenues</b>	<b>507,443</b>	<b>509,133</b>	<b>1,142,807</b>	<b>1,445,195</b>	<b>1,789,246</b>	<b>1,699,102</b>	<b>1,798,186</b>	<b>1,823,563</b>	<b>2,374,186</b>	<b>2,023,660</b>
<b>Total primary government revenues</b>	<b>\$ 16,665,142</b>	<b>\$ 15,701,500</b>	<b>\$ 14,007,851</b>	<b>\$ 15,742,069</b>	<b>\$ 17,738,478</b>	<b>\$ 18,235,010</b>	<b>\$ 18,218,034</b>	<b>\$ 19,972,173</b>	<b>\$ 23,986,177</b>	<b>\$ 22,542,385</b>
<b>Net (Expense)/Revenue</b>										
Governmental activities	\$ (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)	\$ (56,577,401)
Business-type activities	(379,757)	(371,770)	(434,654)	(299,120)	28,985	(49,346)	(21,073)	20,718	244,036	(34,549)
<b>Total primary government net (expense)</b>	<b>\$ (39,204,084)</b>	<b>\$ (42,458,176)</b>	<b>\$ (44,568,561)</b>	<b>\$ (48,812,790)</b>	<b>\$ (52,220,403)</b>	<b>\$ (51,735,163)</b>	<b>\$ (56,723,542)</b>	<b>\$ (57,807,597)</b>	<b>\$ (59,484,556)</b>	<b>\$ (56,611,950)</b>

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):	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Real estate and personal property-net of refunds payable	\$ 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	\$ 50,602,155
Excises	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	3,572,576
Penalties, interest, and other taxes	467,777	551,830	608,955	667,345	678,974	655,075	710,051	716,704	781,260	792,553
Grants, contributions - not restricted to specific programs	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	1,256,681
Investment income (loss)	4,203	20,617	11,060	50,026	32,409	57,069	279,195	229,809	163,298	(6,533)
Contributions and miscellaneous	1,482,204	2,654,325	1,814,532	116,625	1,107,906	211,731	715,986	415,064	476,656	823,780
Transfers	(813,317)	(914,674)	(919,953)	(1,249,194)	(837,767)	(911,573)	(783,088)	(849,668)	(823,421)	(828,355)
Total governmental activities	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	56,212,857
Business-type activities										
Investment income	969,399	677	493	495	678	2,049	3,674	3,486	1,052	1,281
Transfers	813,317	814,674	819,953	1,049,194	837,767	911,573	783,088	849,668	823,421	828,355
Total business-type activities	1,782,716	815,351	820,446	1,049,689	838,445	913,622	786,762	853,154	824,473	829,636
Total primary government	\$ 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	\$ 57,042,493
Changes in Net Position										
Governmental activities	\$ (519,810)	\$ (645,962)	\$ 511,417	\$ (4,323,411)	\$ (4,503,927)	\$ (4,020,079)	\$ (4,697,643)	\$ (6,013,735)	\$ (6,381,275)	\$ (364,544)
Business-type activities	1,402,959	443,581	385,792	750,569	867,430	864,276	765,689	873,872	1,068,509	795,087
Total primary government changes in net position	\$ 883,149	\$ (202,381)	\$ 897,209	\$ (3,572,842)	\$ (3,636,497)	\$ (3,155,803)	\$ (3,931,954)	\$ (5,139,863)	\$ (5,312,766)	\$ 430,543

Data source: Audited financial statements

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Fund										
Committed	\$ 260,471	\$ 203,595	\$ 272,525	\$ 771,025	\$ 1,239,590	\$ 1,044,907	\$ 1,512,793	\$ 1,634,776	\$ 1,628,152	\$ 1,871,077
Assigned	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	2,490,444
Unassigned	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	7,219,196
Total general fund	<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>	<u>\$ 11,580,717</u>
All Other Governmental Funds										
Nonspendable	\$ 801,450	\$ 824,025	\$ 866,975	\$ 883,375	\$ 904,975	\$ 923,775	\$ 944,475	\$ 963,950	\$ 969,700	\$ 975,700
Restricted	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	11,660,691
Committed	-	1,449,113	-	-	-	-	-	-	-	-
Unassigned	(1,188,379)	(1,302,368)	(1,589,317)	(2,005,449)	(505,835)	(1,104,523)	(1,340,693)	(612,035)	(577,213)	(1,515,807)
Total all other governmental funds:	<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>	<u>\$ 11,120,584</u>

Data source: Audited financial statements

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Revenues:</b>										
Real estate and personal property taxes										
net of tax refunds	\$ 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	\$ 50,810,745
Motor vehicle and other excise taxes	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	3,572,468
Penalties, interest, and other taxes	111,671	196,225	138,577	129,627	128,629	89,448	129,604	124,147	173,193	168,113
Charges for services	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	3,659,091
Intergovernmental	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	17,078,063
License and permits	425,073	592,594	427,977	472,212	450,425	550,317	725,014	552,852	631,448	736,572
Fines and forfeitures	81,872	83,435	83,541	92,291	60,894	67,591	53,960	38,488	34,321	28,352
Investment income (loss)	4,590	29,551	14,512	63,096	29,087	57,496	274,758	222,178	81,485	(88,346)
Miscellaneous and payment in lieu	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	1,576,215
<b>Total Revenues</b>	<b>54,153,907</b>	<b>56,803,072</b>	<b>56,200,968</b>	<b>55,565,964</b>	<b>64,578,161</b>	<b>62,081,903</b>	<b>66,531,704</b>	<b>66,088,589</b>	<b>70,819,063</b>	<b>77,541,273</b>
<b>Expenditures:</b>										
General government	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	4,798,648
Public safety	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	7,904,956
Education	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	51,528,290
Public works	6,076,877	6,912,985	6,650,511	7,439,531	7,954,733	9,140,897	8,556,891	8,845,289	8,631,194	9,291,803
Health and human services	438,489	529,949	476,067	489,093	555,735	618,832	617,428	798,696	1,038,896	1,027,080
Culture and recreation	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	1,328,830
Employee benefits	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	7,321,317
Debt service -										
Principal	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	2,503,644
Interest	1,028,829	560,851	675,001	636,203	578,508	555,214	509,450	427,000	358,152	804,293
Intergovernmental	400,171	398,616	372,449	375,413	364,845	437,107	490,910	462,583	474,722	577,209
<b>Total Expenditures</b>	<b>54,469,835</b>	<b>55,111,519</b>	<b>57,006,802</b>	<b>53,441,459</b>	<b>61,857,835</b>	<b>64,242,017</b>	<b>63,412,726</b>	<b>65,257,530</b>	<b>70,420,935</b>	<b>87,086,070</b>
<b>Excess of revenues over/(under) expenditures</b>	<b>(315,928)</b>	<b>1,691,553</b>	<b>(805,834)</b>	<b>2,124,505</b>	<b>2,720,326</b>	<b>(2,160,114)</b>	<b>3,118,978</b>	<b>831,059</b>	<b>398,128</b>	<b>(9,544,797)</b>
<b>Other Financing Sources (Uses):</b>										
Issuance of bonds and notes	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	-
Issuance of capital lease	-	-	-	-	-	-	-	-	127,460	-
Payments to refund bond escrow	(13,735,119)	-	-	-	-	-	-	(60,966)	-	-
Transfer in	613,090	3,195,591	1,574,259	1,047,175	1,004,911	2,303,835	795,982	1,468,311	715,394	813,851
Transfer out	(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)	(1,642,206)
<b>Total Other Financing Sources (Uses)</b>	<b>2,391,334</b>	<b>(914,674)</b>	<b>3,725,300</b>	<b>(1,249,194)</b>	<b>890,908</b>	<b>(911,573)</b>	<b>(783,088)</b>	<b>150,332</b>	<b>16,307,695</b>	<b>(828,355)</b>
<b>Net change in fund balance</b>	<b>\$ 2,075,406</b>	<b>\$ 776,879</b>	<b>\$ 2,919,466</b>	<b>\$ 875,311</b>	<b>\$ 3,611,234</b>	<b>\$ (3,071,687)</b>	<b>\$ 2,335,890</b>	<b>\$ 981,391</b>	<b>\$ 16,705,823</b>	<b>\$ (10,373,152)</b>
<b>Debt service as a percentage of noncapital expenditures<sup>(1)</sup></b>	<b>5.40%</b>	<b>4.30%</b>	<b>4.73%</b>	<b>4.82%</b>	<b>4.05%</b>	<b>4.32%</b>	<b>4.03%</b>	<b>3.63%</b>	<b>3.38%</b>	<b>4.53%</b>

Data source: Audited financial statements

<sup>(1)</sup>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<sup>(1)</sup> 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
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
2022	\$ 3,452,488,244	\$11.99	\$ 406,343,279	\$ 22,552,500	\$ 52,571,789	\$ 481,467,568	\$19.32	\$ 3,933,955,812

Data source: Town of Lynnfield Tax Recapitulation Sheets

<sup>(1)</sup> Assessed value is comparable to estimated actual value

**TOWN OF LYNNFIELD, MASSACHUSETTS**

Principal Property Taxpayers  
Current and Nine Years Ago

		2022			2013		
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	\$243,895,100	1	6.20%	\$21,469,000	2	0.94%
Arborpoint at Market Street, LLC	Apartment Building	\$41,744,400	2	1.06%	-	-	0.00%
Lynnfield Commons, LLC	Apartment Building	\$39,129,400	3	0.99%	\$27,078,900	1	1.19%
Boston Gas	Utility	\$21,477,377	4	0.55%	-	-	0.00%
JAM Enterprise 2, LLC	Mixed Residential/Storage	\$19,345,300	5	0.49%	-	-	0.00%
Lynnfield Plaza Realty Trust	Retail Mall	\$17,409,800	6	0.44%	\$12,098,200	3	0.53%
CIL Kimball, LLC	Retail Condo	\$17,096,500	7	0.43%	-	-	0.00%
Herb Chambers of Lynnfield, Inc.	Car Dealership	\$15,545,600	8	0.40%	\$9,952,200	5	0.44%
LIM Partnership BL Assoc.	Industrial	\$9,830,100	9	0.25%	\$7,686,000	7	0.34%
SSMNMI, LLC	Office	\$9,300,100	10	0.24%	\$6,268,800	10	0.28%
Totals		<u>\$434,773,677</u>		<u>11.05%</u>	<u>\$ 84,553,100</u>		<u>3.72%</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, 2022	
				Dollar Amount	% of Net Levy *		Dollar Amount	% of Net Levy *
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%
2022	\$ 49,681,603	\$ 196,141	\$ 49,485,462	\$ 49,301,356	99.63%	\$ 351,109	\$ 49,652,465	100.34%

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	Loans	Total Debt	Per Capita Income	Percentage of Personal Income	Percentage of Assessed Value
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%
2022	12,526	\$ 1,054,626,570	\$ 3,933,955,812	\$ 24,734,067	\$ 63,678	\$ 24,797,745	\$ 84,195	2.3513%	0.6304%

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	
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%	
2022	\$ 2,380,177	\$ 27,177,922	\$ 84,195	2.58%	0.69%	

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, 2022

	Debt Outstanding	Estimated Percentage Applicable <sup>(1)</sup>	Estimated Share of Overlapping Debt <sup>(2)</sup>
Debt repaid with property taxes:			
Essex North Shore Agricultural and Technical School District	\$ 26,065,000	3.789%	\$ 987,603
Massachusetts Bay Transportation	5,896,383,000	0.016%	943,421
Subtotal, overlapping debt			1,931,024
Town direct debt			24,797,745
Total direct and overlapping debt			\$ 26,728,769

Data source: Multiple entities including Town Treasurer

<sup>(1)</sup> Estimated share based on debt service only

<sup>(2)</sup> 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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Equalized Valuation <sup>(1)</sup>	\$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	\$3,508,636,700
Debt Limit - 5% of equalized valuation	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	175,431,835
Less:										
Total debt applicable to limitation <sup>(2)</sup>	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	25,617,632
Legal debt margin	\$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	\$149,814,203
Total debt applicable to the limit as a percentage of debt limit	20.66%	18.94%	20.77%	15.65%	13.83%	12.16%	10.89%	9.03%	16.38%	14.60%

Data source:

<sup>(1)</sup> MA Bureau of Local Services (DataBank)

<sup>(2)</sup> 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
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%
2022	12,526	\$84,195	40.9	2,167	2.60%

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	2022			2013		
		Number of Employees	Rank	Percentage of Total Town Employment	Number of Employees	Rank	Percentage of Total Town Employment
Catamount Management Group	Consultants	249	1	3.41%	-	-	-
Whole Foods	Grocery Store	249	2	3.41%	-	-	-
Christmas Tree Shop	Retail Store	103	3	1.41%	103	5	1.62%
Johnson Controls, Inc.	Environmental Control Systems	100	4	1.37%	100	6	1.57%
Flagship Motors	Automobile	100	5	1.37%	-	-	-
Carhartt Inc.	Retail Store	100	6	1.37%	-	-	-
Smart Center of Lynnfield	Automobile	75	7	1.03%	-	-	-
Ninety Nine	Restaurant	60	8	0.82%	60	8	0.94%
Kelly Jeep Eagle	Automobile	55	9	0.75%	55	9	0.86%
Herb Chambers Lynnfield	Automobile	50	10	0.69%	-	-	-
Total Principal Employers		1141			318		
Total Town Employment		7294 <sup>(1)</sup>			6367 <sup>(2)</sup>		

Sources:

<sup>(1)</sup> Massachusetts Executive Office of Labor and Workforce Development

<sup>(2)</sup> Massachusetts Bureau of Local Services (DataBank)



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

Function	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>General Government:</b>	15.80	15.80	15.86	16.02	15.64	15.64	15.93	17.30	16.46	16.10
<b>Public Safety:</b>										
Police	24.41	24.39	26.40	26.90	26.58	28.82	28.80	28.00	28.44	26.35
Fire	19.25	20.56	20.47	20.63	22.13	23.47	21.76	22.92	21.76	18.10
Inspection	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	3.03	3.00
Animal Control	0.28	0.28	0.28	0.28	0.28	0.28	0.28	0.28	0.28	0.28
Sub-Total	44.94	46.23	48.15	48.81	49.99	53.57	51.84	52.20	53.51	47.73
<b>Education:</b>	288.90	288.30	296.80	299.80	309.30	309.70	323.00	315.70	323.00	323.00
<b>Public Works:</b>										
Administration	6.46	6.61	6.28	6.32	6.14	6.65	7.65	8.00	7.60	8.00
Highway	15.10	15.10	15.10	14.18	14.18	14.18	14.20	14.00	13.00	13.00
Municipal Buildings	4.00	4.00	4.00	4.10	4.10	4.14	4.35	4.80	4.00	4.00
School Buildings & Bus	18.10	20.30	18.72	18.10	18.10	17.40	18.10	17.80	17.74	20.50
Sub-Total	43.66	46.01	44.10	42.70	42.52	42.37	44.30	44.60	42.34	45.50
<b>Health and Human Services:</b>										
Board of Health	1.40	1.40	1.40	1.40	1.40	1.40	1.40	1.40	1.42	1.50
Council on Aging	6.39	6.60	6.60	7.01	7.05	7.05	7.05	6.40	6.27	5.55
Veteran's Agent	0.28	0.28	0.28	0.28	0.28	0.28	0.43	0.43	0.43	0.43
Prevention Services	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2.75	3.30
Sub-Total	8.07	8.28	8.28	8.69	8.73	8.73	8.88	8.23	10.87	10.78
<b>Culture and Recreation:</b>										
Library	12.86	12.63	12.60	12.71	12.83	12.54	12.68	13.00	12.12	13.02
Recreation	0.43	0.54	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Golf	9.82	9.65	14.82	11.30	11.82	13.15	11.25	10.00	11.80	11.96
Sub-Total	23.11	22.82	28.42	25.01	25.65	26.69	24.93	24.00	24.92	25.98
<b>TOTALS:</b>	424.48	427.44	441.61	441.03	451.83	456.70	468.88	462.03	471.10	469.09

Source: Town of Lynnfield Departments

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

		2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Town Clerk	Registered Voters	9,310	9,310	8,767	9,336	9,144	9,614	9,287	9,497	9,458	9,658
	Dog Licenses	827	850	996	970	1,043	1,078	1,089	993	1,074	1,006
Finance	Taxable property parcels assessed	4,460	4,452	4,510	4,544	4,580	4,592	4,590	4,599	4,600	4,626
	Motor vehicles registered	13,417	13,772	11,745	14,637	14,705	14,387	14,425	13,569	13,752	13,775
Police	Physical arrests	67	52	68	63	31	51	124	80	21	75
	Traffic violations	218	254	452	614	399	539	1,289	230	267	770
Fire	Emergency responses	1,426	1,667	1,887	1,866	1,855	2,020	2,020	1,606	1,773	2,052
	Fires extinguished	97	91	85	146	109	83	89	96	91	40
	Medical Responses	846	1,016	1,212	1,239	1,113	1,204	1,239	919	1,026	1,231
Education	Number of students	2,266	2,222	2,212	2,227	2,210	2,155	2,201	2,140	2,166	2,167
Building	Building permits issued	457	437	482	323	408	416	477	449	603	552
	Estimated construction value	\$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	\$59,544,192
Public Library	Volumes of collections	90,835	97,661	99,211	101,914	101,631	105,377	109,487	97,517	102,499	121,681
	Total circulation	141,296	139,620	141,112	135,913	134,691	114,967	110,762	85,318	62,882	99,137
	Registered borrowers	7,911	8,271	8,570	8,907	9,175	9,385	7,348	6,095	5,747	5,693

Data source: Various Town departments

Registered Voters - Town Report  
DLS Databank

**TOWN OF LYNNFIELD, MASSACHUSETTS**

Capital Assets Statistics by Function

Last Ten Fiscal Years

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
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	7	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	68.85	69.05	69.05	69.05	69.05	69.05	69.16	69.16	69.16	69.16
Number of storm drains	1,629	1,635	1,635	1,635	1,635	1,635	1,642	1,741	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	16	16	18
Tennis courts	11	11	11	11	11	11	11	10	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 AUDITOR'S 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, 2022, 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 13, 2022.

**Report on 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 deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Town'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.

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

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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 or significant deficiencies may exist that have not been identified.

### **Report on 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 Town'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 Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Andover, Massachusetts  
December 13, 2022