

TOWN OF LYNNFIELD, MASSACHUSETTS

Annual Comprehensive Financial Report

For the Year Ended June 30, 2023



Town Hall Public Safety Complex. – Photo courtesy of Stephen Groussis

TOWN OF LYNNFIELD, MASSACHUSETTS

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For the Year Ended June 30, 2023



Robert Dolan
Town Administrator

Prepared by:

Julie McCarthy
Assistant Finance Director/Town Accountant



Old Meeting House built in 1714 and is one of only three puritan meetinghouses in continual use and on its original Town green. – Photo courtesy of Bob Curtin

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TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTORY SECTION:	
Letter of Transmittal	1
Organizational Chart	8
Principal Executive Officers	9
Certificate of Achievement	10
Town Geographic Location	11
FINANCIAL SECTION:	
INDEPENDENT AUDITORS' REPORT	14
MANAGEMENT'S DISCUSSION AND ANALYSIS	17
BASIC FINANCIAL STATEMENTS:	
Government-Wide Financial Statements:	
Statement of Net Position	28
Statement of Activities	29
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	30
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities in the Statement of Net Position	31
Statement of Revenues, Expenditures, and Changes in Fund Balances	32
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	33

Proprietary Funds:	
Statement of Net Position	34
Statement of Revenues, Expenses, and Changes in Net Position	35
Statement of Cash Flows	36
Fiduciary Funds:	
Statement of Fiduciary Net Position	37
Statement of Changes in Fiduciary Net Position	38
Notes to Financial Statements	39
REQUIRED SUPPLEMENTARY INFORMATION:	
Budget and Actual:	
Detail Schedule of Revenues and Other Financing Sources – Budget and Actual – General Fund	80
Detail Schedule of Expenditures and Other Financing Uses – Budget and Actual – General Fund	81
Notes to Required Supplementary Information for General Fund Budget	85
Pension:	
Schedule of Proportionate Share of the Net Pension Liability	86
Schedule of Pension Contributions	87
OPEB:	
Schedule of Changes in the Net OPEB Liability	88
Schedules of the Net OPEB Liability, Contributions, and Investment Returns	89

SUPPLEMENTARY STATEMENTS AND DETAIL SCHEDULES:

Governmental Funds Combining Financial Statements:

Combining Balance Sheet – Nonmajor Governmental Funds	95
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	97

Fiduciary Funds Combining Financial Statements:

Combining Statement of Fiduciary Net Position – Fiduciary Funds	100
Combining Statement of Changes in Fiduciary Net Position – Fiduciary Funds	101

STATISTICAL SECTION:

Financial Trend Data

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

Information on Revenue Capacity

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

Debt Capacity Information

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

Demographic and Economic Information

Demographic and Economic Statistics – Last Ten Fiscal Years	117
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Principal Employers – Current Year and Ten Years Ago	118
Operating Information	
Government Employees by Function – Full Time Equivalents – Last Ten Fiscal Years	119
Operating Indicators by Function – Last Ten Fiscal Years	120
Capital Assets Statistics by Function – Last Ten Fiscal Years	121
Independent Auditors’ Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	122



Aerial Town Hall Complex. Picture includes the Town Hall and adjoining Police and Fire Stations. Also, the Public Works Garage is in the rear of the complex. – Photo courtesy of Tyler Hamlin

INTRODUCTORY SECTION



Conceptual Design – Town Hall New Addition and Entrance. This project will be completed in December 2025. – Photo courtesy of Tappe Architects



TOWN OF LYNNFIELD

Julie McCarthy
Assistant Finance Director
55 Summer Street
Lynnfield MA 01940
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January 29, 2024

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, 2023 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 Marcum, 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, 2023, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion on the Town of Lynnfield's financial statements for the year ended June 30, 2023, and that they are, in fact, fairly presented in conformity with GAAP. The independent auditors' 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 auditors' report from Marcum.

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.

Appropriations are authorized annually by the legislative body at an open Town Meeting. Appropriations are usually limited in time and amount as to when they may be expended. Any part of the general appropriation not spent by June 30th automatically reverts to surplus unless it is a specific appropriation which is carried forward from year to year until spent for the designated purpose or transferred by town meeting vote to another account. Our legal level of budgetary control is typically at the individual department salary and expense level except for the school which has bottom line autonomy per the provisions of Massachusetts General Law.

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.

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 data from the U.S. Census, the Town of Lynnfield's median household income (\$146,931) is considerably higher than the average in Massachusetts (\$96,505). Lynnfield also has an extremely low unemployment rate in comparison to the state average. In 2023, the average residential tax assessment in Lynnfield was \$893,357, a sizeable increase of 9.48% 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 from Route 95.

Since the opening of Market Street in 2013, the Town has received in excess of \$41.1 million in property taxes. Also, with the numerous new restaurants, the Town's meals tax revenue has been increasing 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 2023, 11 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 and local aid typically see only minimal increases. Currently, the Town's state aid had a substantial increase of 11.8% over the prior year. Most of the increase is attributable to the increase in Chapter 70 (school aid) and the change in the statewide formula for allocation. The Town's local receipts have fully rebounded from the effects of the pandemic. The Town collected in excess of \$6.3 million in local receipts, an 8.2% increase over the prior year. The significant areas of growth in 2023 include building permits, investment income, and motor vehicle excise tax.

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.

The Town's Select Board are committed to protecting and investing in its roadways, rail trail, school parking lots, sidewalks, and drainage projects on an annual basis. In fiscal year 2023, the Town committed \$1.5 million of funds including operating, capital, and several grants, including Massachusetts Department of Transportation Chapter 90 funds.

The Town entered into an agreement with an Energy Service Company (ESCO). In 2023, the Town completed \$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 lease 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 4.3%. 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 year 2023 debt service budget of \$3.9 million was 6.2% of the operating budget. The Town has total debt outstanding as of June 2023 of \$23,987,085. 39% of this debt will be paid within the next 5 years.

During 2023 the Town dedicated \$2,274,851 in free cash and one-time revenues to fund the capital plan related to building and equipment replacement and repair. Additionally, \$150,000 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.

In fiscal year 2023, the town meeting authorized the Town to expand and renovate the adjoining Public Safety/Town Hall complex and also build a new Fire Station Headquarters in the South end of Town. This will modernize our police and fire operations and also our town hall building. This project cost is \$63.5 million, funded through debt exclusion. Half of this cost will be replaced with existing debt that will be expiring in the next three years and significantly reduce the impact to the taxpayer. This project is estimated to be completed by December of 2025.

A new Golf Clubhouse was approved in October 2022 at our fall town meeting. It will be built at our town-owned 9-hole King Rail Golf Course. This will replace the leased modular structure. The proposed building is a one-story structure will cost 1.2 million and will be funded through the golf enterprise and sale of real estate funds. This investment in a permanent structure will better meet the needs of the golf operations. This property is adjacent to the Market Street shopping area and should attract a greater number of customers given the better amenities and the ideal location. The clubhouse project should be complete by June of 2024.

Relevant Financial Policies

The Town has continued to maintain quality municipal and school services despite many 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 annually fund the OPEB Trust.

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

Major Initiative

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

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 30, 2022. Based on information available on the GFOA website, only forty-seven municipalities, or 13%, in Massachusetts received this distinction for fiscal year 2022. 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 comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

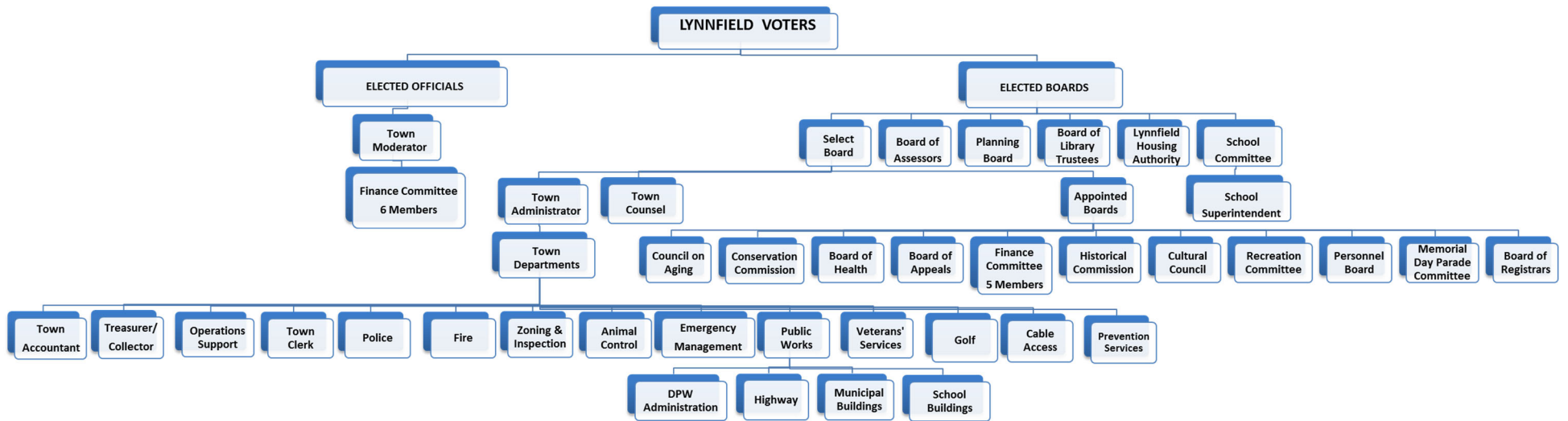
Respectfully submitted,



Robert Dolan
Town Administrator/Finance Director



Julie McCarthy
Assistant Finance Director/Town Accountant



**Town of Lynnfield,
Massachusetts**

Principal Executive Officers

<u>Title</u>	<u>Name</u>	<u>Manner of Selection</u>	<u>Length of Term</u>	<u>Expiration of Term</u>
Chairman- Select Board	Joseph Connell	Elected	3 Years	2024
Vice Chairman- Select Board	Richard Dalton	Elected	3 Years	2025
Clerk- Select Board	Philip B. Crawford	Elected	3 Years	2026
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	Rose Kenney-Interim	Appointed	Indefinite	2024
Town Clerk	Linda Emerson	Appointed	Indefinite	2024
Assessing Manager	Victor Santaniello	Appointed	Indefinite	N/A
Assessor-Chairman	Donald P. Garrity	Elected	3 Years	2024
Assessor	Bonnie Celi	Elected	3 Years	2026
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	2024
Town Counsel	Thomas A. Mullen	Appointed	2 Years	2025



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Town of Lynnfield
Massachusetts**

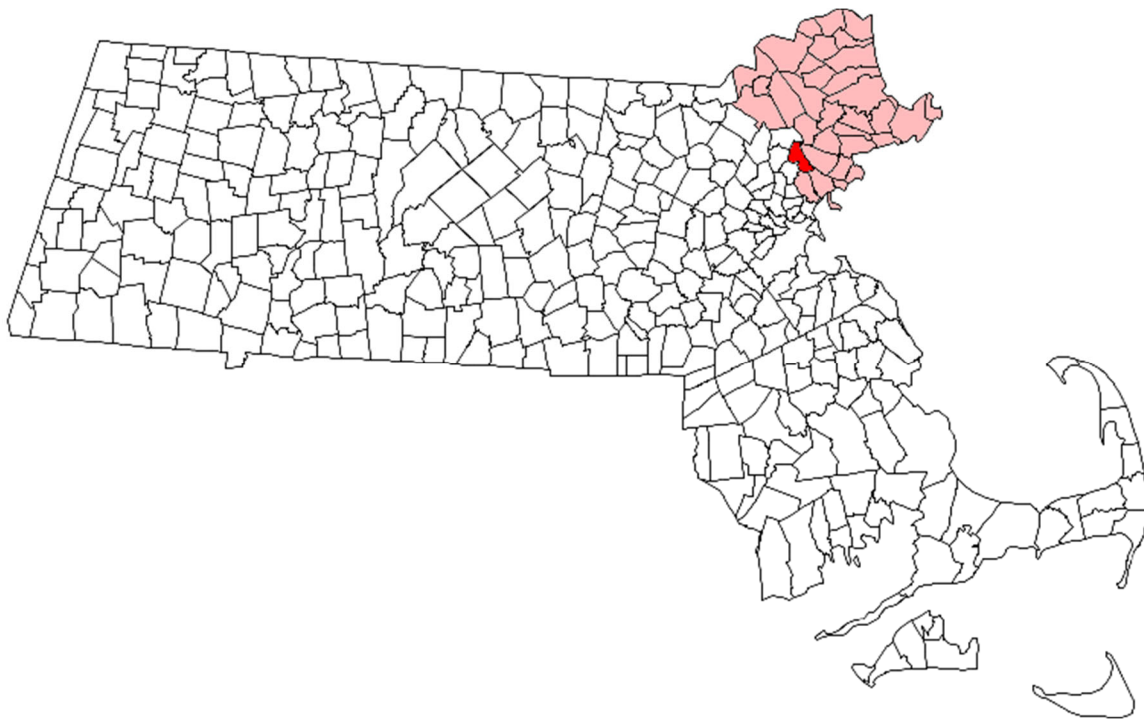
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morill

Executive Director/CEO

Town Geographic Location



**FINANCIAL
SECTION**



Conceptual Design – Lynnfield Police Station New Entrance and Addition. This project will be completed in December 2025. – Photo courtesy of Tappe Architects



INDEPENDENT AUDITORS' REPORT

To the Select Board
Town of Lynnfield, Massachusetts

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Lynnfield, Massachusetts (the Town), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Lynnfield, Massachusetts, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that 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 of Lynnfield, Massachusetts' basic financial statements. The governmental funds combining financial statements appearing on pages 92 through 101 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 auditors' 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 basic 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 January 29, 2024 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

Marcum LLP

Andover, MA
January 29, 2024

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, 2023. We encourage readers to consider the information here in conjunction with additional information that we have furnished in our letter of transmittal.

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, and interest on debt. 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 related to the budgetary comparison schedule for the General Fund, and certain pension and OPEB schedules.

Financial Highlights

- As of the close of the current fiscal year, net position in governmental activities was \$(58,432,407), a change of \$164,805, and net position in business-type activities was \$13,953,417, a change of \$1,545,715. 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 \$16,086,452, a change of \$(6,614,849) in comparison to the prior year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$6,904,541, a change of \$(314,655) 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)						
	<u>Governmental</u> <u>Activities</u>		<u>Business-Type</u> <u>Activities</u>		<u>Total</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Assets						
Current and other assets	\$ 36,704	\$ 29,694	\$ 2,451	\$ 1,724	\$ 39,155	\$ 31,418
Capital assets	<u>84,748</u>	<u>79,966</u>	<u>13,216</u>	<u>13,138</u>	<u>97,964</u>	<u>93,104</u>
Total Assets	121,452	109,660	15,667	14,862	137,119	124,522
Deferred Outflows of Resources	22,442	24,288	-	-	22,442	24,288
Liabilities						
Other liabilities	19,221	5,888	98	74	19,319	5,962
Long-term liabilities	<u>136,579</u>	<u>138,842</u>	<u>1,616</u>	<u>2,380</u>	<u>138,195</u>	<u>141,222</u>
Total Liabilities	155,800	144,730	1,714	2,454	157,514	147,184
Deferred Inflows of Resources	46,526	47,815	-	-	46,526	47,815
Net Position						
Net investment in capital assets	60,360	58,761	11,599	10,757	71,959	69,518
Restricted	7,754	7,187	-	-	7,754	7,187
Unrestricted	<u>(126,546)</u>	<u>(124,545)</u>	<u>2,354</u>	<u>1,651</u>	<u>(124,192)</u>	<u>(122,894)</u>
Total Net Position	\$ <u>(58,432)</u>	\$ <u>(58,597)</u>	\$ <u>13,953</u>	\$ <u>12,408</u>	\$ <u>(44,479)</u>	\$ <u>(46,189)</u>

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 \$(44,478,990), a change of \$1,710,520 in comparison to the prior year.

A portion of net position \$71,959,283 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 \$7,753,506 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 \$(124,191,779), primarily resulting from unfunded pension and OPEB liabilities.

CHANGE IN NET POSITION						
(in thousands)						
	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues						
Program revenues:						
Charges for services	\$ 4,803	\$ 4,372	\$ 2,586	\$ 2,024	\$ 7,389	\$ 6,396
Operating grants and contributions	16,748	14,101	-	-	16,748	14,101
Capital grants and contributions	731	2,046	-	-	731	2,046
General revenues:						
Property taxes	51,646	50,602	-	-	51,646	50,602
Excises	3,755	3,573	-	-	3,755	3,573
Penalties, interest, and other taxes	792	793	-	-	792	793
Grants and contributions not restricted to specific programs	1,322	1,257	-	-	1,322	1,257
Investment income (loss)	572	(7)	17	1	589	(6)
Miscellaneous	622	788	-	-	622	788
Total Revenues	80,991	77,525	2,603	2,025	83,594	79,550
Expenses						
General government	3,966	3,809	-	-	3,966	3,809
Public safety	8,809	8,676	-	-	8,809	8,676
Education	51,805	50,047	-	-	51,805	50,047
Public works	11,530	10,749	-	-	11,530	10,749
Health and human services	1,191	1,324	-	-	1,191	1,324
Culture and recreation	1,682	1,570	-	-	1,682	1,570
Interest on long-term debt	646	921	-	-	646	921
Golf course	-	-	1,326	1,140	1,326	1,140
Emergency medical services	-	-	942	917	942	917
Total Expenses	79,629	77,096	2,268	2,057	81,897	79,153

(continued)

(continued)

	Governmental Activities		Business-Type Activities		Total	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Change in Net Position Before Transfers and Permanent Fund Contributions	1,362	429	335	(32)	1,697	397
Transfers in (out)	(1,210)	(828)	1,210	828	-	-
Permanent fund contributions	<u>13</u>	<u>35</u>	<u>-</u>	<u>-</u>	<u>13</u>	<u>35</u>
Change in Net Position	165	(364)	1,545	796	1,710	432
Net Position - Beginning 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>
Net Position - End of Year	\$ <u><u>(58,432)</u></u>	\$ <u><u>(58,597)</u></u>	\$ <u><u>13,953</u></u>	\$ <u><u>12,408</u></u>	\$ <u><u>(44,479)</u></u>	\$ <u><u>(46,189)</u></u>

Governmental Activities

Governmental activities for the year remained largely unchanged with in a change in net position of \$164,805.

Business-Type Activities

Business-type activities for the year resulted in a change in net position of \$1,545,715. Key elements of this change are as follows:

Golf course operations (after General Fund debt service subsidy)	\$ 1,431,054
Emergency medical services operations	<u>114,661</u>
	\$ <u><u>1,545,715</u></u>

Golf course income is a result of the subsidy from the General Fund, which was used primarily to fund debt service.

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 \$6,904,541, while total fund balance was \$10,964,644. The unassigned fund balance decreased by \$(314,655), primarily from favorable budgetary results of

\$1,411,334, less “Free Cash” of \$477,231 used to supplement the fiscal year 2023 budget, and less “Free Cash” of \$1,565,560 used for the fiscal year 2024 capital budget. 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, 2023</u>	<u>June 30, 2022</u>	<u>Change</u>	<u>% of Total General Fund Expenditures*</u>
Unassigned fund balance	\$ 6,904,541	\$ 7,219,196	\$ (314,655)	10.6%
Total fund balance	\$ 10,964,644	\$ 11,580,717	\$ (616,073)	16.9%

* 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 \$5,190,210.

The total fund balance of the General Fund changed by \$(616,073) during the current fiscal year. Key factors in this change are as follows:

Revenues and other sources in excess of budget	\$ 817,390
Expenditures and other uses less than budget	593,944
Use of free cash as a funding source	(2,598,446)
Use of overlay surplus as a funding source	(60,000)
Change in stabilization funds balance	355,395
Other	275,644
	<u>\$ (616,073)</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, 2023</u>	<u>June 30, 2022</u>	<u>Change</u>
General stabilization fund (unassigned)	\$ 2,679,924	\$ 2,477,874	\$ 202,050
Capital facilities maintenance fund (unassigned)	1,250,236	1,224,584	25,652
Recreation capital fund (committed)	682,165	554,472	127,693
	<u>\$ 4,612,325</u>	<u>\$ 4,256,930</u>	<u>\$ 355,395</u>

Town Grants Fund (Major Governmental)

The fund balance of the Town Grants Fund changed by \$335,656, primarily from the receipt of new grants.

New Fire HQ/Town Hall Renovations Fund (Major Governmental)

The fund balance of the Fire HQ/Town Hall Renovations Fund changed by \$(1,593,162), primarily from timing differences between expenditures on the Public Safety/Town Hall Renovations capital project and the permanent financing of the capital project.

Nonmajor Governmental Funds

The fund balance of the nonmajor governmental funds changed by \$(4,741,270), primarily from timing differences between expenditures on the elementary schools expansion capital project and the permanent financing of the project.

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 \$2,353,934, a change of \$703,563 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 \$754,294. This change primarily relates of the use of prior year encumbrances.

The largest revenue budgetary deficit was property taxes of \$(310,524). This was primarily due to the several outstanding real estate tax bills that have not been paid and are now in the process of being lienied. There was also a large revenue budgetary surplus for motor vehicle excises of \$418,258. This was primarily due to a conservative budgetary estimate.

Capital Assets and Debt Administration

Capital Assets

Total investment in capital assets for governmental and business-type activities at year-end amounted to \$97,963,916 (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:

- \$1,598,537 for building and improvements related to the Public Safety/Town Hall renovations.
- \$5,097,859 for buildings and improvements related to elementary schools expansion.
- Depreciation expense of \$3,357,183.

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

Long-Term Debt

At the end of the current fiscal year, bonds and loans outstanding, including unamortized premiums, totaled \$23,987,085, all of which was backed by the full faith and credit of the Town. The Town also had \$13,750,000 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 Note 12 to the 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
600 Market Street, Suite 682
Lynnfield, Massachusetts 01940



Conceptual Design – Lynnfield Fire Headquarters. This project will be completed in December 2025. – Photo courtesy of Tappe Architects

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BASIC FINANCIAL STATEMENTS

TOWN OF LYNNFIELD, MASSACHUSETTS

Statement of Net Position
June 30, 2023

	Governmental Activities	Business-Type Activities	Total
Assets			
Current Assets:			
Cash and short-term investments	\$ 29,334,590	\$ 2,259,273	\$ 31,593,863
Investments	5,450,884	-	5,450,884
Receivables, net of allowance for uncollectibles:			
Property taxes	595,069	-	595,069
Excises	278,486	-	278,486
User fees	-	191,931	191,931
Departmental and other	136,069	-	136,069
Intergovernmental	522,824	-	522,824
Betterments	<u>5,365</u>	<u>-</u>	<u>5,365</u>
Total Current Assets	36,323,287	2,451,204	38,774,491
Noncurrent Assets:			
Receivables:			
Property taxes	347,195	-	347,195
Betterments	33,557	-	33,557
Capital assets:			
Nondepreciable capital assets	28,619,378	12,586,893	41,206,271
Other capital assets, net of accumulated depreciation	<u>56,128,904</u>	<u>628,741</u>	<u>56,757,645</u>
Total Noncurrent Assets	<u>85,129,034</u>	<u>13,215,634</u>	<u>98,344,668</u>
Total Assets	121,452,321	15,666,838	137,119,159
Deferred Outflows of Resources			
Related to pension	5,742,011	-	5,742,011
Related to OPEB	<u>16,700,312</u>	<u>-</u>	<u>16,700,312</u>
Total Deferred Outflows of Resources	22,442,323	-	22,442,323
Liabilities			
Current Liabilities:			
Accounts payable	2,356,513	51,298	2,407,811
Accrued liabilities	976,236	45,971	1,022,207
Unearned revenues	1,995,017	-	1,995,017
Notes payable	13,750,000	-	13,750,000
Other current liabilities	144,084	-	144,084
Current portion of long-term liabilities:			
Bonds and loans payable	1,859,017	793,126	2,652,143
Compensated absences liability	<u>352,780</u>	<u>-</u>	<u>352,780</u>
Total Current Liabilities	21,433,647	890,395	22,324,042
Noncurrent Liabilities:			
Bonds and loans payable, net of current portion	20,511,916	823,026	21,334,942
Compensated absences liability, net of current portion	733,914	-	733,914
Net pension liability	35,930,103	-	35,930,103
Net OPEB liability	<u>77,191,142</u>	<u>-</u>	<u>77,191,142</u>
Total Noncurrent Liabilities	<u>134,367,075</u>	<u>823,026</u>	<u>135,190,101</u>
Total Liabilities	155,800,722	1,713,421	157,514,143
Deferred Inflows of Resources			
Related to pension	1,326,637	-	1,326,637
Related to OPEB	<u>45,199,692</u>	<u>-</u>	<u>45,199,692</u>
Total Deferred Inflows of Resources	46,526,329	-	46,526,329
Net Position			
Net investment in capital assets	60,359,800	11,599,483	71,959,283
Restricted for:			
Grants and other statutory restrictions	6,712,025	-	6,712,025
Permanent funds:			
Nonexpendable	975,700	-	975,700
Expendable	65,781	-	65,781
Unrestricted	<u>(126,545,713)</u>	<u>2,353,934</u>	<u>(124,191,779)</u>
Total Net Position	\$ <u>(58,432,407)</u>	\$ <u>13,953,417</u>	\$ <u>(44,478,990)</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, 2023

	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expenses) Revenues and Changes in Net Position</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
Governmental Activities							
General government	\$ 3,965,679	\$ 290,583	\$ 69,403	\$ 45,500	\$ (3,560,193)	\$ -	\$ (3,560,193)
Public safety	8,808,590	1,452,937	1,339,542	21,320	(5,994,791)	-	(5,994,791)
Education	51,805,324	2,131,229	14,659,772	653	(35,013,670)	-	(35,013,670)
Public works	11,530,418	397,857	101,397	663,781	(10,367,383)	-	(10,367,383)
Health and human services	1,191,387	165,832	539,304	-	(486,251)	-	(486,251)
Culture and recreation	1,681,927	364,361	39,039	-	(1,278,527)	-	(1,278,527)
Interest on long-term debt	<u>646,254</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(646,254)</u>	<u>-</u>	<u>(646,254)</u>
Total Governmental Activities	79,629,579	4,802,799	16,748,457	731,254	(57,347,069)	-	(57,347,069)
Business-Type Activities							
Golf course	1,325,144	1,531,704	-	-	-	206,560	206,560
Emergency medical services	<u>942,246</u>	<u>1,054,578</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>112,332</u>	<u>112,332</u>
Total Business-Type Activities	<u>2,267,390</u>	<u>2,586,282</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>318,892</u>	<u>318,892</u>
Total	<u>\$ 81,896,969</u>	<u>\$ 7,389,081</u>	<u>\$ 16,748,457</u>	<u>\$ 731,254</u>	(57,347,069)	318,892	(57,028,177)
General Revenues, Contributions, and Transfers:							
Property taxes					51,645,734	-	51,645,734
Excises					3,754,993	-	3,754,993
Penalties, interest, and other taxes					791,614	-	791,614
Grants and contributions not restricted to specific programs					1,322,103	-	1,322,103
Investment income					571,603	16,668	588,271
Miscellaneous					623,182	-	623,182
Transfers, net					(1,210,155)	1,210,155	-
Permanent fund contributions					<u>12,800</u>	<u>-</u>	<u>12,800</u>
Total General Revenues, Contributions, and Transfers					<u>57,511,874</u>	<u>1,226,823</u>	<u>58,738,697</u>
Change in Net Position					164,805	1,545,715	1,710,520
Net Position							
Beginning of Year					<u>(58,597,212)</u>	<u>12,407,702</u>	<u>(46,189,510)</u>
End of Year					<u>\$ (58,432,407)</u>	<u>\$ 13,953,417</u>	<u>\$ (44,478,990)</u>

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

TOWN OF LYNNFIELD, MASSACHUSETTS

Governmental Funds
Balance Sheet
June 30, 2023

	General Fund	Town Grants Fund	New Fire HQ/ Town Hall Renovations Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets					
Cash and short-term investments	\$ 8,632,178	\$ 2,163,731	\$ 11,100,491	\$ 7,438,190	\$ 29,334,590
Investments	4,440,265	-	-	1,010,619	5,450,884
Receivables:					
Property taxes	942,264	-	-	-	942,264
Excises	278,486	-	-	-	278,486
Departmental and other	17,100	-	-	118,969	136,069
Intergovernmental	<u>-</u>	<u>410,100</u>	<u>-</u>	<u>112,724</u>	<u>522,824</u>
Total Assets	\$ <u>14,310,293</u>	\$ <u>2,573,831</u>	\$ <u>11,100,491</u>	\$ <u>8,680,502</u>	\$ <u>36,665,117</u>
Liabilities					
Accounts payable	\$ 1,021,108	\$ 443,787	\$ 693,003	\$ 198,615	\$ 2,356,513
Accrued liabilities	942,607	3,908	650	29,071	976,236
Unearned revenues	-	1,995,017	-	-	1,995,017
Notes payable	-	-	12,000,000	1,750,000	13,750,000
Other liabilities	<u>144,084</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>144,084</u>
Total Liabilities	2,107,799	2,442,712	12,693,653	1,977,686	19,221,850
Deferred Inflows of Resources					
Unavailable revenues	1,237,850	-	-	118,965	1,356,815
Fund Balances					
Nonspendable	-	-	-	975,700	975,700
Restricted	-	404,949	-	6,589,816	6,994,765
Committed	3,638,100	-	-	-	3,638,100
Assigned	422,003	-	-	-	422,003
Unassigned	<u>6,904,541</u>	<u>(273,830)</u>	<u>(1,593,162)</u>	<u>(981,665)</u>	<u>4,055,884</u>
Total Fund Balances	<u>10,964,644</u>	<u>131,119</u>	<u>(1,593,162)</u>	<u>6,583,851</u>	<u>16,086,452</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ <u>14,310,293</u>	\$ <u>2,573,831</u>	\$ <u>11,100,491</u>	\$ <u>8,680,502</u>	\$ <u>36,665,117</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, 2023

Total Governmental Fund Balances	\$ 16,086,452
• Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.	84,748,282
• Deferred outflows of resources related to pension to be recognized in pension expense in future periods.	5,742,011
• Deferred outflows or resources related to OPEB to be recognized in OPEB expense in future periods.	16,700,312
• Revenues are reported on the accrual basis of accounting and are not deferred until collection.	1,395,737
• Long-term liabilities are not due and payable in the current period and, therefore, are not reported in governmental funds:	
Bonds and loans payable	(22,370,933)
Compensated absences liability	(1,086,694)
Net pension liability	(35,930,103)
Net OPEB liability	(77,191,142)
• Deferred inflows of resources related to pension to be recognized in pension expense in future periods.	(1,326,637)
• Deferred inflows of resources related to OPEB to be recognized in OPEB expense in future periods.	<u>(45,199,692)</u>
Net Position of Governmental Activities	\$ <u><u>(58,432,407)</u></u>

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

TOWN OF LYNNFIELD, MASSACHUSETTS

Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2023

	General <u>Fund</u>	Town Grants <u>Fund</u>	New Fire HQ/ Town Hall <u>Renovations Fund</u>	Nonmajor Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
Revenues					
Property taxes	\$ 51,501,226	\$ -	\$ -	\$ -	\$ 51,501,226
Excises	3,793,170	-	-	-	3,793,170
Penalties, interest, and other taxes	133,163	-	-	16,014	149,177
Payments in lieu of taxes	642,436	-	-	-	642,436
Charges for services	504,542	-	-	3,544,058	4,048,600
Intergovernmental	11,697,271	2,630,266	-	4,280,530	18,608,067
Licenses and permits	685,496	-	-	-	685,496
Fines and forfeitures	26,436	-	-	-	26,436
Investment income	459,366	2,406	-	28,018	489,790
Miscellaneous	<u>225,482</u>	<u>-</u>	<u>-</u>	<u>510,365</u>	<u>735,847</u>
Total Revenues	69,668,588	2,632,672	-	8,378,985	80,680,245
Expenditures					
Current:					
General government	3,151,653	126,887	1,598,537	23,074	4,900,151
Public safety	5,938,398	956,428	-	847,956	7,742,782
Education	38,487,065	-	-	10,468,770	48,955,835
Public works	9,216,482	734,350	-	154,117	10,104,949
Health and human services	554,049	512,732	-	103,908	1,170,689
Culture and recreation	1,125,416	-	-	448,305	1,573,721
Employee benefits	7,963,865	-	-	-	7,963,865
Debt service:					
Principal	2,345,000	-	-	-	2,345,000
Interest	762,748	-	-	-	762,748
Intergovernmental	<u>571,227</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>571,227</u>
Total Expenditures	<u>70,115,903</u>	<u>2,330,397</u>	<u>1,598,537</u>	<u>12,046,130</u>	<u>86,090,967</u>
Excess (deficiency) of revenues over expenditures	(447,315)	302,275	(1,598,537)	(3,667,145)	(5,410,722)
Other Financing Sources (Uses)					
Bond anticipatory note premium	-	-	5,375	653	6,028
Transfers in	677,739	36,097	-	244	714,080
Transfers out	<u>(846,497)</u>	<u>(2,716)</u>	<u>-</u>	<u>(1,075,022)</u>	<u>(1,924,235)</u>
Total Other Financing Sources (Uses)	<u>(168,758)</u>	<u>33,381</u>	<u>5,375</u>	<u>(1,074,125)</u>	<u>(1,204,127)</u>
Change in fund balance	(616,073)	335,656	(1,593,162)	(4,741,270)	(6,614,849)
Fund Balances, at Beginning of Year, as reclassified	<u>11,580,717</u>	<u>(204,537)</u>	<u>-</u>	<u>11,325,121</u>	<u>22,701,301</u>
Fund Balances, at End of Year	\$ <u>10,964,644</u>	\$ <u>131,119</u>	\$ <u>(1,593,162)</u>	\$ <u>6,583,851</u>	\$ <u>16,086,452</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, 2023

Net Changes in Fund Balances - Total Governmental Funds	\$ (6,614,849)
<ul style="list-style-type: none">Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:	
Capital outlay	8,088,787
Depreciation	(3,306,278)
<ul style="list-style-type: none">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:	
Repayments of general obligation bonds and loans	2,345,000
Bond premium amortization	81,812
<ul style="list-style-type: none">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.	41,349
<ul style="list-style-type: none">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:	
Change in accrued interest on bonds payable.	116,495
Change in accrued employee benefits.	29,628
Change in net pension liability and related deferred outflows and inflows.	(408,029)
Change in net OPEB liability and related deferred outflows and inflows.	(342,689)
<ul style="list-style-type: none">Other differences	<u>133,579</u>
Change in Net Position of Governmental Activities	\$ <u>164,805</u>

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

TOWN OF LYNNFIELD, MASSACHUSETTS

Proprietary Funds
Statement of Net Position
June 30, 2023

	Business-Type Activities		
	Enterprise Funds		
	Golf Course Fund	Nonmajor Emergency Medical Services Fund	Total
Assets			
Current Assets:			
Cash and short-term investments	\$ 1,811,542	\$ 447,731	\$ 2,259,273
User fees receivable, net of allowance	<u>-</u>	<u>191,931</u>	<u>191,931</u>
Total Current Assets	1,811,542	639,662	2,451,204
Noncurrent Assets:			
Nondepreciable capital assets	12,586,893	-	12,586,893
Capital assets, net of accumulated depreciation	<u>497,904</u>	<u>130,837</u>	<u>628,741</u>
Total Noncurrent Assets	<u>13,084,797</u>	<u>130,837</u>	<u>13,215,634</u>
Total Assets	14,896,339	770,499	15,666,838
Liabilities			
Current Liabilities:			
Accounts payable	42,048	9,250	51,298
Accrued liabilities	34,369	11,602	45,971
Current portion of long-term liabilities:			
Bonds payable	<u>793,126</u>	<u>-</u>	<u>793,126</u>
Total Current Liabilities	869,543	20,852	890,395
Noncurrent Liabilities:			
Bonds payable, net of current portion	<u>823,026</u>	<u>-</u>	<u>823,026</u>
Total Noncurrent Liabilities	<u>823,026</u>	<u>-</u>	<u>823,026</u>
Total Liabilities	1,692,569	20,852	1,713,421
Net Position			
Net investment in capital assets	11,468,646	130,837	11,599,483
Unrestricted	<u>1,735,124</u>	<u>618,810</u>	<u>2,353,934</u>
Total Net Position	\$ <u>13,203,770</u>	\$ <u>749,647</u>	\$ <u>13,953,417</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, 2023

	Business-Type Activities		
	Enterprise Funds		
	Golf Course Fund	Nonmajor Emergency Medical Services Fund	Total
Operating Revenues			
Charges for services	\$ 1,531,704	\$ 1,054,578	\$ 2,586,282
Total Operating Revenues	1,531,704	1,054,578	2,586,282
Operating Expenses			
Salaries and benefits	635,601	736,807	1,372,408
Other operating expenses	638,101	173,365	811,466
Depreciation	<u>18,831</u>	<u>32,074</u>	<u>50,905</u>
Total Operating Expenses	<u>1,292,533</u>	<u>942,246</u>	<u>2,234,779</u>
Operating Income	239,171	112,332	351,503
Nonoperating Revenues (Expenses)			
Investment income	14,339	2,329	16,668
Interest expense	<u>(32,611)</u>	<u>-</u>	<u>(32,611)</u>
Total Nonoperating Revenues (Expenses), Net	<u>(18,272)</u>	<u>2,329</u>	<u>(15,943)</u>
Income Before Transfers	220,899	114,661	335,560
Transfers In	<u>1,210,155</u>	<u>-</u>	<u>1,210,155</u>
Change in Net Position	1,431,054	114,661	1,545,715
Net Position, at Beginning of Year	<u>11,772,716</u>	<u>634,986</u>	<u>12,407,702</u>
Net Position, at End of Year	\$ <u><u>13,203,770</u></u>	\$ <u><u>749,647</u></u>	\$ <u><u>13,953,417</u></u>

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

TOWN OF LYNNFIELD, MASSACHUSETTS

Proprietary Funds
Statement of Cash Flows
For the Year Ended June 30, 2023

	Business-Type Activities		
	Enterprise Funds		
	Golf Course Fund	Nonmajor Emergency Medical Services Fund	Total
Cash Flows From Operating Activities			
Receipts from customers and users	\$ 1,531,704	\$ 1,046,059	\$ 2,577,763
Payments to employees	(635,601)	(725,205)	(1,360,806)
Payments to vendors	<u>(626,677)</u>	<u>(172,988)</u>	<u>(799,665)</u>
Net Cash Provided By Operating Activities	269,426	147,866	417,292
Cash Flows From Capital and Related Financing Activities			
Acquisition of capital assets	(129,032)	-	(129,032)
Transfers from General Fund	1,210,155	-	1,210,155
Principal payments on bonds	(721,000)	-	(721,000)
Interest expense	<u>(75,636)</u>	<u>-</u>	<u>(75,636)</u>
Net Cash Provided By Capital and Related Financing Activities	284,487	-	284,487
Cash Flows From Investing Activities			
Investment income	<u>14,339</u>	<u>2,329</u>	<u>16,668</u>
Net Cash Provided By Investing Activities	<u>14,339</u>	<u>2,329</u>	<u>16,668</u>
Net Change in Cash and Short-Term Investments	568,252	150,195	718,447
Cash and Short-Term Investments, Beginning of Year	<u>1,243,290</u>	<u>297,536</u>	<u>1,540,826</u>
Cash and Short-Term Investments, End of Year	\$ <u><u>1,811,542</u></u>	\$ <u><u>447,731</u></u>	\$ <u><u>2,259,273</u></u>
Reconciliation of Operating Income to Net Cash Provided By Operating Activities			
Operating income	\$ 239,171	\$ 112,332	\$ 351,503
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	18,831	32,074	50,905
Changes in assets and liabilities:			
User fees receivable	-	(8,519)	(8,519)
Accounts payable	25,251	377	25,628
Accrued liabilities	<u>(13,827)</u>	<u>11,602</u>	<u>(2,225)</u>
Net Cash Provided By Operating Activities	\$ <u><u>269,426</u></u>	\$ <u><u>147,866</u></u>	\$ <u><u>417,292</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, 2023

	OPEB <u>Trust Fund</u>	Private Purpose Trust <u>Funds</u>	Custodial <u>Funds</u>
Assets			
Cash and short-term investments	\$ 5,461	\$ 26,720	\$ 80,974
Investments:			
Corporate bonds	-	354,445	-
Corporate equities	220,182	86,266	-
Federal agency securities	-	41,616	-
Fixed income mutual funds	1,743,123	5,811	-
U.S. Treasury notes	<u>-</u>	<u>201,404</u>	<u>-</u>
Total Investments	1,963,305	689,542	-
Accounts receivable	<u>-</u>	<u>-</u>	<u>29,423</u>
Total Assets	1,968,766	716,262	110,397
Liabilities			
Accounts payable	-	-	11,841
Other liabilities	<u>-</u>	<u>-</u>	<u>29,423</u>
Total Liabilities	-	-	41,264
Net Position			
Restricted for OPEB	1,968,766	-	-
Restricted for individuals, organizations, and other governments	<u>-</u>	<u>716,262</u>	<u>69,133</u>
Total Net Position	\$ <u><u>1,968,766</u></u>	\$ <u><u>716,262</u></u>	\$ <u><u>69,133</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, 2023

	OPEB <u>Trust Fund</u>	Private Purpose Trust <u>Funds</u>	Custodial <u>Funds</u>
Additions			
Contributions from employer	\$ 2,652,275	\$ -	\$ -
Total Contributions	2,652,275	-	-
Investment Income:			
Investment income	<u>138,313</u>	<u>14,817</u>	<u>-</u>
Net investment Income	138,313	14,817	-
Fees collected for Lynnfield Water Districts	-	-	2,620,058
Fees collected for other governments	-	-	6,578
Fees collected for students	-	-	247,287
Miscellaneous	<u>-</u>	<u>5,032</u>	<u>264,816</u>
Total Additions	2,790,588	19,849	3,138,739
Deductions			
Benefit payments to plan members	2,552,275	-	-
Payments to Lynnfield Water Districts	-	-	2,629,620
Payments to other governments	-	-	6,578
Payments on behalf of students	-	-	236,488
Other	<u>-</u>	<u>15,417</u>	<u>266,797</u>
Total Deductions	<u>2,552,275</u>	<u>15,417</u>	<u>3,139,483</u>
Change in Net Position	238,313	4,432	(744)
Restricted Net Position			
Beginning of Year	<u>1,730,453</u>	<u>711,830</u>	<u>69,877</u>
End of Year	\$ <u><u>1,968,766</u></u>	\$ <u><u>716,262</u></u>	\$ <u><u>69,133</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 2023, 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. 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. 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.

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.

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 *Town Grants Fund* accounts for all financial resources related to federal, state, and local grants for the Town.
- The *New Fire HQ/Town Hall Renovations Fund* accounts for funds used for the renovations to the Public Safety/Town Hall building.

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. 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.

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 Laws 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

The following funds had unassigned fund balance deficits as of June 30, 2023:

Major Funds

Town Grants	\$ (273,830)
New Fire HQ/Town Hall Renovations	\$ (1,593,162)

Nonmajor Governmental Funds

School Grants	\$ (40,443)
Revolving Funds	\$ (107,827)
Elementary Schools Renovations	\$ (833,395)

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	\$(270,680)
Transfer to CARES fund	\$ (36,097)
Transfer to Cable fund	\$(244)

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, and 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 consist 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, 2023, \$14,055,037 of the Town's bank balance of \$29,378,823 was exposed to custodial credit risk as uninsured and uncollateralized. Additionally, \$2,642,605 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, 2023:

<u>Investment Type</u>	<u>Amount</u>
Corporate bonds	\$ 3,156
Corporate equities	988
Equity mutual funds	1,310
Federal agency securities	370
Fixed income mutual funds	484
U.S. Treasury notes	<u>1,793</u>
	<u>\$ 8,101</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, 2023, \$6,308,860 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>	<u>Held by Counterparty</u>	<u>Held by Counterparty's Trust or Agent</u>
Corporate bonds	\$ 3,156	\$ -	\$ 3,156
Corporate equities	988	-	988
Equity mutual funds	1,310	-	1,310
Federal agency securities	370	-	370
U.S. Treasury notes	<u>1,793</u>	<u>-</u>	<u>1,793</u>
	<u>\$ 7,617</u>	<u>\$ -</u>	<u>\$ 7,617</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, 2023, 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):

<u>Investment Type</u>	<u>Amount</u>	<u>Rating as of Year End</u>						
		<u>AAA</u>	<u>A1</u>	<u>A2</u>	<u>A3</u>	<u>Baa1</u>	<u>Baa2</u>	<u>Unrated</u>
Corporate bonds	\$ 3,156	\$ 319	\$ 294	\$ 517	\$ 310	\$ 785	\$ 931	\$ -
Federal agency securities	370	370	-	-	-	-	-	-
Fixed income mutual funds	484	-	-	-	-	-	-	484
U.S. Treasury notes	1,793	1,793	-	-	-	-	-	-
	<u>\$ 5,803</u>	<u>\$ 2,482</u>	<u>\$ 294</u>	<u>\$ 517</u>	<u>\$ 310</u>	<u>\$ 785</u>	<u>\$ 931</u>	<u>\$ 484</u>

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, 2023, 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, 2023 (in thousands):

<u>Investment Type</u>	<u>Amount</u>	<u>Investment Maturities (in Years)</u>			
		<u>Not Readily Available</u>	<u>Less Than 1</u>	<u>1-5</u>	<u>6-10</u>
Corporate bonds	\$ 3,156	\$ -	\$ 837	\$ 2,010	\$ 309
Federal agency securities	370	-	-	370	-
Fixed income mutual funds	484	484	-	-	-
U.S. Treasury notes	1,793	-	160	1,633	-
	<u>\$ 5,803</u>	<u>\$ 484</u>	<u>\$ 997</u>	<u>\$ 4,013</u>	<u>\$ 309</u>

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, 2023, 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 had the following fair value measurements (in thousands) as of June 30, 2023:

<u>Investment Type</u>	<u>Amount</u>	<u>Fair Value Measurements Using:</u>		
		<u>Quoted prices in active markets for identical assets (Level 1)</u>	<u>Significant observable inputs (Level 2)</u>	<u>Significant unobservable inputs (Level 3)</u>
Corporate bonds	\$ 3,156	\$ -	\$ 3,156	\$ -
Corporate equities	988	988	-	-
Equity mutual funds	1,310	1,310	-	-
Federal agency securities	370	-	370	-
Fixed income mutual funds	484	-	484	-
U.S. Treasury notes	<u>1,793</u>	<u>1,793</u>	<u>-</u>	<u>-</u>
	<u>\$ 8,101</u>	<u>\$ 4,091</u>	<u>\$ 4,010</u>	<u>\$ -</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 security's 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 Receivable

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 2023 tax levy reflected an excess capacity of \$93,297.

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 excises receivable at June 30, 2023 consisted of the following:

	Current <u>Portion</u>	Long- Term <u>Portion</u>
Real estate taxes	\$ 427,433	\$ -
Personal property taxes	19,479	-
Tax liens	55,960	100,487
Deferred taxes	90,038	246,708
Taxes in litigation	<u>2,159</u>	<u>-</u>
Total property taxes	\$ <u>595,069</u>	\$ <u>347,195</u>
Motor vehicle excise	\$ <u>278,486</u>	\$ <u>-</u>

5. User Fees Receivable

Receivables for user charges at June 30, 2023 consisted of the following:

	<u>Gross Amount</u>	<u>Allowance for Doubtful Accounts</u>	<u>Net Amount</u>
Emergency Medical Services	\$ <u>290,751</u>	\$ <u>98,820</u>	\$ <u>191,931</u>

6. Intergovernmental Receivables

This balance represents reimbursements requested from federal and state agencies for expenditures incurred in fiscal year 2023.

7. Interfund Accounts

Transfers

The Town reports interfund transfers between various funds. Most transfers result from budgetary or statutory actions, whereby funds are moved to accomplish various expenditure purposes. The following is a schedule of interfund transfers for the year ended June 30, 2023:

	<u>Transfers In</u>	<u>Transfers Out</u>
<u>Governmental Funds</u>		
General Fund	\$ 677,739	\$ 846,497
Town Grants Fund	36,097	2,716
Nonmajor Governmental Funds:		
Special revenue:		
Receipts reserved fund	244	638,022
Revolving fund	-	407,000
Permanent trust fund	-	30,000
Subtotal nonmajor governmental funds	244	1,075,022
<u>Business-Type Funds</u>		
Golf enterprise fund	1,210,155	-
Subtotal business-type funds	1,210,155	-
Total	\$ <u>1,924,235</u>	\$ <u>1,924,235</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, 2023 was as follows (in thousands):

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets, Being Depreciated:				
Land improvements	\$ 1,076	\$ -	\$ -	\$ 1,076
Buildings and improvements	104,641	1,060	-	105,701
Machinery, equipment, and furnishings	17,312	282	-	17,594
Infrastructure	<u>14,756</u>	<u>-</u>	<u>-</u>	<u>14,756</u>
Total Capital Assets, Being Depreciated	137,785	1,342	-	139,127
Less Accumulated Depreciation For:				
Land improvements	(924)	(13)	-	(937)
Buildings and improvements	(57,430)	(2,531)	-	(59,961)
Machinery, equipment, and furnishings	(15,582)	(382)	-	(15,964)
Infrastructure	<u>(5,756)</u>	<u>(380)</u>	<u>-</u>	<u>(6,136)</u>
Total Accumulated Depreciation	<u>(79,692)</u>	<u>(3,306)</u>	<u>-</u>	<u>(82,998)</u>
Capital Assets, Being Depreciated, Net	58,093	(1,964)	-	56,129
Capital Assets, Not Being Depreciated:				
Land	10,178	-	-	10,178
Construction in progress	<u>11,695</u>	<u>6,746</u>	<u>-</u>	<u>18,441</u>
Total Capital Assets, Not Being Depreciated	<u>21,873</u>	<u>6,746</u>	<u>-</u>	<u>28,619</u>
Governmental Activities Capital Assets, Net	<u>\$ 79,966</u>	<u>\$ 4,782</u>	<u>\$ -</u>	<u>\$ 84,748</u>

	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities				
Capital Assets, Being Depreciated:				
Land improvements	\$ 161	\$ -	\$ -	\$ 161
Buildings and improvements	482	-	-	482
Machinery, equipment, and furnishings	<u>948</u>	<u>130</u>	<u>-</u>	<u>1,078</u>
Total Capital Assets, Being Depreciated	1,591	130	-	1,721
Less Accumulated Depreciation For:				
Land improvements	(52)	(7)	-	(59)
Buildings and improvements	(54)	(44)	-	(98)
Machinery, equipment, and furnishings	<u>(935)</u>	<u>-</u>	<u>-</u>	<u>(935)</u>
Total Accumulated Depreciation	<u>(1,041)</u>	<u>(51)</u>	<u>-</u>	<u>(1,092)</u>
Capital Assets, Being Depreciated, Net	550	79	-	629
Capital Assets, Not Being Depreciated:				
Land	<u>12,587</u>	<u>-</u>	<u>-</u>	<u>12,587</u>
Total Capital Assets, Not Being Depreciated	<u>12,587</u>	<u>-</u>	<u>-</u>	<u>12,587</u>
Business-Type Activities Capital Assets, Net	<u>\$ 13,137</u>	<u>\$ 79</u>	<u>\$ -</u>	<u>\$ 13,216</u>

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

Governmental Activities	
General government	\$ 475
Public safety	197
Education	1,991
Public works	528
Health and human services	109
Culture and recreation	<u>6</u>
Total Governmental Activities	<u>\$ 3,306</u>
Business-Type Activities	
Golf Course	\$ 19
Emergency Medical Services	<u>32</u>
Total Business-Type Activities	<u>\$ 51</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. 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.

11. Notes Payable

The Town had the following note outstanding at June 30, 2023:

<u>Purpose</u>	<u>Interest Rate</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Balance at 6/30/23</u>
Elementary schools	4.50%	06/02/23	02/08/24	\$ 1,750,000
New Fire HQ/Town Hall renovations	3.00%	02/09/23	02/08/24	<u>12,000,000</u>
				<u>\$ 13,750,000</u>

The following summarizes activity in notes payable during fiscal year 2023:

<u>Purpose</u>	<u>Balance Beginning of Year</u>	<u>New Issues</u>	<u>Rollover</u>	<u>Paydown</u>	<u>Balance End of Year</u>
Elementary schools	\$ 1,750,000	-	\$ (1,750,000)	\$ -	\$ -
Elementary schools	-	-	1,750,000	-	1,750,000
New Fire HQ/Town Hall renovations	<u>-</u>	<u>12,000,000</u>	<u>-</u>	<u>-</u>	<u>12,000,000</u>
	<u>\$ 1,750,000</u>	<u>\$ 12,000,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,750,000</u>

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 and acquisitions. General obligation bonds have been issued for both governmental and business-type activities. General obligation bonds and direct borrowings outstanding were as follows at June 30, 2023:

	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>6/30/23</u>
General obligation bonds:				
Refunded school bonds	\$ 5,673,000	07/01/24	1.79%	\$ 1,060,000
Refunded capital bonds	57,700	02/15/24	5.00%	4,900
General obligation bonds	1,671,000	04/01/30	3.00-4.00%	800,000
Refunded athletic facilities bond	955,300	02/15/33	2.00-5.00%	725,000
School bonds	2,565,000	06/15/33	2.75%	1,265,000
Recreation	4,467,000	07/15/34	2.67%	2,490,000
Elementary schools expansion bond	15,520,000	06/01/41	2.00-5.00%	<u>14,475,000</u>
Total general obligation bonds				20,819,900
Loans payable (direct borrowings):				
Freightliner dump truck	127,460	09/25/23	5.97%	32,484
Septic (MWPAT)	200,000	07/15/32	0.00%	100,750
Septic (MWPAT)	252,841	01/15/33	0.00%	<u>98,144</u>
Total loans payable (direct borrowings)				<u>231,378</u>
Total Governmental Activities				<u>\$ 21,051,278</u>
<u>Business-Type Activities</u>	<u>Original</u>	<u>Serial</u>	<u>Interest</u>	<u>Amount</u>
	<u>Issue</u>	<u>Maturities</u>	<u>Rate(s) %</u>	<u>Outstanding</u>
		<u>Through</u>		<u>as of</u>
				<u>6/30/23</u>
General obligation bonds:				
Refunded golf course purchase	\$ 1,007,000	02/15/25	2-5%	\$ 412,100
Refunded golf course purchase	2,660,000	02/15/25	2-5%	<u>1,118,000</u>
Total general obligation bonds				<u>1,530,100</u>
Total Business-Type Activities				<u>\$ 1,530,100</u>

Future Debt Service

The annual payments to retire all general obligation bonds and loans outstanding as of June 30, 2023 were 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>	
2024	\$ 1,724,900	\$ 630,451	\$ 52,305	\$ 1,344	\$ 2,409,000
2025	1,740,000	569,019	19,837	-	2,328,856
2026	1,250,000	514,019	19,852	-	1,783,871
2027	1,260,000	464,819	19,868	-	1,744,687
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	1,105,000	185,894	19,957	-	1,310,851
2034 - 2038	4,660,000	573,600	-	-	5,233,600
2039 - 2043	2,940,000	118,400	-	-	3,058,400
	<u>\$ 20,819,900</u>	<u>\$ 4,617,803</u>	<u>\$ 231,378</u>	<u>\$ 1,344</u>	<u>\$ 25,670,425</u>

Business-Type

<u>Activities</u>	<u>Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2024	\$ 750,100	\$ 53,105	\$ 803,205
2025	<u>780,000</u>	<u>15,600</u>	<u>795,600</u>
	<u>\$ 1,530,100</u>	<u>\$ 68,705</u>	<u>\$ 1,598,805</u>

Changes in Long-Term Liabilities

During the year ended June 30, 2023, the following changes occurred in long-term liabilities (in thousands):

	Beginning Balance	Additions	Reductions	Ending Balance	Less Current Portion	Equals Long-Term Portion
Governmental Activities						
Bonds payable	\$ 23,114	\$ -	\$ (2,294)	\$ 20,820	\$ (1,725)	\$ 19,095
Loans payable (direct borrowings)	283	-	(51)	232	(52)	180
Unamortized premium	<u>1,401</u>	<u>-</u>	<u>(82)</u>	<u>1,319</u>	<u>(82)</u>	<u>1,237</u>
Subtotal	24,798	-	(2,427)	22,371	(1,859)	20,512
Compensated absences liabilities	1,116	34	(63)	1,087	(353)	734
Net pension liability	26,393	9,537	-	35,930	-	35,930
Net OPEB liability	<u>86,535</u>	<u>-</u>	<u>(9,344)</u>	<u>77,191</u>	<u>-</u>	<u>77,191</u>
Total	<u>\$ 138,842</u>	<u>\$ 9,571</u>	<u>\$ (11,834)</u>	<u>\$ 136,579</u>	<u>\$ (2,212)</u>	<u>\$ 134,367</u>
Business-Type Activities						
Bonds payable	\$ 2,251	\$ -	\$ (721)	\$ 1,530	\$ (750)	\$ 780
Unamortized premium	<u>129</u>	<u>-</u>	<u>(43)</u>	<u>86</u>	<u>(43)</u>	<u>43</u>
Total	<u>\$ 2,380</u>	<u>\$ -</u>	<u>\$ (764)</u>	<u>\$ 1,616</u>	<u>\$ (793)</u>	<u>\$ 823</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, 2023 were comprised of the following:

	General Fund	Town Grants Fund	New Fire HQ/ Town Hall Renovations	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable					
Permanent funds	\$ -	\$ -	\$ -	\$ 975,700	\$ 975,700
Total Nonspendable	-	-	-	975,700	975,700
Restricted					
Special revenue funds:					
Sale of real estate	-	-	-	1,124,029	1,124,029
MWPAT septic-betterment					
loan/interest proceeds	-	-	-	280,103	280,103
Cable/PEG access gift	-	-	-	1,263,910	1,263,910
School activity fees	-	-	-	96,305	96,305
Community School support	-	-	-	636,532	636,532
Non-residential tuition revolving	-	-	-	205,629	205,629
Highway design review	-	-	-	146,589	146,589
Circuit breaker	-	-	-	726,949	726,949
Council on Aging activity	-	-	-	191,823	191,823
Recreation	-	-	-	194,035	194,035
School lunch	-	-	-	709,631	709,631
Library state aid	-	131,371	-	-	131,371
Community compact fiber network	-	177,868	-	-	177,868
Other	-	95,710	-	598,121	693,831
Expendable trust funds	-	-	-	133,423	133,423
Capital project funds	-	-	-	216,956	216,956
Permanent funds	-	-	-	65,781	65,781
Total Restricted	-	404,949	-	6,589,816	6,994,765
Committed					
Article carryforwards:					
General government	381,424	-	-	-	381,424
Public safety	442,284	-	-	-	442,284
Public works	552,645	-	-	-	552,645
Health and human services	90	-	-	-	90
Culture and recreation	13,932	-	-	-	13,932
For next year's expenditures:					
Capital budget	1,565,560	-	-	-	1,565,560
Recreation capital stabilization	682,165	-	-	-	682,165
Total Committed	3,638,100	-	-	-	3,638,100
Assigned					
General government	200,762	-	-	-	200,762
Public safety	97,830	-	-	-	97,830
Education	30,058	-	-	-	30,058
Public works	27,791	-	-	-	27,791
Health and human services	200	-	-	-	200
Culture and recreation	5,362	-	-	-	5,362
Operating budget	60,000	-	-	-	60,000
Total Assigned	422,003	-	-	-	422,003
Unassigned					
General Fund	2,974,381	-	-	-	2,974,381
General stabilization	2,679,924	-	-	-	2,679,924
Capital facilities stabilization	1,250,236	-	-	-	1,250,236
Special revenue fund deficits	-	(273,830)	-	(148,270)	(422,100)
Capital project fund deficits	-	-	(1,593,162)	(833,395)	(2,426,557)
Total Unassigned	6,904,541	(273,830)	(1,593,162)	(981,665)	4,055,884
Total Fund Balances	\$ 10,964,644	\$ 131,119	\$ (1,593,162)	\$ 6,583,851	\$ 16,086,452

15. Restricted Net Position

The Town's restricted net position at June 30, 2023 was comprised of the following:

<u>Purpose</u>	<u>Governmental Activities</u>
School lunch	\$ 709,631
Receipts reserved	2,844,756
Circuit breaker	726,949
Recreation revolving	194,035
Community School support	636,532
Non-residential tuition revolving	205,629
Highway design review	146,589
Council on Aging activity	191,823
Library state aid	131,371
Community compact fiber network	177,868
Permanent - Nonexpendable	975,700
Permanent - Expendable	65,781
Other	746,842
Total	<u>\$ 7,753,506</u>

16. Essex Regional Retirement System

The Town follows the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27*, with respect to 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.

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	0.1
January 1, 1975 - December 31, 1983	0.1
January 1, 1984 - June 30, 1996	0.1
Beginning July 1, 1996	0.1

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, 2023 was \$3,445,513, 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, 2023, the Town reported a liability of \$35,930,103 for its proportionate share of the System's net pension liability. The net pension liability was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2022. The 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, 2022, the Town's proportion was 7.473%, which was a decrease of 0.142% from the proportion measured as of December 31, 2021.

For the year ended June 30, 2023, the Town recognized pension expense of \$3,853,542. In addition, the Town reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,119	\$ 617,059
Changes of assumptions	1,960,746	-
Net difference between projected and actual earnings on pension plan investments	3,331,702	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	448,444	709,578
	<u>\$ 5,742,011</u>	<u>\$ 1,326,637</u>

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

Year Ended June 30:

2024	\$ 447,051
2025	723,338
2026	1,143,782
2027	2,101,203
	<u>\$ 4,415,374</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	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	21.20%	7.10%
International developed markets equity	12.20%	6.90%
International emerging markets equity	4.70%	9.60%
Core fixed income	13.80%	4.70%
High-yield fixed income	7.00%	3.80%
Private equity	17.70%	10.20%
Real estate	11.20%	5.70%
Timberland	3.20%	7.00%
Hedge fund, PCS	9.00%	6.50%
	<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 were 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>
\$ 45,641,722	\$ 35,930,103	\$ 27,775,626

Pension Plan Fiduciary Net Position

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

17. Massachusetts Teachers’ Retirement System (MTRS)

Plan Description

The Massachusetts Teachers’ Retirement System (MTRS) is a public employee retirement system (PERS) that administers a cost-sharing multi-employer defined benefit plan, as defined in Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans*. MTRS is managed by the Commonwealth 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% 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, 2022 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	38.00%	4.20%
Core fixed income	15.00%	0.50%
Private equity	15.00%	7.30%
Portfolio completion strategies	10.00%	2.70%
Real estate	10.00%	3.30%
Value added fixed income	8.00%	3.70%
Timberland/natural resources	4.00%	3.90%
	<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	Current Discount Rate	1% Increase
<u>(6.00%)</u>	<u>(7.00%)</u>	<u>(8.00%)</u>
\$ 32,734,080	\$ 25,888,138	\$ 20,094,302

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 2022 (the most recent measurement period), the Town's proportionate share of the MTRS' collective net pension liability was \$63,843,296 based on a proportionate share of 0.246612%. As required by GASB 68, the Town has recognized its portion of the Commonwealth's contribution of \$5,190,209 as both a revenue and expenditure on the Statement of Revenues, Expenditures, and Changes in Fund Balances, and its portion of the collective pension expense of an additional \$61,525 as both a revenue and expense on the Statement of Activities.

18. 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, 2023.

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, 2023, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries	
currently receiving benefit payments	354
Active employees	<u>313</u>
	<u>667</u>

Investments

The OPEB Trust Fund's assets consisted of corporate equities and fixed income mutual funds at June 30, 2023.

Rate of Return

For the year ended June 30, 2023, the annual money-weighted rate of return on investments, net of investment expense, was 13.90%. 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, 2023, 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	3.86%
Discount rate	3.86%
Healthcare cost trend rates	6.50% per year graded down by the Getzen model to an ultimate rate of 4.04% per year
Retirees' share of benefit-related costs	Varies based on plan; 15% HMO plans, 25% PPO plans, 50% indemnity plans, and 15% Medicare plans
Participation rate	95%

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

Target Allocations

Long-term expected real rate of return information is not applicable because the OPEB Trust Fund is substantially underfunded and the OPEB plan uses the municipal bond rate for a discount rate. Target asset allocation as of June 30, 2023 is summarized in the following table.

<u>Asset Class</u>	<u>Target Asset Allocation</u>
Equity	61.81%
Fixed income	23.06%
Alternatives	14.85%
Cash	0.28%
	<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 3.86% and was based on Fidelity GO AA 20 year-index at June 30, 2023. 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 3.86% was used for the discount rate.

Net OPEB Liability

The components of the net OPEB liability, measured as of June 30, 2023, were as follows:

Total OPEB liability	\$ 79,159,908
Plan fiduciary net position	<u>1,968,766</u>
Net OPEB liability	<u>\$ 77,191,142</u>
Plan fiduciary net position as a percentage of the total OPEB liability	2.49%

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	Plan	Net OPEB
	Liability	Fiduciary	Liability
	(a)	(b)	(a) - (b)
Balances, beginning of year	\$ 88,265,496	\$ 1,730,453	\$ 86,535,043
Changes for the year:			
Service cost	4,636,749	-	4,636,749
Interest	3,214,524	-	3,214,524
Contributions - employer	-	2,652,275	(2,652,275)
Net investment income	-	140,263	(140,263)
Differences between expected and actual experience	(7,650,817)	-	(7,650,817)
Changes in assumptions or other inputs	(6,751,819)	-	(6,751,819)
Benefit payments	<u>(2,554,225)</u>	<u>(2,554,225)</u>	<u>-</u>
Net Changes	<u>(9,105,588)</u>	<u>238,313</u>	<u>(9,343,901)</u>
Balances, end of year	\$ <u>79,159,908</u>	\$ <u>1,968,766</u>	\$ <u>77,191,142</u>

Differences between expected and actual experience reflect a change in the census, claims, and demographic experience due to the new valuation. Changes of assumptions and other inputs reflect a change in the discount rate from 3.69% in 2022 to 3.86% in 2023, and a change in the healthcare cost trend rate from 6.00% in 2022 to 6.50% in 2023.

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

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

1% Decrease <u>(2.86%)</u>	Current Discount Rate <u>(3.86%)</u>	1% Increase <u>(4.86%)</u>
\$ 90,805,344	\$ 77,191,142	\$ 66,343,929

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 were 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>(3.04%)</u>	Current Healthcare Cost Trend Rates <u>(4.04%)</u>	1% Increase <u>(5.04%)</u>
\$ 64,693,617	\$ 77,191,142	\$ 93,507,866

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

For the year ended June 30, 2023, the Town recognized an OPEB expense of \$2,894,966. At June 30, 2023, the Town reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Difference between expected and actual experience	\$ 367,693	\$ 15,756,812
Change in assumptions	16,236,214	29,442,880
Net difference between projected and actual OPEB investment earnings	<u>96,405</u>	<u>-</u>
	<u>\$ 16,700,312</u>	<u>\$ 45,199,692</u>

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

Year Ended June 30:

2024	\$ (4,821,144)
2025	(3,925,471)
2026	(2,970,866)
2027	(3,665,825)
2028	(5,091,174)
Thereafter	<u>(8,024,900)</u>
	<u>\$ (28,499,380)</u>

19. 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 \$362,003 in encumbrances that will be honored in the next fiscal year.

20. Beginning Fund Balance Reclassification

The beginning (July 1, 2022) fund balances of the Town have been reclassified as follows:

	Receipts Reserved <u>Fund</u>	Elementary Schools <u>Expansion</u>	Nonmajor Governmental <u>Funds</u>	<u>Total</u>
As previously reported	\$ 3,174,792	\$ 4,792,823	\$ 3,357,506	\$ 7,967,615
Reclassification of major fund	<u>(3,174,792)</u>	<u>(4,792,823)</u>	<u>7,967,615</u>	<u>7,967,615</u>
As reclassified	\$ <u>-</u>	\$ <u>-</u>	\$ <u>11,325,121</u>	\$ <u>15,935,230</u>

21. Subsequent Events

Management has evaluated subsequent events through January 29, 2024, which is the date the financial statements were available to be issued.

22. New Pronouncements

The Governmental Accounting Standards Board (GASB) has issued GASB Statement No. 100, *Accounting Changes and Error Corrections (an amendment of GASB Statement No. 62)*, effective for the Town for the fiscal year ending June 30, 2024. This statement enhances accounting and financial reporting requirements for accounting changes and error corrections. Management is currently evaluating the impact of implementing this GASB pronouncement.

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REQUIRED SUPPLEMENTARY INFORMATION



King Rail Golf Course. Town-owned 9-hole course looking out to the 8th hole with beautiful Reedy Meadow in the background. – Photo courtesy of Don Lyons

TOWN OF LYNNFIELD, MASSACHUSETTS

General Fund
Detail Schedule of Revenues and Other Financing Sources - Budget and Actual
For the Year Ended June 30, 2023

(Unaudited)

	Original <u>Budget</u>	Final <u>Budget</u>	Actual <u>(Budgetary Basis)</u>	Variance Positive <u>(Negative)</u>
Revenues and Other Sources				
Property taxes	\$ 51,811,750	\$ 51,811,750	\$ 51,501,226	\$ (310,524)
Excise	3,374,912	3,374,912	3,793,170	418,258
Penalties, interest, and other taxes	119,267	119,267	133,163	13,896
Payments in lieu of taxes	624,439	624,439	642,436	17,997
Charges for services	455,000	455,000	504,542	49,542
Intergovernmental	6,443,931	6,443,931	6,507,062	63,131
Licenses and permits	584,294	584,294	685,496	101,202
Fines and forfeitures	25,000	25,000	26,436	1,436
Investment income	17,000	17,000	370,916	353,916
Miscellaneous	-	-	108,536	108,536
Transfers in	677,738	677,738	677,738	-
Use of free cash:				
Operating budget	302,231	302,231	302,231	-
Capital budget	2,146,215	2,146,215	2,146,215	-
Transfer to stabilization fund	150,000	150,000	150,000	-
Use of overlay surplus	60,000	60,000	60,000	-
Use of prior year assigned fund balance (carryforwards)	<u>1,021,541</u>	<u>1,775,835</u>	<u>1,775,835</u>	<u>-</u>
Total Revenues and Other Sources	\$ <u>67,813,318</u>	\$ <u>68,567,612</u>	\$ <u>69,385,002</u>	\$ <u>817,390</u>

See Independent Auditors' Report and notes to Required Supplementary Information

TOWN OF LYNNFIELD, MASSACHUSETTS

General Fund
Detail Schedule of Expenditures and Other Financing Uses - Budget and Actual
For the Year Ended June 30, 2023

(Unaudited)

	Original <u>Budget</u>	Final <u>Budget</u>	Actual <u>(Budgetary Basis)</u>	Variance Positive <u>(Negative)</u>
General Government				
Select Board				
Select Board's Salaries	\$ 2,250	\$ 2,250	\$ 1,438	\$ 812
Town Administrator's Salary	186,115	196,824	196,823	1
Administrative Salary	100,799	105,799	103,180	2,619
Professional Services	109,240	184,240	146,137	38,103
Pay Rate Increase Fund	200,000	8,958	-	8,958
Property and Liability Insurance	701,471	600,471	526,265	74,206
Other Expenses	24,500	24,500	16,635	7,865
Cable				
Cable Access Salaries	117,908	118,946	118,946	-
Cable Access Expense	37,180	36,948	36,948	-
Cable Access Capital	20,000	20,000	20,000	-
Town Accountant				
Accountant's Salary	130,019	144,725	144,725	-
Clerical Salary	65,776	67,755	66,315	1,440
Expenses	5,400	5,400	2,735	2,665
Town Counsel				
Professional Services	100,000	100,000	73,758	26,242
Expenses Law Books	3,500	3,500	3,500	-
Operations Support				
Salaries	58,132	59,969	58,176	1,793
Expenses	48,400	48,400	48,382	18
Information Systems				
Salaries	7,500	19,512	19,265	247
Expenses	278,500	278,500	245,065	33,435
Tax Collector				
Collector Expenses	21,050	21,050	4,998	16,052
Senior Tax Work-Off Program	9,000	3,153	3,153	-
Treasurer				
Treasurer's Salaries	236,512	250,206	249,564	642
Treasurer's Expenses	28,740	28,740	24,918	3,822
Town Clerk				
Town Clerk Salaries	134,608	143,742	141,834	1,908
Clerk Expenses	62,230	72,230	72,148	82
Board of Assessors				
Board Salaries	11,500	11,500	11,200	300
Other Salaries	156,519	60,119	59,848	271
Professional Services	55,806	112,806	111,372	1,434
Assessment Update	10,700	10,700	9,560	1,140
Expenses	10,470	10,470	4,502	5,968
Board of Appeals				
Expenses	6,241	8,741	8,740	1
Conservation Commission				
Salaries	156,279	166,605	166,414	191
Expenses	7,350	7,350	5,478	1,872
Professional Services	1,545	1,545	1,375	170
Open Space	1,545	1,545	1,386	159
Personnel Board				
Salary	1,874	1,874	-	1,874
Professional Services	2,870	2,870	-	2,870
Expenses	330	330	-	330
Finance Committee				
Salary	3,000	3,000	2,892	108
Expenses	420	420	214	206
Finance Committee Report	2,500	2,500	-	2,500
Reserve Fund	45,000	45,000	-	45,000
Total General Government	3,162,779	2,993,193	2,707,889	285,304

(continued)

(continued)

	Original <u>Budget</u>	Final <u>Budget</u>	Actual <u>(Budgetary Basis)</u>	Variance Positive <u>(Negative)</u>
Public Safety				
Police				
Chief's Salary (including holidays)	173,900	177,900	174,625	3,275
Other Salaries (including holidays)	2,420,349	2,419,849	2,345,336	74,513
Officers' Overtime	420,000	823,000	823,000	-
Officers Training	140,500	140,500	132,279	8,221
Other Expenses	235,500	235,500	234,642	858
Fire				
Chief's Salary (including holidays)	146,000	152,920	152,909	11
Full-time Salaries (including holidays)	927,291	1,031,059	1,031,059	-
Call Dept. Salaries	520,992	555,991	543,598	12,393
Fire Alarm Salaries	15,771	15,771	8,252	7,519
Fire Dept. Expenses	149,352	149,352	147,960	1,392
Fire Alarm Expenses	14,002	14,002	10,292	3,710
Division of Zoning & Inspection				
Other Salaries	222,784	225,814	219,255	6,559
Professional Services	30,000	32,000	32,000	-
Expenses	16,631	16,631	16,631	-
Emergency Management				
Other Salaries	8,760	10,489	10,487	2
Expenses	1	1	-	1
Animal Control Officer				
Dog Officer's Salary	28,954	28,954	28,245	709
Expenses	<u>1,854</u>	<u>1,854</u>	<u>825</u>	<u>1,029</u>
Total Public Safety	5,472,641	6,031,587	5,911,395	120,192
Education				
School Operating	28,910,912	29,233,980	29,233,345	635
School Health Insurance	3,282,738	3,282,738	3,250,505	32,233
School Vocational Assessment	<u>705,288</u>	<u>705,288</u>	<u>705,288</u>	<u>-</u>
Total Education	32,898,938	33,222,006	33,189,138	32,868
Public Works				
Administration				
Director Salary	140,763	145,314	145,314	-
Other Salaries	582,928	588,378	576,077	12,301
Motor Fuel/Oil	134,000	134,000	121,236	12,764
Other Expenses	12,500	12,500	12,372	128
Highway				
Salaries	922,345	857,345	835,457	21,888
Expenses	564,550	564,550	564,550	-
Sidewalk Construction & Maint.				
Expenses	25,000	27,716	18,317	9,399
Snow and Ice Removal				
Salaries and Expenses	120,000	120,000	390,680	(270,680)
Street Lighting				
Expenses	180,000	130,000	92,052	37,948
Rubbish Collection				
Expenses	1,150,000	1,120,000	1,045,562	74,438
School Maintenance and Buses				
Salaries	1,224,507	1,316,857	1,308,122	8,735
Energy Supply	764,240	764,240	764,239	1
Expenses	1,432,950	1,582,950	1,495,840	87,110
Town Building Maintenance				
Salaries	248,828	249,628	248,983	645
Expenses	<u>371,500</u>	<u>371,500</u>	<u>370,849</u>	<u>651</u>
Total Public Works	7,874,111	7,984,978	7,989,650	(4,672)

(continued)

(continued)

	Original <u>Budget</u>	Final <u>Budget</u>	Actual <u>(Budgetary Basis)</u>	Variance Positive <u>(Negative)</u>
Health and Human Services				
Board of Health				
Other Salaries	109,524	132,359	131,859	500
Expenses	45,481	42,481	42,481	-
Council on Aging				
Salary	351,523	354,923	316,117	38,806
Expenses	26,949	26,949	26,448	501
Veterans' Services				
Director's Salary	16,721	16,721	16,721	-
Expenses	8,300	8,300	5,673	2,627
Veterans Benefits	<u>24,000</u>	<u>24,000</u>	<u>18,258</u>	<u>5,742</u>
Total Health and Human Services	582,498	605,733	557,557	48,176
Culture and Recreation				
Library				
Director's Salary	97,537	101,000	100,969	31
Other Salaries	598,381	613,381	603,893	9,488
Expenses	261,139	261,139	261,139	-
Recreation Commission				
Salaries	76,357	77,357	77,273	84
Expenses	3,300	3,300	2,000	1,300
Historical Commission				
Expenses	<u>15,910</u>	<u>15,910</u>	<u>15,892</u>	<u>18</u>
Total Culture and Recreation	1,052,624	1,072,087	1,061,166	10,921
Employee Benefits and Unclassified				
Pension Contributions	3,445,513	3,430,513	3,422,833	7,680
Town Health/Life/Disability Insurance	3,905,829	3,748,176	3,722,518	25,658
Medicare - F.I.C.A.	520,000	520,000	514,422	5,578
Workers' Compensation Insurance	270,000	230,000	188,227	41,773
Other	5,047	5,047	3,298	1,749
Unemployment Compensation	<u>30,500</u>	<u>30,500</u>	<u>12,566</u>	<u>17,934</u>
Total Employee Benefits	8,176,889	7,964,236	7,863,864	100,372
Miscellaneous				
Prior Year Deficits	<u>311,097</u>	<u>311,097</u>	<u>311,097</u>	<u>-</u>
Total Miscellaneous	311,097	311,097	311,097	-
Debt Service				
Short-term Interest	80,000	52,500	52,500	-
Long-term Principal Payment	499,000	499,000	499,000	-
Long-term Interest	134,021	134,021	134,020	1
Long-term Principal Debt Exclusion	2,516,000	2,516,000	2,516,000	-
Long-term Interest Debt Exclusion	662,749	662,749	662,749	-
Septic Loan Program	<u>22,634</u>	<u>22,634</u>	<u>19,806</u>	<u>2,828</u>
Total Debt Service	3,914,404	3,886,904	3,884,075	2,829
Intergovernmental				
State and County Assessments	592,608	604,579	571,227	33,352
Prior Year Encumbrances				
General government	-	335	295	40
Public safety	-	300	-	300
Education	-	76,876	76,876	-
Public works	-	50,983	50,380	603
Health and human services	-	1,240	1,240	-
Culture and recreation	<u>-</u>	<u>6,426</u>	<u>6,426</u>	<u>-</u>
Total Prior Year Encumbrances	-	136,160	135,217	943

(continued)

(continued)

	Original <u>Budget</u>	Final <u>Budget</u>	Actual <u>(Budgetary Basis)</u>	Variance Positive <u>(Negative)</u>
Articles				
Unassigned (prior year bills)	132	2,363	2,363	-
General government	896,546	896,546	896,546	-
Public safety	568,354	568,354	568,354	-
Education	495,788	474,781	474,781	-
Public works	1,491,249	1,490,348	1,490,348	-
Health and human services	90	90	90	-
Culture and recreation	<u>72,570</u>	<u>72,570</u>	<u>72,570</u>	<u>-</u>
Total Articles	3,524,729	3,505,052	3,505,052	-
Other Financing Uses				
Transfers out				
Transfer to OPEB Trust	100,000	100,000	100,000	-
Transfer to Stabilization	150,000	150,000	150,000	-
Transfer to CARES fund	-	-	36,097	(36,097)
Transfer to Cable fund	<u>-</u>	<u>-</u>	<u>244</u>	<u>(244)</u>
Total Other Financing Uses	<u>250,000</u>	<u>250,000</u>	<u>286,341</u>	<u>(36,341)</u>
Total Expenditures and Other Financing Uses	<u>\$ 67,813,318</u>	<u>\$ 68,567,612</u>	<u>\$ 67,973,668</u>	<u>\$ 593,944</u>

See Independent Auditors' Report and notes to Required Supplementary Information.

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

Budgetary Basis

The General Fund final appropriation appearing on pages 80 to 84 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>Revenues</u>	<u>Expenditures</u>	Other Financing <u>Sources (Uses)</u>
GAAP Basis	\$ 69,668,588	\$ 70,115,903	\$ (168,758)
Reverse MTRS on-behalf payment	(5,190,210)	(5,190,210)	-
Add end-of-year appropriation carryforwards to expenditures	-	1,752,378	-
To record raising of prior year deficits	-	275,000	-
To record use of assigned fund balance	-	-	1,775,835
To record use of free cash	-	-	2,598,446
To record use of overlay surplus	-	-	60,000
Reclassification of transfers	-	710,155	710,155
Reverse the effects of combining general fund and stabilization funds (GASB 54)	(205,395)	-	(150,000)
Other	-	24,101	-
Budgetary Basis	<u>\$ 64,272,983</u>	<u>\$ 67,687,327</u>	<u>\$ 4,825,678</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, 2023	December 31, 2022	7.743%	\$35,930,103	\$ 12,401,664	289.72%	57.57%
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, 2023	June 30, 2022	0.246612%	\$ -	\$ 63,843,296	\$ 63,843,296	\$ 23,910,296	- %	57.75%
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 Auditors' Report.

TOWN OF LYNNFIELD, MASSACHUSETTS

Required Supplementary Information
Schedule of Pension Contributions

(Unaudited)

Essex Regional Retirement System						
<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>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, 2023	December 31, 2022	\$ 3,445,513	\$ 3,445,513	\$ -	\$ 12,412,246	27.76%
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, 2023	June 30, 2022	\$ 5,190,209	\$ 5,190,209	\$ -	\$ 24,728,548	20.99%
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%

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

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

See Independent Auditors' Report.

TOWN OF LYNNFIELD, MASSACHUSETTS

Required Supplementary Information
Schedule of Changes in the Net OPEB Liability

(Unaudited)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB Liability							
Service cost	\$ 4,636,749	\$ 7,124,874	\$ 5,583,788	\$ 4,581,138	\$ 3,976,612	\$ 4,033,881	\$ 4,972,243
Interest	3,214,524	2,066,826	2,512,709	2,602,608	2,507,008	2,655,790	2,370,457
Differences between expected and actual experience	(7,650,817)	419,861	(10,695,549)	90,630	(6,693,135)	15,920	(1,459,126)
Changes of assumptions	(6,751,819)	(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>(2,554,225)</u>	<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	(9,105,588)	(20,425,183)	5,009,564	19,478,168	6,983,606	1,561,133	(6,488,660)
Total OPEB liability - beginning	<u>88,265,496</u>	<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)	79,159,908	88,265,496	108,690,679	103,681,115	84,202,947	77,219,341	75,658,208
Plan Fiduciary Net Position							
Contributions - employer	2,652,275	2,465,947	2,333,429	2,211,658	2,158,373	2,299,825	2,201,110
Net investment income (loss)	140,263	(303,556)	380,145	45,886	74,949	46,138	33,055
Benefit payments, including refunds of member contributions	<u>(2,554,225)</u>	<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	238,313	(200,178)	478,717	195,886	274,949	346,138	233,055
Plan fiduciary net position - beginning	<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>	<u>401,886</u>
Plan fiduciary net position - ending (b)	<u>1,968,766</u>	<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>77,191,142</u>	\$ <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 Auditors' Report.

TOWN OF LYNNFIELD, MASSACHUSETTS

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

(Unaudited)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Schedule of Net OPEB Liability							
Total OPEB liability	\$ 79,159,908	\$ 88,265,496	\$ 108,690,679	\$ 103,681,115	\$ 84,202,947	\$ 77,219,341	\$ 75,658,208
Plan fiduciary net position	<u>1,968,766</u>	<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>77,191,142</u>	\$ <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	2.49%	1.96%	1.78%	1.40%	1.49%	1.27%	0.84%
Covered employee payroll *	\$ 26,636,485	\$ 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	289.79%	379.89%	482.73%	463.92%	387.71%	402.14%	407.61%
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Schedule of Contributions							
Actuarially determined contribution	\$ 9,454,442	\$ 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>2,552,275</u>	<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>6,902,167</u>	\$ <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 *	\$ 23,636,485	\$ 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	10.80%	10.83%	10.55%	10.04%	10.09%	12.13%	11.96%
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Schedule of Investment Returns							
Annual money weighted rate of return, net of investment expense	13.90%	-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 Auditors' Report.

**SUPPLEMENTARY STATEMENTS
AND DETAIL SCHEDULES**

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Supplementary Statements and Detail Schedules

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:

- Receipts Reserved: To account for Town funds that have received receipts from specific sources to be appropriated separately.
- Revolving Funds: To account for the Town's 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:

- Elementary Schools Expansion: To account for activity associated with the expansion of the Summer Street and Huckleberry Hill Elementary Schools.
- 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, 2023

	Special Revenue Funds					
	Receipts <u>Reserved</u>	Revolving <u>Funds</u>	School <u>Lunch</u>	School <u>Grants</u>	Other Special <u>Revenues</u>	Special Revenue Funds <u>Subtotal</u>
Assets						
Cash and short-term investments	\$ 2,844,755	\$ 1,642,426	\$ 623,092	\$ 719,549	\$ 429,666	\$ 6,259,488
Investments	-	-	-	-	7,990	7,990
Departmental and other receivables	5,996	112,973	-	-	-	118,969
Intergovernmental receivables	-	-	112,724	-	-	112,724
Total Assets	<u>\$ 2,850,751</u>	<u>\$ 1,755,399</u>	<u>\$ 735,816</u>	<u>\$ 719,549</u>	<u>\$ 437,656</u>	<u>\$ 6,499,171</u>
Liabilities						
Accounts payable	\$ -	\$ 92,483	\$ 26,185	\$ 26,120	\$ 47,537	\$ 192,325
Accrued liabilities	-	21,249	-	1,645	6,177	29,071
Notes payable	-	-	-	-	-	-
Total Liabilities	-	113,732	26,185	27,765	53,714	221,396
Deferred Inflows of Resources	5,995	112,970	-	-	-	118,965
Fund Balances						
Nonspendable	-	-	-	-	-	-
Restricted	2,844,756	1,636,524	709,631	732,227	383,942	6,307,080
Unassigned	-	(107,827)	-	(40,443)	-	(148,270)
Total Fund Balances	<u>2,844,756</u>	<u>1,528,697</u>	<u>709,631</u>	<u>691,784</u>	<u>383,942</u>	<u>6,158,810</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 2,850,751</u>	<u>\$ 1,755,399</u>	<u>\$ 735,816</u>	<u>\$ 719,549</u>	<u>\$ 437,656</u>	<u>\$ 6,499,171</u>

(continued)

(continued)

TOWN OF LYNNFIELD, MASSACHUSETTS

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2023

	<u>Capital Project Funds</u>				Total
	Elementary Schools <u>Expansion</u>	Other Capital Projects	Capital Project Funds <u>Subtotal</u>	Permanent Trust <u>Fund</u>	Nonmajor Governmental <u>Funds</u>
Assets					
Cash and short-term investments	\$ 1,139,851	\$ -	\$ 1,139,851	\$ 38,851	\$ 7,438,190
Investments	-	-	-	1,002,629	1,010,619
Departmental and other receivables	-	-	-	-	118,969
Intergovernmental receivables	-	-	-	-	112,724
Total Assets	<u>\$ 1,139,851</u>	<u>\$ -</u>	<u>\$ 1,139,851</u>	<u>\$ 1,041,480</u>	<u>\$ 8,680,502</u>
Liabilities					
Accounts payable	\$ 6,290	\$ -	\$ 6,290	\$ -	\$ 198,615
Accrued liabilities	-	-	-	-	29,071
Notes payable	<u>1,750,000</u>	<u>-</u>	<u>1,750,000</u>	<u>-</u>	<u>1,750,000</u>
Total Liabilities	1,756,290	-	1,756,290	-	1,977,686
Deferred Inflows of Resources	-	-	-	-	118,965
Fund Balances					
Nonspendable	-	-	-	975,700	975,700
Restricted	216,956	-	216,956	65,780	6,589,816
Unassigned	<u>(833,395)</u>	<u>-</u>	<u>(833,395)</u>	<u>-</u>	<u>(981,665)</u>
Total Fund Balances	<u>(616,439)</u>	<u>-</u>	<u>(616,439)</u>	<u>1,041,480</u>	<u>6,583,851</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 1,139,851</u>	<u>\$ -</u>	<u>\$ 1,139,851</u>	<u>\$ 1,041,480</u>	<u>\$ 8,680,502</u>

See Independent Auditors' Report.

TOWN OF LYNNFIELD, MASSACHUSETTS

Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2023

	Special Revenue Funds					
	<u>Receipts Reserved</u>	<u>Revolving Funds</u>	<u>School Lunch</u>	<u>School Grants</u>	<u>Other Special Revenues</u>	<u>Special Revenue Funds Subtotal</u>
Revenues						
Penalties, interest, and other taxes	\$ 16,014	\$ -	\$ -	\$ -	\$ -	\$ 16,014
Charges for services	2,288	3,129,877	409,714	-	2,179	3,544,058
Intergovernmental	-	9,400	1,210,771	3,059,384	975	4,280,530
Investment income	-	623	298	-	5,231	6,152
Miscellaneous	<u>289,601</u>	<u>80,321</u>	<u>-</u>	<u>-</u>	<u>125,211</u>	<u>495,133</u>
Total Revenues	307,903	3,220,221	1,620,783	3,059,384	133,596	8,341,887
Expenditures						
Current:						
General government	161	11,853	-	-	11,060	23,074
Public safety	-	795,301	-	-	52,655	847,956
Education	-	1,069,567	1,352,778	2,555,131	81,379	5,058,855
Public works	-	151,452	-	-	2,665	154,117
Health and human services	-	100,875	-	-	957	101,832
Culture and recreation	<u>-</u>	<u>403,954</u>	<u>-</u>	<u>-</u>	<u>42,778</u>	<u>446,732</u>
Total Expenditures	<u>161</u>	<u>2,533,002</u>	<u>1,352,778</u>	<u>2,555,131</u>	<u>191,494</u>	<u>6,632,566</u>
Excess (deficiency) of revenues over (under) expenditures	307,742	687,219	268,005	504,253	(57,898)	1,709,321
Other Financing Sources (Uses)						
Bond anticipatory note premium	-	-	-	-	-	-
Transfers in	244	-	-	-	-	244
Transfers out	<u>(638,022)</u>	<u>(407,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,045,022)</u>
Total Other Financing Sources (Uses)	<u>(637,778)</u>	<u>(407,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,044,778)</u>
Net Change in Fund Balances	(330,036)	280,219	268,005	504,253	(57,898)	664,543
Fund Balances, Beginning of Year, as Reclassified	<u>3,174,792</u>	<u>1,248,478</u>	<u>441,626</u>	<u>187,531</u>	<u>441,840</u>	<u>5,494,267</u>
Fund Balances, End of Year	<u>\$ 2,844,756</u>	<u>\$ 1,528,697</u>	<u>\$ 709,631</u>	<u>\$ 691,784</u>	<u>\$ 383,942</u>	<u>\$ 6,158,810</u>

(continued)

(continued)

TOWN OF LYNNFIELD, MASSACHUSETTS

Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2023

	<u>Capital Project Funds</u>				Total Nonmajor Governmental Funds
	Elementary Schools <u>Expansion</u>	Other Capital Projects	Capital Project Funds <u>Subtotal</u>	Permanent Trust <u>Fund</u>	
Revenues					
Penalties, interest and other taxes	\$ -	\$ -	\$ -	\$ -	\$ 16,014
Charges for services	-	-	-	-	3,544,058
Intergovernmental	-	-	-	-	4,280,530
Investment income	-	-	-	21,866	28,018
Miscellaneous	-	-	-	15,232	510,365
	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,232</u>	<u>510,365</u>
Total Revenues	-	-	-	37,098	8,378,985
Expenditures					
Current:					
General government	-	-	-	-	23,074
Public safety	-	-	-	-	847,956
Education	5,409,915	-	5,409,915	-	10,468,770
Public works	-	-	-	-	154,117
Health and human services	-	2,076	2,076	-	103,908
Culture and recreation	-	-	-	1,573	448,305
	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,573</u>	<u>448,305</u>
Total Expenditures	<u>5,409,915</u>	<u>2,076</u>	<u>5,411,991</u>	<u>1,573</u>	<u>12,046,130</u>
Excess (deficiency) of revenues over (under) expenditures	(5,409,915)	(2,076)	(5,411,991)	35,525	(3,667,145)
Other Financing Sources (Uses)					
Bond anticipatory note premium	653	-	653	-	653
Transfers in	-	-	-	-	244
Transfers out	-	-	-	(30,000)	(1,075,022)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>(30,000)</u>	<u>(1,075,022)</u>
Total Other Financing Sources (Uses)	<u>653</u>	<u>-</u>	<u>653</u>	<u>(30,000)</u>	<u>(1,074,125)</u>
Net Change in Fund Balances	(5,409,262)	(2,076)	(5,411,338)	5,525	(4,741,270)
Fund Balances, Beginning of Year, as Reclassified	<u>4,792,823</u>	<u>2,076</u>	<u>4,794,899</u>	<u>1,035,955</u>	<u>11,325,121</u>
Fund Balances, End of Year	\$ <u>(616,439)</u>	\$ <u>-</u>	\$ <u>(616,439)</u>	\$ <u>1,041,480</u>	\$ <u>6,583,851</u>

See Independent Auditors' Report.

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.

- 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 State agencies, Peabody Municipal Light Plant, and Reading Municipal Light Department.

TOWN OF LYNNFIELD, MASSACHUSETTS

Combining Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2023

		Private Purpose Trust Funds	Custodial Funds			
	OPEB <u>Trust</u>	Scholarship <u>Funds</u>	Water <u>Districts</u>	Student Activity <u>Funds</u>	Other Custodial <u>Funds</u>	Total Custodial <u>Funds</u>
Assets						
Cash and short-term investments	\$ 5,461	\$ 26,720	\$ -	\$ 65,743	\$ 15,231	\$ 80,974
Investments						
Corporate bonds	-	354,445	-	-	-	-
Corporate equities	220,182	86,266	-	-	-	-
Federal agency securities	-	41,616	-	-	-	-
Fixed income mutual funds	1,743,123	5,811	-	-	-	-
U.S. Treasury notes	-	201,404	-	-	-	-
Total Investments	1,963,305	689,542	-	-	-	-
Accounts receivable	-	-	29,115	-	308	29,423
Total Assets	1,968,766	716,262	29,115	65,743	15,539	110,397
Liabilities						
Accounts payable	-	-	11,808	33	-	11,841
Other liabilities	-	-	29,115	-	308	29,423
Total Liabilities	-	-	40,923	33	308	41,264
Net Position						
Restricted for OPEB	1,968,766	-	-	-	-	-
Restricted for individuals, organizations, and other governments	-	716,262	(11,808)	65,710	15,231	69,133
Total Net Position	\$ 1,968,766	\$ 716,262	\$ (11,808)	\$ 65,710	\$ 15,231	\$ 69,133

See Independent Auditors' Report.

TOWN OF LYNNFIELD, MASSACHUSETTS

Combining Statement of Changes
in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2023

		Private Purpose Trust Funds	Custodial Funds			
	OPEB Trust	Scholarship Funds	Water Districts	Student Activity Funds	Other Custodial Funds	Total Custodial Funds
Additions						
Contributions from employers	\$ 2,652,275	\$ -	\$ -	\$ -	\$ -	\$ -
Total Contributions	2,652,275	-	-	-	-	-
Investment income	138,313	14,817	-	-	-	-
Net investment income	138,313	14,817	-	-	-	-
Fees collected for Lynnfield Water Districts	-	-	2,620,058	-	-	2,620,058
Fees collected for other governments	-	-	-	-	6,578	6,578
Fees collected for students	-	-	-	247,287	-	247,287
Miscellaneous	-	5,032	-	-	264,816	264,816
Total Additions	2,790,588	19,849	2,620,058	247,287	271,394	3,138,739
Deductions						
Benefit payments to plan members	2,552,275	-	-	-	-	-
Payments to Lynnfield Water Districts	-	-	2,629,620	-	-	2,629,620
Payments to other governments	-	-	-	-	6,578	6,578
Payments on behalf of students	-	-	-	236,488	-	236,488
Other	-	15,417	-	-	266,797	266,797
Total Deductions	2,552,275	15,417	2,629,620	236,488	273,375	3,139,483
Change in Net Position	238,313	4,432	(9,562)	10,799	(1,981)	(744)
Restricted Net Position						
Beginning of Year	1,730,453	711,830	(2,246)	54,911	17,212	69,877
End of Year	\$ 1,968,766	\$ 716,262	\$ (11,808)	\$ 65,710	\$ 15,231	\$ 69,133

See Independent Auditors' Report.

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**STATISTICAL
SECTION**



Market Street Lynnfield decorated for the holiday season. This is the Town's largest taxpayer. It is an upscale outdoor shopping center with a variety of retail, restaurants, and entertainment choices. - Photo courtesy of Eric Hamlin

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental Activity										
Net investment in capital assets	\$ 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	\$ 60,359,800
Restricted	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	7,753,506
Unrestricted	(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)	(126,545,713)
Total governmental activities net position	\$ 43,067,644	\$ 16,351,556	\$ 12,028,145	\$ 7,524,218	\$ (41,046,091)	\$ (45,743,734)	\$ (51,757,469)	\$ (58,232,668)	\$ (58,597,212)	\$ (58,432,407)
Business-type Activities										
Net investment in capital assets	\$ 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	\$ 11,599,483
Unrestricted	158,798	62,255	236,738	492,760	609,624	576,756	663,234	1,361,363	1,650,371	2,353,934
Total business-type activities net position	\$ 5,635,027	\$ 6,422,270	\$ 7,172,839	\$ 8,040,269	\$ 8,904,545	\$ 9,670,234	\$ 10,544,106	\$ 11,612,615	\$ 12,407,702	\$ 13,953,417
Primary Government										
Net investment in capital assets	\$ 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	\$ 71,959,283
Restricted	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	7,753,506
Unrestricted	(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)	(124,191,779)
Total primary government net position	\$ 48,702,671	\$ 22,773,826	\$ 19,200,984	\$ 15,564,487	\$ (32,141,546)	\$ (36,073,500)	\$ (41,213,363)	\$ (46,620,053)	\$ (46,189,510)	\$ (44,478,990)

Data source: Audited financial statements

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Expenses										
Governmental Activities										
General government	\$ 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	\$ 3,965,679
Public safety	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	8,808,590
Education	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	51,805,324
Public works	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	11,530,418
Health and human services	572,096	587,958	599,228	828,016	820,528	975,893	1,166,109	1,381,683	1,323,561	1,191,387
Culture and recreation	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	1,681,927
Interest	607,393	713,244	612,107	573,441	513,806	483,552	181,592	358,152	920,787	646,254
Other	-	-	-	-	-	-	60,966	-	-	-
Employee benefits	9,015,854	9,175,205	11,820,997	*	*	*	*	*	*	*
Intergovernmental	398,616	372,449	375,413	364,845	437,107	**	**	**	**	**
Total governmental activities expenses	57,278,773	56,998,951	62,810,544	68,198,620	68,221,725	73,122,317	75,976,925	81,340,583	77,096,126	79,629,579
Business-type Activities										
Golf course operations	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	1,325,144
Emergency Medical Service operations	-	689,061	707,679	672,727	675,899	783,803	764,034	725,529	917,323	942,246
Total business-type activities expenses	880,903	1,577,461	1,744,315	1,760,261	1,748,448	1,819,259	1,802,845	2,130,150	2,058,209	2,267,390
Total primary government expenses	\$ 58,159,676	\$ 58,576,412	\$ 64,554,859	\$ 69,958,881	\$ 69,970,173	\$ 74,941,576	\$ 77,779,770	\$ 83,470,733	\$ 79,154,335	\$ 81,896,969
Program Revenues										
Governmental Activities										
Charges for services:										
General government	\$ 274,134	\$ 277,559	\$ 304,475	\$ 270,014	\$ 284,344	\$ 273,499	\$ 250,216	\$ 315,220	\$ 266,937	\$ 290,583
Public safety	1,137,462	360,303	390,131	372,131	472,791	659,480	579,478	1,381,091	1,517,691	1,452,937
Education	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	2,131,229
Public works	78,310	111,057	123,456	85,232	92,038	117,797	138,075	287,104	184,117	397,857
Health and human services	92,196	102,351	96,670	96,797	98,965	94,412	89,995	86,836	95,816	165,832
Culture and recreation	103,152	161,237	322,334	238,159	250,695	307,371	252,194	244,593	287,734	364,361
Operating grants and contributions	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	16,748,457
Capital grants and contributions	602,081	534,181	423,191	550,612	621,626	228,186	455,618	485,447	2,045,799	731,254
Total government activities program revenues	15,192,367	12,865,044	14,296,874	15,949,232	16,535,908	16,419,848	18,148,610	21,611,991	20,518,725	22,282,510
Business-type Activities										
Charges for services:										
Golf course operations	509,133	530,043	733,527	878,376	974,670	1,007,033	1,061,125	1,588,931	1,159,754	1,531,704
Emergency Medical Service operations	-	612,764	711,668	910,870	724,432	791,153	762,438	785,255	863,906	1,054,578
Total business - type activities revenues	509,133	1,142,807	1,445,195	1,789,246	1,699,102	1,798,186	1,823,563	2,374,186	2,023,660	2,586,282
Total primary government revenues	\$ 15,701,500	\$ 14,007,851	\$ 15,742,069	\$ 17,738,478	\$ 18,235,010	\$ 18,218,034	\$ 19,972,173	\$ 23,986,177	\$ 22,542,385	\$ 24,868,792
Net (Expense)/Revenue										
Governmental activities	\$ (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)	\$ (57,347,069)
Business-type activities	(371,770)	(434,654)	(299,120)	28,985	(49,346)	(21,073)	20,718	244,036	(34,549)	318,892
Total primary government net (expense)	\$ (42,458,176)	\$ (44,568,561)	\$ (48,812,790)	\$ (52,220,403)	\$ (51,735,163)	\$ (56,723,542)	\$ (57,807,597)	\$ (59,484,556)	\$ (56,611,950)	\$ (57,028,177)

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:											
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	
General Revenues and Other Changes in Net Position											
Governmental Activities:											
Real estate and personal property-net											
of refunds payable	\$ 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	\$ 51,645,734	
Excises	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	3,754,993	
Penalties, interest, and other taxes	551,830	608,955	667,345	678,974	655,075	710,051	716,704	781,260	792,553	791,614	
Grants and contributions not restricted											
to specific programs	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	1,322,103	
Investment income (loss)	20,617	11,060	50,026	32,409	57,069	279,195	229,809	163,298	(6,533)	571,603	
Contributions and miscellaneous	2,654,325	1,814,532	116,625	1,107,906	211,731	715,986	415,064	476,656	823,780	635,982	
Transfers	(914,674)	(919,953)	(1,249,194)	(837,767)	(911,573)	(783,088)	(849,668)	(823,421)	(828,355)	(1,210,155)	
Total government activities	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	57,511,874	
Business-type activities											
Investment income	677	493	495	678	2,049	3,674	3,486	1,052	1,281	16,668	
Transfers	814,674	819,953	1,049,194	837,767	911,573	783,088	849,668	823,421	828,355	1,210,155	
Total business type activities	815,351	820,446	1,049,689	838,445	913,622	786,762	853,154	824,473	829,636	1,226,823	
Total primary government	\$ 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	\$ 58,738,697	
Changes in Net Position											
Governmental activities	\$ (645,962)	\$ 511,417	\$ (4,323,411)	\$ (4,503,927)	\$ (4,020,079)	\$ (4,697,643)	\$ (6,013,735)	\$ (4,480,998)	\$ (364,544)	\$ 164,805	
Business-type activities	443,581	385,792	750,569	867,430	864,276	765,689	873,872	845,191	795,087	1,545,715	
Total primary government changes in net position	\$ (202,381)	\$ 897,209	\$ (3,572,842)	\$ (3,636,497)	\$ (3,155,803)	\$ (3,931,954)	\$ (5,139,863)	\$ (3,635,807)	\$ 430,543	\$ 1,710,520	

Data source: Audited financial statements

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Fund										
Committed	\$ 203,595	\$ 272,525	\$ 771,025	\$ 1,239,590	\$ 1,044,907	\$ 1,512,793	\$ 1,634,776	\$ 1,628,152	\$ 1,871,077	\$ 3,638,100
Assigned	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	422,003
Unassigned	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	6,904,541
Total general fund	<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>	<u>\$ 10,964,644</u>
All Other Governmental Funds										
Nonspendable	\$ 824,025	\$ 866,975	\$ 883,375	\$ 904,975	\$ 923,775	\$ 944,475	\$ 963,950	\$ 969,700	\$ 975,700	\$ 975,700
Restricted	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	6,994,765
Committed	1,449,113	-	-	-	-	-	-	-	-	-
Unassigned	(1,302,368)	(1,589,317)	(2,005,449)	(505,835)	(1,104,523)	(1,340,693)	(612,035)	(577,213)	(1,515,807)	(2,848,657)
Total all other governmental funds:	<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>	<u>\$ 5,121,808</u>

Data source: Audited financial statements

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenues:										
Real estate and personal property taxes										
net of tax refunds	\$ 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	\$ 51,501,226
Excises	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	3,793,170
Penalties, interest, and other taxes	196,225	138,577	129,627	128,629	89,448	129,604	124,147	173,193	168,113	149,177
Charges for services	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	4,048,600
Intergovernmental	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	18,608,067
License and permits	592,594	427,977	472,212	450,425	550,317	725,014	552,852	631,448	736,572	685,496
Fines and forfeitures	83,435	83,541	92,291	60,894	67,591	53,960	38,488	34,321	28,352	26,436
Investment income (loss)	29,551	14,512	63,096	29,087	57,496	274,758	222,178	81,485	(88,346)	489,790
Miscellaneous and payment in lieu	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	1,378,283
Total Revenues	56,803,072	56,200,968	55,565,964	64,578,161	62,081,903	66,531,704	66,088,589	70,819,063	77,541,273	80,680,245
Expenditures:										
General government	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	4,900,151
Public safety	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	7,742,782
Education	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	48,955,835
Public works	6,912,985	6,650,511	7,439,531	7,954,733	9,140,897	8,556,891	8,845,289	8,503,734	9,291,803	10,104,949
Health and human services	529,949	476,067	489,093	555,735	618,832	617,428	798,696	1,038,896	1,027,080	1,170,689
Culture and recreation	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	1,573,721
Employee benefits	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	7,963,865
Debt service:										
Principal	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	2,345,000
Interest	560,851	675,001	636,203	578,508	555,214	509,450	427,000	358,152	804,293	762,748
Intergovernmental	398,616	372,449	375,413	364,845	437,107	490,910	462,583	474,722	577,209	571,227
Total Expenditures	55,111,519	57,006,802	53,441,459	61,857,835	64,242,017	63,412,726	65,257,530	70,293,475	87,086,070	86,090,967
Excess of revenues over/(under) expenditures	1,691,553	(805,834)	2,124,505	2,720,326	(2,160,114)	3,118,978	831,059	525,588	(9,544,797)	(5,410,722)
Other Financing Sources (Uses)										
Issuance of bonds and notes	-	4,467,000	-	1,671,000	-	-	1,013,000	15,520,000	-	-
Bond premiums	-	178,253	-	57,675	-	-	47,966	1,483,656	-	6,028
Payments to refund bond escrow	-	-	-	-	-	-	(60,966)	-	-	-
Transfer in	3,195,591	1,574,259	1,047,175	1,004,911	2,303,835	795,982	1,468,311	715,394	813,851	714,080
Transfer out	(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)	(1,924,235)
Total other financing sources (uses)	(914,674)	3,725,300	(1,249,194)	890,908	(911,573)	(783,088)	150,332	16,180,235	(828,355)	(1,204,127)
Net change in fund balance	\$ 776,879	\$ 2,919,466	\$ 875,311	\$ 3,611,234	\$ (3,071,687)	\$ 2,335,890	\$ 981,391	\$ 16,705,823	\$ (10,373,152)	\$ (6,614,849)
Debt service as a percentage of noncapital expenditures⁽¹⁾	4.30%	4.73%	4.82%	4.05%	4.32%	4.03%	3.63%	3.39%	4.53%	3.98%

Data source: Audited financial statements

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

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

Fiscal Year	Assessed Value							
	Residential Value	Residential Tax Rate	Commercial Value	Industrial Value	Personal Property	Total Commercial Value	Commercial Tax Rate	Total Town Value
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
2023	\$ 3,780,273,909	\$11.30	\$ 426,559,387	\$ 23,118,500	\$ 54,630,503	\$ 504,308,390	\$18.15	\$ 4,284,582,299

Data source: Town of Lynnfield Tax Recapitulation Sheets

⁽¹⁾ Assessed value is comparable to estimated actual value

TOWN OF LYNNFIELD, MASSACHUSETTS

Principal Property Taxpayers

Current and Nine Years Ago

		2023			2014		
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	\$255,459,700	1	5.96%	\$43,327,400	1	1.01%
Arborpoint at Market Street, LLC	Apartment Building	\$42,501,900	2	0.99%	\$18,283,300	3	0.43%
Lynnfield Commons, LLC	Apartment Building	\$41,959,300	3	0.98%	\$27,082,600	2	0.63%
Boston Gas	Utility	\$23,612,834	4	0.55%	-	-	0.00%
JAM Enterprise 2, LLC	Mixed Residential/Storage	\$21,311,300	5	0.50%	-	-	0.00%
Lynnfield Plaza Realty Trust	Retail Mall	\$17,853,800	6	0.42%	\$13,028,200	4	0.30%
CIL Kimball, LLC	Retail Condo	\$17,502,500	7	0.41%	-	-	0.00%
Herb Chambers of Lynnfield, Inc.	Car Dealership	\$16,296,400	8	0.38%	\$12,592,900	5	0.29%
LIM Partnership BL Assoc.	Industrial	\$10,016,200	9	0.23%	\$7,703,100	8	0.18%
SSMNMI, LLC	Office	\$9,921,300	10	0.23%	\$6,268,800	10	0.15%
Totals		<u>\$456,435,234</u>		<u>10.65%</u>	<u>\$ 128,286,300</u>		<u>2.99%</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, 2023	
				Dollar Amount	% of Net Levy *		Dollar Amount	% of Net Levy *
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%
2023	\$ 51,870,292	\$ 58,542	\$ 51,811,750	\$ 51,320,593	99.05%	\$ 154,202	\$ 51,474,795	99.35%

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
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%
2023	12,563	\$ 845,527,589	\$ 4,284,582,299	\$ 22,338,449	\$ 32,484	\$ 22,370,933	\$ 67,303	2.6458%	0.5221%

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	
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%	
2023	\$ 1,616,152	\$ 23,987,085	\$ 67,303	2.84%	0.56%	

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, 2023

	Debt Outstanding	Estimated Percentage Applicable ⁽¹⁾	Estimated Share of Overlapping Debt ⁽²⁾
Debt repaid with property taxes:			
Essex North Shore Agricultural and Technical School District	\$ 25,230,000	3.209%	\$ 809,631
Massachusetts Bay Transportation	5,546,685,000	0.017%	926,296
Subtotal, overlapping debt			1,735,927
Town direct debt			22,370,933
Total direct and overlapping debt			<u>\$ 24,106,860</u>

Data source: Multiple entities including Town Treasurer

⁽¹⁾ Estimated share based on debt service only

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

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Equalized Valuation ⁽¹⁾	\$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	\$4,134,919,200	\$4,134,919,200
Debt Limit - 5% of equalized valuation	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	206,745,960
Less:										
Total debt applicable to limitation ⁽²⁾	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	22,582,826
Legal debt margin	\$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	\$184,163,134
Total debt applicable to the limit as a percentage of debt limit	18.94%	20.77%	15.65%	13.83%	12.16%	10.89%	9.03%	16.38%	14.60%	10.92%

Data source:

⁽¹⁾ MA Bureau of Local Services (DataBank)

⁽²⁾ Town of Lynnfield

TOWN OF LYNNFIELD, MASSACHUSETTS
Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population Estimates	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
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%
2023	12,563	\$67,303	40.2	2,186	2.10%

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	2023			2014		
		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%	250	3	3.79%
Whole Foods	Grocery Store	249	2	3.41%	250	4	3.79%
Christmas Tree Shop	Retail Store	120	3	1.64%	103	7	1.56%
Johnson Controls, Inc.	Environmental Control Systems	110	4	1.51%	100	8	1.52%
Flagship Motors	Automobile	100	5	1.37%	99	9	1.50%
Horvath & Tremblay LLC	Legal Services	100	6	1.37%	-	-	-
Kelly Nissan of Lynnfield	Automobile	75	7	1.03%	-	-	-
Ninety Nine	Restaurant	60	8	0.82%	60	10	0.91%
Legal C Bar	Restaurant	55	9	0.75%	-	-	-
Herb Chambers Lynnfield	Automobile	50	10	0.68%	-	-	-
Total Principal Employers		1168			862		
Total Town Employment		7300 ⁽¹⁾			6600 ⁽²⁾		

Sources:

⁽¹⁾ Massachusetts Executive Office of Labor and Workforce Development

⁽²⁾ Massachusetts Bureau of Local Services (DataBank)

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

Function	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Government:	15.80	15.86	16.02	15.64	15.64	15.93	17.30	16.46	16.10	15.00
Public Safety:										
Police	24.39	26.40	26.90	26.58	28.82	28.80	28.00	28.44	26.35	28.20
Fire	20.56	20.47	20.63	22.13	23.47	21.76	22.92	21.76	18.10	15.50
Inspection	1.00	1.00	1.00	1.00	1.00	1.00	1.00	3.03	3.00	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	46.23	48.15	48.81	49.99	53.57	51.84	52.20	53.51	47.73	46.98
Education:	288.30	296.80	299.80	309.30	309.70	323.00	315.70	323.00	323.00	323.00
Public Works:										
Administration	6.61	6.28	6.32	6.14	6.65	7.65	8.00	7.60	8.00	8.00
Highway	15.10	15.10	14.18	14.18	14.18	14.20	14.00	13.00	13.00	13.00
Municipal Buildings	4.00	4.00	4.10	4.10	4.14	4.35	4.80	4.00	4.00	4.00
School Buildings & Bus	20.30	18.72	18.10	18.10	17.40	18.10	17.80	17.74	20.50	19.50
Sub-Total	46.01	44.10	42.70	42.52	42.37	44.30	44.60	42.34	45.50	44.50
Health and Human Services:										
Board of Health	1.40	1.40	1.40	1.40	1.40	1.40	1.40	1.42	1.50	1.85
Council on Aging	6.60	6.60	7.01	7.05	7.05	7.05	6.40	6.27	5.55	5.55
Veteran's Agent	0.28	0.28	0.28	0.28	0.28	0.43	0.43	0.43	0.43	0.43
Prevention Services	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2.75	3.30	3.30
Sub-Total	8.28	8.28	8.69	8.73	8.73	8.88	8.23	10.87	10.78	11.13
Culture and Recreation:										
Library	12.63	12.60	12.71	12.83	12.54	12.68	13.00	12.12	13.02	14.30
Recreation	0.54	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.50
Golf	9.65	14.82	11.30	11.82	13.15	11.25	10.00	11.80	11.96	12.28
Sub-Total	22.82	28.42	25.01	25.65	26.69	24.93	24.00	24.92	25.98	28.08
TOTALS:	427.44	441.61	441.03	451.83	456.70	468.88	462.03	471.10	469.09	468.69

Source: Town of Lynnfield Departments

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

		2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Town Clerk	Registered Voters	9,310	8,767	9,336	9,144	9,614	9,287	9,497	9,458	9,658	9,329
	Dog Licenses	850	996	970	1,043	1,078	1,089	993	1,074	1,006	1,050
Finance	Taxable property parcels assessed	4,452	4,510	4,544	4,580	4,592	4,590	4,599	4,600	4,626	4,627
	Motor vehicles registered	13,772	11,745	14,637	14,705	14,387	14,425	13,569	13,752	13,775	14,268
Police	Physical arrests	52	68	63	31	51	124	80	21	75	76
	Traffic violations	254	452	614	399	539	1,289	230	267	770	676
Fire	Emergency responses	1,667	1,887	1,866	1,855	2,020	2,020	1,606	1,773	2,052	2,111
	Fires extinguished	91	85	146	109	83	89	96	91	40	41
	Medical Responses	1,016	1,212	1,239	1,113	1,204	1,239	919	1,026	1,231	1,320
Education	Number of students	2,222	2,212	2,227	2,210	2,155	2,201	2,140	2,166	2,167	2,186
Building	Building permits issued	437	482	323	408	416	477	449	603	552	422
	Estimated construction value	\$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	\$29,276,849
Public Library	Volumes of collections	97,661	99,211	101,914	101,631	105,377	109,487	97,517	102,499	121,681	194,755
	Total circulation	139,620	141,112	135,913	134,691	114,967	110,762	85,318	62,882	99,137	102,946
	Registered borrowers	8,271	8,570	8,907	9,175	9,385	7,348	6,095	5,747	5,693	5,654

Data source: Various Town departments

Registered Voters - Town Report
DLS Databank

TOWN OF LYNNFIELD, MASSACHUSETTS

Capital Assets Statistics by Function

Last Ten Fiscal Years

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
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	7	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	69.05	69.05	69.05	69.05	69.05	69.16	69.16	69.16	69.16	69.16
Number of storm drains	1,635	1,635	1,635	1,635	1,635	1,642	1,741	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	16	16	18	18
Tennis courts	11	11	11	11	11	11	10	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



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

To the 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, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated January 29, 2024.

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 audit 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.

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.

Marcum LLP

Andover, MA
January 29, 2024