

TOWN OF SWAMPSCOTT, MASSACHUSETTS

ANNUAL COMPREHENSIVE FINANCIAL REPORT



FOR THE YEAR ENDED JUNE 30, 2021



Front Cover: A winter welcome to Swampscott Town Hall.

Inside Front Cover: A sunny picturesque day in Swampscott Harbor.

TOWN OF SWAMPSCOTT, MASSACHUSETTS



ANNUAL COMPREHENSIVE
FINANCIAL REPORT
For the Year Ended June 30, 2021
Prepared by the Finance Department

TOWN OF SWAMPSCOTT, MASSACHUSETTS
Annual Comprehensive Financial Report
Year Ended June 30, 2021

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Introductory Section



Canoes and kayaks await action on an early summer day.

Town of Swampscott, Massachusetts
Annual Comprehensive Financial Report
For the year ended June 30, 2021

Introductory Section

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Sean R. Fitzgerald
Town Administrator

Town of Swampscott

Office of the
Town Administrator
Elihu Thomson Administrative Building
22 Monument Avenue
Swampscott, MA 01907



Tel: (781) 596-8850
Email: sfitzgerald@swampscottma.gov

Letter of Transmittal

February 25, 2022

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

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

The report is designed to be used by the elected and appointed officials of the Town and others who are concerned with its management and progress such as bond analysts, banking institutions and credit raters. Just as important, the design and format of this report is aimed at providing the residents and taxpayers of Swampscott a more easily readable and, therefore, a more easily understandable financial report.

This report consists of management's representations concerning the finances of the Town of Swampscott. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects. In order to provide a reasonable basis for making these financial representations, management continues to review and improve its established comprehensive internal controls. The framework for these controls is designed to protect, to the extent possible, the government's assets from loss, theft, or misuse. The cost of internal controls should not outweigh their benefits. As a result, the Town of Swampscott's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements for the year ended June 30, 2021, are fairly presented in conformity with GAAP.

The Town of Swampscott's financial statements have been audited by Powers & Sullivan, LLC, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town of Swampscott for the year ended June 30, 2021, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion on the Town of Swampscott's financial statements for the year ended June 30, 2021, and that they are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the Town of Swampscott 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 presentation 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 Swampscott's separately issued Report on Expenditures of Federal Awards.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Town of Swampscott's MD&A can be found immediately following the report of the independent auditors.

Profile of the Town

Swampscott was originally incorporated in 1852. Early historical accounts of Swampscott indicated that the Native Americans, referred to as Naumkeags, came to what was called the "land of the red rock" in the seventeenth century to fish and hunt. Early accounts of Swampscott considered it a "community of modest means" and indicated that one man in three was a fisherman. Of the rest, a goodly number were shoemakers (also known as cordwainers), shoe cutters (known as clickers), yeomen or farmers and merchants. As a seafaring fishing village, Swampscott hosted a large commercial fishing fleet which sailed daily from our protected bay. From its fishing interests, Swampscott reached worldwide status as the place where Ebenezer Thorndike invented the lobster pot in 1808 to revolutionize lobster harvesting. Also, the Swampscott Dory, a fishing boat still in use throughout the world today, was invented in 1840 by Theophilus Brackett to row and to pull lobster pots. The dory was considered the best seaworthy boat for fishermen due to its unique flat-bottomed design. Stately homes which evolved in Swampscott include Professor Elihu Thomson's Georgian revival mansion with its unique and ornate interior carvings. Professor Thomson founded the Thomson-Houston Electric Company which is now the General Electric Company. The building, designed by James T. Kelley, now serves as the Town Administration Building, and is also listed on the National Historic Register. Swampscott has retained the essence of a quiet setting along the north shore of the Atlantic Ocean with the soothing sounds of the ocean lapping along the seashore.

The Town is governed by a Representative Town Meeting form of government and is located on the North Shore of Massachusetts in Essex County approximately 12 miles from Boston. Swampscott is accessible by roads including Routes 129, 114, and 1A. The Town is bordered by the City of Lynn, the City of Salem, and the Town of Marblehead. The Atlantic Ocean borders the Town on the eastern boundary. Swampscott's land area is approximately 3.3 square miles and its population has increased by 8.81% to 15,002 since the most recent town census.

The Town provides general governmental services for the territory within its boundaries, including police and fire protection, public education in grades kindergarten through twelve, water, sewer street maintenance, parks, beaches, and other recreational facilities.

The Massachusetts Bay Transportation Authority provides public transportation to the Town by way of inter-city bus and commuter rail. By utilizing this transportation option, residents can connect to surrounding communities including the City of Boston, which is a major domestic and internal transportation hub. The Swampscott Housing Authority provides public housing for eligible low income families, the elderly and the handicapped.

Local legislative decisions are made by a Representative Town Meeting. Subject to the legislative decisions made by the Town Meeting, the affairs for the Town are generally administered by a Select Board. The Select Board is supported by the Town Administrator.

Local school affairs are administered by a school committee of five persons, elected for staggered three-year terms on an at large basis. The Water and Sewer operations are managed by the same Select Board. Local taxes are assessed by a board of three assessors, elected for staggered three-year terms.

Budgetary Controls

The Town Administrator is responsible for preparing the budget and reviewing it with the various departments, boards, and committees. This budget is then presented to the to the Select Board and Finance Committee. A nine member Finance Committee made up of citizen volunteers appointed by the Town Moderator reviews the budget and makes recommendations to Town Meeting.

The level of budgetary control is established by Town Meeting and this approval defines the level at which expenditures may not exceed appropriations. This level is typically at the individual department salary and expense level. The Town Accountant is responsible for ensuring all payroll and invoices are within the budgetary control level before authorizing payment. Additional appropriations may be approved at subsequent Town Meetings. The Finance Committee, upon request of the Town Administrator, may approve during the year a transfer from a reserve fund established at Town Meeting. These controls ensure compliance with the budget approved by Town Meeting.

Factors Affecting Economic Condition

Local Economy

The Town of Swampscott continues to reflect a strong economic condition. The per capita income is significantly higher than state averages, and the unemployment rate has always been extremely low. Swampscott has a primarily residential tax base which has grown through rapidly rising home values.

In 2021, the average price of a home in Swampscott was \$599,244 (based upon 2020 sales data), an increase of approximately 7.7% from the previous year. The current economic environment indicates that property values are once again on the rise. The strong building permit activity over the last several years has appeared to reach a peak and is trending to level out once again. Swampscott is an ocean front community with a pristine coastline, as well as having an excellent reputation for academics, athletics, and many cultural and natural amenities. Easy access to the commuter rail facilitates the commute to Boston. All of this has made Swampscott a highly desirable location.

Along with capital costs, the Town continues to be faced with the challenge of how to deal with a relatively flat revenue stream at a time when the cost of providing services to residents of Swampscott continues to increase. State aid continues to be erratic mostly due to Charter School Funding and Enrollment. State aid revenues were relatively stable from FY 2020 to FY 2021, while state assessments decreased by 16% during that period. The three-year average for Net State Aid is a modest 5.82%. Local Receipts showed a one-year increase of over 6.77%, due primarily to a one-time revenue windfall as well as the introduction of a new short-term rental income. The three-year average for local receipts was nearly 5.9%. The Town is also anticipating future new revenues from taxes relating to the retail marijuana establishments.

Proposition 2½ caps the Town's ability to raise taxes and excess levy capacity is limited. The Town has approved a Proposition 2½ operating override twice in the past two decades for building construction of the new High School and Police Station. It is unclear whether this will be a viable solution in the near future.

Fortunately, the Town has long enjoyed a cooperative approach to problem solving among its many boards and committees, departments, unions, and citizens. This cooperation has led to solid fund balances.

During the 2021 budget cycle, departments continued to work together to create a budget that did not rely heavily on long-term reserves. The Town further addressed revenue needs with increased fees wherever practical. Department heads, committees, and boards understand that, all in all, revenues are not going to dramatically increase anytime soon. Knowing this, everyone involved in the budget process is committed to providing services more efficiently and at a lower cost.

Long-Term Financial Planning

The Town's long-term financial planning is focused on addressing the numerous needs of the community, particularly in view of the revenue constraints of Proposition 2½. Discussions are ongoing concerning issues regarding how to provide the community with the level of services it has come to expect under difficult financial conditions. Town departments, the School Committee, Finance Committee, have all provided input.

The Town continues to review and modify its sustainable long-term financial plan. Management recognizes that in order to continue to provide services to the community, while at the same time maintaining its existing infrastructure, a formalized plan is necessary. Issues being discussed include long range capital planning, appropriate reserve levels, and stabilizing the average single-family tax bill. The Town will be planning and designing the new Elementary School, improvements to the old Police Station on Pearle Street, the Rail Trail, and improvements to the Water and Sewer storm drains.

During 2021, the Town dedicated just over \$180,000 in Free Cash and other one-time revenues to fund the portion of the capital plan related to building and equipment replacement and repair. As of FY 2021, the Town had \$7.19 million in the General Stabilization Fund and \$1.28 million in the Capital Stabilization Fund. Additionally, \$850,000 was voted to increase reserves such as the Stabilization Fund and Capital Stabilization Fund. This figure also includes \$250,000 to fund the Other Postemployment Benefit Fund.

Relevant Financial Policies

The Town uses a zero-based conservative budgeting strategy with the goal of maintaining target ranges for general fund stabilization, capital stabilization, debt limits, and free cash, while utilizing those funds to maintain or decrease the average single-family tax bill.

Major Initiatives

The Town, through its long-range planning development and strong financial position, saw its bond rating reaffirmed at AA+ status and we are all very proud of this achievement. It was through these efforts that the Town has secured and maintained such a lofty bond rating. I did want to highlight the fact that with this most recent rating, S&P Global Ratings raised the Town's Management score to "very strong." This reflects S&P's view that the Town's financial management policies and practices are "very strong" under their Financial Management Assessment methodology. This methodology looks at budget preparation and tracking policies and practices, as well as policies on debt, reserves, and investments. It also considers whether an issuer prepares multi-year capital and budget forecasting plans. There are not many Massachusetts issuers that have this score, and this is a distinction of which the Select Board, Finance Committee and the Town's management team, and other stakeholders should be proud.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Swampscott for its annual comprehensive financial report (ACFR) for the fiscal year ended June 30, 2020. In order to receive this prestigious award, a government must publish an easily readable and efficiently organized ACFR that satisfies both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for one year only. We believe that the fiscal year 2021 ACFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA for consideration for another certificate.

Preparing a document of this magnitude requires a significant investment of time and resources. I am grateful to Financial Team for completing this document. This document reflects well upon the professionalism of our organization and provides a wealth of information to the community.

Respectfully Submitted,

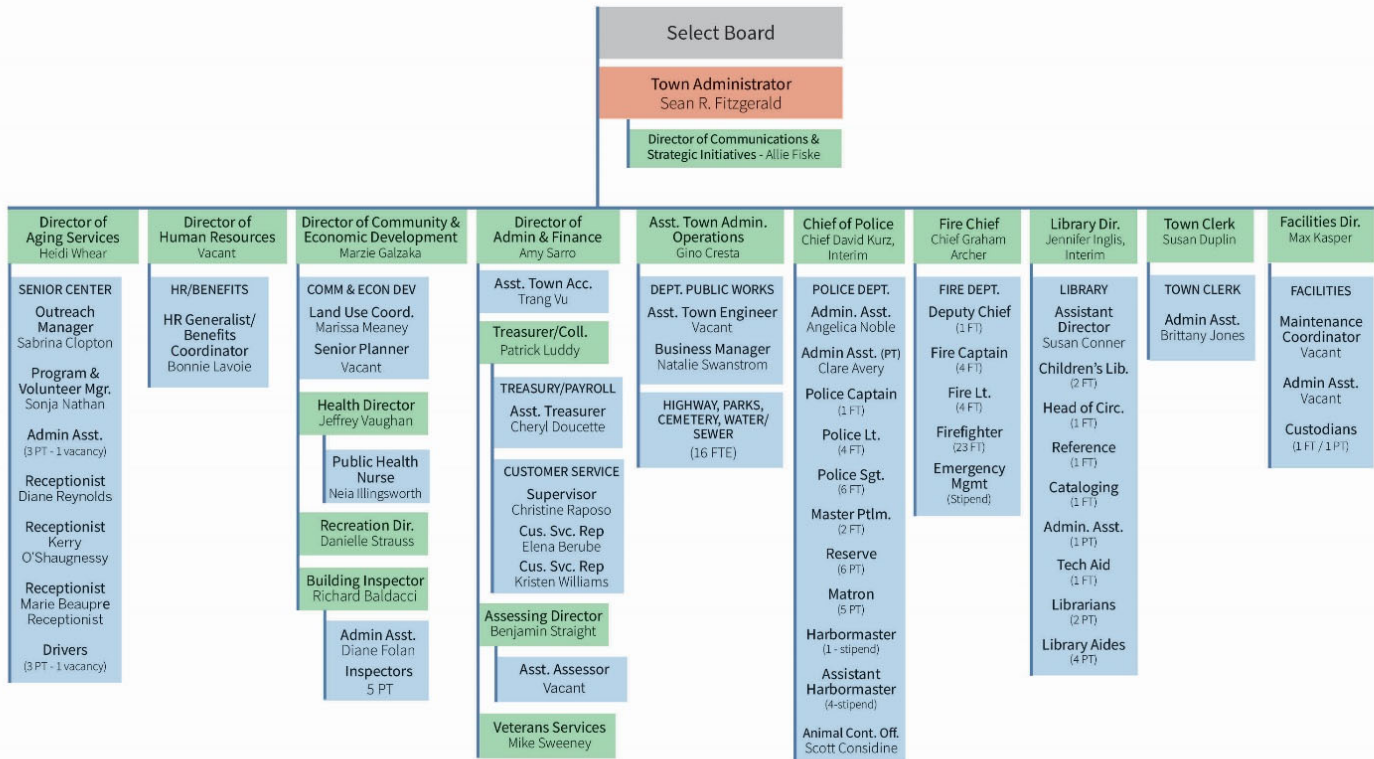


Sean R. Fitzgerald
Town Administrator



Amy Sarro
Director of Administration and Finance

Town of Swampscott Organization Chart



Principal Town Officials

As of June 30, 2021

Elected Officials

Select Board

Peter Spellios
Neal Duffy
David Grishman
Donald Hause
Polly Titcomb

School Committee

Amy O'Connor
Suzanne Wright
Ted Delano
John Giantis
Carin Marshall

Board of Assessors

Neil Sheehan
Linda Paster
Tasia Vasiliou

Principal Executive Officers

Town Administrator
Treasurer/Collector
Director of Administration and Finance
Town Clerk
Police Chief
Fire Chief
Superintendent of Schools
School Business Manager
Asst. Town Administrator – Operations/DPW Director
Town Counsel

Sean Fitzgerald
Patrick Luddy
Amy Sarro
Susan Duplin
Ron Madigan
Graham Archer
Pamela R. H. Angelakis
Martha Sybert
Gino Cresta, Jr.
KP Law



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Town of Swampscott
Massachusetts**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morill

Executive Director/CEO

Financial Section



A view of Swampscott Harbor and the Civil War Memorial.

Town of Swampscott, Massachusetts
Annual Comprehensive Financial Report
For the year ended June 30, 2021

Financial Section

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Independent Auditor's Report

To the Honorable Select Board
Town of Swampscott, Massachusetts

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Swampscott, Massachusetts, as of and for the year ended June 30, 2021 (except for the Swampscott Contributory Retirement System which is as of and for the year ended December 31, 2020), and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Swampscott, Massachusetts, as of June 30, 2021 (except for the Swampscott Contributory Retirement System which is as of and for the year ended December 31, 2020), 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not 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, and historical context. We have applied certain limited procedures, to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Swampscott's basic financial statements. The introductory section, combining and individual fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United State of America. In our opinion, based on our audit and the procedures performed as described above, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 25, 2022, on our consideration of the Town of Swampscott, Massachusetts' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 of Swampscott's internal control over financial reporting and compliance.

Powers & Sullivan, LLC

February 25, 2022

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Management's Discussion and Analysis

As management of the Town of Swampscott, we offer readers of these financial statements this narrative overview and analysis of the financial activities for the year ended June 30, 2021. We encourage readers to consider the information presented in this report in conjunction with the information that we have provided in our letter of transmittal. All amounts, unless otherwise indicated, are expressed in whole dollars.

Overview of the Financial Statements

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

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

The *statement of activities* presents information showing how the government's net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods (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. The business-type activities include the activities of the water and sewer departments and Town's public cable access television operations.

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

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund statements focus on *near-term inflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

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

Proprietary funds. The Town maintains one type of proprietary fund.

Enterprise funds are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Town uses enterprise funds to account for its water, sewer, and Public Cable Access activities.

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

The fiduciary fund financial statements provide combined information for the pension and other postemployment benefits (OPEB) trust funds of the Town. The pension and other employee benefits trust fund is used to account for assets accumulated to provide funding for future pension and OPEB liabilities. Private-purpose trust funds are reported in the fiduciary fund financial statements under the caption "private purpose trust funds".

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

Government-wide Financial Analysis

During fiscal year 2021, the Town's overall net position of the primary government was essentially unchanged at a deficit balance of \$78.7 million. This was comprised of a \$119,000 decrease in governmental net position and a \$126,000 increase in business-type net position. The \$140.5 million deficit in unrestricted government-wide net position is attributable to the Town's recognition of a \$119.8 million net OPEB liability and the recognition of a \$37.3 million net pension liability and the corresponding deferred outflows and inflows of resources.

Governmental Activities

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. For the governmental activities, Swampscott's liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$94.5 million at the close of 2021.

| | 2021 | (as revised) 2020 |
|---|----------------------------|----------------------------|
| Assets: | | |
| Current assets..... \$ | 31,493,958 | \$ 26,340,933 |
| Capital assets, non depreciable..... | 5,341,670 | 4,580,132 |
| Capital assets, net of accumulated depreciation.... | 62,903,548 | 64,513,918 |
| Total assets..... | 99,739,176 | 95,434,983 |
| Deferred outflows of resources..... | 18,713,179 | 19,445,483 |
| Liabilities: | | |
| Current liabilities (excluding debt)..... | 5,400,635 | 4,185,131 |
| Noncurrent liabilities (excluding debt)..... | 154,097,198 | 160,016,211 |
| Current debt..... | 8,567,123 | 3,949,870 |
| Noncurrent debt..... | 20,699,991 | 23,371,692 |
| Total liabilities..... | 188,764,947 | 191,522,904 |
| Deferred inflows of resources..... | 24,167,852 | 17,719,197 |
| Net position: | | |
| Net investment in capital assets..... | 44,379,353 | 44,191,052 |
| Restricted..... | 2,419,582 | 2,244,393 |
| Unrestricted..... | (141,279,379) | (140,797,080) |
| Total net position..... \$ | <u>(94,480,444)</u> | <u>(94,361,635)</u> |

Governmental net position of \$44.4 million reflects its investment in capital assets (e.g., land, construction in progress, land improvements, buildings, building improvements, machinery and equipment, and infrastructure); less any related debt used to acquire those assets that are still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the investment in its capital assets is reported net of its related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the net position, \$2.4 million, represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* has a year-end deficit balance of \$141.3 million. The primary reason for a deficit unrestricted net position is the recognition of a net OPEB liability of \$117.5 million and the recognition of a net pension liability in the amount of \$35.4 million and the related deferred outflows and inflows of resources. Accounting standards require the Town to obtain an actuarial valuation of the Town's liability to pay OPEB benefits to current employees and retirees. Since there is no legal obligation to fund the liability at this time, the Town has opted to continue to fund the majority of the OPEB on a pay-as-you-go basis. In addition to funding OPEB on a pay-as-you-go basis, the Town has begun to partially fund the liability and, as of June 30, 2021, the OPEB trust fund has a balance of \$3.1 million. The Town's net pension liability is on a schedule to be funded in accordance with state regulations. GASB standards require the entire unfunded pension and OPEB liabilities to be recorded in the full accrual financial statements.

| | 2021 | (as revised) 2020 |
|---|---------------------|-----------------------|
| Program Revenues: | | |
| Charges for services..... \$ | 4,389,740 | \$ 5,658,481 |
| Operating grants and contributions..... | 19,313,384 | 15,870,621 |
| Capital grants and contributions..... | 337,285 | 407,706 |
| General Revenues: | | |
| Real estate and personal property taxes, net of tax refunds payable..... | 49,817,669 | 49,199,911 |
| Motor vehicle and other excise taxes..... | 2,345,829 | 2,493,498 |
| Hotel/motel tax..... | 28,979 | 17,067 |
| Meals tax..... | 292,722 | 252,941 |
| Penalties and interest on taxes..... | 220,784 | 197,319 |
| Grants and contributions not restricted to specific programs..... | 1,561,837 | 1,495,871 |
| Unrestricted investment income..... | 563,210 | 529,592 |
| Miscellaneous..... | 364,770 | - |
| Total revenues..... | 79,236,209 | 76,123,007 |
| Expenses: | | |
| General government..... | 5,251,113 | 4,105,336 |
| Public safety..... | 13,142,197 | 12,714,791 |
| Education..... | 54,414,247 | 52,808,806 |
| Public works..... | 3,561,387 | 3,677,606 |
| Health and human services..... | 732,876 | 540,951 |
| Culture and recreation..... | 1,572,786 | 1,549,884 |
| Interest..... | 680,412 | 878,046 |
| Total expenses..... | 79,355,018 | 76,275,420 |
| Excess (Deficiency) before transfers..... | (118,809) | (152,413) |
| Transfers..... | - | 123,541 |
| Change in net position..... | (118,809) | (28,872) |
| Net position, beginning of year (as revised)..... | (94,361,635) | (94,332,763) |
| Net position, end of year..... \$ | (94,480,444) | (94,361,635) |

The ending governmental net position decreased \$119,000 from the prior year. However, there are some revenue and expense fluctuations that require further discussion. Overall revenue increased \$3.1 million. This is due to general budget growth which contributed to a \$618,000 increase in real estate and personal property tax revenues. Operating grants and contribution revenue increased \$3.4 million due to federal and state grants associated with the COVID-19 pandemic, increased education operating aid from the Commonwealth and an increase in amounts, paid by the Commonwealth on the Town's behalf, to the Massachusetts Teacher's Retirement System.

Offsetting the revenue increase is a \$3.1 million increase in expenses. Education expense increased \$1.6 million due to a \$1.1 million increase in amounts, paid by the Commonwealth on the Town's behalf, to the Massachusetts

Teacher's Retirement System and growth in costs associated with out of district students educated by the public school system.

The governmental expenses totaled \$79.4 million of which \$24 million (30%) was directly supported by program revenues consisting of charges for services, operating and capital grants and contributions. General revenues totaled \$55.2 million, primarily coming from property taxes, motor vehicle and other excise taxes, and unrestricted grants and contributions.

Business-type Activities

For the Town's business-type activities, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$15.7 million at the close of 2021.

Business-type net position of \$15 million represents net investments in capital assets. The remaining balance of unrestricted net position has a year-end balance of \$761,000. There was a net increase of \$126,000 in total net position reported in the business-type activities during 2021.

| | 2021 | 2020 |
|---|----------------------|----------------------|
| Assets: | | |
| Current assets..... | \$ 10,673,372 | \$ 7,255,086 |
| Capital assets, non depreciable..... | 252,182 | 252,182 |
| Capital assets, net of accumulated depreciation.... | 20,585,818 | 20,880,332 |
| Total assets..... | 31,511,372 | 28,387,600 |
| Deferred outflows of resources..... | 534,271 | 423,005 |
| Liabilities: | | |
| Current liabilities (excluding debt)..... | 687,150 | 646,295 |
| Noncurrent liabilities (excluding debt)..... | 4,357,112 | 4,429,717 |
| Current debt..... | 3,489,864 | 789,595 |
| Noncurrent debt..... | 7,111,509 | 6,811,374 |
| Total liabilities..... | 15,645,635 | 12,676,981 |
| Deferred inflows of resources..... | 652,404 | 511,961 |
| Net position: | | |
| Net investment in capital assets..... | 14,986,766 | 14,966,531 |
| Unrestricted..... | 760,838 | 655,132 |
| Total net position..... | \$ 15,747,604 | \$ 15,621,663 |

The Water Enterprise Fund's net position totaled \$6 million at year end; an increase of \$327,000 from the prior year. The increase is attributable to the Town's ability to establish user rates that recover costs of services provided. Revenues in this fund consist primarily of charges for water service and approximately 61% of the operating expenses consist of assessments paid to the Massachusetts Water Resource Authority.

The Sewer Enterprise Fund's net position totaled \$9.4 million at year end: a decrease of \$248,000 from the prior year. Revenues in this fund consist primarily of charges for services and approximately 32% of the operating expenses consist of an assessment paid to the City of Lynn for sewage disposal purposes.

The Public Cable Access fund's net position totaled \$392,000 at year end. Revenues in this fund consist primarily of user fees that are assessed via cable bills that are collected by the Town's licensed cable service provider. FY21 revenues of \$184,000 are slightly lower than the prior year by \$12,000. Fund expenses totaled \$137,000 and is comprised of salaries and wages, depreciation and costs of services expense. Fund expenses decreased by \$11,000 while the total change in net position is roughly equal to the prior year.

| | 2021 | 2020 |
|--|----------------------|----------------------|
| Program Revenues: | | |
| Charges for services..... | \$ 7,068,569 | \$ 6,468,086 |
| General Revenues: | | |
| Unrestricted investment income..... | 43,946 | 20,375 |
| Total revenues..... | 7,112,515 | 6,488,461 |
| Expenses: | | |
| Water..... | 3,860,817 | 3,478,712 |
| Sewer..... | 2,989,070 | 3,014,668 |
| Public Cable Access..... | 136,687 | 148,490 |
| Total expenses..... | 6,986,574 | 6,641,870 |
| Excess (Deficiency) before transfers..... | 125,941 | (153,409) |
| Transfers..... | - | (123,541) |
| Change in net position..... | 125,941 | (276,950) |
| Net position, beginning of year..... | 15,621,663 | 15,898,613 |
| Net position, end of year..... | \$ 15,747,604 | \$ 15,621,663 |

Financial Analysis of the Government's Funds

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

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

As of the end of the current year, governmental funds reported combined ending fund balances of \$18.5 million, a decrease of \$674,000 from the prior year.

The General Fund is the chief operating fund. At the end of the current year, unassigned fund balance of the General Fund totaled \$14 million, while total fund balance was \$15 million. It may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 20.2% of total general fund expenditures, while total fund balance represents 21.6% of that same amount.

The General Fund ending fund balance increased \$594,000. This is mainly due to the Town transferring funds from the budget into the Town's Stabilization Funds. The Town's Stabilization Funds are reported within the

General Fund in the financial statements and cumulatively, the Stabilization Funds increased by approximately \$738,000 in fiscal year 2021.

The Capital Projects Fund is used to account for the financial activities associated with major capital projects that have been authorized by Town Meeting and approved by the voters to be funded by the proceeds of bond sales and other available funding. The capital projects fund had a net decrease of approximately \$1.7 million during 2021, which is the result of having incurred expenditures of \$1.7 million for education and public works projects.

The nonmajor governmental funds increased by \$454,000. This is primarily due to timing differences between the receipt and expenditure of state and federal grant funds and other special revenue funds.

General Fund Budgetary Highlights

When establishing the original budget, the Town budgeted revenues and transfers in totaling \$62.0 million. This revenue budget decreased to \$61.0 in the final budget as the Town voted to use \$1.6 million in free cash to reduce the tax rate. Actual revenues, in total, exceeded budget estimates by \$683,000. Contributing to the actual revenue results was the collection of past due real estate and personal property tax revenues, including penalties and interest, which were \$360,000 more than budget. Building permits also exceeded revenue estimates by \$259,000.

Budgeted expenditures and encumbrances ended the year approximately \$1 million under budget. The reason for this is due to the ability of management to exercise prudent managerial control over expenditures.

- Debt service expenditures were less than budgeted amounts by \$124,000. This is due to actual long-term debt repayment schedules being structured in manner that results in actual costs being less than anticipated.
- The Town appropriated \$331,000 for reserve fund purposes. Due to prudent management of the overall budget, the need to use this funding for specific departments did not arise.

The \$580,000 increase between the original and final budget is the result of increased general government and public safety appropriations that were funded through taxation. On the budgetary basis, the General Fund experienced a decrease in fund balance due to a planned use of free cash to reduce the tax rate and to fund prior year encumbrances being offset by revenues exceeding budget and actual expenditures and encumbrances totaling less than budget.

Capital Asset and Debt Administration

Capital assets. Capital additions of the governmental activities totaled \$2.2 million. The Town also recognized depreciation expense of \$3 million. The major capital asset additions of the governmental activities consisted of building improvement costs totaling \$888,000 and machinery and equipment costs totaling \$507,000. Building improvements are the result of upgrades to existing HVAC systems to be compliant with COVID air filtration standards. Machinery and equipment additions are the result of the Town having purchased various vehicles and other department equipment.

Capital additions of the business-type activities totaled \$555,000 which represents capitalized infrastructure costs. The Town also recognized depreciation expense, associated with the business-type activities, in the amount of \$850,000.

Debt administration. At June 30, 2021, the Town had total governmental bonded debt of \$23.4 million. This amount decreased \$2.7 million through the scheduled payment of governmental long-term debt.

The water enterprise fund has \$3.1 million in long-term debt that is supported by the water user rates. The sewer enterprise fund has \$4.8 million in long-term debt that is supported by the sewer user rates. The water enterprise fund entered into a new \$1.1 million MWRA loan during fiscal year 2021.

Please refer to notes 5, 6 and 7 of the basic financial statements for further discussion of the Town's major capital and debt activity.

Requests for Information

This financial report is designed to provide a general overview of the Town of Swampscott's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Town Accountant, 22 Monument Avenue, Swampscott, Massachusetts 01907.

Basic Financial Statements

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STATEMENT OF NET POSITION

JUNE 30, 2021

| | Primary Government | | |
|---|----------------------------|-----------------------------|-----------------|
| | Governmental Activities | Business-type Activities | Total |
| ASSETS | | | |
| CURRENT: | | | |
| Cash and cash equivalents..... | \$ 20,988,002 | \$ 8,615,654 | \$ 29,603,656 |
| Investments..... | 7,097,425 | - | 7,097,425 |
| Receivables, net of allowance for uncollectibles: | | | |
| Real estate and personal property taxes..... | 764,036 | - | 764,036 |
| Tax and utility liens..... | 695,722 | 101,690 | 797,412 |
| Motor vehicle and other excise taxes..... | 242,372 | - | 242,372 |
| User charges..... | - | 1,956,028 | 1,956,028 |
| Departmental and other..... | 190,151 | - | 190,151 |
| Intergovernmental - other..... | 1,516,250 | - | 1,516,250 |
| Total current assets..... | 31,493,958 | 10,673,372 | 42,167,330 |
| NONCURRENT: | | | |
| Capital assets, nondepreciable..... | 5,341,670 | 252,182 | 5,593,852 |
| Capital assets, net of accumulated depreciation..... | 62,903,548 | 20,585,818 | 83,489,366 |
| Total noncurrent assets..... | 68,245,218 | 20,838,000 | 89,083,218 |
| TOTAL ASSETS..... | 99,739,176 | 31,511,372 | 131,250,548 |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Deferred outflows related to pensions..... | 4,348,948 | 244,612 | 4,593,560 |
| Deferred outflows related to other postemployment benefits..... | 14,364,231 | 289,659 | 14,653,890 |
| TOTAL DEFERRED OUTFLOWS OF RESOURCES..... | 18,713,179 | 534,271 | 19,247,450 |
| LIABILITIES | | | |
| CURRENT: | | | |
| Warrants payable..... | 1,189,695 | 616,360 | 1,806,055 |
| Accrued payroll..... | 2,630,715 | 16,907 | 2,647,622 |
| Accrued interest..... | 290,790 | 53,883 | 344,673 |
| Other liabilities..... | 272,457 | - | 272,457 |
| Fees collected in advance..... | 863,065 | - | 863,065 |
| Compensated absences..... | 153,913 | - | 153,913 |
| Notes payable..... | 5,895,422 | 2,690,000 | 8,585,422 |
| Bonds payable..... | 2,671,701 | 799,864 | 3,471,565 |
| Total current liabilities..... | 13,967,758 | 4,177,014 | 18,144,772 |
| NONCURRENT: | | | |
| Compensated absences..... | 1,289,066 | - | 1,289,066 |
| Net pension liability..... | 35,356,505 | 1,988,668 | 37,345,173 |
| Net other postemployment benefits liability..... | 117,451,627 | 2,368,444 | 119,820,071 |
| Bonds payable..... | 20,699,991 | 7,111,509 | 27,811,500 |
| Total noncurrent liabilities..... | 174,797,189 | 11,468,621 | 186,265,810 |
| TOTAL LIABILITIES..... | 188,764,947 | 15,645,635 | 204,410,582 |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Taxes paid in advance..... | 181,202 | - | 181,202 |
| Deferred inflows related to pensions..... | 4,675,778 | 262,995 | 4,938,773 |
| Deferred inflows related to other postemployment benefits..... | 19,310,872 | 389,409 | 19,700,281 |
| TOTAL DEFERRED INFLOWS OF RESOURCES..... | 24,167,852 | 652,404 | 24,820,256 |
| NET POSITION | | | |
| Net investment in capital assets..... | 44,379,353 | 14,986,766 | 59,366,119 |
| Restricted for: | | | |
| Permanent funds: | | | |
| Expendable..... | 749,780 | - | 749,780 |
| Nonexpendable..... | 464,162 | - | 464,162 |
| Gifts and grants..... | 1,205,640 | - | 1,205,640 |
| Unrestricted..... | (141,279,379) | 760,838 | (140,518,541) |
| TOTAL NET POSITION..... | \$ (94,480,444) | \$ 15,747,604 | \$ (78,732,840) |

See notes to basic financial statements.

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2021

| | | Program Revenues | | | | |
|-------------------------------------|---------------|------------------|---------------|---------------|---------------|---------------|
| | | | Charges for | Operating | Capital | |
| Functions/Programs | Expenses | | Services | Grants and | Grants and | Net (Expense) |
| | | | | Contributions | Contributions | Revenue |
| Primary Government: | | | | | | |
| <i>Governmental Activities:</i> | | | | | | |
| General government..... | \$ 5,251,113 | \$ 514,535 | \$ 1,948,377 | \$ - | \$ - | (2,788,201) |
| Public safety..... | 13,142,197 | 1,153,269 | 21,474 | - | - | (11,967,454) |
| Education..... | 54,414,247 | 2,120,162 | 16,503,279 | - | - | (35,790,806) |
| Public works..... | 3,561,387 | 113,347 | 689,651 | 337,285 | - | (2,421,104) |
| Health and human services..... | 732,876 | 130,242 | 41,472 | - | - | (561,162) |
| Culture and recreation..... | 1,572,786 | 358,185 | 109,131 | - | - | (1,105,470) |
| Interest..... | 680,412 | - | - | - | - | (680,412) |
| Total Governmental Activities..... | 79,355,018 | 4,389,740 | 19,313,384 | 337,285 | - | (55,314,609) |
| <i>Business-Type Activities:</i> | | | | | | |
| Water..... | 3,860,817 | 4,184,907 | - | - | - | 324,090 |
| Sewer..... | 2,989,070 | 2,699,623 | - | - | - | (289,447) |
| Public Cable Access..... | 136,687 | 184,039 | - | - | - | 47,352 |
| Total Business-Type Activities..... | 6,986,574 | 7,068,569 | - | - | - | 81,995 |
| Total Primary Government..... | \$ 86,341,592 | \$ 11,458,309 | \$ 19,313,384 | \$ 337,285 | \$ - | (55,232,614) |

(Continued)

See notes to basic financial statements.

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2021

| | Primary Government | | |
|---|----------------------------|-----------------------------|---------------------|
| | Governmental Activities | Business-Type Activities | Total |
| Changes in net position: | | | |
| Net (expense) revenue from previous page..... \$ | (55,314,609) | 81,995 | (55,232,614) |
| <i>General revenues:</i> | | | |
| Real estate and personal property taxes, net of tax refunds payable..... | 49,817,669 | - | 49,817,669 |
| Motor vehicle and other excise taxes..... | 2,345,829 | - | 2,345,829 |
| Hotel/motel tax..... | 28,979 | - | 28,979 |
| Meals tax..... | 292,722 | - | 292,722 |
| Penalties and interest on taxes..... | 220,784 | - | 220,784 |
| Grants and contributions not restricted to specific programs..... | 1,561,837 | - | 1,561,837 |
| Unrestricted investment income..... | 563,210 | 43,946 | 607,156 |
| Miscellaneous..... | 364,770 | - | 364,770 |
| Total general revenues and transfers..... | 55,195,800 | 43,946 | 55,239,746 |
| Change in net position..... | (118,809) | 125,941 | 7,132 |
| <i>Net position:</i> | | | |
| Beginning of year (as revised)..... | (94,361,635) | 15,621,663 | (78,739,972) |
| End of year..... \$ | (94,480,444) | 15,747,604 | (78,732,840) |

(Concluded)

See notes to basic financial statements.

**GOVERNMENTAL FUNDS
BALANCE SHEET**

JUNE 30, 2021

| | General | Capital Projects | Nonmajor Governmental Funds | Total Governmental Funds |
|---|----------------------|---------------------|-----------------------------------|--------------------------------|
| ASSETS | | | | |
| Cash and cash equivalents..... | \$ 10,802,536 | \$ 5,615,351 | \$ 4,570,115 | \$ 20,988,002 |
| Investments..... | 7,097,425 | - | - | 7,097,425 |
| Receivables, net of uncollectibles: | | | | |
| Real estate and personal property taxes..... | 764,036 | - | - | 764,036 |
| Tax liens..... | 695,722 | - | - | 695,722 |
| Motor vehicle and other excise taxes..... | 242,372 | - | - | 242,372 |
| Departmental and other..... | 149,553 | - | 40,598 | 190,151 |
| Intergovernmental - other..... | - | - | 1,516,250 | 1,516,250 |
| Due from other funds..... | 677,386 | - | - | 677,386 |
| TOTAL ASSETS..... | \$ 20,429,030 | \$ 5,615,351 | \$ 6,126,963 | \$ 32,171,344 |
| LIABILITIES | | | | |
| Warrants payable..... | \$ 674,827 | \$ 214,102 | \$ 300,766 | \$ 1,189,695 |
| Accrued payroll..... | 2,623,495 | - | 7,220 | 2,630,715 |
| Due to other funds..... | - | - | 677,386 | 677,386 |
| Other liabilities..... | 272,457 | - | - | 272,457 |
| Unearned revenue..... | - | - | 863,065 | 863,065 |
| Notes payable..... | - | 5,895,422 | - | 5,895,422 |
| TOTAL LIABILITIES..... | 3,570,779 | 6,109,524 | 1,848,437 | 11,528,740 |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Taxes paid in advance..... | 181,202 | - | - | 181,202 |
| Unavailable revenue..... | 1,634,809 | - | 335,302 | 1,970,111 |
| TOTAL DEFERRED INFLOWS OF RESOURCES..... | 1,816,011 | - | 335,302 | 2,151,313 |
| FUND BALANCES | | | | |
| Nonspendable..... | - | - | 464,162 | 464,162 |
| Restricted..... | - | - | 3,728,755 | 3,728,755 |
| Assigned..... | 1,024,427 | - | - | 1,024,427 |
| Unassigned..... | 14,017,813 | (494,173) | (249,693) | 13,273,947 |
| TOTAL FUND BALANCES..... | 15,042,240 | (494,173) | 3,943,224 | 18,491,291 |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES..... | \$ 20,429,030 | \$ 5,615,351 | \$ 6,126,963 | \$ 32,171,344 |

See notes to basic financial statements.

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TOTAL FUND BALANCES TO THE STATEMENT OF NET POSITION**

JUNE 30, 2021

| | |
|--|-------------------------------|
| Total governmental fund balances..... | \$ 18,491,291 |
| Capital assets (net) used in governmental activities are not financial resources and, therefore, are not reported in the funds..... | 68,245,218 |
| Accounts receivable are not available to pay for current-period expenditures and, therefore, are unavailable in the funds..... | 1,970,111 |
| The statement of net position includes certain deferred inflows of resources and deferred outflows of resources that will be amortized over future periods. In governmental funds, these amounts are not deferred..... | (5,273,471) |
| In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due..... | (290,790) |
| Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds: | |
| Bonds payable..... | (23,371,692) |
| Net pension liability..... | (35,356,505) |
| Net other postemployment benefits liability..... | (117,451,627) |
| Compensated absences..... | <u>(1,442,979)</u> |
| Net effect of reporting long-term liabilities..... | <u>(177,622,803)</u> |
| Net position of governmental activities..... | \$ <u><u>(94,480,444)</u></u> |

See notes to basic financial statements.

GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2021

| | General | Capital Projects | Nonmajor Governmental Funds | Total Governmental Funds |
|---|----------------------|---------------------|-----------------------------------|--------------------------------|
| REVENUES: | | | | |
| Real estate and personal property taxes, net of tax refunds..... | \$ 50,320,774 | \$ - | \$ - | \$ 50,320,774 |
| Tax liens..... | 38,756 | - | - | 38,756 |
| Motor vehicle and other excise taxes..... | 2,484,330 | - | - | 2,484,330 |
| Hotel/motel tax..... | 28,979 | - | - | 28,979 |
| Meals tax..... | 292,722 | - | - | 292,722 |
| Charges for services..... | - | - | 1,926,225 | 1,926,225 |
| Penalties and interest on taxes..... | 220,784 | - | - | 220,784 |
| Fees and rentals..... | 268,922 | - | - | 268,922 |
| Licenses and permits..... | 616,970 | - | - | 616,970 |
| Fines and forfeitures..... | 95,451 | - | - | 95,451 |
| Intergovernmental - state aid..... | 6,051,804 | - | - | 6,051,804 |
| Intergovernmental - Teachers Retirement..... | 8,918,513 | - | - | 8,918,513 |
| Intergovernmental - other..... | - | - | 5,644,298 | 5,644,298 |
| Departmental and other..... | 438,982 | - | 1,252,556 | 1,691,538 |
| Contributions and donations..... | - | - | 289,307 | 289,307 |
| Investment income..... | 560,733 | - | 2,477 | 563,210 |
| TOTAL REVENUES..... | 70,337,720 | - | 9,114,863 | 79,452,583 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| General government..... | 2,492,337 | 100,825 | 1,633,649 | 4,226,811 |
| Public safety..... | 7,885,851 | 124,794 | 916,373 | 8,927,018 |
| Education..... | 29,093,632 | 1,181,189 | 5,447,204 | 35,722,025 |
| Public works..... | 2,775,290 | 524,528 | 184,055 | 3,483,873 |
| Health and human services..... | 383,452 | - | 153,654 | 537,106 |
| Culture and recreation..... | 738,657 | 30,473 | 326,384 | 1,095,514 |
| Pension benefits..... | 5,224,119 | - | - | 5,224,119 |
| Pension benefits - Teachers Retirement..... | 8,918,513 | - | - | 8,918,513 |
| Property and liability insurance..... | 396,625 | - | - | 396,625 |
| Employee benefits..... | 6,841,488 | - | - | 6,841,488 |
| State and county charges..... | 1,285,431 | - | - | 1,285,431 |
| Debt service: | | | | |
| Principal..... | 2,680,026 | - | - | 2,680,026 |
| Interest..... | 788,207 | - | - | 788,207 |
| TOTAL EXPENDITURES..... | 69,503,628 | 1,961,809 | 8,661,319 | 80,126,756 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES..... | 834,092 | (1,961,809) | 453,544 | (674,173) |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in..... | - | 240,000 | - | 240,000 |
| Transfers out..... | (240,000) | - | - | (240,000) |
| TOTAL OTHER FINANCING SOURCES (USES)..... | (240,000) | 240,000 | - | - |
| NET CHANGE IN FUND BALANCES..... | 594,092 | (1,721,809) | 453,544 | (674,173) |
| FUND BALANCES AT BEGINNING OF YEAR (as revised)..... | 14,448,148 | 1,227,636 | 3,489,680 | 19,165,464 |
| FUND BALANCES AT END OF YEAR..... | \$ 15,042,240 | \$ (494,173) | \$ 3,943,224 | \$ 18,491,291 |

See notes to basic financial statements.

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES**

YEAR ENDED JUNE 30, 2021

| | | |
|---|--------------------|----------------------------|
| Net change in fund balances - total governmental funds..... | | \$ (674,173) |
| 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..... | 2,181,469 | |
| Depreciation expense..... | <u>(3,030,301)</u> | |
| Net effect of reporting capital assets..... | | (848,832) |
| Revenues in the Statement of Activities that do not provide current financial resources are unavailable in the Statement of Revenues, Expenditures and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable differ between the two statements. This amount represents the net change in unavailable revenue..... | | |
| | | (216,374) |
| The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are unavailable and amortized in the Statement of Activities. | | |
| Net amortization of premium from issuance of bonds..... | 79,844 | |
| Debt service principal payments..... | <u>2,680,026</u> | |
| Net effect of reporting long-term debt..... | | 2,759,870 |
| Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. | | |
| Net change in compensated absences accrual..... | 51,316 | |
| Net change in accrued interest on long-term debt..... | 27,951 | |
| Net change in deferred outflow/(inflow) of resources related to pensions..... | 3,149,314 | |
| Net change in net pension liability..... | (1,264,618) | |
| Net change in deferred outflow/(inflow) of resources related to other postemployment benefits... | (10,231,095) | |
| Net change in net other postemployment benefits liability..... | <u>7,127,832</u> | |
| Net effect of recording long-term liabilities..... | | <u>(1,139,300)</u> |
| Change in net position of governmental activities..... | | \$ <u><u>(118,809)</u></u> |

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF NET POSITION

JUNE 30, 2021

| | Business-type Activities - Enterprise Funds | | | |
|---|---|--------------|---------------------------|---------------|
| | Water | Sewer | Public Cable Access | Total |
| ASSETS | | | | |
| CURRENT: | | | | |
| Cash and cash equivalents..... | \$ 2,773,372 | \$ 5,529,276 | \$ 313,006 | \$ 8,615,654 |
| Receivables, net of allowance for uncollectibles: | | | | |
| Liens - user charges..... | 56,973 | 44,717 | - | 101,690 |
| User charges..... | 1,123,840 | 832,188 | - | 1,956,028 |
| Total current assets..... | 3,954,185 | 6,406,181 | 313,006 | 10,673,372 |
| NONCURRENT: | | | | |
| Capital assets, non depreciable..... | 2,542 | 249,640 | - | 252,182 |
| Capital assets, net of accumulated depreciation..... | 7,568,813 | 12,886,263 | 130,742 | 20,585,818 |
| Total noncurrent assets..... | 7,571,355 | 13,135,903 | 130,742 | 20,838,000 |
| TOTAL ASSETS..... | 11,525,540 | 19,542,084 | 443,748 | 31,511,372 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | |
| Deferred outflows related to pensions..... | 120,209 | 124,403 | - | 244,612 |
| Deferred outflows related to other postemployment benefits..... | 138,863 | 150,796 | - | 289,659 |
| TOTAL DEFERRED OUTFLOWS OF RESOURCES..... | 259,072 | 275,199 | - | 534,271 |
| LIABILITIES | | | | |
| CURRENT: | | | | |
| Warrants payable..... | 111,135 | 457,685 | 47,540 | 616,360 |
| Accrued payroll..... | 7,246 | 5,723 | 3,938 | 16,907 |
| Accrued interest..... | - | 53,883 | - | 53,883 |
| Notes payable..... | 150,000 | 2,540,000 | - | 2,690,000 |
| Bonds payable..... | 505,000 | 294,864 | - | 799,864 |
| Total current liabilities..... | 773,381 | 3,352,155 | 51,478 | 4,177,014 |
| NONCURRENT: | | | | |
| Net pension liability..... | 977,286 | 1,011,382 | - | 1,988,668 |
| Net other postemployment benefits liability..... | 1,135,438 | 1,233,006 | - | 2,368,444 |
| Bonds payable..... | 2,580,000 | 4,531,509 | - | 7,111,509 |
| Total noncurrent liabilities..... | 4,692,724 | 6,775,897 | - | 11,468,621 |
| TOTAL LIABILITIES..... | 5,466,105 | 10,128,052 | 51,478 | 15,645,635 |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Deferred inflows related to pensions..... | 129,243 | 133,752 | - | 262,995 |
| Deferred inflows related to other postemployment benefits..... | 186,684 | 202,725 | - | 389,409 |
| TOTAL DEFERRED INFLOWS OF RESOURCES..... | 315,927 | 336,477 | - | 652,404 |
| NET POSITION | | | | |
| Net investment in capital assets..... | 5,469,986 | 9,386,038 | 130,742 | 14,986,766 |
| Unrestricted..... | 532,594 | (33,284) | 261,528 | 760,838 |
| TOTAL NET POSITION..... | \$ 6,002,580 | \$ 9,352,754 | \$ 392,270 | \$ 15,747,604 |

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

YEAR ENDED JUNE 30, 2021

| | Business-type Activities - Enterprise Funds | | | |
|---|---|---------------------|---------------------------|----------------------|
| | Water | Sewer | Public Cable Access | Total |
| OPERATING REVENUES: | | | | |
| Charges for services..... | \$ 4,126,518 | \$ 2,698,780 | \$ 184,039 | \$ 7,009,337 |
| Liens - charges for services..... | 58,389 | 843 | - | 59,232 |
| TOTAL OPERATING REVENUES | 4,184,907 | 2,699,623 | 184,039 | 7,068,569 |
| OPERATING EXPENSES: | | | | |
| Cost of services and administration..... | 724,163 | 942,421 | 64,687 | 1,731,271 |
| Salaries and wages..... | 539,730 | 439,822 | 41,474 | 1,021,026 |
| MWRA assessment..... | 2,347,547 | - | - | 2,347,547 |
| City of Lynn Assessment..... | - | 907,657 | - | 907,657 |
| Depreciation..... | 249,377 | 569,754 | 30,526 | 849,657 |
| TOTAL OPERATING EXPENSES..... | 3,860,817 | 2,859,654 | 136,687 | 6,857,158 |
| OPERATING INCOME (LOSS)..... | 324,090 | (160,031) | 47,352 | 211,411 |
| NONOPERATING REVENUES (EXPENSES): | | | | |
| Investment income..... | 2,696 | 41,184 | 66 | 43,946 |
| Interest expense..... | - | (129,416) | - | (129,416) |
| TOTAL NONOPERATING REVENUES (EXPENSES), NET..... | 2,696 | (88,232) | 66 | (85,470) |
| CHANGE IN NET POSITION..... | 326,786 | (248,263) | 47,418 | 125,941 |
| NET POSITION AT BEGINNING OF YEAR..... | 5,675,794 | 9,601,017 | 344,852 | 15,621,663 |
| NET POSITION AT END OF YEAR..... | \$ 6,002,580 | \$ 9,352,754 | \$ 392,270 | \$ 15,747,604 |

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2021

| | Business-type Activities - Enterprise Funds | | | |
|--|---|--------------|---------------------------|--------------|
| | Water | Sewer | Public Cable Access | Total |
| <u>CASH FLOWS FROM OPERATING ACTIVITIES:</u> | | | | |
| Receipts from customers and users..... | \$ 4,320,188 | \$ 2,812,913 | \$ 184,039 | \$ 7,317,140 |
| Payments to vendors..... | (3,083,899) | (1,929,441) | (18,937) | (5,032,277) |
| Payments to employees..... | (446,974) | (338,184) | (38,015) | (823,173) |
| NET CASH FROM OPERATING ACTIVITIES..... | 789,315 | 545,288 | 127,087 | 1,461,690 |
| <u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u> | | | | |
| Proceeds from the issuance of bonds..... | 1,250,000 | 2,540,000 | - | 3,790,000 |
| Acquisition and construction of capital assets..... | (385,094) | (192,386) | (131,539) | (709,019) |
| Principal payments on bonds and notes..... | (494,996) | (279,805) | - | (774,801) |
| Interest expense..... | - | (144,959) | - | (144,959) |
| NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES..... | 369,910 | 1,922,850 | (131,539) | 2,161,221 |
| <u>CASH FLOWS FROM INVESTING ACTIVITIES:</u> | | | | |
| Investment income..... | 2,696 | 41,184 | 66 | 43,946 |
| NET CHANGE IN CASH AND CASH EQUIVALENTS..... | 1,161,921 | 2,509,322 | (4,386) | 3,666,857 |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR..... | 1,611,451 | 3,019,954 | 317,392 | 4,948,797 |
| CASH AND CASH EQUIVALENTS AT END OF YEAR..... | \$ 2,773,372 | \$ 5,529,276 | \$ 313,006 | \$ 8,615,654 |
| <u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH</u> | | | | |
| <u>FROM OPERATING ACTIVITIES:</u> | | | | |
| Operating income (loss)..... | \$ 324,090 | \$ (160,031) | \$ 47,352 | \$ 211,411 |
| Adjustments to reconcile operating income to net cash from operating activities: | | | | |
| Depreciation..... | 249,377 | 569,754 | 30,526 | 849,657 |
| Deferred (outflows)/inflows related to pensions..... | (87,049) | (90,087) | - | (177,136) |
| Deferred (outflows)/inflows related to other postemployment benefits..... | 98,908 | 107,405 | - | 206,313 |
| Changes in assets and liabilities: | | | | |
| Liens - user charges..... | 20,054 | 31,538 | - | 51,592 |
| User charges..... | 115,227 | 81,752 | - | 196,979 |
| Warrants payable..... | 108,812 | 49,377 | 45,750 | 203,939 |
| Accrued payroll..... | (6,152) | (5,767) | 3,459 | (8,460) |
| Net pension liability..... | 34,955 | 36,175 | - | 71,130 |
| Net other postemployment benefits..... | (68,907) | (74,828) | - | (143,735) |
| Total adjustments..... | 465,225 | 705,319 | 79,735 | 1,250,279 |
| NET CASH FROM OPERATING ACTIVITIES..... | \$ 789,315 | \$ 545,288 | \$ 127,087 | \$ 1,461,690 |
| <u>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:</u> | | | | |
| Acquisition of capital assets on account..... | \$ 111,135 | \$ 168,236 | \$ - | \$ 279,371 |

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2021

| | Pension and Other Employee Benefit Trust Funds (1) | Private Purpose Trust Funds |
|--|---|-----------------------------------|
| ASSETS | | |
| Cash and cash equivalents..... | \$ 473,399 | \$ 216,888 |
| Investments: | | |
| Investments in Pension Reserve Investment Trust..... | 54,191,988 | - |
| U.S. treasuries..... | 330,855 | - |
| Collective Investment Trust Fund..... | 13,964,637 | - |
| Real Estate | 6,414,544 | - |
| Government sponsored enterprises..... | 222,578 | - |
| Corporate bonds..... | 315,535 | - |
| Equity securities..... | 982,021 | - |
| Equity mutual funds..... | 498,403 | - |
| Fixed income mutual funds..... | 342,980 | - |
| International equity mutual funds..... | 356,712 | - |
| Receivables, net of allowance for uncollectibles: | | |
| Departmental and other..... | 3,603 | - |
| TOTAL ASSETS..... | 78,097,255 | 216,888 |
| LIABILITIES | | |
| Warrants payable..... | 40,928 | - |
| NET POSITION | | |
| Restricted for pensions..... | 74,955,038 | - |
| Restricted for other postemployment benefits..... | 3,101,289 | - |
| Held in trust for other purposes..... | - | 216,888 |
| TOTAL NET POSITION..... | \$ 78,056,327 | \$ 216,888 |

(1) The Pension Trust Fund is as of December 31, 2020.

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

YEAR ENDED JUNE 30, 2021

| | Pension and Other Employee Benefit Trust Funds (1) | Private Purpose Trust Funds |
|---|---|-----------------------------------|
| ADDITIONS: | | |
| Contributions: | | |
| Employer contributions..... | \$ 5,807,294 | \$ - |
| Employer contributions for other postemployment benefit payments... | 3,000,285 | - |
| Member contributions..... | 1,335,117 | - |
| Transfers from other systems..... | 391,631 | - |
| 3(8)c contributions from other systems..... | 164,873 | - |
| State COLA reimbursements..... | 51,887 | - |
| Private donations..... | - | 2,215 |
| Total contributions..... | 10,751,087 | 2,215 |
| Net investment income: | | |
| Investment income..... | 9,024,093 | 49 |
| Less: investment expense..... | (367,841) | - |
| Net investment income (loss)..... | 8,656,252 | 49 |
| TOTAL ADDITIONS..... | 19,407,339 | 2,264 |
| DEDUCTIONS: | | |
| Administration..... | 161,932 | - |
| Retirement benefits - transfers to other systems..... | 328,147 | - |
| Retirement benefits - 3(8)c transfer to other systems..... | 357,049 | - |
| Retirement benefits and refunds..... | 6,754,709 | - |
| Other postemployment benefit payments..... | 3,000,285 | - |
| Educational scholarships..... | - | 23,727 |
| TOTAL DEDUCTIONS..... | 10,602,122 | 23,727 |
| NET INCREASE (DECREASE) IN NET POSITION..... | 8,805,217 | (21,463) |
| NET POSITION AT BEGINNING OF YEAR..... | 69,251,110 | 238,351 |
| NET POSITION AT END OF YEAR..... | \$ 78,056,327 | \$ 216,888 |

(1) The Pension Trust Fund is as of December 31, 2020.

See notes to basic financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The Town of Swampscott is a municipal corporation that is governed by an elected five member Select Board.

For financial reporting purposes, the Town has included all funds, organizations, agencies, boards, commissions and institutions. The Town has also considered all potential component units for which it is financially accountable as well as other organizations for which the nature and significance of their relationship with the Town are such that exclusion would cause the financial statements to be misleading or incomplete. As required by GAAP, these basic financial statements present the Town (the primary government) and its component units. One entity has been included as a component unit in the reporting entity, because of the significance of its operational and/or financial relationship.

Component Unit Presented as a Fiduciary Fund – The Swampscott Contributory Retirement System (the System) is presented using the accrual basis of accounting and is reported as a pension trust fund in the fiduciary fund financial statements. The System is governed by a five-member board comprised of the Town's Finance Director (ex-officio), two elected members and one member appointed by the Select Board and one member appointed by the Board members. The System is a legally separate entity, but the nature and significance of its relationship with the Town warrants inclusion in the basic financial statements. The System does not issue a separately audited financial statement but does issue a publicly available unaudited financial report in accordance with guidelines established by the Commonwealth of Massachusetts' Public Employee Retirement Administration Commission (PERAC). That report may be obtained by contacting the System at 22 Monument Ave, Swampscott, MA 01907.

Joint Ventures – The Town is a member of the Essex North Shore Agricultural and Technical School District that serves the members' students seeking an education in academic, technical and agricultural studies. The members' share in the operations of the Essex North Shore Agricultural and Technical School District and each member is responsible for its proportionate share of the operational and capital cost of the Essex North Shore Agricultural and Technical School District, which are paid in the form of assessments. The Town does not have an equity interest in the Essex North Shore Agricultural and Technical School District and the 2021 assessment was \$547,019. Complete financial information can be obtained by contacting them at 565 Maple Street, Danvers, MA 01923.

B. Government-Wide and Fund Financial Statements***Government-Wide Financial Statements***

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

Fund Financial Statements

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

Major Fund Criteria

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

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

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

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

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation*Government-Wide Financial Statements*

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

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

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

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

For the most part, the effect of interfund activity has been removed from the government-wide financial statements. However, the effect of interfund services provided and used between functions is not eliminated as the elimination of these charges would distort the direct costs and program revenues reported for the functions affected.

Fund Financial Statements

Governmental fund financial statements are reported using the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, and certain compensated absences, and claims and judgments are recognized when the obligations are expected to be liquidated with current expendable available resources.

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

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

The following major governmental funds are reported:

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

The *Capital Projects Fund* is used to account for the financial activities associated with major capital projects that have been authorized by Town Meeting.

The nonmajor governmental funds consist of special revenue and permanent funds that are aggregated and presented in the *nonmajor governmental funds* column on the governmental funds financial statements. The following describe the general use of this fund type:

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

The *permanent funds* are used to account for and report resources that are restricted to the extent that only earnings, not principal, may be used to purposes that support the government's programs and benefit the government or its citizenry.

Proprietary funds are accounted for using the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded when the liabilities are incurred.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the

proprietary funds principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The following major enterprise funds are reported:

The *Water* fund is used to account for the Town's water activities.

The *Sewer* fund is used to account for the Town's sewer activities.

The *Public Cable Access* fund is used to account activities related to the Town's public access TV station.

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

The following fiduciary funds are reported:

The *pension and other employee benefit trust fund* is used to account for the activities of the Retirement System and the Town's defined benefit healthcare plan, which accumulate resources to provide pension and OPEB benefits to eligible retirees and their beneficiaries.

The *private-purpose trust fund* is used to account for trust arrangements that exclusively benefit individuals, private organizations, or other governments. Some of these trusts have donor restrictions and trustee policies that do not allow the endowment portion and any unrealized appreciation to be spent. The donor restrictions and trustee policies only allow the trustees to authorize spending of the realized investment earnings. The Town's educational scholarships and assistance to benefit the needy are accounted for in this fund.

D. Cash and Investments

Government-Wide and Fund Financial Statements

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

Investments are carried at fair value. The fair values were determined by the closing price for those securities traded on national stock exchanges and at the average bid-and-asked quotation for those securities traded in the over-the-counter market. The fair value of real estate investments is based upon independent appraisals. Investments that do not have an established market are reported at estimated fair values.

E. Fair Value Measurements

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

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

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

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

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

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

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

F. Accounts Receivable and Allowance for Uncollectible Accounts

Government-Wide and Fund Financial Statements

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

Real Estate, Personal Property Taxes and Tax Liens

Real and personal property taxes are based upon values assessed as of January 1 of every year. Assessed value are established by the Board of Assessor's for 100% of fair market value. Taxes are due on August 1st, November 1st, February 1st, and May 1st and are subject to penalties and interest if they are not paid by the respective due date. Real estate and personal property taxes levied are recorded as receivables in the year of the levy. Real estate tax liens are processed six to nine months after the close of the valuation year on delinquent properties and are recorded as receivables in the year they are processed. Real estate receivables that are secured via the tax lien process are considered more likely to be collected.

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

Motor Vehicle and Other Excise Taxes

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

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

Boat excise taxes are assessed annually for each boat registered and are recorded as receivables in the year of the levy. The Commonwealth is responsible for reporting the number of boats registered and the fair value of those boats. The tax calculation is the fair value of the boat multiplied by \$10 per \$1,000 of value.

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

Departmental and Other

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

Intergovernmental

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

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

Water and Sewer

Water and Sewer user fees are based on individual meter readings and are subject to penalties and interest if they are not paid by the respective due date. Unbilled user fees are estimated at year-end and are recorded as revenue in the current period.

The allowance for uncollectible accounts has been estimated based on historical trends and is reflected as a reduction to the receivables in the asset section of the financial statements.

G. Inventories

Government-Wide and Fund Financial Statements

Inventories are recorded as expenditures at the time of purchase. Such inventories are not material in total to the government wide and fund based financial statements and therefore are not reported.

H. Capital Assets

Government-Wide and Fund Financial Statements

Capital assets, which include land, construction in progress, land improvements, buildings and improvements, machinery and equipment, and infrastructure (e.g., roads, water mains, sewer mains, and similar items), are reported in the applicable governmental, business-type activity and fiduciary column of the government-wide and fund based financial statements. Capital assets are recorded at historical cost or at estimated historical cost if actual historical cost is not available. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value. Except for capital assets of the governmental activities column in the government-wide financial statements, construction period interest is capitalized on constructed capital assets.

All purchases and construction costs in excess of \$25,000, and with the expected useful lives of greater than one year, are capitalized at the date of acquisition or construction. Capital assets (excluding land and construction in progress) are depreciated on a straight-line basis.

The estimated useful lives of capital assets are as follows:

| <u>Capital Asset Type</u> | <u>Estimated Useful Life (in years)</u> |
|---------------------------------|---|
| Land improvements..... | 20 - 30 |
| Buildings and improvements..... | 7 - 50 |
| Machinery and equipment..... | 3 - 20 |
| Infrastructure..... | 20 - 60 |

I. Deferred Outflows/Inflows of Resources

Government-Wide Financial Statements (Net Position)

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

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

Governmental Fund Financial Statements

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The Town has recorded taxes paid in advance and unavailable revenue as deferred inflows of resources in the governmental funds balance sheet.

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

J. Interfund Receivables and Payables

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

Government-Wide Financial Statements

Transactions of a buyer/seller nature between and within governmental funds and internal service funds are eliminated from the governmental activities in the statement of net position. Any residual balances outstanding between the governmental activities and business-type activities are reported in the statement of net position as "internal balances".

Fund Financial Statements

Transactions of a buyer/seller nature between and within funds are *not* eliminated from the individual fund statements. Receivables and payables resulting from these transactions are classified as "Due from other funds" or "Due to other funds" on the balance sheet.

K. Interfund Transfers

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

Government-Wide Financial Statements

Transfers between and within governmental funds are eliminated from the governmental activities in the statement of activities. Any residual balances outstanding between the governmental activities and business-type activities are reported in the statement of activities as "Transfers, net".

Fund Financial Statements

Transfers between and within funds are *not* eliminated from the individual fund statements and are reported as transfers in and transfers out.

L. Compensated Absences

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

Government-Wide and Proprietary Fund Financial Statements

Vested and accumulated vacation and sick leave are reported as liabilities and expensed as incurred.

Governmental Fund Financial Statements

Compensated absences are reported in the governmental funds only if they have matured, i.e. unused reimbursable leave still outstanding following an employee's resignation or retirement. Vested or accumulated vacation and sick leave, which will be liquidated with expendable available financial resources, are reported as expenditures and fund liabilities upon maturity of the liability.

M. Long-term Debt*Government-Wide and Proprietary Fund Financial Statements*

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

Governmental Fund Financial Statements

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

N. Net Position and Fund Equity*Government-Wide Financial Statements (Net Position)*

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

Net position reported as “net investment in capital assets” includes capital assets, net of accumulated depreciation, less the principal balance of outstanding debt used to acquire capital assets. Unspent proceeds of capital related debt are not considered to be capital assets. Outstanding debt related to landfill monitoring are not considered to be capital related debt.

Net position has been “restricted for” the following:

Permanent Funds - Expendable Trust Funds - represents the amount of realized and unrealized investment earnings of donor restricted trusts. The donor restrictions and trustee policies only allow the trustees to approve spending of the realized investment earnings to support governmental programs.

Permanent Funds – Nonexpendable Trust Funds - represents the endowment portion of donor restricted trusts that support governmental programs.

Gifts and Grants - represents grants and gifts restricted by outside parties.

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

Fund Financial Statements (Fund Balance)

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

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

“Committed” fund balance includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government’s highest level of decision-making authority. For the Town, Town Meeting is the highest level of decision-making authority that can vote, by article, to commit fund balance. Once committed, the limitation imposed by the vote remains in place until the funds are used for their intended purpose or a Town Meeting vote is taken to remove or revise the commitment.

“Assigned” fund balance includes amounts that are constrained by the Town’s intent to be used for specific purposes but are neither restricted nor committed. Town management is authorized by state law the ability to assign fund balance when there is an obligation to purchase goods or services from the current years’ appropriation. The Finance Director is responsible making the assignment. Assignments generally only exist temporarily. Additional action does not have to be taken for the removal of an assignment.

“Unassigned” fund balance includes the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The general fund is the only fund that reports a positive unassigned fund balance amount.

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

O. Investment Income

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

P. Pensions

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

Q. Use of Estimates

Government-Wide and Fund Financial Statements

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

R. Revision of Beginning Fund Balance and Net Position

Beginning net position of the governmental activities and the nonmajor governmental funds have been revised due to the implementation of GASB Statement 84. The details of the revision are as follows:

| | 06/30/2020 Previously Reported Balances | GASB Statement 84 Implementation | 06/30/2020 Revised Balances |
|---|--|--|-----------------------------------|
| Government-Wide Financial Statements | | | |
| Governmental activities..... | \$ (94,584,401) | \$ 222,766 | \$ (94,361,635) |
| Governmental Funds | | | |
| Nonmajor governmental funds..... | \$ 3,266,914 | \$ 222,766 | \$ 3,489,680 |

S. Fund Deficits

At June 30, 2021, deficits existed in the Capital Projects Fund (\$494,173), the Town Federal Grants Fund (\$98,177) and the School Federal Grants Fund (\$151,516). These deficits will be funded with grant receipts, bond proceeds and other available funds.

T. Total Columns*Government-Wide Financial Statements*

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

Fund Financial Statements

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

NOTE 2 – CASH AND INVESTMENTS

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

Statutes authorize the investment in obligations of the U.S. Treasury, agencies, and instrumentalities, certificates of deposit, repurchase agreements, money market accounts, bank deposits and the State Treasurer's Investment Pool (Pool). The Treasurer may also invest trust funds in securities, other than mortgages or collateral loans, which are legal for the investment of funds of savings banks under the laws of the Commonwealth.

The Pool meets the criteria of an external investment pool. The Pool is administered by the Massachusetts Municipal Depository Trust (MMDT), which was established by the Treasurer of the Commonwealth who serves as Trustee. The fair value of the position in the Pool is the same as the value of the Pool shares. The Town participates in the MMDT cash portfolio. The cash portfolio had a weighted average maturity of 52 days.

The Retirement System participates in the Pension Reserves Investment Trust (PRIT), which meets the criteria of an external investment pool. PRIT is administered by the Pension Reserves Investment Management Board, which was established by the Treasurer of the Commonwealth of Massachusetts who serves as trustee. The fair value of the position in the PRIT is the same as the value of the PRIT shares.

The PRIT fund, as a pool, invests in various products including, but not limited to, money market mutual funds, equities, pooled foreign and domestic fixed income and equity funds, United States government sponsored enterprises and Treasury notes, real estate, and commodities. The underlying components of PRIT's fixed income portfolio had an effective weighted duration rate ranging from .14 to 16.03 years. The PRIT fund is unrated.

Custodial Credit Risk – Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Town's policy limits requires that cash deposits are maintained in institutions that maintain a Veribanc green rating with no limit. At year-end, the carrying amount of deposits totaled \$6,499,230 and the bank balance totaled \$6,540,374. Of the bank balance, \$1,000,000 was covered by Federal Depository Insurance, \$1,683,934 was covered by the Depository Insurance Fund and \$3,997,891 was exposed to custodial credit risk because it was uninsured and uncollateralized.

At December 31, 2020, the carrying amount of deposits for the System totaled \$421,194 and the bank balance of \$408,726 was fully covered by Federal Depository Insurance.

Investments

At June 20, 2021, the Town had the following investments:

| Investment Type | Fair value | Maturities | | | |
|---------------------------------------|---------------|--------------|--------------|------------|---------------|
| | | Under 1 Year | 1-5 Years | 6-10 Years | Over 10 Years |
| <u>Debt securities:</u> | | | | | |
| U.S. treasury notes..... | \$ 1,683,936 | \$ 212,564 | \$ 1,179,230 | \$ 292,142 | \$ - |
| Government sponsored enterprises..... | 1,397,490 | 101,369 | 1,267,702 | 28,419 | - |
| Corporate bonds..... | 1,370,092 | - | 1,064,202 | 305,890 | - |
| Municipal bonds..... | 152,102 | - | - | - | 152,102 |
| Total debt securities..... | 4,603,620 | \$ 313,933 | \$ 3,511,134 | \$ 626,451 | \$ 152,102 |
| <u>Other investments:</u> | | | | | |
| Equity securities..... | 3,333,048 | | | | |
| Equity mutual funds..... | 1,510,149 | | | | |
| Fixed income..... | 342,980 | | | | |
| International securities..... | 356,712 | | | | |
| Money market mutual funds..... | 141,451 | | | | |
| MMDT - Cash portfolio..... | 23,232,068 | | | | |
| Total investments..... | \$ 33,520,028 | | | | |

At December 31, 2020, the System had the following investments:

| | |
|--|----------------------|
| Other investments: | |
| Collective investment trust fund..... | \$ 13,964,637 |
| Real estate investment trust..... | 6,414,544 |
| Pension Reserve Investment Trust (PRIT)..... | <u>54,191,988</u> |
| Total investments..... | \$ <u>74,571,169</u> |

Custodial Credit Risk – Investments

For investments, custodial credit risk is the risk that, in the event of a failure by the counterparty, the government will not be able to recover the value of its investments or collateral security that are in the possession of an outside party. The primary objective of the Town's investment policy for custodial credit risk is to minimize the risk to investment principal through the careful selection of investment custodians. Of the Town's investments, \$1,683,936 in U.S. Treasury Notes, \$1,397,490 in Government Sponsored Enterprises, \$1,370,092 in Corporate Bonds, \$152,102 in Municipal Bonds, and \$3,333,048 in Equity Securities are exposed to custodial credit risk because the related securities are uninsured, unregistered, and held by the counterparty. The Town's investment in MMDT which totaled \$23,232,068 is not subject to custodial credit risk because they are not evidenced by securities that exist in physical or book entry form.

At December 31, 2020, the System's investments were not subject to custodial credit risk exposure because the investments are not evidenced by securities that exist in physical or book-entry form.

The System has not adopted a formal policy related to custodial credit risk.

Interest Rate Risk

The Town has a formal investment policy limiting investment maturities up to one year as a means of managing its exposure to fair value losses arising from increasing interest rates. The System does not have a formal investment policy related to interest rate risk.

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

Credit Risk

The Town has not adopted a formal policy related to Credit Risk. The Town's investments in MMDT and PRIT are unrated. The System has not adopted a formal policy related to Credit Risk. The Town's investments were rated as follows:

| Quality Rating | Government Sponsored Enterprises | Corporate Bonds | Municipal Bonds |
|----------------|--|--------------------|--------------------|
| AAA..... | \$ 36,123 | \$ 53,317 | \$ - |
| AA+..... | 1,361,367 | 32,494 | - |
| AA-..... | - | 119,016 | 152,102 |
| A+..... | - | 133,555 | - |
| A..... | - | 26,681 | - |
| A-..... | - | 234,139 | - |
| BBB+..... | - | 590,814 | - |
| BBB..... | - | 149,012 | - |
| Total..... | \$ 1,397,490 | \$ 1,339,028 | \$ 152,102 |

The System's investments are unrated.

Concentration of Credit Risk

The Town restricts investments to no more than 5% in any one issue. The Town did not have more than 5% of its investments in any one individual security.

Interest Rate Risk

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

Fair Value of Investments

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

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

The Town has the following recurring fair value measurements as of June 30, 2021:

| Investment Type | June 30, 2021 | Fair Value Measurements Using | | |
|--|------------------|--|---|--|
| | | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| Investments measured at fair value: | | | | |
| <u>Debt securities:</u> | | | | |
| U.S. treasury notes..... | \$ 1,683,936 | \$ 1,683,936 | \$ - | \$ - |
| Government sponsored enterprises..... | 1,397,490 | 1,397,490 | - | - |
| Corporate bonds..... | 1,370,092 | - | 1,370,092 | - |
| Municipal bonds..... | 152,102 | 152,102 | - | - |
| Total debt securities..... | 4,603,620 | 3,233,528 | 1,370,092 | - |
| <u>Other investments:</u> | | | | |
| Equity securities..... | 3,333,048 | 3,333,048 | - | - |
| Equity mutual funds..... | 1,510,149 | 1,510,149 | - | - |
| Fixed income..... | 342,980 | 342,980 | - | - |
| International securities..... | 356,712 | 356,712 | - | - |
| Money market mutual funds..... | 141,451 | 141,451 | - | - |
| Total other investments..... | 5,684,340 | 5,684,340 | - | - |
| Total investments measured at fair value..... | 10,287,960 | \$ 8,917,868 | \$ 1,370,092 | \$ - |
| Investments measured at amortized cost: | | | | |
| MMDT - Cash portfolio..... | 23,232,068 | | | |
| Total investments..... | \$ 33,520,028 | | | |

Equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities.

PRIT Investments are valued using the net asset value method. This investment pool was established by the Treasurer of the Commonwealth of Massachusetts, who serves as Trustee. PRIT is administered by the Pension Reserves Investment Management Board (PRIM). The fair values of the positions in each investment Pool are the same as the value of each Pool's shares. The Town does not have the ability to control any of the investment decisions relative to its funds in PRIT.

MMDT investments are valued at amortized cost. Under the amortized cost method, an investment is valued initially at its cost and adjusted for the amount of interest income accrued each day over the term of the investment to account for any difference between the initial cost and the amount payable at its maturity. If amortized cost is determined not to approximate fair value, the value of the portfolio securities will be determined under procedures established by the Advisor.

Retirement System

The retiree pension defined benefit plan holds significant amounts of investments that are measured at fair value on a recurring basis. Because investing is a key part of the System's activities, the plan shows greater disaggregation in its disclosures. The System chooses a narrative format for disclosing the levels within the fair value hierarchy. The System categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles.

The System's investments as of December 31, 2020 are valued using the net asset value (NAV) method per share or its equivalent is presented in the following table:

| Investment Type | December 31, 2020 | Fair Value Measurements Using | | |
|---|----------------------|--|---|--|
| | | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| Collective investment trust fund..... | \$ 13,964,637 | \$ 13,964,637 | \$ - | \$ - |
| Real estate investment trust..... | 6,414,544 | 6,414,544 | - | - |
| International securities..... | - | - | - | - |
| Money market mutual funds..... | - | - | - | - |
| Pension Reserve Investment Trust (PRIT)..... | 54,191,988 | 54,191,988 | - | - |
| Total investments measured at net asset value.... | \$ 74,571,169 | \$ 74,571,169 | \$ - | \$ - |

- (1) Pension Reserves Investment Trust – This investment pool was established by the Treasurer of the Commonwealth of Massachusetts, who serves as Trustee. PRIT is administered by the Pension Reserves Investment Management Board (PRIM). The values of the positions in each investment pool are the same as the value of each Pool's shares. The System does not have the ability to control any of the investment decisions relative to its funds in PRIT.
- (2) Collective investment trust fund – This type of investment includes a fund with an investment objective to seek capital appreciation by investing a substantial portion of the fund's assets in equity securities of companies that demonstrate promising growth potential. The values of the investments in this type has been determined using the NAV of the System's ownership interest in the net assets of the fund.
- (3) Real Estate – This type includes an investment in a partnership that invests primarily in commercial real estate located in the United States. The value of the investment has been determined using the NAV of the System's ownership interest in partners' capital. The principal investment is only be redeemable at the termination of the partnership agreement. Distributions from this partnership will be received as the underlying investments are liquidated. It is expected that the underlying assets will be liquidated over the next 1 to 3 years.

NOTE 3 – RECEIVABLES

At June 30, 2021, receivables for the individual major and non-major governmental funds; and the fiduciary funds in the aggregate, including the applicable allowance for uncollectible accounts are as follows:

| | Gross Amount | Allowance for Uncollectibles | Net Amount |
|--|---------------------|------------------------------------|---------------------|
| <u>Receivables:</u> | | | |
| Real estate and personal property taxes..... | \$ 817,125 | \$ (53,089) | \$ 764,036 |
| Tax liens..... | 695,722 | - | 695,722 |
| Motor vehicle and other excise taxes..... | 404,501 | (162,129) | 242,372 |
| Departmental and other..... | 190,151 | - | 190,151 |
| Intergovernmental - other..... | 1,516,250 | - | 1,516,250 |
| Total..... | \$ <u>3,623,749</u> | \$ <u>(215,218)</u> | \$ <u>3,408,531</u> |

At June 30, 2021, receivables for the enterprise funds consist of the following:

| | Gross Amount | Allowance for Uncollectibles | Net Amount |
|---------------------------------|---------------------|------------------------------------|---------------------|
| <u>Receivables:</u> | | | |
| Water liens - user charges..... | \$ 56,973 | \$ - | \$ 56,973 |
| Water user charges..... | 1,123,840 | - | 1,123,840 |
| Sewer liens - user charges..... | 44,717 | - | 44,717 |
| Sewer user charges..... | 832,188 | - | 832,188 |
| Total..... | \$ <u>2,057,718</u> | \$ <u>-</u> | \$ <u>2,057,718</u> |

Unavailable Revenue

Property taxes and other receivables in Governmental Funds that are measurable but not available have been classified as deferred inflows of resources on June 30, 2021, as follows:

| | General Fund | Other Governmental Funds | Total |
|---|---------------------|--------------------------------|---------------------|
| <u>Receivables:</u> | | | |
| Real estate and personal property taxes..... | \$ 547,162 | \$ - | \$ 547,162 |
| Tax liens..... | 695,722 | - | 695,722 |
| Motor vehicle and other excise taxes..... | 242,372 | - | 242,372 |
| Departmental and other..... | 149,553 | 40,598 | 190,151 |
| Intergovernmental - highway improvements..... | - | 294,704 | 294,704 |
| Total..... | \$ <u>1,634,809</u> | \$ <u>335,302</u> | \$ <u>1,970,111</u> |

NOTE 4 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Funds are transferred from one fund to support expenditures of other funds in accordance with the authority established for the individual fund. Transfers within fund types have been eliminated. An interfund transfer of \$240,000 the General Fund and the Capital Projects Fund existed at June 30, 2001 to fund various capital equipment acquisitions.

An interfund receivable and payable of \$677,386 between the General Fund and the Town and School Federal Grant funds existed at June 30, 2021. This amount represents advances between funds to meet temporary cash flows needs.

NOTE 5 – CAPITAL ASSETS

Capital asset activity in the Governmental Funds for the year ended June 30, 2021, was as follows:

| | Beginning Balance | Increases | Decreases | Ending Balance |
|--|----------------------|--------------|-----------|-------------------|
| Governmental Activities: | | | | |
| <u>Capital assets not being depreciated:</u> | | | | |
| Land..... | \$ 4,420,080 | \$ - | \$ - | \$ 4,420,080 |
| Construction in progress..... | 160,052 | 761,538 | - | 921,590 |
| Total capital assets not being depreciated.... | 4,580,132 | 761,538 | - | 5,341,670 |
| <u>Capital assets being depreciated:</u> | | | | |
| Land improvements..... | 5,164,744 | - | - | 5,164,744 |
| Buildings and improvements..... | 77,805,468 | 887,637 | - | 78,693,105 |
| Machinery and equipment..... | 6,728,455 | 506,694 | - | 7,235,149 |
| Infrastructure..... | 13,646,406 | 25,600 | - | 13,672,006 |
| Total capital assets being depreciated..... | 103,345,073 | 1,419,931 | - | 104,765,004 |
| <u>Less accumulated depreciation for:</u> | | | | |
| Land improvements..... | (1,698,983) | (263,144) | - | (1,962,127) |
| Buildings and improvements..... | (29,628,012) | (1,867,075) | - | (31,495,087) |
| Machinery and equipment..... | (4,737,154) | (587,780) | - | (5,324,934) |
| Infrastructure..... | (2,767,006) | (312,302) | - | (3,079,308) |
| Total accumulated depreciation..... | (38,831,155) | (3,030,301) | - | (41,861,456) |
| Total capital assets being depreciated, net..... | 64,513,918 | (1,610,370) | - | 62,903,548 |
| Total governmental activities capital assets, net..... | \$ 69,094,050 | \$ (848,832) | \$ - | \$ 68,245,218 |

Capital asset activity for the Business Type Activities for the year ended June 30, 2021, was as follows:

| | Beginning Balance | Increases | Decreases | Ending Balance |
|--|----------------------|--------------|-----------|-------------------|
| Business-Type Activities: | | | | |
| Capital assets not being depreciated: | | | | |
| Land..... | \$ 252,182 | \$ - | \$ - | \$ 252,182 |
| Capital assets being depreciated: | | | | |
| Buildings and improvements..... | 3,256,170 | - | - | 3,256,170 |
| Machinery and equipment..... | 2,021,526 | 131,540 | - | 2,153,066 |
| Infrastructure..... | 36,041,937 | 423,603 | - | 36,465,540 |
| Total capital assets being depreciated..... | 41,319,633 | 555,143 | - | 41,874,776 |
| Less accumulated depreciation for: | | | | |
| Buildings and improvements..... | (2,335,027) | (20,248) | - | (2,355,275) |
| Machinery and equipment..... | (1,954,143) | (90,251) | - | (2,044,394) |
| Infrastructure..... | (16,150,131) | (739,158) | - | (16,889,289) |
| Total accumulated depreciation..... | (20,439,301) | (849,657) | - | (21,288,958) |
| Total capital assets being depreciated, net..... | 20,880,332 | (294,514) | - | 20,585,818 |
| Total business-type activities capital assets, net.... | \$ 21,132,514 | \$ (294,514) | \$ - | \$ 20,838,000 |

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

Governmental Activities:

| | |
|---|--------------|
| General government..... | \$ 149,822 |
| Public safety..... | 468,308 |
| Education..... | 1,652,727 |
| Public works..... | 563,848 |
| Health and human services..... | 4,389 |
| Culture and recreation..... | 191,207 |
| Total depreciation expense - governmental activities..... | \$ 3,030,301 |

Business-Type Activities:

| | |
|--|------------|
| Water..... | \$ 249,377 |
| Sewer..... | 569,754 |
| Public Cable Access..... | 30,526 |
| Total depreciation expense - business-type activities..... | \$ 849,657 |

NOTE 6 – SHORT-TERM FINANCING

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

- Current operating costs prior to the collection of revenues through issuance of revenue anticipation notes (RANS) or tax anticipation notes (TAN).
- Capital project costs and other approved expenditures incurred prior to obtaining permanent financing through issuance of bond anticipation notes (BAN), or grant anticipation notes (GAN).

Short term loans are general obligations and carry maturity dates that are limited by statute. Interest expenditures and expenses for short-term borrowings are accounted for in the general fund and enterprise funds, respectively. Details related to the short-term debt activity for the fiscal year is as follows:

| Type | Purpose | Rate (%) | Due Date | Balance at June 30, 2020 | Renewed/ Issued | Retired/ Redeemed | Balance at June 30, 2021 |
|-------------------------------|-------------------------|----------|----------|--------------------------|---------------------|-----------------------|--------------------------|
| Governmental Funds: | | | | | | | |
| BAN | General Obligation..... | 1.29% | 03/12/21 | \$ 1,190,000 | \$ - | \$ (1,190,000) | \$ - |
| BAN | General Obligation..... | 1.25% | 03/12/22 | - | 3,780,000 | - | 3,780,000 |
| BAN | Municipal Purpose..... | 0.38% | 03/11/22 | - | 2,115,422 | - | 2,115,422 |
| Total Governmental Funds..... | | | | \$ 1,190,000 | \$ 5,895,422 | \$ (1,190,000) | \$ 5,895,422 |
| Water Enterprise Fund: | | | | | | | |
| BAN | General Obligation..... | 1.25% | 03/12/22 | \$ - | \$ 150,000 | \$ - | \$ 150,000 |
| Sewer Enterprise Fund: | | | | | | | |
| BAN | General Obligation..... | 1.25% | 03/12/22 | \$ - | \$ 2,540,000 | \$ - | \$ 2,540,000 |
| Total Enterprise Fund..... | | | | \$ - | \$ 2,690,000 | \$ - | \$ 2,690,000 |
| Total..... | | | | \$ 1,190,000 | \$ 8,585,422 | \$ (1,190,000) | \$ 8,585,422 |

NOTE 7 – LONG-TERM DEBT

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

Details related to the outstanding indebtedness at June 30, 2021 of the governmental activities and the debt service requirements are presented on the following pages.

| Project | Maturities Through | Original Loan Amount | Interest Rate (%) | Outstanding at June 30, 2021 |
|--|-----------------------|----------------------------|-------------------------|------------------------------------|
| General Obligations: | | | | |
| Municipal Purpose Bonds of 2010..... | 9/15/2022 | \$ 1,573,286 | 3% | \$ 205,000 |
| Municipal Purpose Bonds of 2013..... | 8/15/2032 | 2,966,000 | 2% - 2.5% | 1,367,360 |
| Municipal Purpose Bonds of 2014..... | 1/15/2024 | 1,498,778 | 2% - 4% | 435,000 |
| Municipal Purpose Bonds of 2016..... | 6/16/1931 | 2,649,400 | 2% - 4% | 1,257,075 |
| Municipal Purpose Bonds of 2018..... | 1/15/2038 | 2,781,577 | 3% - 3.5% | 2,096,197 |
| General Obligation Refunding..... | 4/15/2025 | 3,390,000 | 2% - 3% | 1,065,000 |
| Police Station..... | 9/15/2028 | 3,350,000 | 2% - 4.25% | 1,225,000 |
| School Construction..... | 11/1/2029 | 7,047,346 | 3% - 4.5% | 3,171,310 |
| General Obligation Refunding Series A..... | 1/15/2035 | 6,950,000 | 2.5% - 4% | 4,685,000 |
| General Obligation Refunding Series B..... | 5/15/2026 | 5,915,000 | 3% - 4.5% | 3,900,000 |
| Turf Field Project..... | 1/15/2033 | 800,000 | 2.75% | 630,000 |
| Municipal Purpose Bonds of 2020..... | 2/15/2049 | 3,053,000 | 3% - 5% | 2,667,589 |
| Total Bonds Payable..... | | | | 22,704,531 |
| Add: Unamortized premium on bonds..... | | | | 667,161 |
| Total Bonds Payable, net..... | | | | <u>\$ 23,371,692</u> |

Governmental activities debt service requirements for principal and interest for future years are as follows:

| Year | Principal | Interest | Total |
|-----------------|----------------------|---------------------|----------------------|
| 2022..... | \$ 2,595,141 | \$ 723,017 | \$ 3,318,158 |
| 2023..... | 2,595,141 | 631,441 | 3,226,582 |
| 2024..... | 2,399,737 | 546,137 | 2,945,874 |
| 2025..... | 2,020,988 | 468,254 | 2,489,242 |
| 2026..... | 1,632,986 | 406,546 | 2,039,532 |
| 2027 - 2031.... | 7,172,639 | 1,269,869 | 8,442,508 |
| 2032 - 2036.... | 3,786,287 | 352,904 | 4,139,191 |
| 2037 - 2041.... | 277,548 | 38,288 | 315,836 |
| 2042 - 2046.... | 146,290 | 17,574 | 163,864 |
| 2047 - 2051.... | 77,774 | 3,094 | 80,868 |
| Total..... | <u>\$ 22,704,531</u> | <u>\$ 4,457,124</u> | <u>\$ 27,161,655</u> |

Details related to the outstanding indebtedness at June 30, 2021 and the debt service requirements of the business-type activities are as follows:

| Project | Maturities Through | Original Loan Amount | Interest Rate (%) | Outstanding at June 30, 2021 |
|--|-----------------------|----------------------------|-------------------------|------------------------------------|
| From direct borrowings and placements: | | | | |
| MWCT Loan Pool 07-22 (Sewer)..... | 7/15/2028 | \$ 342,310 | 2% | \$ 152,989 |
| MWRA (Water)..... | 11/15/2028 | 6,049,987 | 0.00 | 3,085,000 |
| Total from direct borrowings and placements..... | | | | 3,237,989 |
| General Obligations: | | | | |
| Municipal Purpose Bonds of 2013 (Sewer)..... | 1/15/2013 | 113,200 | 2% - 2.5% | 22,640 |
| Municipal Purpose Bonds of 2016 (Sewer)..... | 6/23/2031 | 969,430 | 2% - 4% | 697,925 |
| Municipal Purpose Bonds of 2018 (Sewer)..... | 1/15/2037 | 1,963,493 | 3% | 1,648,799 |
| Municipal Purpose Bonds of 2020 (Sewer)..... | 2/15/1949 | 2,177,000 | 2% - 5% | 2,102,410 |
| Total from general obligations..... | | | | 4,471,774 |
| Add: Unamortized premium on bonds..... | | | | 201,610 |
| Total Bonds Payable, net..... | | | | <u>\$ 7,911,373</u> |

Business-type activities debt service requirements for principal and interest for future years are as follows:

| Year | General Obligations | | | Direct Borrowings and Placements | | | |
|------------------|---------------------|---------------------|---------------------|----------------------------------|------------------|---------------------|---------------------|
| | Principal | Interest | Sub-Total | Principal | Interest | Sub-Total | Total |
| 2022..... | \$ 262,228 | \$ 132,021 | \$ 394,249 | \$ 522,812 | \$ 2,882 | \$ 525,694 | \$ 919,943 |
| 2023..... | 262,228 | 119,963 | 382,191 | 498,172 | 2,522 | 500,694 | 882,885 |
| 2024..... | 252,628 | 108,018 | 360,646 | 498,539 | 2,155 | 500,694 | 861,340 |
| 2025..... | 251,380 | 96,102 | 347,482 | 338,913 | 1,781 | 340,694 | 688,176 |
| 2026..... | 249,382 | 85,638 | 335,020 | 339,296 | 1,399 | 340,695 | 675,715 |
| 2027 - 2031..... | 1,236,827 | 323,430 | 1,560,257 | 1,040,257 | 1,825 | 1,042,082 | 2,602,339 |
| 2032 - 2036..... | 838,713 | 188,042 | 1,026,755 | - | - | - | 1,026,755 |
| 2037 - 2041..... | 557,452 | 90,184 | 647,636 | - | - | - | 647,636 |
| 2042 - 2046..... | 363,710 | 43,728 | 407,438 | - | - | - | 407,438 |
| 2047 - 2051..... | 197,226 | 8,384 | 205,610 | - | - | - | 205,610 |
| Total..... | <u>\$ 4,471,774</u> | <u>\$ 1,195,510</u> | <u>\$ 5,667,284</u> | <u>\$ 3,237,989</u> | <u>\$ 12,564</u> | <u>\$ 3,250,553</u> | <u>\$ 8,917,837</u> |

The Town is a member of the Massachusetts Water Resources Authority (MWRA) which offers its members interest free loans for various purposes. The Town has \$3.1 million in loans outstanding at year end. The imputed interest on this loan is immaterial and has not been recognized by the Town.

Bond Authorized and Unissued Debt

Authorized and unissued long-term debt, at June 30, 2021, is as follows:

| Purpose | Amount |
|---|---------------------|
| Rail Trail Acquisition, Engineering & Design..... | \$ 410,000 |
| Library - Interior Stairs..... | 25,000 |
| High School Sprinkler System & Library Upgrades..... | 65,000 |
| Police Station Roof Hatch..... | 15,000 |
| Senior Center HVAC Upgrades..... | 20,000 |
| Fire Self-Contained Breathing Apparatus..... | 93,900 |
| Middle School HVAC Upgrades..... | 120,000 |
| Middle & Clarke School Energy Efficiency Upgrades..... | 25,000 |
| Fisher House Exterior Improvements..... | 100,000 |
| Elementary School Misc. Small Capital..... | 200,000 |
| Clarke School Playground Redesign..... | 37,400 |
| Clarke School Exterior Painting and Gutters..... | 110,000 |
| Reconstruction of Johnson Park..... | 100,000 |
| Middle School Fire Alarm System Replacement..... | 1,022,750 |
| Hadley Gym Ventilation..... | 70,000 |
| High School Tech Room HVAC & Wifi..... | 65,000 |
| Sewer..... | 60,000 |
| Town-Wide Security Cameras..... | 100,000 |
| Equipment Replacement Plan..... | 147,000 |
| Decommission Municipal Wired Alarm System & Upgrade..... | 49,850 |
| Garage Life - Public Works..... | 27,000 |
| Shade Trees..... | 40,000 |
| Roads..... | 210,000 |
| Purchase of Leaf Vacuum..... | 30,000 |
| Fire Station 3rd Floor Stairway and Renovation..... | 50,000 |
| Body Cameras..... | 80,000 |
| New Fire Department Vehicles..... | 150,500 |
| Police Station Upgrades..... | 50,000 |
| Design for Harbor/Waterfront Development Plan Projects..... | 100,000 |
| Kings/Eismans Beach Seawall Repair..... | 1,140,000 |
| Police Cruiser..... | 52,000 |
| Sewer Rehab Work /Stacy's Brook..... | 15,000 |
| Total..... | \$ <u>4,780,400</u> |

Changes in Long-term Liabilities

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

| | Beginning Balance | Bonds and Notes Issued | Bonds and Notes Redeemed | Other Increases | Other Decreases | Ending Balance | Due Within One Year |
|--|----------------------|------------------------------|--------------------------------|--------------------|--------------------|-------------------|------------------------|
| Governmental Activities: | | | | | | | |
| Long-term bonds payable..... | \$ 25,384,557 | \$ - | \$ (2,680,026) | \$ - | \$ - | \$ 22,704,531 | \$ 2,595,141 |
| Add: Unamortized premium on bonds..... | 747,005 | - | - | - | (79,844) | 667,161 | 76,560 |
| Total bonds payable..... | 26,131,562 | - | (2,680,026) | - | (79,844) | 23,371,692 | 2,671,701 |
| Compensated absences..... | 1,494,295 | - | - | 98,114 | (149,430) | 1,442,979 | 153,913 |
| Net pension liability..... | 34,091,887 | - | - | 6,548,308 | (5,283,690) | 35,356,505 | - |
| Net other postemployment benefits liability.. | 124,579,459 | - | - | (3,941,658) | (3,186,174) | 117,451,627 | - |
| Total governmental activity long-term liabilities..... | \$ 186,297,203 | \$ - | \$ (2,680,026) | \$ 2,704,764 | \$ (8,699,138) | \$ 177,622,803 | \$ 2,825,614 |
| Business-Type Activities: | | | | | | | |
| Long-term bonds payable..... | \$ 4,734,120 | \$ - | \$ (262,346) | \$ - | \$ - | \$ 4,471,774 | \$ 785,040 |
| Direct borrowings..... | 2,650,444 | 1,100,000 | (512,455) | - | - | 3,237,989 | - |
| Unamortized premium on bonds..... | 216,405 | - | - | - | (14,795) | 201,610 | 14,824 |
| Total bonds payable..... | 7,600,969 | 1,100,000 | (774,801) | - | (14,795) | 7,911,373 | 799,864 |
| Net pension liability..... | 1,917,538 | - | - | 368,316 | (297,186) | 1,988,668 | - |
| Net other postemployment benefits liability.. | 2,512,179 | - | - | (79,487) | (64,248) | 2,368,444 | - |
| Total business-type activity long-term liabilities..... | \$ 12,030,686 | \$ 1,100,000 | \$ (774,801) | \$ 288,829 | \$ (376,229) | \$ 12,268,485 | \$ 799,864 |

The governmental activities long-term liabilities are generally liquidated by the general fund and the business-type activities long-term liabilities are generally liquidated by the applicable enterprise fund.

NOTE 8 – GOVERNMENTAL FUND BALANCE CLASSIFICATIONS

The Town classifies fund balance according to the constraints imposed on the use of the resources.

There are two major types of fund balances, which are nonspendable and spendable. Nonspendable fund balances are balances that cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact. Examples of this classification are prepaid items, inventories, and principal (corpus) of an endowment fund. The Town has reported principal portions of endowment funds as nonspendable.

In addition to the nonspendable fund balance, spendable fund balances are classified based on a hierarchy of spending constraints.

- **Restricted:** fund balances that are constrained by external parties, constitutional provisions, or enabling legislation.
- **Committed:** fund balances that contain self-imposed constraints of the government from its highest level of decision making authority. The Town's highest level of decision-making authority is the Town Meeting.
- **Assigned:** fund balances that contain self-imposed constraints of the government to be used for a particular purpose. Management determines the need for an assignment of fund balance. The approval of the Town's highest level of decision-making authority is not required for the assignment.
- **Unassigned:** fund balance of the general fund that is not constrained for any particular purpose and the deficit fund balances for other funds that would otherwise be restricted, committed, or assigned. The general fund is the only fund that reports a positive unassigned fund balance amount.

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

The general fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than the general fund, if expenditures incurred for specific purpose exceed the amounts that are restricted, committed, or assigned to those purpose, it may be necessary to report a negative unassigned fund balance in that fund.

As of June 30, 2021, the governmental fund balances consisted of the following:

| | General | Capital Projects | Nonmajor Governmental Funds | Total Governmental Funds |
|-----------------------------------|---------------|---------------------|-----------------------------------|--------------------------------|
| Fund Balances: | | | | |
| Nonspendable: | | | | |
| Permanent fund principal..... | \$ - | \$ - | \$ 464,162 | \$ 464,162 |
| Restricted for: | | | | |
| School lunch..... | - | - | 146,843 | 146,843 |
| Gifts and Donations - Town..... | - | - | 124,177 | 124,177 |
| Gifts and Donations - School..... | - | - | 36,128 | 36,128 |
| School state grants..... | - | - | 689,636 | 689,636 |
| Other school grants..... | - | - | 17,276 | 17,276 |
| Town state grants..... | - | - | 293,412 | 293,412 |
| Revolving funds..... | - | - | 556,097 | 556,097 |
| Other special revenue..... | - | - | 1,115,406 | 1,115,406 |
| Library trust funds..... | - | - | 42,187 | 42,187 |
| Affordable housing trust..... | - | - | 301,076 | 301,076 |
| Other permanent funds..... | - | - | 178,347 | 178,347 |
| Cemetery perpetual care..... | - | - | 228,170 | 228,170 |
| Assigned to: | | | | |
| Select Board..... | 3,308 | - | - | 3,308 |
| Town Administrator..... | 38,344 | - | - | 38,344 |
| Town Accountant..... | 21,681 | - | - | 21,681 |
| Board of Assessors..... | 3,682 | - | - | 3,682 |
| Treasurer/Collector..... | 16,262 | - | - | 16,262 |
| Legal and insurance..... | 13,867 | - | - | 13,867 |
| Information technology..... | 21,517 | - | - | 21,517 |
| Human resources..... | 4,529 | - | - | 4,529 |
| Town clerk..... | 6,268 | - | - | 6,268 |
| Parking enforcement..... | 1,530 | - | - | 1,530 |
| Planning board..... | 10,615 | - | - | 10,615 |
| Board of appeals..... | 77 | - | - | 77 |
| Building department..... | 63 | - | - | 63 |
| Health department..... | 2,891 | - | - | 2,891 |
| Recreation department..... | 14,170 | - | - | 14,170 |
| Historical department..... | 2,755 | - | - | 2,755 |
| Facilities..... | 149,662 | - | - | 149,662 |
| Cemetery..... | 5,525 | - | - | 5,525 |
| DPW - General..... | 113,350 | - | - | 113,350 |
| Solid waste/recycling..... | 7,145 | - | - | 7,145 |
| Police..... | 5,200 | - | - | 5,200 |
| Fire department..... | 36,074 | - | - | 36,074 |
| Emergency management..... | 5 | - | - | 5 |
| Senior center..... | 13,244 | - | - | 13,244 |
| Veterans services..... | 30,000 | - | - | 30,000 |
| Library..... | 41,127 | - | - | 41,127 |
| Education..... | 401,481 | - | - | 401,481 |
| Injury on duty..... | 24,066 | - | - | 24,066 |
| Workers compensation..... | 12,362 | - | - | 12,362 |
| Unemployment compensation..... | 21,420 | - | - | 21,420 |
| Group health insurance..... | 2,207 | - | - | 2,207 |
| Unassigned..... | 14,017,813 | (494,173) | (249,693) | 13,273,947 |
| Total Fund Balances..... | \$ 15,042,240 | \$ (494,173) | \$ 3,943,224 | \$ 18,491,291 |

Massachusetts General Law Ch.40 §5B allows for the establishment of Stabilization funds for one or more different purposes. The creation of a fund requires a two-thirds vote of the legislative body and must clearly define the purpose of the fund. Any change to the purpose of the fund along with any additions to or appropriations from the fund requires a two-thirds vote of the legislative body. At year end the balance of the General Stabilization Fund totaled \$7.19 million and the balance of the Capital Stabilization Fund totaled \$1.28 million. Both funds have been reported as unassigned fund balance within the General Fund.

NOTE 9 – PENSION PLAN

Plan Description

The Town is a member of the Swampscott Contributory Retirement System (System), a cost-sharing multiple-employer defined benefit pension plan covering eligible employees of the 2 member units. The System is administered by five board members (Board) on behalf of all current employees and retirees except for current teachers and retired teachers. Chapter 32 of the MGL assigns authority to establish and amend benefit provisions of the plan. The System is a component unit and is reported as a pension trust fund in the fiduciary fund financial statements.

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

Special Funding Situation

The Commonwealth is a nonemployer contributor and is required by statute to make 100% of all actuarially determined employer contributions on behalf of the Town to the MTRS. Therefore, the Town is considered to be in a special funding situation as defined by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and the Commonwealth is a nonemployer contributor in MTRS. Since the Town does not contribute directly to MTRS, there is no net pension liability to recognize. The total of the Commonwealth provided contributions have been allocated based on each employer's covered payroll to the total covered payroll of employers in MTRS as of the measurement date of June 30, 2020. The Town's portion of the collective pension expense, contributed by the Commonwealth, of \$8.9 million is reported in the general fund as intergovernmental revenue and pension benefits in the current fiscal year. The portion of the Commonwealth's collective net pension liability associated with the Town is \$72.2 million as of the measurement date.

Benefits Provided

Both Systems provide retirement, disability, survivor and death benefits to plan members and beneficiaries. Massachusetts Contributory Retirement System benefits are, with certain minor exceptions, uniform from system to system. The Systems provide retirement allowance benefits up to a maximum of 80% of a member's highest three-year average annual rate of regular compensation. For persons who became members on or after April 2, 2012, average salary is the average annual rate of regular compensation received during the five consecutive years that produce the highest average, or, if greater, during the last five years (whether or not consecutive) preceding retirement. Benefit payments are based upon a member's age, length of creditable service, level of compensation, and group classification. Members become vested after ten years of creditable service.

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

Cost-of-living adjustments granted between 1981 and 1997 and any increase in other benefits imposed by the Commonwealth's state law during those years are borne by the Commonwealth and are deposited into the pension fund. Cost-of-living adjustments granted after 1997 must be approved by the Board and are borne by the System. There were no changes in benefit terms that effected the measurement of the total pension liability at December 31, 2020.

At December 31, 2020, the System's membership consists of the following:

| | |
|--|------------|
| Active members..... | 249 |
| Inactive vested members..... | 178 |
| Retirees and beneficiaries currently receiving benefits..... | <u>235</u> |
| Total..... | <u>662</u> |

Contributions

Chapter 32 of the MGL governs the contributions of plan members and member units. Active plan members are required to contribute at rates ranging from 5% to 9% of gross regular compensation with an additional 2% contribution required for compensation exceeding \$30,000. The percentage rate is keyed to the date upon which an employee's membership commences. The member units are required to pay into the System a legislatively mandated actuarial determined contribution that is apportioned among the employers based on active current payroll. The total member units' contribution for the year ended December 31, 2020, was \$5,557,294, or 42.02% of covered payroll. This is an amount that is actuarially determined and, when combined with plan member contributions, is expected to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. The Town's proportionate share of the required contribution for the year ended December 31, 2020, was \$5,472,823 which equaled its actual contribution.

Pension Liabilities

The components of the net pension liability of the participating member units at December 31, 2020, were as follows:

| | | |
|--|----|---------------------|
| Total pension liability..... | \$ | 112,876,620 |
| Total pension plan's fiduciary net position..... | | <u>(74,955,038)</u> |
| Total net pension liability..... | \$ | <u>37,921,582</u> |
| The pension plan's fiduciary net position as a percentage of the total pension liability..... | | 66.40% |

At June 30, 2021, the Town reported a liability of \$37.3 million, for its proportionate share of the net pension liability. The net pension liability was measured at December 31, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2021. Accordingly, update procedures were used to roll back the total pension liability to the measurement date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating members. At December 31, 2020, the

Town's proportion was 98.48% which is a decrease of 0.11% from its proportion measured at December 31, 2019.

Pension Expense

For the year ended June 30, 2021, the Town recognized pension expense of \$3,590,174. At June 30, 2021, the Town reported deferred outflows of resources related to pensions of \$4,593,560 and deferred inflows of resources related to pensions of \$4,938,773 as detailed below:

| Deferred Category | Deferred Outflows of Resources | Deferred Inflows of Resources | Total |
|---|--------------------------------------|-------------------------------------|---------------------|
| Differences between expected and actual experience..... | \$ 1,197,250 | \$ (633,371) | \$ 563,879 |
| Difference between projected and actual earnings, net..... | - | (4,250,217) | (4,250,217) |
| Changes in assumptions..... | 3,396,310 | - | 3,396,310 |
| Changes in proportion and proportionate share of contributions... | - | (55,185) | (55,185) |
| Total deferred outflows/(inflows) of resources..... | \$ <u>4,593,560</u> | \$ <u>(4,938,773)</u> | \$ <u>(345,213)</u> |

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

Year ended June 30:

| | |
|---|---------------------|
| 2022..... | \$ (475,013) |
| 2023..... | 1,044,106 |
| 2024..... | (274,677) |
| 2025..... | <u>(639,629)</u> |
| Total deferred outflows/(inflows) of resources..... | \$ <u>(345,213)</u> |

Changes of Assumptions

The most recent actuarial valuation as of January 1, 2021, included several changes of assumptions from the prior actuarial valuation. These changes include a decrease in the assumed discount rate from 7.375% down to 7.125%, changes to assumptions relative to the System's share of liability associated with members who retire and receive pension annuities from other retirement boards that the System must reimburse, and an update to the salary scale assumptions for all employee groups.

Changes in Plan Provisions

The COLA base increased from \$13,000 to \$14,000.

Actuarial Assumptions

The total pension liability in the January 1, 2021, actuarial valuation was determined using the following actuarial assumptions, applied to all periods in the measurement that was rolled-back to December 31, 2020, for the Town's measurement date:

| | |
|---|---|
| Valuation date..... | January 1, 2021 |
| Actuarial cost method..... | Entry Age Normal Cost Method. |
| Amortization method..... | Increasing amortization at 3% |
| Remaining amortization period..... | 9 years as of July 1, 2021 |
| Asset valuation method..... | Fair value of assets as reported in the System's Annual Statement less recognized return in each of the last five years. Unrecognized return is equal to the difference between the actual market value return and the expected market value and the expected market value return and is recognized over a five year period, further adjusted, if necessary to be within 10% of market value. |
| Investment rate of return..... | 7.125% |
| Discount rate..... | 7.125% |
| Inflation rate..... | 3.00% |
| Projected salary increases..... | Varies by length of service starting at 7.00% for Groups 1 and 2 with an ultimate rate of 3.50%, and starting at 8.00% for Group 4 with an ultimate rate of 4.00%. |
| Cost of living adjustments..... | 3% of the first \$14,000 |
| Mortality rates - Pre-Retirement..... | RP-2014 Blue Collar Employee Mortality Table projected generationally with Scale MP-2018. |
| Mortality rates - Healthy Retiree..... | RP-2014 Blue Collar Healthy Annuitant Mortality Table projected generationally with Scale MP-2018. |
| Mortality rates - Disabled Retiree..... | RP-2014 Blue Collar Healthy Annuitant Mortality Table set forward one year and projected generationally with Scale MP-2018. |

Investment Policy

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the pension plan's target asset allocation as of December 31, 2020, are summarized in the following table:

| <u>Asset Class</u> | <u>Long-Term Expected Asset Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|--|--|---|
| Domestic equity..... | 33.00% | 6.28% |
| International developed markets equity.. | 10.00% | 7.00% |
| International emerging markets equity... | 6.00% | 8.82% |
| Core fixed income..... | 11.00% | 0.38% |
| High-yield fixed income..... | 11.00% | 2.97% |
| Commodities..... | 2.00% | 3.45% |
| Private equity..... | 5.50% | 10.11% |
| Real estate..... | 15.00% | 3.50% |
| Hedge fund, GTAA, risk parity..... | 6.50% | 2.35% |
| Total..... | 100.00% | |

Rate of Return

For the year ended December 31, 2020, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 12.17%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount Rate

The discount rate used to measure the total pension liability was 7.125%. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that contributions will be made at rates equal to the actuarially determined contribution rate. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the net pension liability, calculated using the discount rate of 7.125%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.125%) or 1-percentage-point higher (8.125%) than the current rate:

| | 1% Decrease 6.125% | Current Discount 7.125% | 1% Increase 8.125% |
|---|-----------------------|-------------------------------|-----------------------|
| The Town's proportionate share of the net pension liability..... | \$ 49,408,951 | \$ 37,345,173 | \$ 27,353,495 |
| SCRS total net pension liability..... | \$ 50,171,560 | \$ 37,921,582 | \$ 27,775,686 |

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS*Plan Description*

The Town of Swampscott administers a single-employer defined benefit healthcare plan (“the Plan”). The plan provides lifetime healthcare insurance for eligible retirees and their spouses through the Town’s participation in the Group Insurance Commission of the Commonwealth of Massachusetts (GIC), which covers both active and retired members. Chapter 32B of the MGL assigns authority to establish and amend benefit provisions of the plan. The Plan does not issue a publicly available financial report.

Funding Policy

The contribution requirements of plan members and the Town are established and may be amended by the Town. The required contribution is based on a pay-as-you-go financing requirement. The Town contributes 50% - 72% of the health plan premiums (including Medicare Part B). Actual Town contributions vary depending on insurance product chosen by the participant. Plan members receiving benefits contribute the remaining balance of the health plan premiums not paid for by the Town. For 2021, the Town’s age-adjusted contribution to the plan totaled \$3.3 million. For the year ended June 30, 2021, the Town’s average contribution rate was 10.05% of covered-employee payroll.

The Commonwealth of Massachusetts passed special legislation that has allowed the Town to establish the Other Postemployment Benefits Trust Fund which allows the Town to set aside amounts to begin pre-funding its OPEB liabilities. During fiscal year 2021, the Town pre-funded future OPEB liabilities in the amount of \$250,000 by contributing funds to the Other Postemployment Benefits Trust Fund in excess of the pay-as-you-go required contribution. The balance of the Fund at year end is \$3.1 million, which is reported within the Fiduciary Fund financial statements.

Summary of Significant Accounting Policies

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan’s fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments

and participating interest-earning investment contracts (repurchase agreements) that have a maturity at the time of purchase of one year or less, which are reported at cost.

Measurement Date

The net OPEB liability for the Town was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2020. The following disclosures for the Town as a whole as of June 30, 2021.

Plan Membership

The following table represents the Plan's membership at July 1, 2020:

| | |
|---|-------|
| Active members..... | 469 |
| Inactive members entitled to but not currently receiving benefits... | 9 |
| Retired, disabled, survivors and beneficiaries receiving benefits.... | 373 |
| | <hr/> |
| Total..... | 851 |
| | <hr/> |

Components of OPEB Liability

The following table represents the components of the Plan's OPEB liability as of June 30, 2021:

| | | |
|--|----|--------------------|
| Total OPEB liability..... | \$ | 122,921,360 |
| Less: OPEB plan's fiduciary net position..... | | <u>(3,101,289)</u> |
| Net OPEB liability..... | \$ | <u>119,820,071</u> |
| The OPEB plan's fiduciary net position | | |
| as a percentage of the total OPEB liability..... | | 2.52% |

Significant Actuarial Methods and Assumptions

The total OPEB liability in the July 1, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified, that was updated to June 30, 2021. The specific methods and assumptions are listed on the following page.

| | |
|-----------------------------------|---|
| Valuation date..... | July 1, 2020 |
| Actuarial cost method..... | Entry Age Normal Cost Method. |
| Asset valuation method..... | Fair value. |
| Investment rate of return..... | 2.36%, net of plan investment expense, including inflation. |
| Discount rate..... | 2.29% |
| Inflation rate..... | 2.50% |
| Projected salary increases..... | 3.75% for existing members. 3% for new entrants. |
| Healthcare cost trend rates: | |
| Commercial Managed Care Plan..... | 8% decreasing to an ultimate level of 5% in 2040. |
| Commercial Indemnity Plan..... | 9% decreasing to an ultimate level of 5% in 2045. |
| Medicare Managed Care Plan..... | 8% decreasing to an ultimate level of 5% in 2023. |
| Medicare Indemnity Plan..... | 7.1% decreasing to an ultimate level of 5% in 2036. |
| Mortality rates..... | <p>Actives: The PUB-2010 Headcount-weighted Mortality Tables, sex distinct, for Employees projected using generational mortality and scale MP-2020; General (Groups 1&2), Safety (Group 4) and Teachers.</p> <p>Retirees: The PUB-2010 Headcount-weighted Mortality Tables, sex distinct, for Healthy Retirees projected using generational mortality and scale MP-2020; General (Groups 1&2), Safety (Group 4) and Teachers.</p> <p>Disabled: The PUB-2010 Headcount-weighted Mortality Tables, sex distinct, for Healthy Retirees projected using generational mortality and scale MP-2020. Set forward 2 years.</p> <p>Survivors: The PUB-2010 Headcount-weighted Mortality Tables, sex distinct, for Contingent Survivors projected using generational mortality and scale MP-2020.</p> |

Rate of Return

For the year ended June 30, 2021, the annual money-weighted rate of return on investments, net of investment expense, was 18.52%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Investment Policy

The Town's policy in regard to the allocation of invested assets is established and may be amended by the Select Board by a majority vote of its members. The OPEB plan's assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the OPEB plan. The long-term real rate of return on OPEB investments was determined using the Town's investment policy.

The long-term expected rate of return on OPEB plan investments was determined using the building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The Plan's expected future real rate of return is added to the expected inflation to produce the long-term expected nominal rate of return. Best estimates of geometric real rates of return for each major asset class included in the OPEB plan's target asset allocation as of June 30, 2021, are summarized in the following table:

| Asset Class | Long-Term Expected Asset Allocation | Long-Term Expected Real Rate of Return |
|--|--|---|
| Domestic equities..... | 37.00% | 4.42% |
| International equity - developed markets | 5.00% | 4.80% |
| International equity - emerging markets. | 2.00% | 5.46% |
| Domestic fixed income..... | 38.00% | 0.98% |
| International fixed income..... | 4.00% | 0.02% |
| Alternatives..... | 9.00% | 4.09% |
| Real estate..... | 5.00% | 3.89% |
| Total..... | 100.00% | |

Discount Rate

The Town's net other postemployment benefits liability was determined by using a rate consistent with the Trust's investment strategy (6.00%) for the length of time for which assets would support the OPEB benefit payments for current and projected new employees and based on 20-year Municipal General Obligation bonds as shown in the Bond Buyer 20 Bond Index (2.16% as of June 30, 2021) subsequent to the depletion point. A single rate producing an equivalent present value of benefits is calculated. This is the 2.29% rate used for the Town.

Changes in the Net OPEB Liability

| | Increase (Decrease) | | |
|---|--------------------------------|--|------------------------------------|
| | Total OPEB Liability (a) | Plan Fiduciary Net Position (b) | Net OPEB Liability (a) - (b) |
| Balances at June 30, 2020..... | \$ 129,487,834 | \$ 2,396,196 | \$ 127,091,638 |
| Changes for the year: | | | |
| Service cost..... | 5,209,890 | - | 5,209,890 |
| Interest..... | 3,143,463 | - | 3,143,463 |
| Differences between expected and actual experience..... | (12,996,169) | - | (12,996,169) |
| Changes in assumptions..... | 1,076,627 | - | 1,076,627 |
| Administrative expenses..... | - | (4,800) | 4,800 |
| Benefit payments..... | (3,000,285) | (3,000,285) | - |
| Contributions - employer..... | - | 3,250,285 | (3,250,285) |
| Net investment income..... | - | 459,893 | (459,893) |
| Net change..... | (6,566,474) | 705,093 | (7,271,567) |
| Balances at June 30, 2021..... | \$ 122,921,360 | \$ 3,101,289 | \$ 119,820,071 |

Sensitivity of the Net Other Postemployment Liability to Changes in the Discount Rate

The following table presents the net other postemployment benefit liability and service cost, calculated using the discount rate of 2.29%, as well as what the net other postemployment benefit liability and service cost would be if it were calculated using a discount rate that is 1-percentage-point lower (1.29%) or 1-percentage-point higher (3.29%) than the current rate.

| | 1% Decrease | Current Discount Rate | 1% Increase |
|-------------------------|----------------|--------------------------|----------------|
| Net OPEB liability..... | \$ 143,993,087 | \$ 119,820,071 | \$ 101,069,779 |

Sensitivity of the Net Other Postemployment Liability to Changes in the Healthcare Trend

The following table presents the net other postemployment benefit liability and service cost, calculated using the current healthcare trend rates that range from 7.1% to 9% depending on the underlying health insurance vehicle as well as what the net other postemployment benefit liability and service cost would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower (6.1% to 8%) or 1-percentage-point higher (8.1% to 9%). Trend rates for all health insurance vehicles within the Plan decrease to 5% by 2040. Please refer to the section of this footnote entitled *Significant Actuarial Assumptions and Methods* for further detail.

| | 1% Decrease | Current Trend | 1% Increase |
|-------------------------|---------------|----------------|----------------|
| Net OPEB liability..... | \$ 97,468,289 | \$ 119,820,071 | \$ 149,990,950 |

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

For the year ended June 30, 2021, the Town recognized OPEB expense of \$6.4 million. At June 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| Deferred Category | Deferred Outflows of Resources | Deferred Inflows of Resources | Total |
|--|--------------------------------------|-------------------------------------|-----------------|
| Differences between expected and actual experience..... | \$ - | \$ (19,336,361) | \$ (19,336,361) |
| Difference between projected and actual earnings, net..... | - | (363,920) | (363,920) |
| Changes in assumptions..... | 14,653,890 | - | 14,653,890 |
| Total deferred outflows/(inflows) of resources..... | \$ 14,653,890 | \$ (19,700,281) | \$ (5,046,391) |

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

Year ended June 30:

| | |
|---|----------------|
| 2022..... | \$ (1,888,057) |
| 2023..... | (442,189) |
| 2024..... | 769,530 |
| 2025..... | (2,208,580) |
| 2025..... | (1,277,095) |
| Total deferred outflows/(inflows) of resources..... | \$ (5,046,391) |

Changes in Assumptions

The discount rate was lowered from 2.36% to 2.29%. Mortality assumption scale has been changed from MP-2019 to PUB-2010 Headcount-weighted Public Plan Mortality Tables with scale MP-2020.

Changes in Plan Provisions

None.

NOTE 11 – FINANCIAL STATEMENTS FOR INDIVIDUAL PENSION AND OTHER POSTEMPLOYMENT BENEFIT TRUST FUNDS

GAAP requires that all Pension and Other Employee Benefit Trust Funds be combined and presented in one column in the Fiduciary Funds financial statements and that the individual financial statements for each trust fund plan are reported in the notes to the financial statements. Provided on the following pages are the individual financial statements for the pension and OPEB plans that are included in the Fiduciary Funds as Pension and Other Employee Benefit Trust Funds.

| | Pension Trust Fund (as of December 31, 2020) | Other Postemployment Benefit Trust Fund | Total Pension and Other Employee Benefit Trust Funds |
|--|---|--|--|
| ASSETS | | | |
| Cash and cash equivalents..... | \$ 421,194 | \$ 52,205 | \$ 473,399 |
| Investments: | | | |
| Investments in Pension Reserve Investment Trust..... | 54,191,988 | - | 54,191,988 |
| U.S. treasuries..... | - | 330,855 | 330,855 |
| Government sponsored enterprises..... | - | 222,578 | 222,578 |
| Corporate bonds..... | - | 315,535 | 315,535 |
| Equity securities..... | - | 982,021 | 982,021 |
| Domestic equity mutual funds..... | - | 498,403 | 498,403 |
| Fixed income mutual funds..... | - | 342,980 | 342,980 |
| Collective Investment Trust..... | 13,964,637 | - | 13,964,637 |
| Real Estate..... | 6,414,544 | - | 6,414,544 |
| International equity mutual funds..... | - | 356,712 | 356,712 |
| Receivables, net of allowance for uncollectibles: | | | |
| Departmental and other..... | 3,603 | - | 3,603 |
| TOTAL ASSETS..... | 74,995,966 | 3,101,289 | 78,097,255 |
| LIABILITIES | | | |
| Warrants payable..... | 40,928 | - | 40,928 |
| NET POSITION | | | |
| Restricted for pensions..... | 74,955,038 | - | 74,955,038 |
| Restricted for other postemployment benefits..... | - | 3,101,289 | 3,101,289 |
| TOTAL NET POSITION..... | \$ 74,955,038 | \$ 3,101,289 | \$ 78,056,327 |

| | Pension Trust Fund (as of December 31, 2020) | Other Postemployment Benefit Trust Fund | Total Pension and Other Employee Benefit Trust Funds |
|---|---|--|--|
| ADDITIONS: | | | |
| Contributions: | | | |
| Employer contributions..... | \$ 5,557,294 | \$ 250,000 | \$ 5,807,294 |
| Employer contributions for other postemployment benefit payments..... | - | 3,000,285 | 3,000,285 |
| Member contributions..... | 1,335,117 | - | 1,335,117 |
| Transfers from other systems..... | 391,631 | - | 391,631 |
| 3(8)c contributions from other systems..... | 164,873 | - | 164,873 |
| State COLA reimbursements..... | 51,887 | - | 51,887 |
| Total contributions..... | 7,500,802 | 3,250,285 | 10,751,087 |
| Net investment income: | | | |
| Investment income..... | 8,564,200 | 459,893 | 9,024,093 |
| Less: investment expense..... | (367,841) | - | (367,841) |
| Net investment income (loss)..... | 8,196,359 | 459,893 | 8,656,252 |
| TOTAL ADDITIONS..... | 15,697,161 | 3,710,178 | 19,407,339 |
| DEDUCTIONS: | | | |
| Administration..... | 157,132 | 4,800 | 161,932 |
| Transfers to other systems..... | 328,147 | - | 328,147 |
| 3(8)c transfer to other systems..... | 357,049 | - | 357,049 |
| Retirement benefits and refunds..... | 6,754,709 | - | 6,754,709 |
| Other postemployment benefit payments..... | - | 3,000,285 | 3,000,285 |
| TOTAL DEDUCTIONS..... | 7,597,037 | 3,005,085 | 10,602,122 |
| NET INCREASE (DECREASE) IN NET POSITION..... | 8,100,124 | 705,093 | 8,805,217 |
| NET POSITION AT BEGINNING OF YEAR..... | 66,854,914 | 2,396,196 | 69,251,110 |
| NET POSITION AT END OF YEAR..... | \$ 74,955,038 | \$ 3,101,289 | \$ 78,056,327 |

NOTE 12 – COMMITMENTS

The Town is party to an inter-municipal contract for sewage treatment and disposal services. The annual cost associated with this agreement is approximately \$850,000.

The Town has entered into a contract for residential solid waste and recycling services. The annual cost associated with this contract is \$1,250,000. The contract expires on June 30, 2022.

The general fund has various pending transactions for goods and services related to articles and encumbrances totaling \$1,024,427. This amount has been reported an assigned fund balance in the general fund.

NOTE 13 – CONTINGENCIES

The Town participates in a number of federal award programs. Although the grant programs have been audited in accordance with the provisions of the Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, these programs are still subject to financial and compliance audits. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although it is expected such amounts, if any, to be immaterial.

Various legal actions and claims are pending. Litigation is subject to many uncertainties, and the outcome of individual litigated matters is not always predictable. Although the amount of liability, if any, at June 30, 2021, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2021.

NOTE 14 – RISK FINANCING

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

The Town provides health insurance and workers' compensation benefits under a premium based insurance plan.

NOTE 15 – COVID-19

On March 10, 2020, the Massachusetts Governor declared a state of emergency in response to the coronavirus outbreak. The World Health Organization officially declared the novel Coronavirus (COVID-19) a pandemic the following day. In an attempt to slow the spread of COVID-19, governments issued various stay at home orders that caused global economic shutdowns and substantial financial market impact. The Governor also issued orders allowing governments to operate and carry out essential functions safely. These included modifying the state's Open Meeting Law, issuing a stay-at-home order, and introducing a phased approach to reopening State businesses. The Town is considered an essential business and although it was closed to the public for a period of time, departments remained operational and most employees continued to perform their daily duties.

The United States Federal Government established the Coronavirus Aid, Relief and Economic Security (CARES) Act in response to the economic downfall caused by the COVID-19 pandemic. This Act requires that the payment from these funds be used only to cover expenses that; are necessary expenditures incurred due to the public health emergency with respect COVID-19; were not accounted for in the budget most recently approved as of March 27, 2020; and were incurred during the period that begins on March 1, 2020, and ends on December 30, 2021. The Commonwealth and communities throughout the Commonwealth were awarded a portion of this federal funding. In addition to funding from the CARES Act, there are several other federal and state grants available. The full extent of the financial impact cannot be determined as of the date of the financial statements.

The United States Federal Government established the American Rescue Plan Act (ARPA) to enhance the United States' recovery from the economic and health effects of the COVID-19 pandemic. This Act requires that the payment from these funds be used to cover costs related to; public health; negative economic impacts; services to disproportionately impacted communities; premium pay; infrastructure; revenue replacement; or administration. These funds can only be used to cover costs incurred between March 3, 2021, and December 31, 2024. The Commonwealth and communities throughout the Commonwealth were awarded a portion of this federal funding. The full extent of the financial impact cannot be determined as of the date of the financial statements.

NOTE 16 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through February 25, 2022, which is the date the financial statements were available to be issued.

NOTE 17 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

During 2021, the following GASB pronouncements were implemented:

- GASB Statement #84, *Fiduciary Activities*. The annual comprehensive financial report and related notes were updated to be in accordance with this pronouncement.
- GASB Statement #90, *Majority Equity Interests – an amendment of GASB Statements #14 and #61*. This pronouncement did not impact the basic financial statements.
- GASB Statement #98, *The Annual Comprehensive Financial Report*. The annual comprehensive financial report and related notes were updated to be in accordance with this pronouncement.

The following GASB pronouncements will be implemented in the future:

- The GASB issued Statement #87, *Leases*, which is required to be implemented in 2022.
- The GASB issued Statement #89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, which is required to be implemented in 2022.
- The GASB issued Statement #91, *Conduit Debt Obligations*, which is required to be implemented in 2023.
- The GASB issued Statement #92, *Omnibus 2020*, which is required to be implemented in 2022.
- The GASB issued Statement #93, *Replacement of Interbank Offered Rates*, which is required to be implemented in 2022.
- The GASB issued Statement #94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, which is required to be implemented in 2023.
- The GASB issued Statement #96, *Subscription-Based Information Technology Arrangements*, which is required to be implemented in 2023.
- The GASB issued Statement #97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*, which is required to be implemented in 2022.

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

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Required Supplementary Information

General Fund

The General Fund is used to account for all transactions encompassing the approved current operating budget, the related revenues, expenditures, assets, liabilities and fund balances which are not accounted for in other funds. The budget of the Town is recorded in detail in the general fund by line item within department and, as a result, most of the current operations of the Town are recorded here.

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2021

| | Budgeted Amounts | | Actual Budgetary Amounts | Amounts Carried Forward To Next Year | Variance to Final Budget |
|---|--------------------|-------------------|--------------------------------|--|--------------------------------|
| | Original Budget | Final Budget | | | |
| REVENUES: | | | | | |
| Real estate and personal property taxes, net of tax refunds..... | \$ 51,025,950 | \$ 49,598,971 | \$ 49,885,011 | \$ - | \$ 286,040 |
| Tax liens..... | - | - | 38,756 | - | 38,756 |
| Motor vehicle and other excise taxes..... | 2,504,000 | 2,504,000 | 2,484,330 | - | (19,670) |
| Hotel/motel tax..... | - | 18,000 | 28,979 | - | 10,979 |
| Meals tax..... | 70,125 | 152,125 | 292,722 | - | 140,597 |
| Penalties and interest on taxes..... | 185,890 | 185,890 | 220,784 | - | 34,894 |
| Fees and rentals..... | 222,000 | 290,000 | 268,922 | - | (21,078) |
| Licenses and permits..... | 358,455 | 358,455 | 616,970 | - | 258,515 |
| Fines and forfeitures..... | 76,609 | 76,609 | 95,451 | - | 18,842 |
| Intergovernmental - state aid..... | 5,571,152 | 6,048,086 | 6,051,804 | - | 3,718 |
| Departmental and other..... | 279,965 | 279,965 | 403,982 | - | 124,017 |
| Investment income..... | 215,250 | 215,250 | 22,239 | - | (193,011) |
| TOTAL REVENUES..... | 60,509,396 | 59,727,351 | 60,409,950 | - | 682,599 |
| EXPENDITURES: | | | | | |
| LEGISLATIVE/TOWN MEETING: | | | | | |
| Town Moderator: | | | | | |
| Expenses..... | 200 | 200 | 135 | - | 65 |
| Finance Department: | | | | | |
| Personal Services..... | 2,500 | 2,500 | 2,500 | - | - |
| Expenses..... | 500 | 500 | 210 | - | 290 |
| | 3,000 | 3,000 | 2,710 | - | 290 |
| Reserve Fund: | | | | | |
| Expenses..... | 225,000 | 330,570 | - | - | 330,570 |
| TOTAL LEGISLATIVE/TOWN MEETING..... | 228,200 | 333,770 | 2,845 | - | 330,925 |
| ADMINISTRATION & FINANCE: | | | | | |
| Select Board: | | | | | |
| Expenses..... | 13,800 | 13,535 | 9,639 | 3,308 | 588 |
| Town Administrator: | | | | | |
| Personal Services..... | 229,572 | 238,161 | 238,161 | - | - |
| Expenses..... | 38,000 | 61,400 | 22,727 | 38,344 | 329 |
| | 267,572 | 299,561 | 260,888 | 38,344 | 329 |
| Town Accountant: | | | | | |
| Personal Services..... | 140,200 | 134,338 | 133,237 | - | 1,101 |
| Expenses..... | 91,450 | 100,050 | 77,259 | 21,681 | 1,110 |
| | 231,650 | 234,388 | 210,496 | 21,681 | 2,211 |
| Board of Assessors: | | | | | |
| Personal Services..... | 94,731 | 57,558 | 47,119 | - | 10,439 |
| Expenses..... | 63,230 | 75,230 | 65,902 | 3,682 | 5,646 |
| | 157,961 | 132,788 | 113,021 | 3,682 | 16,085 |
| Treasurer/Collector: | | | | | |
| Personal Services..... | 309,105 | 290,256 | 257,556 | - | 32,700 |
| Expenses..... | 111,680 | 120,680 | 96,532 | 16,262 | 7,886 |
| | 420,785 | 410,936 | 354,088 | 16,262 | 40,586 |
| Legal and Insurance: | | | | | |
| Expenses..... | 650,000 | 742,000 | 726,905 | 13,867 | 1,228 |
| Information Technology: | | | | | |
| Expenses..... | 519,891 | 522,391 | 499,987 | 21,517 | 887 |

(Continued)

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2021

| | Budgeted Amounts | | Actual | Amounts | Variance |
|-------------------------------------|------------------|-----------|-----------|-----------------|----------|
| | Original | Final | Budgetary | Carried Forward | to Final |
| | Budget | Budget | Amounts | To Next Year | Budget |
| Human Resources: | | | | | |
| Personal Services..... | 286,800 | 275,052 | 247,823 | - | 27,229 |
| Expenses..... | 31,500 | 31,250 | 24,462 | 4,529 | 2,259 |
| | 318,300 | 306,302 | 272,285 | 4,529 | 29,488 |
| Town Clerk: | | | | | |
| Personal Services..... | 157,283 | 174,850 | 172,655 | - | 2,195 |
| Expenses..... | 40,810 | 40,810 | 29,486 | 6,268 | 5,056 |
| | 198,093 | 215,660 | 202,141 | 6,268 | 7,251 |
| Parking Enforcement: | | | | | |
| Expenses..... | 3,206 | 3,206 | 1,176 | 1,530 | 500 |
| TOTAL ADMINISTRATION & FINANCE..... | 2,781,258 | 2,880,767 | 2,650,626 | 130,988 | 99,153 |
| COMMUNITY DEVELOPMENT: | | | | | |
| Conservation Commission: | | | | | |
| Expenses..... | 1,650 | 1,650 | 1,379 | - | 271 |
| Planning Board: | | | | | |
| Personal Services..... | 205,850 | 206,477 | 198,861 | - | 7,616 |
| Expenses..... | 11,524 | 21,224 | 2,353 | 10,615 | 8,256 |
| | 217,374 | 227,701 | 201,214 | 10,615 | 15,872 |
| Board of Appeals: | | | | | |
| Expenses..... | 7,546 | 10,546 | 10,130 | 77 | 339 |
| Building Department: | | | | | |
| Personal Services..... | 203,745 | 205,058 | 192,996 | - | 12,062 |
| Expenses..... | 15,975 | 10,975 | 1,582 | 63 | 9,330 |
| | 219,720 | 216,033 | 194,578 | 63 | 21,392 |
| Health Department: | | | | | |
| Personal Services..... | 228,421 | 229,856 | 191,187 | - | 38,669 |
| Expenses..... | 19,203 | 35,203 | 28,895 | 2,891 | 3,417 |
| | 247,624 | 265,059 | 220,082 | 2,891 | 42,086 |
| Recreation Department: | | | | | |
| Personal Services..... | 27,250 | 27,250 | 24,466 | - | 2,784 |
| Expenses..... | 21,050 | 44,150 | 28,724 | 14,170 | 1,256 |
| | 48,300 | 71,400 | 53,190 | 14,170 | 4,040 |
| Historical Commission: | | | | | |
| Expenses..... | 4,250 | 4,250 | 1,487 | 2,755 | 8 |
| TOTAL COMMUNITY DEVELOPMENT..... | 746,464 | 796,639 | 682,060 | 30,571 | 84,008 |
| PUBLIC SERVICES: | | | | | |
| Facilities: | | | | | |
| Personal Services..... | 163,400 | 48,769 | 45,544 | - | 3,225 |
| Expenses..... | 598,944 | 593,001 | 440,994 | 149,662 | 2,345 |
| | 762,344 | 641,770 | 486,538 | 149,662 | 5,570 |
| Cemetery: | | | | | |
| Personal Services..... | 167,213 | 171,001 | 165,618 | - | 5,383 |
| Expenses..... | 25,050 | 25,050 | 17,878 | 5,525 | 1,647 |
| | 192,263 | 196,051 | 183,496 | 5,525 | 7,030 |
| DPW - General: | | | | | |
| Personal Services..... | 475,002 | 484,902 | 435,859 | - | 49,043 |
| Expenses..... | 630,710 | 662,373 | 527,761 | 85,661 | 48,951 |
| Snow and ice removal..... | 280,000 | 215,052 | 187,363 | 27,689 | - |
| | 1,385,712 | 1,362,327 | 1,150,983 | 113,350 | 97,994 |

(Continued)

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2021

| | Budgeted Amounts | | Actual | Amounts | Variance |
|--|------------------|------------|------------|-----------------|----------|
| | Original | Final | Budgetary | Carried Forward | to Final |
| | Budget | Budget | Amounts | To Next Year | Budget |
| Solid Waste/Recycling: | | | | | |
| Expenses..... | 1,522,648 | 1,531,873 | 1,517,073 | 7,145 | 7,655 |
| TOTAL PUBLIC WORKS..... | 3,862,967 | 3,732,021 | 3,338,090 | 275,682 | 118,249 |
| PUBLIC SAFETY: | | | | | |
| Police: | | | | | |
| Personal Services..... | 3,681,864 | 3,750,630 | 3,750,630 | - | - |
| Expenses..... | 178,384 | 177,799 | 150,075 | 5,200 | 22,524 |
| | 3,860,248 | 3,928,429 | 3,900,705 | 5,200 | 22,524 |
| Constables: | | | | | |
| Personal Services..... | 100 | 100 | - | - | 100 |
| Fire Department: | | | | | |
| Personal Services..... | 3,348,169 | 3,464,355 | 3,457,493 | - | 6,862 |
| Expenses..... | 317,484 | 316,609 | 280,535 | 36,074 | - |
| | 3,665,653 | 3,780,964 | 3,738,028 | 36,074 | 6,862 |
| Harbormaster: | | | | | |
| Personal Services..... | 20,300 | 20,352 | 20,352 | - | - |
| Expenses..... | 8,509 | 33,000 | 25,025 | - | 7,975 |
| | 28,809 | 53,352 | 45,377 | - | 7,975 |
| Emergency Management: | | | | | |
| Personal Services..... | 2,000 | 2,000 | 992 | - | 1,008 |
| Expenses..... | 5,000 | 5,000 | 4,995 | 5 | - |
| | 7,000 | 7,000 | 5,987 | 5 | 1,008 |
| TOTAL PUBLIC SAFETY..... | 7,561,810 | 7,769,845 | 7,690,097 | 41,279 | 38,469 |
| HUMAN SERVICES: | | | | | |
| Senior Center: | | | | | |
| Personal Services..... | 213,057 | 103,381 | 83,749 | - | 19,632 |
| Expenses..... | 75,800 | 75,800 | 14,307 | 13,244 | 48,249 |
| | 288,857 | 179,181 | 98,056 | 13,244 | 67,881 |
| Veterans Services | | | | | |
| Expenses..... | 108,200 | 108,200 | 65,454 | 30,000 | 12,746 |
| Library: | | | | | |
| Personal Services..... | 561,045 | 563,233 | 517,639 | - | 45,594 |
| Expenses..... | 105,447 | 100,095 | 81,630 | 2,074 | 16,391 |
| Other Expenses..... | 129,424 | 126,846 | 84,711 | 39,053 | 3,082 |
| | 795,916 | 790,174 | 683,980 | 41,127 | 65,067 |
| TOTAL HUMAN SERVICES..... | 1,192,973 | 1,077,555 | 847,490 | 84,371 | 145,694 |
| SWAMPSCOTT PUBLIC SCHOOLS: | | | | | |
| Education..... | 28,924,725 | 28,954,726 | 28,546,613 | 401,481 | 6,632 |
| Regional Vocational School District..... | 552,000 | 552,000 | 547,019 | - | 4,981 |
| TOTAL SWAMPSCOTT PUBLIC SCHOOLS..... | 29,476,725 | 29,506,726 | 29,093,632 | 401,481 | 11,613 |
| EMPLOYEE BENEFITS: | | | | | |
| Injury on Duty: | | | | | |
| Expenses..... | 159,309 | 159,309 | 106,852 | 24,066 | 28,391 |
| Worker's Compensation: | | | | | |
| Expenses..... | 375,595 | 375,595 | 365,055 | 12,362 | (1,822) |
| Contributory Retirement Contribution: | | | | | |
| Expenses..... | 5,294,991 | 5,210,520 | 5,210,520 | - | - |

(Continued)

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2021

| | Budgeted Amounts | | Actual Budgetary Amounts | Amounts Carried Forward To Next Year | Variance to Final Budget |
|---|---------------------|---------------------|--------------------------------|--|--------------------------------|
| | Original Budget | Final Budget | | | |
| Unemployment Compensation: | | | | | |
| Expenses..... | 64,500 | 64,503 | 45,312 | 21,420 | (2,229) |
| Group Health Insurance: | | | | | |
| Expenses..... | 5,914,098 | 6,212,919 | 6,199,459 | 2,207 | 11,253 |
| Non-Contributory Pensions: | | | | | |
| Expenses..... | 13,599 | 13,599 | 13,599 | - | - |
| Payroll Taxes | | | | | |
| Expenses..... | 530,000 | 530,000 | 499,110 | - | 30,890 |
| TOTAL EMPLOYEE BENEFITS..... | 12,352,092 | 12,566,445 | 12,439,907 | 60,055 | 66,483 |
| State and County Charges..... | 1,327,532 | 1,286,285 | 1,285,431 | - | 854 |
| Debt service: | | | | | |
| Principal..... | 2,731,748 | 2,731,748 | 2,725,021 | - | 6,727 |
| Interest..... | 905,242 | 905,242 | 788,212 | - | 117,030 |
| Total debt service..... | 3,636,990 | 3,636,990 | 3,513,233 | - | 123,757 |
| TOTAL EXPENDITURES..... | 63,167,011 | 63,587,043 | 61,543,411 | 1,024,427 | 1,019,205 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES..... | (2,657,615) | (3,859,692) | (1,133,461) | (1,024,427) | 1,701,804 |
| OTHER FINANCING SOURCES (USES): | | | | | |
| Use of prior year fund balance to fund carryovers..... | 744,319 | 744,319 | - | - | (744,319) |
| Free cash voted to reduce tax rate for fiscal year 2021..... | - | 1,550,000 | - | - | (1,550,000) |
| Use of free cash..... | 1,010,000 | 1,012,077 | - | - | (1,012,077) |
| Transfers in..... | 1,503,296 | 1,313,296 | 1,313,296 | - | - |
| Transfers out..... | (600,000) | (760,000) | (760,000) | - | - |
| TOTAL OTHER FINANCING SOURCES (USES)..... | 2,657,615 | 3,859,692 | 553,296 | - | (3,306,396) |
| NET CHANGE IN FUND BALANCE..... | - | - | (580,165) | (1,024,427) | (1,604,592) |
| BUDGETARY FUND BALANCE, Beginning of year..... | 7,115,137 | 7,115,137 | 7,115,137 | - | - |
| BUDGETARY FUND BALANCE, End of year..... | <u>\$ 7,115,137</u> | <u>\$ 7,115,137</u> | <u>\$ 6,534,972</u> | <u>\$ (1,024,427)</u> | <u>\$ (1,604,592)</u> |
| See notes to required supplementary information. | | | | | (Concluded) |

Pension Plan Schedules – Retirement System

The Pension Plan's Schedule of Changes in the Net Pension Liability presents multi-year trend information on the net pension liability and related ratios.

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

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

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

**SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY
AND RELATED RATIOS
SWAMPSCOTT CONTRIBUTORY RETIREMENT SYSTEM**

| | December 31, 2014 | December 31, 2015 | December 31, 2016 | December 31, 2017 | December 31, 2018 | December 31, 2019 | December 31, 2020 |
|--|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Total pension liability: | | | | | | | |
| Service cost..... | \$ 1,486,863 | \$ 1,630,367 | \$ 1,691,507 | \$ 1,856,557 | \$ 1,926,178 | \$ 2,012,380 | \$ 2,072,752 |
| Interest..... | 6,409,281 | 6,641,295 | 7,351,628 | 7,157,708 | 7,378,310 | 7,313,585 | 7,525,179 |
| Changes in benefit terms..... | - | 1,961,264 | - | (4,820,732) | (2,572,588) | - | 534,837 |
| Differences between expected and actual experience..... | - | 3,786,705 | - | 4,662,494 | 69,731 | - | 1,620,970 |
| Changes in assumptions..... | - | - | - | - | - | - | 4,575,064 |
| Benefit payments..... | (5,235,027) | (5,043,935) | (5,359,288) | (5,975,542) | (5,993,059) | (6,203,020) | (6,831,514) |
| Net change in total pension liability..... | 2,661,117 | 8,975,696 | 3,683,847 | 2,880,485 | 808,572 | 3,122,945 | 9,497,288 |
| Total pension liability - beginning..... | 81,246,670 | 83,907,787 | 92,883,483 | 96,567,330 | 99,447,815 | 100,256,387 | 103,379,332 |
| Total pension liability - ending (a)..... | <u>\$ 83,907,787</u> | <u>\$ 92,883,483</u> | <u>\$ 96,567,330</u> | <u>\$ 99,447,815</u> | <u>\$ 100,256,387</u> | <u>\$ 103,379,332</u> | <u>\$ 112,876,620</u> |
| Plan fiduciary net position: | | | | | | | |
| Employer contributions..... | \$ 4,543,164 | \$ 4,711,121 | \$ 5,012,346 | \$ 5,393,055 | \$ 5,395,166 | \$ 5,557,295 | \$ 5,557,294 |
| Member contributions..... | 1,461,902 | 1,192,683 | 1,245,816 | 1,271,321 | 1,262,305 | 1,303,581 | 1,335,117 |
| Net investment income (loss)..... | 3,565,866 | 409,071 | 2,573,669 | 8,849,707 | (2,392,208) | 10,075,823 | 8,196,359 |
| Administrative expenses..... | (178,827) | (141,568) | (160,268) | (185,729) | (149,172) | (260,561) | (157,132) |
| Retirement benefits and refunds..... | (5,235,027) | (5,043,935) | (5,359,288) | (5,975,542) | (5,993,059) | (6,203,020) | (6,831,514) |
| Net increase (decrease) in fiduciary net position..... | 4,157,078 | 1,127,372 | 3,312,275 | 9,352,812 | (1,876,968) | 10,473,118 | 8,100,124 |
| Fiduciary net position - beginning of year..... | 40,309,227 | 44,466,305 | 45,593,677 | 48,905,952 | 58,258,764 | 56,381,796 | 66,854,914 |
| Fiduciary net position - end of year (b)..... | <u>\$ 44,466,305</u> | <u>\$ 45,593,677</u> | <u>\$ 48,905,952</u> | <u>\$ 58,258,764</u> | <u>\$ 56,381,796</u> | <u>\$ 66,854,914</u> | <u>\$ 74,955,038</u> |
| Net pension liability - ending (a)-(b)..... | <u>\$ 39,441,482</u> | <u>\$ 47,289,806</u> | <u>\$ 47,661,378</u> | <u>\$ 41,189,051</u> | <u>\$ 43,874,591</u> | <u>\$ 36,524,418</u> | <u>\$ 37,921,582</u> |
| Plan fiduciary net position as a percentage of the total pension liability..... | 52.99% | 49.09% | 50.64% | 58.58% | 56.24% | 64.67% | 66.40% |
| Covered payroll..... | \$ 11,965,292 | \$ 12,837,003 | \$ 13,378,626 | \$ 13,698,307 | \$ 13,368,456 | \$ 13,910,052 | \$ 13,226,041 |
| Net pension liability as a percentage of covered payroll..... | 329.63% | 368.39% | 356.25% | 300.69% | 328.19% | 262.58% | 286.72% |

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

See notes to required supplementary information.

SCHEDULE OF CONTRIBUTIONS
SWAMPSCOTT CONTRIBUTORY RETIREMENT SYSTEM

| Year | Actuarially determined contribution | Contributions in relation to the actuarially determined contribution | Contribution deficiency (excess) | Covered payroll | Contributions as a percentage of covered payroll |
|------------------------|---|--|--|--------------------|--|
| December 31, 2020..... | \$ 5,557,295 | \$ (5,557,295) | \$ - | \$ 13,226,041 | -42.02% |
| December 31, 2019..... | 5,557,295 | (5,557,295) | - | 13,910,052 | -39.95% |
| December 31, 2018..... | 5,395,166 | (5,395,166) | - | 13,368,456 | -40.36% |
| December 31, 2017..... | 5,393,055 | (5,393,055) | - | 13,698,307 | -39.37% |
| December 31, 2016..... | 5,012,346 | (5,012,346) | - | 13,378,626 | -37.47% |
| December 31, 2015..... | 4,711,121 | (4,711,121) | - | 12,837,003 | -36.70% |
| December 31, 2014..... | 4,543,164 | (4,543,164) | - | 11,965,292 | -37.97% |
| December 31, 2013..... | 4,381,537 | (4,381,537) | - | 11,089,580 | -39.51% |
| December 31, 2012..... | 3,955,463 | (3,955,463) | - | 11,089,850 | -35.67% |
| December 31, 2011..... | 3,739,031 | (3,739,031) | - | 10,858,678 | -34.43% |

See notes to required supplementary information.

SCHEDULE OF INVESTMENT RETURNS
SWAMPSCOTT CONTRIBUTORY RETIREMENT SYSTEM

| <u>Year</u> | <u>Annual money-weighted rate of return, net of investment expense</u> |
|------------------------|--|
| December 31, 2020..... | 12.17% |
| December 31, 2019..... | 22.60% |
| December 31, 2018..... | -4.09% |
| December 31, 2017..... | 17.11% |
| December 31, 2016..... | 4.07% |
| December 31, 2015..... | 0.40% |
| December 31, 2014..... | 8.75% |

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

See notes to required supplementary information.

Pension Plan Schedules – Town

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

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

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

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

**SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
SWAMPSCOTT CONTRIBUTORY RETIREMENT SYSTEM**

| Year | Proportion of the net pension liability (asset) | Proportionate share of the net pension liability (asset) | Covered payroll | Net pension liability as a percentage of covered payroll | Plan fiduciary net position as a percentage of the total pension liability |
|------------------------|---|---|--------------------|---|--|
| December 30, 2020..... | 98.48% | \$ 37,345,173 | \$ 13,025,005 | 286.72% | 66.40% |
| December 30, 2019..... | 98.59% | 36,009,425 | 13,713,920 | 262.58% | 64.67% |
| December 30, 2018..... | 98.67% | 43,291,057 | 13,190,656 | 328.19% | 56.24% |
| December 30, 2017..... | 98.72% | 40,661,831 | 13,522,969 | 300.69% | 58.58% |
| December 30, 2016..... | 98.76% | 47,072,369 | 13,210,906 | 356.31% | 50.64% |
| December 30, 2015..... | 98.87% | 46,757,108 | 12,677,254 | 368.83% | 49.09% |
| December 30, 2014..... | 99.05% | 39,066,787 | 11,861,620 | 329.35% | 52.99% |

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

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

See notes to required supplementary information.

SCHEDULE OF THE TOWN'S CONTRIBUTIONS
SWAMPSCOTT CONTRIBUTORY RETIREMENT SYSTEM

| Year | Actuarially determined contribution | Contributions in relation to the actuarially determined contribution | Contribution deficiency (excess) | Covered payroll | Contributions as a percentage of covered payroll |
|--------------------|---|--|--|--------------------|--|
| June 30, 2021..... | \$ 5,472,824 | \$ (5,472,824) | \$ - | \$ 13,285,505 | 41.19% |
| June 30, 2020..... | 5,478,937 | (5,478,937) | - | 13,988,198 | -39.17% |
| June 30, 2019..... | 5,323,410 | (5,323,410) | - | 13,454,469 | -39.57% |
| June 30, 2018..... | 5,324,024 | (5,324,024) | - | 13,793,428 | -38.60% |
| June 30, 2017..... | 4,947,940 | (4,947,940) | - | 13,475,124 | -36.72% |
| June 30, 2016..... | 4,655,413 | (4,655,413) | - | 12,930,799 | -36.00% |
| June 30, 2015..... | 4,496,769 | (4,496,769) | - | 12,098,852 | -37.17% |
| June 30, 2014..... | 4,335,836 | (4,335,836) | - | 11,410,234 | -38.00% |
| June 30, 2013..... | 3,995,894 | (3,995,894) | - | 11,308,234 | -35.34% |
| June 30, 2012..... | 3,779,980 | (3,779,980) | - | 10,962,232 | -34.48% |

See notes to required supplementary information.

**SCHEDULE OF THE SPECIAL FUNDING AMOUNTS
OF THE NET PENSION LIABILITY
MASSACHUSETTS TEACHERS' RETIREMENT SYSTEM**

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

| Year | Commonwealth's 100% Share of the Associated Net Pension Liability | Expense and Revenue Recognized for the Commonwealth's Support | Plan Fiduciary Net Position as a Percentage of the Total Liability |
|-----------|--|---|---|
| 2021..... | \$ 72,206,307 | \$ 8,918,513 | 50.67% |
| 2020..... | 64,409,948 | 7,810,824 | 53.95% |
| 2019..... | 62,552,692 | 6,335,770 | 54.84% |
| 2018..... | 61,513,121 | 6,420,304 | 54.25% |
| 2017..... | 60,255,663 | 6,146,873 | 52.73% |
| 2016..... | 51,372,339 | 4,166,754 | 55.38% |
| 2015..... | 42,970,408 | 2,985,360 | 61.64% |

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

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

See notes to required supplementary information.

Other Postemployment Benefits Plan Schedules

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

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

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

**SCHEDULE OF CHANGES IN THE
TOWN'S NET OPEB LIABILITY AND RELATED RATIOS
OTHER POSTEMPLOYMENT BENEFIT PLAN**

| | June 30, 2017 | June 30, 2018 | June 30, 2019 | June 30, 2020 | June 30, 2021 |
|---|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| Total OPEB Liability | | | | | |
| Service Cost..... | \$ 3,727,000 | \$ 3,866,728 | \$ 3,514,357 | \$ 3,543,806 | \$ 5,209,890 |
| Interest..... | 4,148,894 | 4,333,726 | 4,111,253 | 3,959,145 | 3,143,463 |
| Changes of benefit terms..... | - | - | - | - | - |
| Differences between expected and actual experience.... | - | (21,016,447) | (6,003,574) | - | (12,996,169) |
| Changes of assumptions..... | - | 2,638,213 | 3,401,988 | 19,680,062 | 1,076,627 |
| Benefit payments..... | (2,954,000) | (2,922,822) | (3,054,930) | (2,890,565) | (3,000,285) |
| Net change in total OPEB liability..... | 4,921,894 | (13,100,602) | 1,969,094 | 24,292,448 | (6,566,474) |
| Total OPEB liability - beginning..... | 111,405,000 | 116,326,894 | 103,226,292 | 105,195,386 | 129,487,834 |
| Total OPEB liability - ending (a)..... | <u>\$ 116,326,894</u> | <u>\$ 103,226,292</u> | <u>\$ 105,195,386</u> | <u>\$ 129,487,834</u> | <u>\$ 122,921,360</u> |
| Plan fiduciary net position | | | | | |
| Employer contributions..... | \$ 1,517,772 | \$ 250,000 | \$ 250,000 | \$ 100,000 | \$ 250,000 |
| Employer contributions for OPEB payments..... | 2,954,084 | 2,922,822 | 3,054,930 | 2,890,565 | 3,000,285 |
| Net investment income..... | - | 16,819 | 171,424 | 118,781 | 459,893 |
| Benefit payments..... | (2,954,084) | (2,922,822) | (3,054,930) | (2,890,565) | (3,000,285) |
| Administrative expense..... | - | (9,400) | (9,600) | (9,600) | (4,800) |
| Net change in plan fiduciary net position..... | 1,517,772 | 257,419 | 411,824 | 209,181 | 705,093 |
| Plan fiduciary net position - beginning of year..... | - | 1,517,772 | 1,775,191 | 2,187,015 | 2,396,196 |
| Plan fiduciary net position - end of year (b)..... | <u>\$ 1,517,772</u> | <u>\$ 1,775,191</u> | <u>\$ 2,187,015</u> | <u>\$ 2,396,196</u> | <u>\$ 3,101,289</u> |
| Net OPEB liability - ending (a)-(b)..... | <u>\$ 114,809,122</u> | <u>\$ 101,451,101</u> | <u>\$ 103,008,371</u> | <u>\$ 127,091,638</u> | <u>\$ 119,820,071</u> |
| Plan fiduciary net position as a percentage of the total OPEB liability..... | 1.30% | 1.72% | 2.08% | 1.85% | 2.52% |
| Covered-employee payroll..... | \$ 30,154,535 | \$ 30,927,728 | \$ 31,720,747 | \$ 32,534,099 | \$ 32,345,002 |
| Net OPEB liability as a percentage of covered-employee payroll..... | 380.74% | 328.03% | 324.74% | 390.64% | 370.44% |

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

See notes to required supplementary information.

**SCHEDULE OF THE TOWN'S CONTRIBUTIONS
OTHER POSTEMPLOYMENT BENEFIT PLAN**

| <u>Year</u> | <u>Statutorily determined contribution</u> | <u>Contributions in relation to the Statutorily determined contribution</u> | <u>Contribution deficiency (excess)</u> | <u>Covered- employee payroll</u> | <u>Contributions as a percentage of covered- employee payroll</u> |
|--------------------|--|---|---|--------------------------------------|---|
| June 30, 2021..... | \$ 3,000,285 | \$ (2,750,285) | \$ 250,000 | \$ 32,345,002 | -8.50% |
| June 30, 2020..... | 2,890,565 | (2,990,565) | (100,000) | 32,534,099 | -9.19% |
| June 30, 2019..... | 3,054,930 | (3,304,930) | (250,000) | 31,720,747 | -10.42% |
| June 30, 2018..... | 2,922,822 | (3,172,822) | (250,000) | 30,927,728 | -10.26% |
| June 30, 2017..... | 2,954,084 | (4,471,856) | (1,517,772) | 30,154,535 | -14.83% |

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

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

See notes to required supplementary information.

SCHEDULE OF INVESTMENT RETURNS
OTHER POSTEMPLOYMENT BENEFIT PLAN

| <u>Year</u> | <u>Annual money-weighted rate of return, net of investment expense</u> |
|--------------------|--|
| June 30, 2021..... | 18.52% |
| June 30, 2020..... | 4.84% |
| June 30, 2019..... | 9.01% |
| June 30, 2018..... | 1.51% |
| June 30, 2017..... | 0.00% |

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

See notes to required supplementary information.

NOTE A – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**A. Budgetary Information**

Municipal Law requires the adoption of a balanced budget that is approved by Town Meeting. The Select Board presents an annual budget to the Town Meeting, which includes estimates of revenues and other financing sources and recommendations of expenditures and other financing uses. Town Meeting, which has full authority to amend and/or reject the budget or any line item, adopts the expenditure budget by majority vote. Increases or transfers between and within departments subsequent to the approval of the annual budget, requires majority Town Meeting approval via a supplemental appropriation.

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

Generally, expenditures may not exceed the legal level of spending (salaries, expenses and capital) authorized for an appropriation account. However, the payment of debt service is statutorily required, regardless of whether such amounts are appropriated. Additionally, expenditures for disasters, natural or otherwise, and final judgments may exceed the level of spending authorized by two-thirds majority vote of the Town Meeting. The Town Accountant's Office has the responsibility to ensure that budgetary control is maintained. Budgetary control is exercised through the Town's accounting system.

The Town adopts an annual budget for the general fund in conformity with the guidelines described above. The difference of \$580,000 between the original budget of \$63.8 million and the final amended budget of \$64.3 million was due to the approval of a supplemental appropriation that was funded by taxation. The supplemental appropriations funded the various departments but mainly increased the general government and public safety functions.

B. Budgetary - GAAP Reconciliation

For budgetary reporting purposes, the Uniform Municipal Accounting System basis of accounting, which has been established by the Commonwealth of Massachusetts, is followed. This differs from the GAAP basis of accounting. A reconciliation of budgetary-basis to GAAP-basis results for the general fund is as follows:

| | |
|--|--------------------|
| Net change in fund balance - budgetary basis..... | \$ (580,165) |
| <u>Perspective differences:</u> | |
| Activity of the stabilization fund recorded in the general fund for GAAP..... | 738,494 |
| <u>Basis of accounting differences:</u> | |
| Net change in recording tax refunds payable..... | 453,000 |
| Net change in recording 60 day receipts..... | (17,237) |
| Recognition of revenue for on-behalf payments..... | 8,918,513 |
| Recognition of expenditures for on-behalf payments..... | <u>(8,918,513)</u> |
| Net change in fund balance - GAAP basis..... | \$ <u>594,092</u> |

C. Appropriation Deficits

During 2021, expenditures exceeded budgeted appropriations for workers and unemployment compensation expenses. These deficits will be in future fiscal years through the tax rate.

NOTE B – PENSION PLAN***Pension Plan Schedules – Retirement System*****A. Schedule of Changes in the Net Pension Liability and Related Ratios**

The Schedule of Changes in the Net Pension Liability and Related Ratios includes the detailed changes in the System's total pension liability, changes in the System's net position, and the ending net pension liability. It also demonstrates the System's net position as a percentage of the total pension liability and the net pension liability as a percentage of covered payroll.

B. Schedule of Contributions

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

C. Schedule of Investment Return

The money weighted rate of return is calculated as the internal rate of return on pension plan investments, net of pension plan investment expense. A money weighted rate of return expresses investment performance, net of pension plan investment expense, adjusted for the changing amounts actually invested. Inputs to the money weighted rate of return calculation are determined monthly.

Pension Plan Schedules – Town**A. Schedule of the Town's Proportionate Share of the Net Pension Liability**

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

B. Schedule of Town's Contributions

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

C. Schedule of the Special Funding Amounts of the Net Pension Liabilities

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

D. Changes in Assumptions

The most recent actuarial valuation as of January 1, 2020, included several changes of assumptions from the prior actuarial valuation. These changes include a decrease in the assumed discount rate from 7.375% down to 7.125%, as well as changes in the applied mortality tables.

E. Changes in Plan Provisions

None.

NOTE C – OTHER POSTEMPLOYMENT BENEFITS

The Town administers a single-employer defined benefit healthcare plan ("The Retiree Health Plan"). The plan provides lifetime healthcare insurance for eligible retirees and their spouses through the Town's group health insurance plan, which covers both active and retired members. Additionally, retired teachers and their spouses receive health insurance through the Group Insurance Commission of the Commonwealth of Massachusetts (GIC). Each participating municipality is assessed for the governmental share of health and life insurance premiums paid on behalf of its teacher retirees by the state.

The Other Postemployment Benefit PlanA. The Schedule of Changes in the Town's Net Other Postemployment Benefit Liability and Related Ratios

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

B. Schedule of the Town's Contributions

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

| | |
|-----------------------------------|--|
| Valuation date..... | July 1, 2020 |
| Actuarial cost method..... | Entry Age Normal Cost Method. |
| Asset valuation method..... | Fair value. |
| Investment rate of return..... | 2.36%, net of plan investment expense, including inflation. |
| Discount rate..... | 2.29% |
| Inflation rate..... | 2.50% |
| Projected salary increases..... | 3.75% for existing members. 3% for new entrants. |
| Healthcare cost trend rates: | |
| Commercial Managed Care Plan..... | 8% decreasing to an ultimate level of 5% in 2040. |
| Commercial Indemnity Plan..... | 9% decreasing to an ultimate level of 5% in 2045. |
| Medicare Managed Care Plan..... | 8% decreasing to an ultimate level of 5% in 2023. |
| Medicare Indemnity Plan..... | 7.1% decreasing to an ultimate level of 5% in 2036. |
| Mortality rates..... | <p>Actives: The PUB-2010 Headcount-weighted Mortality Tables, sex distinct, for Employees projected using generational mortality and scale MP-2020; General (Groups 1&2), Safety (Group 4) and Teachers.</p> <p>Retirees: The PUB-2010 Headcount-weighted Mortality Tables, sex distinct, for Healthy Retirees projected using generational mortality and scale MP-2020; General (Groups 1&2), Safety (Group 4) and Teachers.</p> <p>Disabled: The PUB-2010 Headcount-weighted Mortality Tables, sex distinct, for Healthy Retirees projected using generational mortality and scale MP-2020. Set forward 2 years.</p> |

C. Schedule of Investment Returns

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

Changes in Assumptions – The discount rate was lowered from 2.36% to 2.29%. Mortality improvement scale has been changed from MP-2019 to PUB-2010 Headcount-weighted Public Plan Mortality Tables with scale MP-2020.

Changes in Plan Provisions – None.

Other Supplementary Information

Combining Financial Statements

Nonmajor Governmental Funds

Special Revenue Funds:

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

Coronavirus Federal and State Relief - To account for grants and other formula driven aid, received from the Federal and State governments relating to the COVID-19 pandemic.

Town Federal Grants - To account for grants from the Federal Government for various non-education purposes.

School Federal Grants - To account for grants from the Federal Government for various education purposes.

School Lunch - To account for resources available to the Town under the National School Lunch Program.

Gifts and Donations - Town - To account for receipts of various gifts and donations that are to be expended for the non-education purpose designated by the donor or benefactor.

Gifts and Donations - School - To account for receipts of various gifts and donations that are to be expended for the education purpose designated by the donor or benefactor.

School State Grants - To account for grants from the Commonwealth of Massachusetts for various education purposes.

Other School Grants - To account for grants from non-governmental entities for various education purposes.

Town State Grants - To account for grants from the Commonwealth of Massachusetts for various non-education purposes.

Revolving Funds - To account for revolving funds specifically allowed by the laws of the Commonwealth of Massachusetts. These funds are expended for purposes specified by the enabling state statute or vote of the Town Meeting.

Other Special Revenue - To account for special revenue resources not specifically designated in the categories above.

Permanent Funds:

Permanent funds are used to account for and report resources that are restricted to the extent that only earnings, not principal, may be used to purposes that support the government's programs and benefit the government or its citizenry.

Library Trust - To account for resources available to enhance the quality of services offered by the Town.

Affordable Housing Trust - To account for contributions received from benefactors for the purposes of increasing the quality of, or quantity of, affordable housing units.

Other Permanent Funds - To account for permanent fund resources not specifically designated in the categories above.

Cemetery Perpetual Care - To account for contributions received for the sole purpose of maintaining Town owned cemetery in a state of good repair.

NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET

JUNE 30, 2021

| | Special Revenue Funds | | | | | | | | |
|---|--|---------------------------|-----------------------------|-------------------|----------------------------------|------------------------------------|---------------------------|---------------------------|-------------------------|
| | Coronavirus Federal and State Relief | Town Federal Grants | School Federal Grants | School Lunch | Gifts and Donations - Town | Gifts and Donations - School | School State Grants | Other School Grants | Town State Grants |
| ASSETS | | | | | | | | | |
| Cash and cash equivalents..... | \$ 158,374 | \$ - | \$ 3,553 | \$ 183,472 | \$ 127,886 | \$ 75,308 | \$ 779,850 | \$ 17,276 | \$ 288,108 |
| Receivables, net of uncollectibles: | | | | | | | | | |
| Departmental and other..... | - | - | - | - | - | - | - | - | - |
| Intergovernmental - other..... | 789,314 | 426,000 | - | - | - | - | - | - | 300,936 |
| TOTAL ASSETS..... | \$ 947,688 | \$ 426,000 | \$ 3,553 | \$ 183,472 | \$ 127,886 | \$ 75,308 | \$ 779,850 | \$ 17,276 | \$ 589,044 |
| LIABILITIES | | | | | | | | | |
| Warrants payable..... | \$ 84,623 | \$ 145 | \$ 1,715 | \$ 36,629 | \$ 3,709 | \$ 39,180 | \$ 85,122 | \$ - | \$ 928 |
| Accrued payroll..... | - | - | - | - | - | - | 5,092 | - | - |
| Due to other funds..... | - | 524,032 | 153,354 | - | - | - | - | - | - |
| Unearned revenue..... | 863,065 | - | - | - | - | - | - | - | - |
| TOTAL LIABILITIES..... | 947,688 | 524,177 | 155,069 | 36,629 | 3,709 | 39,180 | 90,214 | - | 928 |
| DEFERRED INFLOWS OF RESOURCES | | | | | | | | | |
| Unavailable revenue..... | - | - | - | - | - | - | - | - | 294,704 |
| FUND BALANCES | | | | | | | | | |
| Nonspendable..... | - | - | - | - | - | - | - | - | - |
| Restricted..... | - | - | - | 146,843 | 124,177 | 36,128 | 689,636 | 17,276 | 293,412 |
| Unassigned..... | - | (98,177) | (151,516) | - | - | - | - | - | - |
| TOTAL FUND BALANCES..... | - | (98,177) | (151,516) | 146,843 | 124,177 | 36,128 | 689,636 | 17,276 | 293,412 |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES..... | \$ 947,688 | \$ 426,000 | \$ 3,553 | \$ 183,472 | \$ 127,886 | \$ 75,308 | \$ 779,850 | \$ 17,276 | \$ 589,044 |

(Continued)

NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET

JUNE 30, 2021

| | | | Permanent Funds | | | | | Total | |
|--------------------|-----------------------------|---------------------|------------------|--------------------------------|-----------------------------|-------------------------------|---------------------|-----------------------------------|--|
| Revolving Funds | Other Special Revenue | Subtotal | Library Trust | Affordable Housing Trust | Other Permanent Funds | Cemetery Perpetual Care | Subtotal | Nonmajor Governmental Funds | |
| \$ 591,586 | \$ 1,125,760 | \$ 3,351,173 | \$ 42,187 | \$ 301,076 | \$ 183,347 | \$ 692,332 | \$ 1,218,942 | \$ 4,570,115 | |
| - | 40,598 | 40,598 | - | - | - | - | - | 40,598 | |
| - | - | 1,516,250 | - | - | - | - | - | 1,516,250 | |
| <u>\$ 591,586</u> | <u>\$ 1,166,358</u> | <u>\$ 4,908,021</u> | <u>\$ 42,187</u> | <u>\$ 301,076</u> | <u>\$ 183,347</u> | <u>\$ 692,332</u> | <u>\$ 1,218,942</u> | <u>\$ 6,126,963</u> | |
| \$ 33,361 | \$ 10,354 | \$ 295,766 | \$ - | \$ - | \$ 5,000 | \$ - | \$ 5,000 | \$ 300,766 | |
| 2,128 | - | 7,220 | - | - | - | - | - | 7,220 | |
| - | - | 677,386 | - | - | - | - | - | 677,386 | |
| - | - | 863,065 | - | - | - | - | - | 863,065 | |
| <u>35,489</u> | <u>10,354</u> | <u>1,843,437</u> | <u>-</u> | <u>-</u> | <u>5,000</u> | <u>-</u> | <u>5,000</u> | <u>1,848,437</u> | |
| - | 40,598 | 335,302 | - | - | - | - | - | 335,302 | |
| - | - | - | - | - | - | 464,162 | 464,162 | 464,162 | |
| 556,097 | 1,115,406 | 2,978,975 | 42,187 | 301,076 | 178,347 | 228,170 | 749,780 | 3,728,755 | |
| - | - | (249,693) | - | - | - | - | - | (249,693) | |
| <u>556,097</u> | <u>1,115,406</u> | <u>2,729,282</u> | <u>42,187</u> | <u>301,076</u> | <u>178,347</u> | <u>692,332</u> | <u>1,213,942</u> | <u>3,943,224</u> | |
| <u>\$ 591,586</u> | <u>\$ 1,166,358</u> | <u>\$ 4,908,021</u> | <u>\$ 42,187</u> | <u>\$ 301,076</u> | <u>\$ 183,347</u> | <u>\$ 692,332</u> | <u>\$ 1,218,942</u> | <u>\$ 6,126,963</u> | |

(Concluded)

NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2021

| | Special Revenue Funds | | | | | | | | |
|---|--|---------------------------|-----------------------------|-------------------|----------------------------------|------------------------------------|---------------------------|---------------------------|-------------------------|
| | Coronavirus Federal and State Relief | Town Federal Grants | School Federal Grants | School Lunch | Gifts and Donations - Town | Gifts and Donations - School | School State Grants | Other School Grants | Town State Grants |
| REVENUES: | | | | | | | | | |
| Charges for services..... | \$ - | \$ - | \$ - | \$ 452 | \$ - | \$ - | \$ - | \$ - | \$ - |
| Intergovernmental - other..... | 2,347,131 | 461,084 | 748,288 | 222,222 | - | - | 1,180,544 | - | 685,029 |
| Departmental and other..... | - | - | - | - | 10,670 | 52,407 | - | - | 5,000 |
| Contributions and donations..... | - | - | - | - | 61,190 | 11,098 | - | - | - |
| Investment income..... | - | - | - | - | - | - | - | - | 2 |
| TOTAL REVENUES..... | 2,347,131 | 461,084 | 748,288 | 222,674 | 71,860 | 63,505 | 1,180,544 | - | 690,031 |
| EXPENDITURES: | | | | | | | | | |
| Current: | | | | | | | | | |
| General government..... | 1,245,211 | - | - | - | 13,125 | - | - | - | 351,035 |
| Public safety..... | - | 554,717 | - | - | 726 | - | - | - | 6,697 |
| Education..... | 985,634 | - | 899,804 | 224,393 | 18,184 | 51,300 | 1,295,201 | - | - |
| Public works..... | - | - | - | - | 34,055 | - | - | - | 150,000 |
| Health and human services..... | 111,286 | - | - | - | 2,550 | - | - | - | 31,860 |
| Culture and recreation..... | 5,000 | 11,325 | - | - | - | - | - | - | 69,394 |
| TOTAL EXPENDITURES..... | 2,347,131 | 566,042 | 899,804 | 224,393 | 68,640 | 51,300 | 1,295,201 | - | 608,986 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES..... | - | (104,958) | (151,516) | (1,719) | 3,220 | 12,205 | (114,657) | - | 81,045 |
| OTHER FINANCING SOURCES (USES): | | | | | | | | | |
| Proceeds from the sale of capital assets..... | - | - | - | - | - | - | - | - | - |
| NET CHANGE IN FUND BALANCES..... | - | (104,958) | (151,516) | (1,719) | 3,220 | 12,205 | (114,657) | - | 81,045 |
| FUND BALANCES AT BEGINNING OF YEAR..... | - | 6,781 | - | 148,562 | 120,957 | 23,923 | 804,293 | 17,276 | 212,367 |
| FUND BALANCES AT END OF YEAR..... | \$ - | \$ (98,177) | \$ (151,516) | \$ 146,843 | \$ 124,177 | \$ 36,128 | \$ 689,636 | \$ 17,276 | \$ 293,412 |

(Continued)

NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2021

| | | | Permanent Funds | | | | | Total Nonmajor Governmental Funds |
|--------------------|-----------------------------|--------------|------------------|--------------------------------|-----------------------------|-------------------------------|--------------|--|
| Revolving Funds | Other Special Revenue | Subtotal | Library Trust | Affordable Housing Trust | Other Permanent Funds | Cemetery Perpetual Care | Subtotal | |
| \$ 266,743 | \$ 1,659,030 | \$ 1,926,225 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 1,926,225 |
| - | - | 5,644,298 | - | - | - | - | - | 5,644,298 |
| 354,051 | 830,428 | 1,252,556 | - | - | - | - | - | 1,252,556 |
| 2,660 | 46,507 | 121,455 | - | 151,001 | 4,150 | 12,701 | 167,852 | 289,307 |
| - | 231 | 233 | 113 | 34 | 458 | 1,639 | 2,244 | 2,477 |
| 623,454 | 2,536,196 | 8,944,767 | 113 | 151,035 | 4,608 | 14,340 | 170,096 | 9,114,863 |
| - | 14,772 | 1,624,143 | - | - | 4,000 | 5,506 | 9,506 | 1,633,649 |
| - | 348,790 | 910,930 | - | - | 5,443 | - | 5,443 | 916,373 |
| 234,757 | 1,737,931 | 5,447,204 | - | - | - | - | - | 5,447,204 |
| - | - | 184,055 | - | - | - | - | - | 184,055 |
| - | 7,958 | 153,654 | - | - | - | - | - | 153,654 |
| 192,609 | 48,056 | 326,384 | - | - | - | - | - | 326,384 |
| 427,366 | 2,157,507 | 8,646,370 | - | - | 9,443 | 5,506 | 14,949 | 8,661,319 |
| 196,088 | 378,689 | 298,397 | 113 | 151,035 | (4,835) | 8,834 | 155,147 | 453,544 |
| - | - | - | - | - | - | - | - | - |
| 196,088 | 378,689 | 298,397 | 113 | 151,035 | (4,835) | 8,834 | 155,147 | 453,544 |
| 360,009 | 736,717 | 2,430,885 | 42,074 | 150,041 | 183,182 | 683,498 | 1,058,795 | 3,489,680 |
| \$ 556,097 | \$ 1,115,406 | \$ 2,729,282 | \$ 42,187 | \$ 301,076 | \$ 178,347 | \$ 692,332 | \$ 1,213,942 | \$ 3,943,224 |

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Statistical Section

Statistical tables differ from financial statements since they usually cover more than one fiscal year and may present non-accounting data. The following tables reflect social and economic data, financial trends, and fiscal capacity.



Sunset over Swampscott Harbor with the Boston city sky-line in view.

Town of Swampscott, Massachusetts
Annual Comprehensive Financial Report
For the year ended June 30, 2021

Statistical Section

Statistical Section

This part of the Town of Swampscott'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.

Financial Trends

- These schedules contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time.

Revenue Capacity

- These schedules contain information to help the reader assess the Town's most significant local revenue source, the property tax.

Debt Capacity

- 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.

Demographic and Economic Information

- These schedules offer demographic and economic indicators to help the reader understand the environment within which the Town's financial activities take place.

Operating Information

- 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.

SOURCES: Unless otherwise noted, the information in these schedules is derived from the Town's financial statements for the relevant year.

**Net Position By Component
Last Ten Years**

| | 2012 | 2013 | 2014 | 2015 (1) | 2016 | 2017 | 2018 (2) | 2019 | 2020 | 2021 |
|---|----------------------|----------------------|----------------------|-----------------------|-----------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| Governmental activities | | | | | | | | | | |
| Net investment in capital assets..... | \$ 38,967,128 | \$ 40,146,798 | \$ 40,863,730 | \$ 43,082,537 | \$ 42,918,711 | \$ 43,682,401 | \$ 43,546,214 | \$ 44,389,371 | \$ 44,191,052 | \$ 44,379,353 |
| Restricted..... | 2,818,116 | 3,442,720 | 2,746,826 | 4,213,784 | 4,671,258 | 2,431,703 | 3,468,524 | 2,244,393 | 2,244,393 | 2,419,582 |
| Unrestricted..... | (9,122,930) | (11,612,432) | (11,464,275) | (52,283,130) | (55,103,851) | (58,043,080) | (136,132,561) | (140,696,661) | (140,797,080) | (141,279,379) |
| Total governmental activities net position..... | \$ 32,662,314 | \$ 31,977,086 | \$ 32,146,281 | \$ (4,986,809) | \$ (7,513,882) | \$ (11,928,976) | \$ (89,117,823) | \$ (94,062,897) | \$ (94,361,635) | \$ (94,480,444) |
| Business-type activities | | | | | | | | | | |
| Net investment in capital assets..... | \$ 13,971,209 | \$ 15,646,721 | \$ 16,328,393 | \$ 16,198,374 | \$ 15,968,995 | \$ 15,889,601 | \$ 15,534,062 | \$ 15,507,215 | \$ 14,966,531 | \$ 14,986,766 |
| Unrestricted..... | 3,888,279 | 3,366,058 | 3,254,408 | 146,289 | 1,039,237 | 1,390,835 | (210,644) | 391,398 | 655,132 | 760,838 |
| Total business-type activities net position..... | \$ 17,859,488 | \$ 19,012,779 | \$ 19,582,801 | \$ 16,344,663 | \$ 17,008,232 | \$ 17,280,436 | \$ 15,323,418 | \$ 15,898,613 | \$ 15,621,663 | \$ 15,747,604 |
| Primary government | | | | | | | | | | |
| Net investment in capital assets..... | \$ 52,938,337 | \$ 55,793,519 | \$ 57,192,123 | \$ 59,280,911 | \$ 58,887,706 | \$ 59,572,002 | \$ 59,080,276 | \$ 59,896,586 | \$ 59,157,583 | \$ 59,366,119 |
| Restricted..... | 2,818,116 | 3,442,720 | 2,746,826 | 4,213,784 | 4,671,258 | 2,431,703 | 3,468,524 | 2,244,393 | 2,244,393 | 2,419,582 |
| Unrestricted..... | (5,234,651) | (8,246,374) | (8,209,867) | (52,136,841) | (54,064,614) | (56,652,245) | (136,343,205) | (140,305,263) | (140,141,948) | (140,518,541) |
| Total primary government net position..... | \$ 50,521,802 | \$ 50,989,865 | \$ 51,729,082 | \$ 11,357,854 | \$ 9,494,350 | \$ 5,351,460 | \$ (73,794,405) | \$ (78,164,284) | \$ (78,739,972) | \$ (78,732,840) |

(1) Net position has been revised to reflect the implementation of GASB Statements #68 and #71.

(2) Net position has been revised to reflect the implementation of GASB Statement #75.

**Changes in Net Position
Last Ten Years**

| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Expenses | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| General government..... | \$ 2,255,692 | \$ 2,611,724 | \$ 3,137,788 | \$ 2,821,731 | \$ 3,961,992 | \$ 5,008,662 | \$ 4,328,827 | \$ 3,917,989 | \$ 4,105,336 | \$ 5,251,113 |
| Public safety..... | 11,177,206 | 11,857,484 | 11,763,127 | 11,854,492 | 13,647,024 | 14,028,024 | 13,406,788 | 13,095,794 | 12,714,791 | 13,142,197 |
| Education..... | 41,480,023 | 40,953,277 | 43,473,831 | 42,739,111 | 46,086,324 | 49,831,594 | 49,044,417 | 47,426,155 | 52,808,806 | 54,414,247 |
| Public works..... | 1,246,932 | 2,197,423 | 1,999,373 | 2,377,145 | 2,378,186 | 3,266,237 | 3,645,293 | 4,261,594 | 3,677,606 | 3,561,387 |
| Health and human services..... | 1,737,258 | 1,747,413 | 1,718,765 | 1,814,478 | 1,837,581 | 954,052 | 864,624 | 873,357 | 540,951 | 732,876 |
| Culture and recreation..... | 1,345,008 | 1,264,276 | 1,315,357 | 1,456,426 | 1,520,278 | 1,515,506 | 1,594,273 | 1,606,478 | 1,549,884 | 1,572,786 |
| Interest..... | 1,182,496 | 1,081,052 | 1,076,388 | 1,044,993 | 814,971 | 719,010 | 709,311 | 836,357 | 878,046 | 680,412 |
| Total government activities expenses..... | 60,424,615 | 61,712,649 | 64,484,629 | 64,108,376 | 70,246,356 | 75,323,085 | 73,593,533 | 72,017,724 | 76,275,420 | 79,355,018 |
| Business-type activities: | | | | | | | | | | |
| Water & sewer..... | 4,926,699 | 5,310,834 | 5,318,143 | 4,976,442 | 4,531,402 | 5,436,066 | 4,970,599 | 6,212,015 | 6,493,380 | 6,849,887 |
| Public Cable Access..... | - | - | - | - | - | - | - | - | 148,490 | 136,687 |
| Total business-type activities expenses..... | 4,926,699 | 5,310,834 | 5,318,143 | 4,976,442 | 4,531,402 | 5,436,066 | 4,970,599 | 6,212,015 | 6,641,870 | 6,986,574 |
| Total primary government expenses..... | \$ 65,351,314 | \$ 67,023,483 | \$ 69,802,772 | \$ 69,084,818 | \$ 74,777,758 | \$ 80,759,151 | \$ 78,564,132 | \$ 78,229,739 | \$ 82,917,290 | \$ 86,341,592 |
| Program Revenues | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| General government charges for services..... | \$ 411,577 | \$ 233,701 | \$ 234,150 | \$ 341,139 | \$ 344,732 | \$ 233,710 | \$ 296,851 | \$ 873,901 | \$ 1,110,323 | \$ 514,535 |
| Public safety charges for services..... | 705,569 | 942,751 | 1,202,914 | 951,304 | 1,297,239 | 895,549 | 996,850 | 1,160,433 | 1,228,540 | 1,153,269 |
| Education charges for services..... | 2,446,886 | 1,876,863 | 3,193,720 | 2,818,001 | 2,683,346 | 2,925,991 | 3,130,216 | 3,134,966 | 2,846,407 | 2,120,162 |
| Other charges for services..... | 378,127 | 442,151 | 450,359 | 506,856 | 459,007 | 488,944 | 485,284 | 515,085 | 473,211 | 601,774 |
| Education operating grants and contributions..... | 9,936,188 | 10,232,227 | 10,670,967 | 8,494,700 | 10,030,692 | 11,807,056 | 12,263,367 | 12,774,939 | 14,905,286 | 16,503,279 |
| Other operating grants and contributions..... | 696,030 | 468,421 | 228,590 | 464,148 | 329,793 | 606,573 | 638,502 | 253,113 | 965,335 | 2,810,105 |
| Public works & other capital grant and contributions..... | 425,420 | 680,173 | 496,781 | 562,496 | 354,699 | 734,135 | 1,112,819 | 53,938 | 407,706 | 337,285 |
| Total government activities program revenues..... | 14,999,797 | 14,876,287 | 16,477,481 | 14,138,644 | 15,499,508 | 17,691,958 | 18,923,889 | 18,766,375 | 21,936,808 | 24,040,409 |
| Business-type activities: | | | | | | | | | | |
| Water & sewer charges for services..... | 5,789,514 | 5,983,157 | 5,888,165 | 5,130,100 | 5,916,119 | 6,439,015 | 5,509,205 | 6,468,086 | 6,271,727 | 6,884,530 |
| Public Cable Access charges for services..... | - | - | - | - | - | - | - | - | 196,359 | 184,039 |
| Total business-type activities program revenues..... | 5,789,514 | 5,983,157 | 5,888,165 | 5,130,100 | 5,916,119 | 6,439,015 | 5,509,205 | 6,468,086 | 6,468,086 | 7,068,569 |
| Total primary government program revenues..... | \$ 20,789,311 | \$ 20,859,444 | \$ 22,365,646 | \$ 19,268,744 | \$ 21,415,627 | \$ 24,130,973 | \$ 24,433,094 | \$ 25,234,461 | \$ 28,404,894 | \$ 31,108,978 |
| Net (Expense)/Revenue | | | | | | | | | | |
| Governmental activities..... | \$ (45,424,818) | \$ (46,836,362) | \$ (48,007,148) | \$ (49,969,732) | \$ (54,746,848) | \$ (57,631,127) | \$ (51,322,467) | \$ (53,251,349) | \$ (54,338,612) | \$ (55,314,609) |
| Business-type activities..... | 862,815 | 672,323 | 570,022 | 153,658 | 1,384,717 | 1,002,949 | 538,606 | 256,071 | (173,784) | 81,995 |
| Total primary government net expense..... | \$ (44,562,003) | \$ (46,164,039) | \$ (47,437,126) | \$ (49,816,074) | \$ (53,362,131) | \$ (56,628,178) | \$ (50,783,861) | \$ (52,995,278) | \$ (54,512,396) | \$ (55,232,614) |
| General Revenues and other Changes in Net Position | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Real estate and personal property taxes and tax liens, net of tax refunds payable..... | \$ 42,269,059 | \$ 42,876,294 | \$ 44,165,600 | \$ 45,750,333 | \$ 46,926,722 | \$ 48,152,283 | \$ 47,603,013 | \$ 47,683,067 | \$ 49,199,911 | \$ 49,817,669 |
| Motor vehicle and other excise taxes..... | 2,041,242 | 2,052,748 | 2,389,223 | 2,375,441 | 2,520,154 | 2,686,913 | 2,744,298 | 2,896,666 | 2,763,506 | 2,667,530 |
| Penalties and interest on taxes..... | 187,918 | 206,033 | 179,895 | 352,655 | 551,259 | 174,207 | 171,992 | 187,088 | 197,319 | 220,784 |
| Nonrestricted grants, contributions, and other..... | 1,112,248 | 1,118,659 | 1,150,682 | 1,155,621 | 1,198,274 | 1,323,748 | 1,366,609 | 1,382,229 | 1,495,871 | 1,561,837 |
| Unrestricted investment income..... | 19,910 | 30,065 | 18,502 | 40,961 | 56,368 | 117,518 | 181,936 | 581,700 | 529,592 | 563,210 |
| Miscellaneous..... | 267,152 | 280,988 | 272,441 | 290,032 | 223,513 | - | 20,000 | - | - | 364,770 |
| Transfers..... | - | - | - | - | - | - | - | - | 123,541 | - |
| Total governmental revenues..... | 45,897,529 | 46,564,787 | 48,176,343 | 49,965,043 | 51,476,290 | 52,454,669 | 52,087,848 | 52,730,750 | 54,309,740 | 55,195,800 |
| Business-type activities: | | | | | | | | | | |
| Unrestricted investment income..... | - | - | - | - | - | - | - | 32,495 | 20,375 | 43,946 |
| Transfers..... | - | - | - | - | - | - | - | - | (123,541) | - |
| Total business type activities..... | - | - | - | - | - | - | - | 32,495 | (103,166) | 43,946 |
| Total primary government..... | \$ 45,897,529 | \$ 46,564,787 | \$ 48,176,343 | \$ 49,965,043 | \$ 51,476,290 | \$ 52,454,669 | \$ 52,087,848 | \$ 52,763,245 | \$ 54,206,574 | \$ 55,239,746 |
| Changes in Net Position | | | | | | | | | | |
| Governmental activities..... | \$ 472,711 | \$ (271,575) | \$ 169,195 | \$ (4,689) | \$ (3,270,558) | \$ (5,176,458) | \$ 765,381 | \$ (520,599) | \$ (28,872) | \$ (118,809) |
| Business-type activities..... | 862,815 | 672,323 | 570,022 | 153,658 | 1,384,717 | 1,002,949 | 538,606 | 288,566 | (276,950) | 125,941 |
| Total primary government..... | \$ 1,335,526 | \$ 400,748 | \$ 739,217 | \$ 148,969 | \$ (1,885,841) | \$ (4,173,509) | \$ 1,303,987 | \$ (232,033) | \$ (305,822) | \$ 7,132 |

**Fund Balances, Governmental Funds
Last Ten Years**

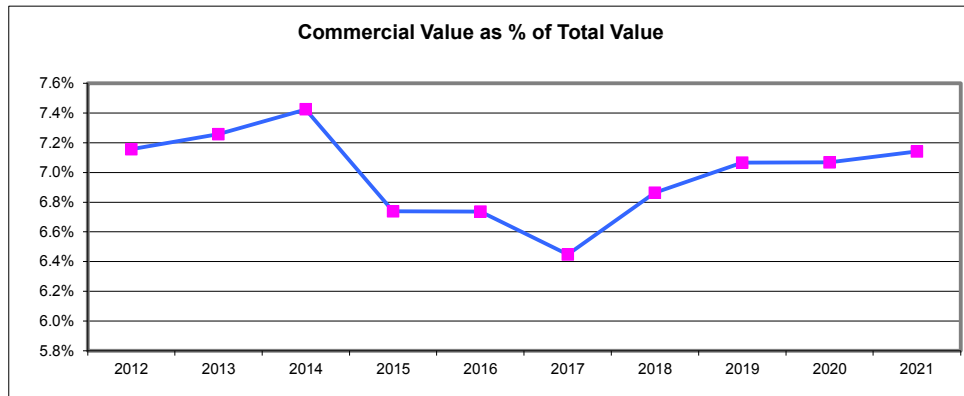
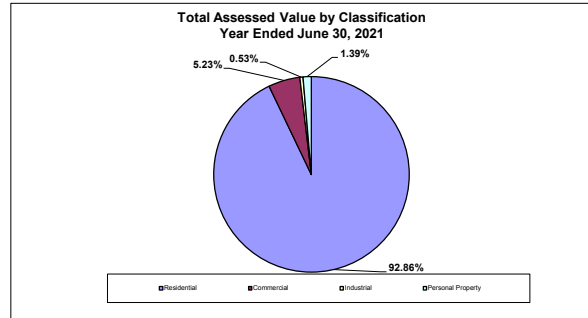
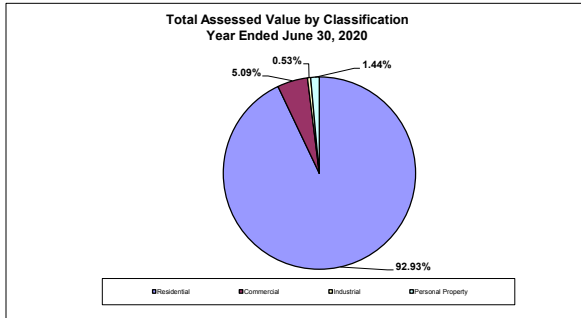
| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|---|---------------------|---------------------|---------------------|---------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| General Fund | | | | | | | | | | |
| Restricted..... | \$ - | \$ - | \$ 500,052 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Committed..... | 540,007 | 860,209 | 1,400,515 | 1,075,389 | 2,503,662 | 3,746,938 | 3,014,056 | 1,832,496 | - | - |
| Assigned..... | 797,194 | 1,162,970 | 778,638 | 501,370 | 293,035 | 269,424 | 402,650 | 603,860 | 744,319 | 1,024,427 |
| Unassigned..... | <u>4,651,415</u> | <u>4,018,582</u> | <u>4,684,739</u> | <u>7,119,395</u> | <u>8,978,306</u> | <u>8,379,915</u> | <u>9,986,458</u> | <u>10,163,059</u> | <u>13,703,829</u> | <u>14,017,813</u> |
| Total general fund..... | <u>\$ 5,988,616</u> | <u>\$ 6,041,761</u> | <u>\$ 7,363,944</u> | <u>\$ 8,696,154</u> | <u>\$ 11,775,003</u> | <u>\$ 12,396,277</u> | <u>\$ 13,403,164</u> | <u>\$ 12,599,415</u> | <u>\$ 14,448,148</u> | <u>\$ 15,042,240</u> |
| All Other Governmental Funds | | | | | | | | | | |
| Nonspendable..... | \$ - | \$ - | \$ 439,652 | \$ - | \$ - | \$ - | \$ - | \$ 494,462 | \$ 472,996 | \$ 464,162 |
| Restricted..... | 4,856,991 | 5,287,505 | 4,817,533 | 3,996,637 | 4,687,927 | 2,782,552 | 4,354,926 | 3,130,490 | 4,021,554 | 3,728,755 |
| Unassigned..... | <u>(119,534)</u> | <u>(85,698)</u> | <u>(485,937)</u> | <u>(83,187)</u> | <u>(194,005)</u> | <u>(132,722)</u> | <u>(689,341)</u> | <u>(937,834)</u> | <u>-</u> | <u>(249,693)</u> |
| Total all other governmental funds..... | <u>\$ 4,737,457</u> | <u>\$ 5,201,807</u> | <u>\$ 4,771,248</u> | <u>\$ 3,913,450</u> | <u>\$ 4,493,922</u> | <u>\$ 2,649,830</u> | <u>\$ 3,665,585</u> | <u>\$ 2,687,118</u> | <u>\$ 4,494,550</u> | <u>\$ 3,943,224</u> |

**Changes in Fund Balances, Governmental Funds
Last Ten Years**

| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|--|---------------------|-------------------|-------------------|---------------------|---------------------|-----------------------|---------------------|-----------------------|---------------------|---------------------|
| Revenues: | | | | | | | | | | |
| Real estate and personal property taxes, | | | | | | | | | | |
| net of tax refunds..... | \$ 41,893,686 | \$ 42,660,718 | \$ 43,522,582 | \$ 45,781,280 | \$ 46,786,395 | \$ 47,763,141 | \$ 47,857,992 | \$ 47,184,049 | \$ 48,515,499 | \$ 50,320,774 |
| Tax liens..... | 172,196 | 99,703 | 86,284 | 273,067 | 786,246 | 162,699 | 314,831 | 129,236 | 209,585 | 38,756 |
| Motor vehicle and other excise taxes..... | 2,049,265 | 2,052,796 | 2,367,549 | 2,397,278 | 2,508,013 | 2,642,922 | 2,731,099 | 2,830,263 | 2,642,744 | 2,806,031 |
| Charges for service..... | 1,210,189 | 1,270,706 | 1,377,598 | 1,334,774 | 1,422,170 | 1,785,087 | 1,472,869 | 1,383,819 | 1,209,875 | 1,926,225 |
| Penalties and interest on taxes..... | 187,918 | 206,033 | 179,895 | 352,655 | 551,259 | 174,207 | 171,992 | 187,088 | 197,319 | 220,784 |
| Licenses and permits..... | 341,016 | 260,969 | 869,725 | 464,636 | 729,778 | 426,919 | 496,062 | 790,054 | 702,368 | 616,970 |
| Fines and forfeitures..... | 92,533 | 73,955 | 76,585 | 91,145 | 74,405 | 81,001 | 79,558 | 78,646 | 81,195 | 95,451 |
| Intergovernmental..... | 11,888,996 | 11,763,774 | 11,753,842 | 10,623,216 | 11,059,337 | 13,669,104 | 13,965,283 | 15,103,227 | 17,486,261 | 20,614,615 |
| Departmental and other..... | 2,815,986 | 2,288,768 | 3,266,379 | 3,036,747 | 2,912,322 | 3,172,576 | 3,334,057 | 3,354,962 | 3,576,306 | 1,960,460 |
| Contributions and donations..... | 37,581 | 257,614 | 266,511 | 282,948 | 593,265 | 31,224 | 321,062 | 76,279 | 256,883 | 289,307 |
| Investment income..... | 28,433 | 36,783 | 25,154 | 54,902 | 79,040 | 143,989 | 215,450 | 581,699 | 528,601 | 563,210 |
| Total Revenue..... | 60,717,799 | 60,971,819 | 63,792,104 | 64,692,648 | 67,502,230 | 70,052,869 | 70,960,255 | 71,699,322 | 75,406,636 | 79,452,583 |
| Expenditures: | | | | | | | | | | |
| General government..... | 2,008,396 | 1,983,817 | 2,263,474 | 2,410,201 | 2,725,509 | 3,575,550 | 3,101,509 | 4,021,555 | 3,258,864 | 4,226,811 |
| Public safety..... | 8,210,015 | 11,042,440 | 8,027,970 | 7,837,308 | 8,067,319 | 8,485,608 | 8,320,937 | 9,302,233 | 8,306,072 | 8,927,018 |
| Education..... | 27,994,808 | 27,864,986 | 30,323,768 | 29,836,196 | 31,495,756 | 32,787,366 | 32,434,810 | 33,412,729 | 33,923,768 | 35,722,025 |
| Public works..... | 1,691,383 | 2,746,431 | 2,172,399 | 2,817,554 | 2,663,434 | 4,461,289 | 4,300,034 | 4,187,527 | 4,463,174 | 3,483,873 |
| Health and human services..... | 1,238,560 | 1,272,337 | 1,305,397 | 1,341,550 | 1,298,246 | 407,401 | 368,962 | 384,343 | 368,925 | 537,106 |
| Culture and recreation..... | 878,504 | 892,173 | 927,637 | 1,033,967 | 984,880 | 1,032,961 | 1,107,505 | 1,087,019 | 1,032,573 | 1,095,514 |
| Pension benefits..... | 8,397,114 | 8,710,246 | 9,259,694 | 7,224,499 | 8,620,863 | 10,835,360 | 11,491,175 | 11,404,836 | 13,025,401 | 14,142,632 |
| Employee benefits..... | 4,681,627 | 5,217,563 | 5,233,611 | 5,403,206 | 5,757,918 | 7,496,742 | 6,420,181 | 6,357,004 | 6,183,172 | 6,841,488 |
| Property and Liability Insurance..... | 311,975 | 500,428 | 444,740 | 501,951 | 561,363 | 558,831 | 586,098 | 448,888 | 361,369 | 396,625 |
| Claims and Judgments..... | - | - | - | 340,000 | - | - | - | - | - | - |
| State and county charges..... | 750,825 | 646,881 | 550,919 | 560,469 | 662,917 | 683,482 | 825,701 | 874,031 | 1,106,875 | 1,285,431 |
| Debt service: | | | | | | | | | | |
| Principal..... | 3,645,933 | 3,317,147 | 3,596,927 | 2,571,447 | 3,368,426 | 3,427,797 | 2,481,761 | 2,495,866 | 2,315,865 | 2,680,026 |
| Interest..... | 1,254,655 | 1,167,192 | 1,089,162 | 1,018,568 | 887,529 | 829,148 | 745,110 | 813,876 | 772,804 | 788,207 |
| Total Expenditures..... | 61,063,795 | 65,361,641 | 65,195,698 | 62,896,916 | 67,094,160 | 74,581,535 | 72,183,783 | 74,789,907 | 75,118,862 | 80,126,756 |
| Excess of revenues over (under) expenditures..... | (345,996) | (4,389,822) | (1,403,594) | 1,795,732 | 408,070 | (4,528,666) | (1,223,528) | (3,090,585) | 287,774 | (674,173) |
| Other Financing Sources (Uses) | | | | | | | | | | |
| Issuance of bonds and notes..... | 2,615,000 | 5,009,400 | - | - | 2,649,400 | 1,300,907 | 2,280,600 | - | 3,053,000 | - |
| Issuance of refunding bonds..... | - | 3,790,000 | 1,603,858 | 13,128,556 | - | - | - | - | - | - |
| Premium from issuance of refunding bonds..... | - | 200,716 | 43,112 | 257,607 | - | - | - | - | - | - |
| Premium from issuance of bonds..... | - | 95,284 | - | 109,220 | 139,048 | - | 261,237 | - | 191,850 | - |
| Payments to escrow agent..... | - | (3,880,000) | (1,831,750) | (14,124,600) | - | - | - | - | - | - |
| Sale of Capital Assets..... | - | - | 1,762,536 | - | - | 10,000 | - | - | - | - |
| Transfers in..... | 1,545,000 | 802,097 | 852,000 | 820,000 | 1,633,722 | 1,383,243 | 1,011,797 | 1,478,388 | 483,924 | 240,000 |
| Transfers out..... | (1,996,955) | (1,225,200) | (562,190) | (48,676) | (907,107) | (637,879) | (299,164) | (655,981) | (360,383) | (240,000) |
| Total other financing sources (uses)..... | 2,163,045 | 4,792,297 | 1,867,566 | 142,107 | 3,515,063 | 2,056,271 | 3,254,470 | 822,407 | 3,368,391 | - |
| Net change in fund balance..... | \$ 1,817,049 | \$ 402,475 | \$ 463,972 | \$ 1,937,839 | \$ 3,923,133 | \$ (2,472,395) | \$ 2,030,942 | \$ (2,268,178) | \$ 3,656,165 | \$ (674,173) |
| Debt service as a percentage of noncapital expenditures..... | 8.42% | 7.29% | 7.37% | 5.85% | 6.53% | 5.93% | 4.64% | 4.60% | 4.23% | 4.45% |

**Assessed Value and Actual Value of Taxable Property by Classification and Tax Rates
Last Ten Years**

| Year | Assessed and Actual Values and Tax Rates | | | | | | | | | |
|------|--|----------------------|------------------------------|------------------|------------------|-------------------|------------------------|---------------------|-----------------------------|-----------------------|
| | Residential Value | Residential Tax Rate | Residential % of Total Value | Commercial Value | Industrial Value | Personal Property | Total Commercial Value | Commercial Tax Rate | Commercial % of Total Value | Total Direct Rate (1) |
| 2012 | \$2,054,011,117 | \$17.99 | 92.84% | \$113,608,908 | \$11,102,000 | \$33,591,190 | \$158,302,098 | \$33.41 | 7.16% | \$19.09 |
| 2013 | \$2,010,736,009 | \$18.84 | 92.74% | \$113,064,616 | \$10,714,600 | \$33,556,820 | \$157,336,036 | \$35.02 | 7.26% | \$20.01 |
| 2014 | \$2,057,750,774 | \$18.70 | 92.58% | \$120,256,551 | \$10,931,900 | \$33,849,520 | \$165,037,971 | \$34.79 | 7.42% | \$19.89 |
| 2015 | \$2,347,019,493 | \$17.15 | 93.26% | \$124,326,233 | \$11,331,300 | \$33,914,490 | \$169,572,023 | \$31.73 | 6.74% | \$18.13 |
| 2016 | \$2,388,163,338 | \$17.33 | 93.26% | \$125,027,888 | \$11,336,700 | \$36,142,200 | \$172,506,788 | \$32.07 | 6.74% | \$18.32 |
| 2017 | \$2,447,445,742 | \$17.45 | 93.55% | \$123,980,284 | \$11,429,600 | \$33,291,050 | \$168,700,934 | \$32.20 | 6.45% | \$18.40 |
| 2018 | \$2,651,648,719 | \$16.00 | 93.14% | \$140,489,144 | \$13,001,200 | \$41,940,440 | \$195,430,784 | \$28.83 | 6.86% | \$16.88 |
| 2019 | \$2,802,887,168 | \$15.20 | 92.93% | \$155,460,066 | \$14,445,800 | \$43,214,220 | \$213,120,086 | \$27.45 | 7.07% | \$16.07 |
| 2020 | \$3,003,363,431 | \$14.30 | 92.93% | \$164,620,403 | \$17,089,100 | \$46,692,900 | \$228,402,403 | \$25.85 | 7.07% | \$15.12 |
| 2021 | \$3,166,165,714 | \$13.80 | 92.86% | \$178,243,129 | \$17,922,700 | \$47,332,180 | \$243,498,009 | \$24.90 | 7.14% | \$14.59 |



(1) Weighted average direct tax rate, calculated as weighted average of residential, commercial and personal property tax rates.

Source: Assessor's Department, Town of Swampscott

All property in the Commonwealth of Massachusetts is assessed at 100% of fair cash value.

Note: Chapter 59, Section 21C of the Massachusetts General Laws, known as "Proposition 2 1/2", imposes 2 separate limits on the annual tax levy of the Town. The primary limitation is that the tax levy cannot exceed 2 1/2 percent of the full and fair cash value. The secondary limitation is that the tax levy cannot exceed the maximum levy limit for the preceding year as determined by the State Commissioner of Revenue by more than 2 1/2 percent, subject to an exception for property added to the tax rolls and for certain substantial valuation increases other than as part of a general revaluation. The secondary limit may be exceeded in any year by a majority vote of the voters, however it cannot exceed the primary limitation.

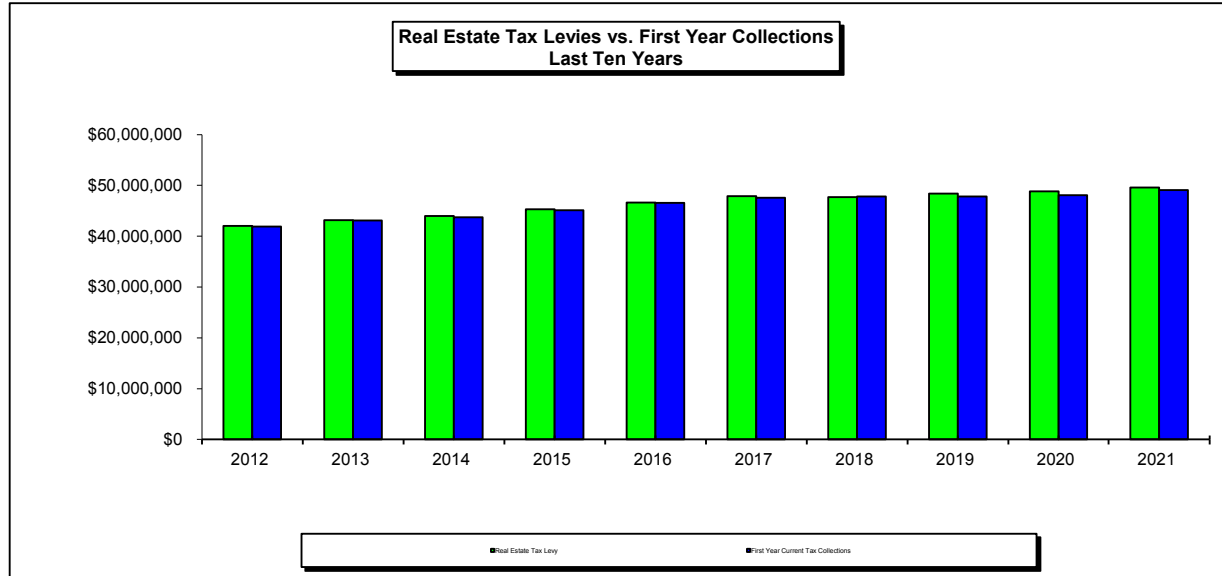
Principal Taxpayers
Current Year and Nine Years Ago

| Name | Nature of Business | 2021 | | | 2012 | | |
|--------------------------------|-------------------------------|-----------------------|------|--|----------------------|------|--|
| | | Assessed Valuation | Rank | Percentage of Total Taxable Assessed Value | Assessed Valuation | Rank | Percentage of Total Taxable Assessed Value |
| SCRS Vinnin Square LLC | Luxury Residential Apartments | \$ 57,628,640 | 1 | 1.91% | - | - | - |
| CC Swampscott Lot B5 Limited | Shopping Center | 20,581,100 | 2 | 0.68% | 13,847,300 | 1 | 0.34% |
| New Creek II LLC | Shopping Center | 16,436,500 | 3 | 0.54% | - | - | - |
| ARC Hr5ssma002 LLC | Shopping Center | 15,833,100 | 4 | 0.52% | - | - | - |
| Boston Gas Compnay | Gas Wires & Poles | 13,817,680 | 5 | 0.46% | - | - | - |
| Lynn Sand & Stone Co. | Quarry | 13,823,500 | 6 | 0.46% | 7,383,800 | 5 | 0.18% |
| Bostini-Paradise Road LLC | Shopping Center | 12,498,600 | 7 | 0.41% | 6,181,700 | 8 | 0.15% |
| Equity One (Swampscott) LLC | Shopping Center | 12,034,500 | 8 | 0.40% | 7,173,700 | 6 | 0.18% |
| Ryan, LLC | Residential Apartments | 19,910,900 | 9 | 0.66% | - | - | - |
| Massachusetts Electric Company | Electric Wires & Poles | 10,977,470 | 10 | 0.36% | - | - | - |
| Prima II LLC | Shopping Center | - | - | - | 11,041,700 | 3 | 0.27% |
| Inland American Swampscott LLC | Shopping Center | - | - | - | 10,020,500 | 4 | 0.25% |
| AIMCO Vantage Pointe | Garden Apartments | - | - | - | 13,594,100 | 2 | 0.34% |
| Anthony's Hawthorne | Restaurant | - | - | - | 4,206,400 | 9 | 0.10% |
| Individual Taxpayer | Private Residence | - | - | - | 6,779,400 | 7 | 0.17% |
| Five Hundred Paradise Road | Shopping Center | - | - | - | 3,823,200 | 10 | 0.09% |
| Totals | | \$ 193,541,990 | | 6.42% | \$ 84,051,800 | | 2.08% |

Source: Debt Offering Statements
Information for fiscal year 2012 is not readily available

**Property Tax Levies and Collections
Last Ten Years**

| Year | Total Tax Levy | Less Estimated Abatements & Exemptions | Net Tax Levy | First Year Current Tax Collections | Percent of Net Levy Collected | Delinquent Tax Collections | Total Tax Collections | Percent of Total Tax Collections to Net Tax Levy |
|------|-------------------|---|-----------------|--|-------------------------------------|----------------------------------|-----------------------------|---|
| 2012 | \$42,240,533 | \$209,015 | \$42,031,518 | \$41,933,355 | 99.77% | \$99,703 | \$42,031,518 | 100.00% |
| 2013 | \$43,392,174 | \$211,637 | \$43,180,537 | \$43,096,270 | 99.80% | \$86,264 | \$43,180,537 | 100.00% |
| 2014 | \$44,221,610 | \$241,273 | \$43,980,337 | \$43,705,238 | 99.37% | \$273,067 | \$43,980,337 | 100.00% |
| 2015 | \$45,631,905 | \$337,536 | \$45,294,369 | \$45,115,835 | 99.61% | \$178,534 | \$45,294,369 | 100.00% |
| 2016 | \$46,919,163 | \$282,042 | \$46,637,121 | \$46,547,422 | 99.81% | \$88,080 | \$46,637,121 | 100.00% |
| 2017 | \$48,140,098 | \$275,968 | \$47,864,130 | \$47,548,394 | 99.34% | \$314,831 | \$47,864,130 | 100.00% |
| 2018 | \$48,031,755 | \$323,734 | \$47,708,021 | \$47,817,131 | 100.23% | \$129,236 | \$47,708,021 | 100.00% |
| 2019 | \$48,420,103 | \$26,804 | \$48,393,299 | \$47,829,518 | 98.84% | \$275,729 | \$48,105,247 | 99.40% |
| 2020 | \$48,813,196 | \$4,691 | \$48,808,505 | \$48,046,551 | 98.44% | \$639,079 | \$48,685,630 | 99.75% |
| 2021 | \$49,731,152 | \$134,929 | \$49,596,223 | \$49,107,835 | 99.02% | \$0 | \$49,107,835 | 99.02% |



Source: Massachusetts Department of Revenue Municipal Databank, Debt Offering Statements, Town Finance Records

**Ratios of Outstanding Debt by Type
Last Ten Years**

| Year | Governmental Activities | Business- Type | | Total Debt Outstanding | Percentage of Personal Income | U. S. Census Population | Debt Per Capita |
|------|------------------------------------|------------------------------------|----------------------|------------------------------|-------------------------------------|----------------------------|--------------------|
| | General Obligation Bonds (1) | General Obligation Bonds (1) | Direct Borrowings | | | | |
| 2012 | \$35,827,672 | \$1,287,140 | \$4,852,660 | \$41,967,472 | 6.22% | 13,826 | \$ 3,035 |
| 2013 | \$37,430,925 | \$1,171,920 | \$2,881,602 | \$41,484,447 | 6.15% | 13,826 | \$ 3,000 |
| 2014 | \$33,757,856 | \$788,880 | \$3,400,768 | \$37,947,504 | 4.73% | 13,826 | \$ 2,745 |
| 2015 | \$30,190,365 | \$559,004 | \$2,864,122 | \$33,613,491 | 4.19% | 13,826 | \$ 2,431 |
| 2016 | \$29,471,339 | \$1,436,695 | \$2,383,189 | \$33,291,223 | 3.94% | 14,563 | \$ 2,286 |
| 2017 | \$27,344,449 | \$1,230,235 | \$2,969,964 | \$31,544,648 | 3.74% | 14,563 | \$ 2,166 |
| 2018 | \$27,143,288 | \$2,990,123 | \$2,488,441 | \$32,621,852 | 3.86% | 14,563 | \$ 2,240 |
| 2019 | \$24,647,422 | \$2,743,622 | \$3,174,612 | \$30,565,656 | 4.03% | 14,563 | \$ 2,099 |
| 2020 | \$26,131,562 | \$4,950,525 | \$2,650,444 | \$33,732,531 | 4.39% | 14,755 | \$ 2,286 |
| 2021 | \$23,371,692 | \$4,673,354 | \$3,237,899 | \$31,282,945 | 3.98% | 15,002 | \$ 2,085 |

(1) Presented net of original issuance discounts and premiums.

Source: Debt Offering Statements, Town Finance Records, 2012 - 2021 Audited Financial Statements.

**Ratios of Outstanding General Bonded Debt
Last Ten Years**

| Year | General Obligation Bonds (1) | Assessed Value | U. S. Census Population | Per Capita | Percentage of Assessed Value |
|-------------|---|---------------------------|------------------------------------|-----------------------|---|
| 2012 | \$37,114,812 | \$2,212,313,215 | 13,826 | \$2,684 | 1.68% |
| 2013 | \$38,602,845 | \$2,168,072,045 | 13,826 | \$2,792 | 1.78% |
| 2014 | \$34,546,736 | \$2,222,788,745 | 13,826 | \$2,499 | 1.55% |
| 2015 | \$30,749,369 | \$2,516,591,516 | 13,826 | \$2,224 | 1.22% |
| 2016 | \$30,908,034 | \$2,560,670,126 | 14,563 | \$2,122 | 1.21% |
| 2017 | \$28,574,684 | \$2,616,146,676 | 14,563 | \$1,962 | 1.09% |
| 2018 | \$30,133,411 | \$2,847,079,503 | 14,563 | \$2,069 | 1.06% |
| 2019 | \$27,391,044 | \$3,016,007,254 | 14,563 | \$1,881 | 0.91% |
| 2020 | \$31,082,087 | \$3,231,765,834 | 14,755 | \$2,107 | 0.96% |
| 2021 | \$28,045,046 | \$3,409,663,723 | 15,002 | \$1,869 | 0.82% |

(1) This is the general bonded debt of the governmental activities, net of original issuance discounts and premiums.

Source: Debt Offering Statements, Town Finance Records, 2012 - 2021 Audited Financial Statements.

Direct and Overlapping Governmental Activities Debt

As of June 30, 2021

| <u>Town of Swampscott, Massachusetts</u> | <u>Debt Outstanding</u> | <u>Estimated Percentage Applicable</u> | <u>Estimated Share of Overlapping Debt</u> |
|---|-----------------------------|--|--|
| Debt repaid with property taxes: | | | |
| Essex North Shore Regional Technical School District..... | \$ 27,610,000 | 1.21% | \$ 334,081 |
| Total direct debt..... | | | <u>23,371,692</u> |
| Total direct and overlapping debt..... | | | \$ <u><u>23,705,773</u></u> |

Source: Audited Financial Statements, Debt Offering Statements

Note: Overlapping governments are those that coincide, at least in part, with geographic boundaries of the Town. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the taxpayers of Town. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the property taxpayers should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

**Computation of Legal Debt Margin
Last Ten Years**

| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Equalized Valuation..... | \$ 2,370,987,100 | \$ 2,370,987,100 | \$ 2,380,319,800 | \$ 2,380,319,800 | \$ 2,701,749,700 | \$ 2,701,749,700 | \$ 3,001,502,900 | \$ 3,001,502,900 | \$ 3,428,507,500 | \$ 3,428,507,500 |
| Debt Limit -5% of Equalized Valuation..... | \$ 118,549,355 | \$ 118,549,355 | \$ 119,015,990 | \$ 119,015,990 | \$ 135,087,485 | \$ 135,087,485 | \$ 150,075,145 | \$ 150,075,145 | \$ 171,425,375 | \$ 171,425,375 |
| Less: | | | | | | | | | | |
| Outstanding debt applicable to limit..... | 38,426,308 | 38,640,594 | 34,229,486 | 30,190,365 | 30,754,551 | 28,514,684 | 30,103,411 | 27,391,040 | 30,118,673 | 27,176,305 |
| Authorized and unissued debt..... | 6,684,490 | 6,586,870 | 1,123,012 | 5,664,297 | 3,300,907 | 6,275,600 | 5,532,270 | 1,912,170 | 6,876,650 | 4,748,400 |
| Legal debt margin..... | \$ 73,438,557 | \$ 73,321,891 | \$ 83,663,492 | \$ 83,161,328 | \$ 101,032,027 | \$ 100,297,201 | \$ 114,439,464 | \$ 120,771,935 | \$ 134,430,052 | \$ 139,500,670 |
| Total debt applicable to the limit as a percentage of debt limit..... | 38.05% | 38.15% | 29.70% | 30.13% | 25.21% | 25.75% | 23.75% | 19.53% | 21.58% | 18.62% |

Source: Town Financial Records and Massachusetts Department of Revenue - Equalized valuations are established as of January 1 of even-numbered years for the next two years.

**Demographic and Economic Statistics
Last Ten Years**

| Year | Population Estimates (1) | Personal Income | Per Capita Personal Income (2) | School Enrollment (3) | Unemployment Rate (4) |
|-------------|---|----------------------------|---|--------------------------------------|--------------------------------------|
| 2012 | 13,826 | \$ 675,082,102 | \$ 48,827 | 2,277 | 2.30% |
| 2013 | 13,826 | \$ 675,082,102 | \$ 48,827 | 2,283 | 6.10% |
| 2014 | 13,826 | \$ 801,548,524 | \$ 57,974 | 2,293 | 4.50% |
| 2015 | 13,826 | \$ 801,548,524 | \$ 57,974 | 2,250 | 4.00% |
| 2016 | 14,563 | \$ 844,275,362 | \$ 57,974 | 2,249 | 3.20% |
| 2017 | 14,563 | \$ 844,275,362 | \$ 57,974 | 2,231 | 3.40% |
| 2018 | 14,563 | \$ 844,275,362 | \$ 57,974 | 2,207 | 3.30% |
| 2019 | 14,563 | \$ 757,712,890 | \$ 52,030 | 2,212 | 2.50% |
| 2020 | 14,755 | \$ 767,702,650 | \$ 52,030 | 2,218 | 12.60% |
| 2021 | 15,002 | \$ 785,729,750 | \$ 52,375 | 2,225 | 4.20% |

Sources:

- (1) Massachusetts Department of Revenue Municipal Databank.
- (2) United States Census Bureau
- (3) Massachusetts Department of Elementary and Secondary Education
- (4) Massachusetts Department of Unemployment Assistance

**Principal Employers (excluding the Town)
Current Year and Nine Years Ago**

| Employer | Nature of Business | 2021 | | | 2012 | | |
|----------------------------|--------------------|------------|------|-------------------------------------|------------|------|-------------------------------------|
| | | Employees | Rank | Percentage of Total Town Employment | Employees | Rank | Percentage of Total Town Employment |
| Paradiso Ristorante | Restaurant | 250 | 1 | 3.51% | - | - | - |
| Abbott House | Assisted Living | 100 | 2 | 1.40% | - | - | - |
| Whole Foods Market | Grocery Store | 100 | 3 | 1.40% | 145 | 4 | - |
| Bertucci's | Restaurant | 50 | 4 | 0.70% | 92 | 6 | 1.25% |
| Congregation Shirat Hayam | Synagogue | 50 | 5 | 0.70% | - | - | - |
| Gap | Retail Store | 50 | 6 | 0.70% | - | - | - |
| Hawthorne-By-The-Sea | Restaurant | 50 | 7 | 0.70% | 50 | 7 | 0.68% |
| Marshall's | Retail Store | 50 | 8 | 0.70% | 150 | 3 | 2.04% |
| North Shore Medical Center | Women's Center | 50 | 9 | 0.70% | - | - | - |
| Uno Pizzeria | Restaurant | 50 | 10 | 0.70% | 120 | 5 | 1.63% |
| TJ Maxx | Retail Store | - | - | - | 150 | 2 | 2.04% |
| Stop and Shop | Grocery Store | - | - | - | 170 | 1 | 2.31% |
| | | <u>800</u> | | <u>11.23%</u> | <u>877</u> | | <u>9.95%</u> |

Information on the 8th through 10th largest employer for 2012 was unavailable.

Source: Debt Offering Statements, Massachusetts Workplace Development Agency.

**Full-time Equivalent Town Employees by Function
Last Ten Years**

| | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> |
|-----------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <u>Function</u> | | | | | | | | | | |
| General government..... | 15 | 15 | 15 | 13 | 13 | 17 | 17 | 17 | 16 | 15 |
| Public safety..... | 72 | 72 | 71 | 73 | 74 | 71 | 71 | 71 | 71 | 71 |
| Public education..... | 174 | 178 | 180 | 186 | 189 | 194 | 191 | 185 | 185 | 185 |
| Public works..... | 22 | 24 | 22 | 21 | 21 | 21 | 21 | 21 | 21 | 21 |
| Human services..... | 5 | 5 | 5 | 4 | 4 | 4 | 6 | 6 | 6 | 8 |
| Culture and recreation..... | 11 | 11 | 11 | 12 | 12 | 11 | 11 | 11 | 11 | 15 |
| Total..... | <u>298</u> | <u>304</u> | <u>303</u> | <u>309</u> | <u>312</u> | <u>319</u> | <u>318</u> | <u>312</u> | <u>311</u> | <u>315</u> |

Source: Town Personnel Records

**Operating Indicators by Function/Program
Last Ten Years**

| <u>Function/Program</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> |
|--------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Building Department | | | | | | | | | | |
| Building permits issued..... | 529 | 262 | 664 | 642 | 578 | 542 | 647 | 658 | 698 | 163 |
| Police | | | | | | | | | | |
| Number of arrests..... | 109 | 160 | 201 | 148 | 165 | 176 | 121 | 116 | N/A | N/A |
| Education | | | | | | | | | | |
| Number of students..... | 2,277 | 2,283 | 2,293 | 2,250 | 2,249 | 2,231 | 2,207 | 2,212 | 2,218 | 2,041 |
| Library | | | | | | | | | | |
| Volumes in circulation..... | 85,000 | 85,000 | 85,000 | 85,000 | 85,000 | 85,000 | 85,000 | 85,000 | 85,000 | 85,000 |

Source: Annual Town Reports

**Capital Asset Statistics by Function/Program
Last Ten Years**

| <u>Function/Program</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> |
|-----------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| General Government | | | | | | | | | | |
| Number of buildings..... | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Police | | | | | | | | | | |
| Number of stations..... | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Fire | | | | | | | | | | |
| Number of stations..... | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Education | | | | | | | | | | |
| Number of elementary schools..... | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| 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 | | | | | | | | | | |
| Streets to maintain (miles)..... | 46 | 46 | 46 | 46 | 46 | 46 | 46 | 46 | 46 | 46 |
| Culture and recreation | | | | | | | | | | |
| Buildings..... | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Miles of public beach front..... | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| Public beaches..... | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 |

Source: Various Town Departments

Free Cash and Stabilization Fund Balances

Last Ten Years

| <u>Year</u> | | <u>Free Cash</u> | | <u>General Stabilization Fund</u> | | <u>Capital Stabilization Fund</u> |
|-------------|----|----------------------|----|---------------------------------------|----|---------------------------------------|
| 2021..... | \$ | 3,630,048 | \$ | 7,185,169 | \$ | 1,281,189 |
| 2020..... | \$ | 4,716,580 | \$ | 6,750,956 | \$ | 976,908 |
| 2019..... | \$ | 4,430,176 | \$ | 5,905,117 | \$ | 866,286 |
| 2018..... | \$ | 3,161,170 | \$ | 5,058,310 | \$ | 609,980 |
| 2017..... | \$ | 4,038,376 | \$ | 3,529,485 | \$ | 355,290 |
| 2016..... | \$ | 6,392,330 | \$ | 2,066,031 | \$ | 403,662 |
| 2015..... | \$ | 5,105,677 | \$ | 1,084,187 | \$ | 301,667 |
| 2014..... | \$ | 3,065,575 | \$ | 1,296,515 | \$ | 200,515 |
| 2013..... | \$ | 2,587,353 | \$ | 1,242,417 | \$ | 150,209 |
| 2012..... | \$ | 2,975,937 | \$ | 1,188,059 | \$ | 100,007 |

Source: Massachusetts Department of Revenue / Town Financial Records