

OFFICIAL STATEMENT DATED MAY 5, 2020

Rating: See "Rating" herein.
Moody's Investors Service: Aaa

New Issue

In the opinion of Locke Lord LLP, Bond Counsel, based upon an analysis of existing law and assuming, among other matters, compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under the Internal Revenue Code of 1986 as amended (the "Code"). Interest on the Bonds will not be included in computing the alternative minimum taxable income of individuals. Under existing law, interest on the Bonds is exempt from Massachusetts personal income taxes, and the Bonds are exempt from Massachusetts personal property taxes. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds. See "Tax Exemption" herein. The Bonds will not be designated as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code.

TOWN OF WELLESLEY, MASSACHUSETTS
\$18,530,000 GENERAL OBLIGATION REFUNDING BONDS

DATED
Date of Delivery

DUE
June 1
(as shown below)

The Bonds are issuable only in fully registered form registered in the name of Cede & Co., as Bondowner and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. Purchases of the Bonds will be made in book-entry form, in the denominations of \$5,000 or any integral multiple thereof. (See "THE BONDS - Book-Entry Transfer System" herein.)

Principal of the Bonds will be payable June 1 of the years in which the Bonds mature. Interest on the Bonds will be payable June 1 and December 1 of each year, commencing December 1, 2020. Principal and semiannual interest on the Bonds will be paid by U.S. Bank National Association, Boston, Massachusetts, as Paying Agent. So long as DTC or its nominee, Cede & Co., is the Bondowner, such payments will be made directly to such Bondowner. Disbursement of such payments to the DTC Participants is the responsibility of DTC and disbursement of such payments to the Beneficial Owners is the responsibility of the DTC Participants and Indirect Participants, as more fully described herein.

The Bonds are subject to redemption prior to their stated maturity dates as described herein.

An opinion of Bond Counsel will be delivered with the Bonds to the effect that the Bonds are valid general obligations of the Town of Wellesley, Massachusetts, and that the principal of and interest on the Bonds are payable from taxes that may be levied upon all taxable property in the Town, without limitation as to rate or amount, except as provided under Chapter 44, Section 20 of the General Laws.

MATURITIES, PRINCIPAL AMOUNTS, RATES, PRICES, YIELDS AND CUSIPS

Due June 1	Principal Amount	Rate	Yields	CUSIP 949493	Due June 1	Principal Amount	Rate	Yields	CUSIP 949493
2021	\$ 1,175,000	5.00 %	0.75 %	ZD5	2029	\$ 1,270,000	5.00 %	1.18 %	ZM5
2022	1,205,000	5.00	0.80	ZE3	2030	1,280,000	4.00	1.35	ZN3
2023	1,210,000	5.00	0.84	ZF0	2031	1,275,000	4.00	1.50	ZP8
2024	1,225,000	5.00	0.90	ZG8	2032	1,270,000	2.00	2.10	ZQ6
2025	1,235,000	5.00	0.96	ZH6	2033	1,235,000	2.125	2.20	ZR4
2026	1,250,000	5.00	1.01	ZJ2	2034	1,205,000	2.25	2.25	ZS2
2027	1,255,000	5.00	1.06	ZK9	2035	1,175,000	2.25	2.35	ZT0
2028	1,265,000	5.00	1.11	ZL7					

The Bonds are offered subject to the final approving opinion of Locke Lord LLP, Boston, Massachusetts, Bond Counsel, as aforesaid, and to certain other conditions referred to herein and in the Notice of Sale (see "The Bonds - Opinion of Bond Counsel.") Hilltop Securities Inc., Boston, Massachusetts has acted as Financial Advisor to the Town of Wellesley, Massachusetts, with respect to the Bonds. The Bonds in definitive form will be delivered to DTC, or its custodial agent, on or about May 21, 2020, against payment to the Town in federal reserve funds.

JANNEY MONTGOMERY SCOTT

TABLE OF CONTENTS

	<u>Page</u>		<u>Page</u>
SUMMARY STATEMENT	3	Sale of Taxes Receivables.....	30
NOTICE OF SALE.....	4	Taxation to Meet Deficits.....	30
Bidding Parameters	5	Tax Limitations	30
Establishment of Issue Price	6	Unused Levy Capacity	31
Exhibit 1 – Form of Issue Price Certificates.....	9	Impact of Proposition 2 ½	32
OFFICIAL STATEMENT:		Pledged Taxes	32
THE BONDS:		Initiative Petitions	32
Description of the Bonds	15	Community Preservation Act.....	32
Redemption Provisions.....	15	TOWN FINANCES:	
Notice of Redemption	15	Budget and Appropriation Process.....	34
Record Date	15	Operating Budget Trends.....	34
Book-Entry Transfer System	16	Education Reform	35
Authorization of the Bonds and Use of Proceeds	17	Revenues	35
Sources and Uses of Bond Proceeds.....	17	Annual Audits	37
Plan of Refunding.....	17	Financial Statements.....	37
Tax Exemption	18	Governmental Funds Balance Sheet	
Risk of Future Legislative and/or Court Decisions.....	19	As of June 30, 2019	38
Security and Remedies	19	Governmental Funds Balance Sheet	
Opinion of Bond Counsel.....	21	As of June 30, 2018	39
Rating.....	21	Governmental Funds Balance Sheet	
Financial Advisory Services of		As of June 30, 2017	40
Hilltop Securities Inc.	21	Comparative Statement of Revenues	
Continuing Disclosure	21	and Expenditures, General Fund	
TOWN OF WELLESLEY, MASSACHUSETTS:		June 30, 2015 – 2019	41
General.....	22	Unassigned General Fund Balances	46
Local Governments	22	Stabilization Fund.....	46
Principal Executive Officers.....	22	Liability Fund.....	46
Municipal Services	22	Unemployment Fund.....	46
Corona Virus (COVID-19) Disclosure.....	22	Tax Increment Financing for Development Districts.....	47
Wellesley Municipal Light Department	23	Investment of Town Funds.....	47
Wellesley Water and Sewer Programs	23	INDEBTEDNESS:	
Public School Enrollments.....	23	Authorization Procedures and Limitations.....	48
Population Trends	23	Debt Limits	48
Age, Income and Wealth Levels.....	24	Types of Obligations	48
Labor Force, Employment and Unemployment Rate.....	24	Revenue Anticipation Notes.....	49
Employment by Industry.....	24	Direct Debt Summary.....	50
Major Employers	25	Key Debt Ratios	50
Building Permits	25	Annual Debt Service	51
PROPERTY TAXATION:		Authorized Unissued Debt	
Tax Levy Computation	26	and Prospective Financing.....	51
Valuations and Tax Levies	27	Overlapping Debt	52
Classification of Property.....	27	Contracts.....	52
Largest Taxpayers.....	28	RETIREMENT SYSTEMS.....	53
Abatements and Overlay.....	28	Town of Wellesley Contributory Retirement Systems	54
Tax Collections.....	29	Trend of Actuarial Accrued Liability.....	55
Tax Titles and Possessions.....	29	Funding Schedule	55
Tax Deferral.....	29	Other Post-Employment Benefits.....	56
Tax Outstanding	30	Employee Relations	57
		LITIGATION	57
		APPENDIX A – Fiscal 2019 Audit	
		APPENDIX B – Proposed Form of Legal Opinion	
		APPENDIX C – Proposed Form of Continuing	
		Disclosure Certificate	

The information and expressions of opinion in this Official Statement are subject to change without notice. Neither the delivery of this Official Statement nor any sale of the Bonds shall, under any circumstances, create any implication that there has been no material change in the affairs of the Town since the date of this Official Statement.

SUMMARY STATEMENT

The information set forth below is qualified in its entirety by the information and financial statements appearing elsewhere in the Official Statement.

Date of Sale:	Tuesday, May 5, 2020, 11:00 a.m. (Eastern Time).
Location of Sale:	Hilltop Securities Inc., 54 Canal Street, 3rd Floor, Boston, Massachusetts 02114.
Issuer:	Town of Wellesley, Massachusetts.
Issue:	\$18,530,000 General Obligation Refunding Bonds, see "THE BONDS" herein.
Official Statement Dated:	May 5, 2020.
Dated Date of the Bonds:	Date of Delivery.
Principal Due:	Serially on June 1, 2021 through June 1, 2035, as set forth herein.
Interest Payable:	June 1 and December 1 of each year, commencing December 1, 2020.
Purpose and Authority:	Bond proceeds refund bonds originally issued March 15, 2010 as detailed herein.
Redemption:	The Bonds will be subject to redemption prior to their stated maturity dates as described herein.
Security:	The Bonds are valid general obligations of the Town of Wellesley, Massachusetts, and the principal of and interest on the Bonds are payable from taxes that may be levied upon all taxable property in the Town, without limitation as to rate or amount, except as provided under Chapter 44, Section 20 of the General Laws.
Credit Rating:	Moody's Investors Service has assigned a rating of Aaa to the Bonds.
Bond Insurance:	The Town has not contracted for the issuance of any policy of municipal bond insurance or any other credit enhancement facility.
Basis of Award:	Lowest True Interest Cost (TIC), as of the dated date. NO BID OF LESS THAN PAR PLUS A PREMIUM OF AT LEAST \$125,000 WILL BE CONSIDERED.
Tax Exemption:	Refer to "THE BONDS - Tax Exemption" herein and Appendix B, "Proposed Form of Legal Opinion".
Continuing Disclosure:	Refer to "THE BONDS - Continuing Disclosure" herein and Appendix C, "Proposed Form of Continuing Disclosure Certificate".
Bank Qualification:	The Bonds will <u>not</u> be designated by the Town as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.
Paying Agent/Escrow Agent:	U.S. Bank National Association, Boston, Massachusetts.
Legal Opinion:	Locke Lord LLP, Boston, Massachusetts. See "THE BONDS – Opinion of Bond Counsel".
Financial Advisor:	Hilltop Securities Inc., Boston, Massachusetts.
Delivery and Payment:	It is expected that delivery of the Bonds in book-entry only form will be made to The Depository Trust Company, New York, New York, or to its custodial agent, on or about May 21, 2020, against payment in federal funds.
Issuer Official:	Questions concerning the Official Statement should be addressed to: Mr. Marc V. Waldman, Treasurer/Collector, Town of Wellesley, Massachusetts telephone (781) 489-7511 or Peter Frazier, Managing Director, Hilltop Securities Inc., Boston, Massachusetts Telephone (617) 619-4409.

NOTICE OF SALE

TOWN OF WELLESLEY, MASSACHUSETTS

\$18,840,000* GENERAL OBLIGATION REFUNDING BONDS

The Town of Wellesley, Massachusetts (the "Town") will receive sealed and electronic (as described herein) proposals until 11:00 A.M., Eastern Time, Tuesday, May 5, 2020, for the purchase of the following described \$18,840,000* General Obligation Refunding Bonds of the Town (the "Bonds"):

\$18,840,000* General Obligation Refunding Bonds payable June 1 of the years and in the amounts as follows:

<u>Due</u> <u>June 1</u>	<u>Principal</u> <u>Amount*</u>	<u>Due</u> <u>June 1</u>	<u>Principal</u> <u>Amount*</u>
2021	\$ 1,190,000	2029	\$ 1,295,000
2022	1,220,000	2030	** 1,305,000
2023	1,225,000	2031	** 1,290,000
2024	1,245,000	2032	** 1,270,000
2025	1,260,000	2033	** 1,255,000
2026	1,270,000	2034	** 1,235,000
2027	1,280,000	2035	** 1,210,000
2028	1,290,000		

*Preliminary, subject to change.

**Callable maturities. May be combined not more than three Term Bonds, as described herein.

The Bonds will be dated as of their date of delivery. Principal of the Bonds will be payable on June 1 of the years in which the Bonds mature. Interest will be payable on December 1, 2020 and semi-annually thereafter on each June 1 and December 1 until maturity.

The Bonds will be issued by means of a book-entry system with no physical distribution of the Bonds made to the public. One certificate for each maturity of the Bonds will be issued to The Depository Trust Company, New York, New York ("DTC"), and immobilized in its custody. Ownership of the Bonds in principal amounts of \$5,000 or integral multiples thereof, will be evidenced by a book-entry system with transfers of ownership effected on the records of DTC and its Participants pursuant to rules and procedures established by DTC and its Participants. The successful bidder, as a condition to delivery of the Bonds, shall be required to deposit the Bonds with DTC, registered in the name of Cede & Co. Interest and principal on the Bonds will be payable to DTC or its nominee as registered owner of the Bonds. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC. Transfer of principal and interest payments to beneficial owners will be the responsibility of such participants and other nominees of beneficial owners. The Town will not be responsible or liable for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants.

The Bonds maturing in the years 2021 through 2029 will not be subject to redemption prior to maturity. The Bonds maturing on and after June 1, 2030 shall be subject to redemption prior to maturity, at the option of the Town, on or after June 1, 2029, either in whole or in part at any time, and if in part, by lot within a maturity, at the par amount of the Bonds to be redeemed.

For Bonds maturing on June 1, 2030, and thereafter, bidders may specify that all of the principal amount of such Bonds in any two or more consecutive years may, in lieu of maturing in each such year, be combined to comprise one maturity of Term Bonds scheduled to mature in the latest of the combined years, and shall be subject to mandatory redemptions prior to maturity at par as described above, in each of the years and in the principal amounts specified in the foregoing maturity schedule. Each mandatory redemption shall be allocated to the payment of the term bond maturing in the nearest subsequent year. Bidders may specify no more than three term bonds.

Term bonds, if any, shall be subject to mandatory redemption on June 1 of the year or years immediately prior to the stated maturity of such Term Bond (the particular Bonds of such maturity to be redeemed to be selected by lot) as indicated in the foregoing maturity schedule at the principal amount thereof, plus accrued interest to the redemption date, without premium.

Principal and semiannual interest on the Bonds will be paid by U.S. Bank National Association, Boston, Massachusetts as Paying Agent. So long as DTC or its nominee, Cede & Co., is the Bondowner, such payments will be made directly to DTC. Disbursement of such payments to the DTC Participants is the responsibility of DTC and disbursements of such payments to the Beneficial Owners is the responsibility of the DTC Participants and the Indirect Participants, as more fully described herein.

Bidding Parameters

Bidders shall state the rate or rates of interest per annum which the Bonds are to bear in a multiple of 1/20 or 1/8 of one percent, but shall not state (a) more than one interest rate for any Bonds having a like maturity, (b) any interest rate which exceeds the interest rate stated for any other Bonds by more than 3 percent or (c) any interest rate in excess of 5.0%. No bid of less than par plus a premium of \$125,000 will be considered.

The Town reserves the right to change the aggregate principal amount of the Bonds and the maturity schedule after the determination of the winning bid by increasing or decreasing the aggregate principal amount and the principal amount of each maturity by such amounts as may be necessary to (a) change the maturity schedule of the bonds after the determination of the winning bid by decreasing the par amount of the Bonds by the net premium received, and increasing or decreasing the amount of each maturity by such amounts as may be necessary after taking into account the interest cost to the Town and (b) to adjust the refunding bonds to mirror the bonds to be refunded. The dollar amount bid for the Bonds by the successful bidder will be adjusted, if applicable, to reflect changes in the dollar amount of the amortization schedule.

Any price that is adjusted will reflect changes in the dollar amount of the underwriter's discount and original issue premium, if any, but will not change the per bond underwriter's discount (net of insurance premium, if any) provided in such bid. Nor will it change the interest rate specified for each maturity. Any such adjustments will be communicated to the winning bidder for the Bonds by 4 p.m. (Eastern Time) on the day of the sale.

Bids must be submitted either:

- (a) In a sealed envelope marked "Proposal for Bonds" and addressed to Mr. Marc V. Waldman, Treasurer/Collector, Town of Wellesley, Massachusetts c/o Hilltop Securities Inc., 54 Canal Street, 3rd Floor, Boston, Massachusetts 02114. Proposals by telegram delivered as specified above will be accepted. Actual bids may be telephoned to Hilltop Securities Inc., telephone (617) 619-4400 at least one-half hour prior to the 11:00 A.M. sale. Hilltop Securities Inc. will act as agent for the bidder, but neither the Town nor Hilltop Securities Inc. shall be responsible for any errors in connection with bids submitted in this manner.
- (b) Electronically via Parity in accordance with this Notice of Sale. To the extent any instructions or directions set forth in Parity conflict with this Notice of Sale, the terms of this Notice of Sale shall control. For further information about Parity, potential bidders may contact the Financial Advisor to the Town or I-deal at 40 West 23rd Street, 5th Floor, New York, NY 10010 (212) 404-8102. An electronic bid made in accordance with this Notice of Sale shall be deemed an offer to purchase the Bonds in accordance with the terms provided in this Notice of Sale and shall be binding upon the bidder as if made by a signed and sealed written bid delivered to the Town.

The award of the Bonds to the successful bidder will not be effective until the bid has been approved by the Treasurer and Board of Selectmen of the Town.

The right is reserved to reject all bids and to reject any bid not complying with this Notice of Sale and, so far as permitted by law, to waive any irregularity with respect to any proposal.

The Town of Wellesley has not contracted for the issuance of any policy of municipal bond insurance for the Bonds. If the Bonds qualify for issuance of any such policy or commitment therefor, any purchase of such insurance or commitment shall be at the sole option and expense of the bidder. Proposals shall not be conditioned upon the issuance of any such policy or commitment. Any failure of the Bonds to be so insured or of any such policy or commitment to be issued shall not in any way relieve the purchaser of its contractual obligations arising from the acceptance of its proposal for the purchase of the Bonds. Should the bidder purchase municipal bond insurance, all expenses associated with such policy or commitment will be borne by the bidder, except for the fee paid to Moody's Investors Services for a rating on the Bonds. Any such fee paid to Moody's Investors Services would be borne by the Town.

It shall be a condition to the obligation of the successful bidder to accept delivery of and pay for the Bonds that it shall be furnished, without cost, with (a) the approving opinion of the firm of Locke Lord LLP, Boston, Massachusetts, substantially in the form appearing as Appendix B of the Preliminary Official Statement dated April 28, 2020 (see "THE BONDS – Opinion of Bond Counsel"), (b) a certificate in the form satisfactory to Bond Counsel dated as of the date of delivery of the Bonds and receipt of payment therefor to the effect that there is no litigation pending or, to the knowledge of the signers thereof, threatened which affects the validity of the Bonds or the power of the Town to levy and collect taxes to pay them,

(c) a certificate of the Town Treasurer to the effect that, to the best of his knowledge and belief, as of its date and as of the date of sale the Preliminary Official Statement did not, and as of its date and as of the date of the delivery of the Bonds, the Final Official Statement did not and does not, contain any untrue statement of a material fact and did not and does not omit to state a material fact necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading, and (d) a Continuing Disclosure Certificate in the form appearing as Appendix C of the Preliminary Official Statement.

Establishment of Issue Price

A successful bidder shall assist the Town in establishing the issue price of the Bonds and shall execute and deliver to the Town on the Closing Date an “issue price” or similar certificate, substantially in the applicable form set forth in Exhibit 1 to this Notice of Sale, setting forth the reasonably expected initial offering prices to the public or the sales price of the Bonds together with the supporting pricing wires or equivalent communications, or, if applicable, the amount bid, with such modifications as may be appropriate or necessary, in the reasonable judgment of the successful bidder, the Town and Bond Counsel. All actions to be taken by the Town under this Notice of Sale to establish the issue price of the Bonds may be taken on behalf of the Town by Hilltop Securities, Inc. (the “Financial Advisor”) and any notice or report to be provided to the Town may be provided to the Financial Advisor.

Competitive Sale Requirements. If the competitive sale requirements (“competitive sale requirements”) set forth in Treasury Regulation § 1.148-1(f)(3)(i) (defining “competitive sale” for purposes of establishing the issue price of the Bonds) have been satisfied, the Town will furnish to the successful bidder on the Closing Date a certificate of the Financial Advisor, which will certify each of the following conditions to be true:

1. the Town has disseminated this Notice of Sale to potential underwriters in a manner that is reasonably designed to reach potential underwriters;
2. all bidders had an equal opportunity to bid;
3. the Town received bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
4. the Town awarded the sale of the Bonds to the bidder who submitted a firm offer to purchase the Bonds at the highest price (or lowest interest cost), as set forth in this Notice of Sale.

Any bid submitted pursuant to this Notice of Sale shall be considered a firm offer for the purchase of the Bonds, as specified in the bid. Unless a bidder notifies the Town prior to submitting its bid by contacting the Financial Advisor via telephone at 617.619.4400 or email: peter.frazier@hilltopsecurities.com and affirming in writing via email, or in its bid submitted via Parity, that it will NOT be an “underwriter” (as defined below) of the Bonds, by submitting its bid, each bidder shall be deemed to confirm that it has an established industry reputation for underwriting new issuances of municipal bonds. Unless the bidder has notified the Town that it will not be an “underwriter” (as defined below) of the Bonds, in submitting a bid, each bidder is deemed to acknowledge that it is an “underwriter” that intends to reoffer the Bonds to the public.

In the event that the competitive sale requirements are not satisfied, the Town shall so advise the successful bidder.

Failure to Meet the Competitive Sale Requirements – Option A – The Successful Bidder Intends to Reoffer the Bonds to the Public and the 10% Test to Apply. If the competitive sale requirements are not satisfied and the successful bidder intends to reoffer the Bonds to the public, the Successful Bidder may, at its option, use the first price at which 10% of a maturity of the Bonds (the “10% test”) is sold to the public as the issue price of that maturity, applied on a maturity-by-maturity basis, of the Bonds. The successful bidder shall advise the Financial Advisor if any maturity of the Bonds satisfies the 10% test as of the date and time of the award of the Bonds. If this option is chosen, the Town will not require bidders to comply with the “hold-the-offering price rule” set forth in the applicable Treasury Regulations and therefore does not intend to use the initial offering price to the public as of the Sale Date of any maturities of the Bonds as the issue price of that maturity.

If the competitive sale requirements are not satisfied, then until the 10% test has been satisfied as to each maturity of the Bonds or all of the Bonds are sold to the public, the successful bidder agrees to promptly report to the Financial Advisor the prices at which the unsold Bonds of each maturity have been sold to the public, which reporting obligation shall continue, whether or not the Closing Date has occurred, until the 10% test has been satisfied for each maturity of the Bonds or until all the Bonds of a maturity have been sold. The successful bidder shall be obligated to report each sale of Bonds to the Financial Advisor until notified in writing by the Town or the Financial Advisor that it no longer needs to do so. If the successful bidder uses Option A the Successful Bidder shall provide to the Town on or before the closing date, the certificate attached to this Notice of Sale as Exhibit 1 – Option A.

By submitting a bid and if the competitive sale requirements are not met, each bidder confirms that: (i) any agreement among underwriters, any selling group agreement and each third-party distribution agreement (to which the bidder is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such third-party distribution agreement, as applicable, to report the prices at which it sells to the public the unsold Bonds of each maturity allotted to it until it is notified by the successful bidder that either the 10% test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the public, if and for so long as directed by the successful bidder and as set forth in the related pricing wires and (ii) any agreement among underwriters relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such third-party distribution agreement to report the prices at which it sells to the public the unsold Bonds of each maturity allotted to it until it is notified by the successful bidder or such underwriter that either the 10% test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the public if and for so long as directed by the successful bidder or such underwriter and as set forth in the related pricing wires.

Sales of any Bonds to any person that is a related party to an underwriter shall not constitute sales to the public for purposes of this Notice of Sale. Further, for purposes of this Notice of Sale:

1. "public" means any person other than an underwriter or a related party,
2. "underwriter" means (A) any person that agrees pursuant to a written contract with the Town (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the public), and
3. a purchaser of any of the Bonds is a "related party" to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).

Failure to Meet the Competitive Sale Requirements – Option B – The Successful Bidder Intends to Reoffer the Bonds to the Public and Agrees to Hold the Price of Maturities of Bonds for Which the 10% Test in Option A is Not Met as of the Sale Date. If this option is chosen, the successful bidder may, at its option notify the Financial Advisor in writing, which may be by email (the "Hold the Price Notice"), not later than 4:00 p.m. on the Sale Date, that it has not sold 10% of the maturities of the Bonds listed in the Hold the Price Notice (the "Unsold Maturities") and that the successful bidder will not offer the Unsold Maturities to any person at a price that is higher than the initial offering price to the public during the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date or (ii) the date on which the successful bidder has sold at least 10% of the applicable Unsold Maturity to the public at a price that is no higher than the initial offering price to the public. If the successful bidder delivers a Hold the Price Notice to the Financial Advisor, the successful bidder must provide to the Town on or before the Closing Date, in addition to the certification described in Option A above, evidence that each underwriter of the Bonds, including underwriters in an underwriting syndicate or selling group, has agreed in writing to hold the price of the Unsold Maturities in the manner described in the preceding sentence.

The Successful Bidder Does Not Intend to Reoffer the Bonds to the Public – Option C. If the successful bidder has purchased the Bonds for its own account and will not distribute or resell the Bonds to the public, then, whether or not the competitive sale requirements were met, the issue price certificate will recite such facts and identify the price or prices at which the purchase of the Bonds was made.

It is anticipated that CUSIP identification numbers will be printed on the Bonds, but neither the failure to print such numbers on any Bond, nor any error with respect thereto, shall constitute a cause for a failure or refusal by the purchaser thereof to accept delivery and pay for the Bonds. The Town assumes no responsibility for any CUSIP Service Bureau or other charges that may be imposed for the assignment of such numbers.

The Bonds will not be designated as "qualified tax-exempt obligations" for the purpose of Section 265(b)(3) of the Code.

Additional information concerning the Town of Wellesley and the Bonds is contained in the Preliminary Official Statement dated April 28, 2020, to which prospective bidders are directed. The Preliminary Official Statement is provided for informational purposes only and is not a part of this Notice of Sale. Said Preliminary Official Statement is deemed final by the Town except for the omission of the reoffering price(s), interest rate(s), delivery date, the identity of the underwriter(s), and any other pertinent terms of the Bonds depending on such matters, but is subject to change without notice to completion or amendment in a Final Official Statement. Copies of the Preliminary Official Statement may be obtained from Hilltop Securities Inc., 54 Canal Street, Boston, Massachusetts 02114 (Telephone: 617-619-4409). Within seven (7) business days following the award of the Bonds in accordance herewith, 5 copies of the Final Official Statement will be available from the Hilltop Securities Inc. to the successful bidder for use in reoffering the Bonds. Upon request, additional copies will be provided at the expense of the requester.

The Bonds, in definitive form, will be delivered to DTC, or its custodial agent, on or about May 21, 2020 for settlement in federal reserve funds.

Town of Wellesley, Massachusetts
/s/ Mr. Marc V. Waldman, Treasurer/Collector

April 28, 2020

[Issue Price Certificate for Use If the Competitive Sale Requirements Are Met]

Town of Wellesley, Massachusetts
\$18,840,000* General Obligation Refunding Bonds dated May 21, 2020

ISSUE PRICE CERTIFICATE AND RECEIPT

The undersigned, on behalf of _____ (the "Successful Bidder"), hereby certifies as set forth below with respect to the sale of the above-captioned obligations (the "Bonds") of the Town of Wellesley, Massachusetts (the "Issuer").

1. Reasonably Expected Initial Offering Prices.

(a) As of the Sale Date, the reasonably expected initial offering prices of the Bonds to the Public by the Successful Bidder are the prices listed in Schedule A (the "Expected Offering Prices"). The Expected Offering Prices are the prices for the Maturities of the Bonds used by the Successful Bidder in formulating its bid to purchase the Bonds. Attached as Schedule B is a true and correct copy of the bid provided by the Successful Bidder to purchase the Bonds.

(b) The Successful Bidder was not given the opportunity to review other bids prior to submitting its bid.

(c) The bid submitted by the Successful Bidder constituted a firm offer to purchase the Bonds.

2. Defined Terms.

(a) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

(b) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(c) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is May 5, 2020.

(d) *Underwriter* means (i) any person, including the Successful Bidder, that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the Public).

3. Receipt. The Successful Bidder hereby acknowledges receipt of the Bonds and further acknowledges receipt of all certificates, opinions, and other documents required to be delivered to the Successful Bidder, before or simultaneously with the Bonds, which certificates, opinions, and other documents are satisfactory to the Successful Bidder.

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Successful Bidder's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Locke Lord LLP in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

Dated: _____, 2020

[NAME OF SUCCESSFUL BIDDER]

By: _____
 Name:
 Title:

 *Preliminary, subject to change.

SCHEDULE A
EXPECTED OFFERING PRICES
(To Be Attached)

SCHEDULE B
COPY OF SUCCESSFUL BIDDER'S BID
(To Be Attached)

[Issue Price Certificate for Use If the Competitive Sale Requirements Are Not Met and the Hold the 10% Test to Apply]

**Town of Wellesley, Massachusetts
\$18,840,000* General Obligation Refunding Bonds dated May 21, 2020**

ISSUE PRICE CERTIFICATE AND RECEIPT

The undersigned, on behalf of _____, (the “[Successful Bidder][Representative]”), on behalf of itself [and [NAMES OF OTHER UNDERWRITERS]] hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the “Bonds”) of the Town of Wellesley, Massachusetts (the “Issuer”).

1. Sale of the Bonds. As of the date of this certificate, [except as set forth in following paragraph,] for each Maturity of the Bonds, the first price at which at least 10% of such Maturity of the Bonds was sold to the Public is the respective price listed in Schedule A.

[Only use the next paragraph if the 10% test has not been met or all of the Bonds have not been sold for one or more Maturities of Bonds as of the Closing Date.]

For each Maturity of the Bonds as to which no price is listed in Schedule A, as set forth in the Notice of Sale for the Bonds, until at least 10% of each such Maturity of the Bonds is sold to the Public (the “10% test”) or all of the Bonds are sold to the Public, the [Successful Bidder][Representative] agrees to promptly report to the Issuer’s financial advisor, Hilltop Securities Inc. (the “Financial Advisor”) the prices at which the unsold Bonds of each Maturity have been sold to the Public, which reporting obligation shall continue after the date hereof until the 10% test has been satisfied for each Maturity of the Bonds or until all the Bonds of a Maturity have been sold. The [Successful Bidder][Representative] shall continue to report each sale of Bonds to the Financial Advisor until notified by email or in writing by the Issuer or the Financial Advisor that it no longer needs to do so.

2. Defined Terms.

(a) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

(b) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(c) *Underwriter* means (i) any person, including the [Successful Bidder][Representative], that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the delivery of such Bonds to the Public).

3. Receipt. The [Successful Bidder][Representative] hereby acknowledges receipt of the Bonds from the Issuer and further acknowledges receipt of all certificates, opinions, and other documents required to be delivered to the [Successful Bidder][Representative], before or simultaneously with the delivery of the Bonds, which certificates, opinions, and other documents are satisfactory to the [Successful Bidder][Representative].

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the [Successful Bidder][Representative]’s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Locke Lord LLP in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

Dated: _____, 2020

[SUCCESSFUL BIDDER][REPRESENTATIVE]

By: _____

Name:

Title:

*Preliminary, subject to change.

**SALE PRICES
(To be Attached)**

[Issue Price Certificate for Use If the Competitive Sale Requirements Are Not Met and the Hold the Price Rule Is Used]

Town of Wellesley, Massachusetts
\$18,840,000* General Obligation Refunding Bonds dated May 21, 2020

ISSUE PRICE CERTIFICATE AND RECEIPT

The undersigned, on behalf of _____ (the (“[Successful Bidder][Representative]”), on behalf of itself [and [NAMES OF OTHER UNDERWRITERS]]hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the “Bonds”) of the Town of Wellesley, Massachusetts (the “Issuer”).

1. Sale of the Bonds. As of the date of this certificate, [except as set forth in following paragraph,] for each Maturity of the Bonds, the first price at which at least 10% of such Maturity of the Bonds was sold to the Public is the respective price listed in Schedule A.

[Only use the next paragraph if the 10% test has not been met as of the Sale Date.]

For each Maturity of the Bonds as to which no price is listed in Schedule A (the “Unsold Maturities”), as set forth in the Notice of Sale for the Bonds, the [Successful Bidder][Representative] and any other Underwriter did not [and will not] reoffer the Unsold Maturities to any person at a price that is higher than the initial offering price to the public until the earlier of (i) _____, 2020 or (ii) the date on which the [Successful Bidder][Representative] or any other Underwriter sold at least 10% of each Unsold Maturity at a price that is no higher than the initial offering price to the Public.

2. Defined Terms.

(a) Maturity means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

(b) Public means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(c) Underwriter means (i) any person, including the [Successful Bidder][Representative], that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the Public).

3. Receipt. The [Successful Bidder][Representative] hereby acknowledges receipt from the Issuer of the Bonds and further acknowledges receipt of all certificates, opinion and other documents required to be delivered to the [Successful Bidder][Representative], before or simultaneously with the delivery of the Bonds, which certificates, opinions and other documents are satisfactory to the [Successful Bidder][Representative].

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the [Successful Bidder’s][Representative’s] interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Locke Lord LLP in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

Dated: _____, 2020

[SUCCESSFUL BIDDER][REPRESENTATIVE]

By: _____
Name:
Title:

*Preliminary, subject to change.

SCHEDULE A
SALE PRICES
(To be Attached)

OFFICIAL STATEMENT

TOWN OF WELLESLEY, MASSACHUSETTS

\$18,530,000 GENERAL OBLIGATION REFUNDING BONDS

This Official Statement is provided for the purpose of presenting certain information relating to the Town of Wellesley, Massachusetts (the "Town") in connection with the sale of \$18,530,000 aggregate principal amount of its General Obligation Refunding Bonds (the "Bonds"). The information contained herein has been furnished by the Town, except information attributed to another source.

THE BONDS

Description of the Bonds

The Bonds will be dated as of their date of delivery and will bear interest payable semiannually on June 1 and December 1 of each year commencing December 1, 2020. The Bonds shall mature on June 1 of the years and in the principal amounts as set forth on the first page of this Official Statement.

The Bonds are issuable only as fully registered Bonds registered in the name of Cede & Co., as Bondowner and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. Purchases of the Bonds will be made in book-entry form, in the denomination of \$5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their interest in Bonds purchased. So long as Cede & Co. is the Bondowner, as nominee of DTC, references herein to the Bondowners or registered owners shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners (as defined herein) of the Bonds. (See "Book-Entry Transfer System" herein.)

Principal and semiannual interest on the Bonds will be paid by U.S. Bank National Association, Boston, Massachusetts as Paying Agent. So long as DTC or its nominee, Cede & Co., is the Bondowner, such payments will be made directly to DTC. Disbursement of such payments to the DTC Participants is the responsibility of DTC and disbursements of such payments to the Beneficial Owners is the responsibility of the DTC Participants and the Indirect Participants, as more fully described herein.

Redemption Provisions

The Bonds are subject to redemption as described below.

Optional Redemption

The Bonds maturing in the years 2021 through 2029 will not be subject to redemption prior to maturity. The Bonds maturing on and after June 1, 2030 shall be subject to redemption prior to maturity, at the option of the Town, on or after June 1, 2029, either in whole or in part at any time, and if in part, by lot within a maturity, at the par amount of the Bonds to be redeemed.

Notice of Redemption

So long as DTC is the registered owner of the Bonds, notice of any redemption of Bonds prior to their maturities, specifying the Bonds (or the portion thereof) to be redeemed shall be mailed to DTC, or sent in such other manner acceptable to DTC, not more than 60 days nor less than 30 days prior to the redemption date. Any failure on the part of DTC to notify the DTC Participants of the redemption or failure on the part of the DTC Participants, Indirect Participants, or of a nominee of a Beneficial Owner (having received notice from DTC Participant or otherwise) to notify the Beneficial Owner shall not affect the validity of the redemption.

Record Date

The record date for each payment of interest is the fifteenth day of the month preceding the interest payment date provided that, if such date is not a business day, the Record Date will be the next succeeding business day. With respect to overdue interest, the Paying Agent may establish a special record date. The special record date may not be more than twenty (20) days before the date set for payment. The Paying Agent will mail notice of a special record date to the Bondowners at least ten (10) days before the special record date.

Book-Entry Transfer System

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued in fully-registered form registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered Bond certificate will be issued for each maturity of each series of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a AA+ rating from S&P Global Ratings. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of securities deposited with DTC must be made by or through Direct Participants, which will receive a credit for such securities on DTC's records. The ownership interest of each actual purchaser of each security deposited with DTC ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in securities deposited with DTC are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in securities deposited with DTC, except in the event that use of the book-entry system for such securities is discontinued.

To facilitate subsequent transfers, all securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the securities deposited with it; DTC's records reflect only the identity of the Direct Participants to whose accounts such securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of a maturity is being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to securities deposited with it unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the issuer of such securities or its paying agent as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts such securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on securities deposited with DTC will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the issuer of such securities or its paying agent, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the

accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC (nor its nominee), the issuer of such securities or its paying agent, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the issuer of such securities or its paying agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to securities held by it at any time by giving reasonable notice to the issuer of such securities or its paying agent. Under such circumstances, in the event that a successor depository is not obtained, physical certificates are required to be printed and delivered to Beneficial Owners. The Town may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, physical certificates will be printed and delivered to Beneficial Owners.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Town believes to be reliable, but the Town takes no responsibility for the accuracy thereof.

Authorization of the Bonds and Use of Proceeds

The following table sets forth the purpose, principal amount, and statutory reference for the current issue of Bonds.

Purpose	This Issue	Statutory Reference M.G.L.
Refunding	18,530,000	(1) Ch.44, s.21A
	<u>\$ 18,530,000</u>	

(1) Debt service on the principal amount of the Refunded Bonds has been excluded from the tax limitations of Proposition 2 ½. Debt service on the Bonds issued to refund the Refunded Bonds, defined below, will likewise be excluded from such limitations.

As described above, Bond proceeds will be used to current refund the Town's \$35,000,000 General Obligation School Bonds dated March 15, 2010, maturing in the years 2021 through 2035, inclusive in the aggregate principal amount of \$21,000,000 (the "Refunded Bonds") and to pay costs of issuing the Refunding Bonds.

Sources and Uses of Bond Proceeds

Proceeds of the Bonds will be applied as follows:

SOURCES:	
Par Amount of the Bonds	\$ 18,530,000.00
Original Issue Premium	2,678,339.70
Unamortized Bond Premium	227,005.00
Total Sources	<u>\$ 21,435,344.70</u>
 USES:	
Deposit to Refunding Escrow Fund	\$ 21,239,604.17
Underwriter's Discount	74,615.49
Costs of Issuance	119,045.00
Rounding Amount	2,080.04
Total Uses	<u>\$ 21,435,344.70</u>

Plan of Refunding

Upon delivery of the Bonds, the Town will enter into a Refunding Escrow Agreement (the "Refunding Escrow Agreement") with U.S. Bank National Association, as Refunding Escrow Agent, to provide for the refunding of the Refunded Bonds. Upon receipt of the portion of the proceeds of the Bonds necessary to refund the Refunded Bonds, the Refunding Escrow Agent will deposit in the Refunding Escrow Fund established under the Refunding Escrow Agreement an amount which will be held in cash to pay on the redemption date, the outstanding principal of and interest on the Refunded Bonds. The Refunding Escrow Fund will be pledged for the benefit of the holders of the Refunded Bonds.

Tax Exemption

In the opinion of Locke Lord LLP, Bond Counsel to the Town (“Bond Counsel”), based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”). Bond Counsel is of the further opinion that interest on the Bonds will not be included in computing the alternative minimum taxable income of Bondholders who are individuals. Bond Counsel expresses no opinion regarding any other federal tax consequences arising with respect to the ownership or disposition of, or the accrual or receipt of interest on the Bonds. The Bonds will not be designated as “qualified tax-exempt obligations” for purposes of Section 265(b)(3) of the Code.

The Code imposes various requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds. Failure to comply with these requirements may result in interest on the Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Bonds. The Town has covenanted to comply with such requirements to ensure that interest on the Bonds will not be included in federal gross income. The opinion of Bond Counsel assumes compliance with these requirements.

Bond Counsel is also of the opinion that, under existing law, interest on the Bonds is exempt from Massachusetts personal income taxes, and the Bonds are exempt from Massachusetts personal property taxes. Bond Counsel has not opined as to other Massachusetts tax consequences arising with respect to the Bonds. Prospective Bondholders should be aware, however, that the Bonds are included in the measure of Massachusetts estate and inheritance taxes, and the Bonds and the interest thereon are included in the measure of certain Massachusetts corporate excise and franchise taxes. Bond Counsel expresses no opinion as to the taxability of the Bonds or the income therefrom or any other tax consequences arising with respect to the Bonds under the laws of any state other than Massachusetts. A complete copy of the proposed form of opinion of Bond Counsel is set forth in Appendix B hereto.

To the extent the issue price of any maturity of the Bonds is less than the amount to be paid at maturity of such Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Bonds), the difference constitutes “original issue discount,” the accrual of which, to the extent properly allocable to each owner thereof, is treated as interest on the Bonds which is excluded from gross income for federal income tax purposes and is exempt from Massachusetts personal income taxes. For this purpose, the issue price of a particular maturity of the Bonds is either the reasonably expected initial offering price to the public or the first price at which a substantial amount of such maturity of the Bonds is sold to the public, as applicable. The original issue discount with respect to any maturity of the Bonds accrues daily over the term to maturity of such Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Bonds. Bondholders should consult their own tax advisors with respect to the tax consequences of ownership of Bonds with original issue discount, including the treatment of purchasers who do not purchase such Bonds in the original offering to the public at the reasonably expected initial offering price or, if applicable, the first price at which a substantial amount of such Bonds is sold to the public.

Bonds purchased, whether at original issuance or otherwise, for an amount greater than the stated principal amount to be paid at maturity of such Bonds, or, in some cases, at the earlier redemption date of such Bonds (“Premium Bonds”), will be treated as having amortizable bond premium for federal income tax purposes and Massachusetts personal income tax purposes. No deduction is allowable for the amortizable bond premium in the case of obligations, such as the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, a Bondholder’s basis in a Premium Bond will be reduced by the amount of amortizable bond premium properly allocable to such Bondholder. Holders of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Bonds may adversely affect the value of, or the tax status of interest on, the Bonds.

Although Bond Counsel is of the opinion that interest on the Bonds is excluded from gross income for federal income tax purposes and is exempt from Massachusetts personal income taxes, the ownership or disposition of, or the accrual or receipt of interest on, the Bonds may otherwise affect the federal or state tax liability of a Bondholder. Among other possible consequences of ownership or disposition of, or the accrual or receipt of interest on, the Bonds, the Code requires recipients of certain social security and certain railroad retirement benefits to take into account receipts or accruals of interest on the Bonds in determining the portion of such benefits that are included in gross income. The nature and extent of all such other tax consequences will depend upon the particular tax status of the Bondholder or the Bondholder’s other items of income,

deduction, or exclusion. Bond Counsel expresses no opinion regarding any such other tax consequences, and Bondholders should consult with their own tax advisors with respect to such consequences.

Risk of Future Legislative Changes and/or Court Decisions

Legislation affecting tax-exempt obligations is regularly considered by the United States Congress and may also be considered by the Massachusetts legislature. Court proceedings may also be filed, the outcome of which could modify the tax treatment of obligations such as the Bonds. There can be no assurance that legislation enacted or proposed, or actions by a court, after the date of issuance of the Bonds will not have an adverse effect on the tax status of interest on the Bonds or the market value or marketability of the Bonds. These adverse effects could result, for example, from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), or repeal (or reduction in the benefit) of the exclusion of interest on the Bonds from gross income for federal or state income tax purposes for all or certain taxpayers.

Additionally, Bondholders should be aware that future legislative actions (including federal income tax reform) may retroactively change the treatment of all or a portion of the interest on the Bonds for federal income tax purposes for all or certain taxpayers. In all such events, the market value of the Bonds may be affected and the ability of Bondholders to sell their Bonds in the secondary market may be reduced. The Bonds are not subject to special mandatory redemption, and the interest rates on the Bonds are not subject to adjustment, in the event of any such change in the tax treatment of interest on the Bonds.

Investors should consult their own financial and tax advisors to analyze the importance of these risks.

Security and Remedies

Full Faith and Credit. General obligation bonds and notes of a Massachusetts city or town constitute a pledge of its full faith and credit. Payment is not limited to a particular fund or revenue source. Except for "qualified bonds" as described below (see "Types of Obligations- Serial Bonds and Notes" under "INDEBTEDNESS" below) and setoffs of state distributions as described below (see "State Distributions" below), no provision is made by the Massachusetts statutes for priorities among bonds and notes and other general obligations, although the use of certain moneys may be restricted.

Tax Levy. The Massachusetts statutes direct the municipal assessors to include annually in the tax levy for the next fiscal year "all debt and interest charges matured and maturing during the next fiscal year and not otherwise provided for [and] all amounts necessary to satisfy final judgments." Specific provision is also made for including in the next tax levy payment of rebate amounts not otherwise provided for and payment of notes in anticipation of federal or state aid if the aid is no longer forthcoming.

The total amount of a tax levy is limited by statute. However, the voters in each municipality may vote to exclude from the limitation any amounts required to pay debt service on indebtedness incurred before November 4, 1980. Local voters may also vote to exempt specific subsequent bond issues from the limitation. (See "Tax Limitations" under "PROPERTY TAXATION" below.) In addition, obligations incurred before November 4, 1980 may be constitutionally entitled to payment from taxes in excess of the statutory limit.

No Lien. Except for taxes on the increased value of certain property in designated development districts which may be pledged for the payment of debt service on bonds issued to finance economic development projects within such districts, no provision is made for a lien on any portion of the tax levy or any other monies to secure particular bonds or notes or bonds and notes generally (or judgments on bonds or notes) in priority to other claims. Provision is made, however, for borrowing to pay judgments, subject to the General Debt Limit. (See "Debt Limits" under "INDEBTEDNESS" below.) Subject to the approval of the State Director of Accounts for judgments above \$10,000, judgments may also be paid from available funds without appropriation and included in the next tax levy unless other provision is made.

Court Proceedings. Massachusetts cities and towns are subject to suit on their general obligation bonds and notes and courts of competent jurisdiction have power in appropriate proceedings to order payment of a judgment on the bonds or notes from lawfully available funds or, if necessary, to order the city or town to take lawful action to obtain the required money, including the raising of it in the next annual tax levy, within the limits prescribed by law. (See "Tax Limitations" under "PROPERTY TAXATION" below.) In exercising their discretion as to whether to enter such an order, the courts could take into account all relevant factors including the current operating needs of the city or town and the availability and adequacy of other remedies. The Massachusetts Supreme Judicial Court has stated in the past that a judgment against a municipality can be enforced by the taking and sale of the property of any inhabitant. However, there has been no judicial determination as to whether this remedy is constitutional under current due process and equal protection standards.

Restricted Funds. Massachusetts statutes also provide that certain water, gas and electric, community antenna television system, telecommunications, sewer, parking meter, passenger ferry, community preservation and affordable housing receipts may be used only for water, gas and electric, community antenna television system, telecommunications, sewer, parking, mitigation of ferry service impacts, and community preservation and affordable housing purposes, respectively; accordingly, moneys derived from these sources may be unavailable to pay general obligation bonds and notes issued for other purposes. A city or town that accepts certain other statutory provisions may establish an enterprise fund for a utility, health care, solid waste, recreational or transportation facility and for police or fire services; under those provisions any surplus in the fund is restricted to use for capital expenditures or reduction of user charges. In addition, subject to certain limits, a city or town may annually authorize the establishment of one or more revolving funds in connection with use of certain revenues for programs that produce those revenues; interest earned on a revolving fund is treated as general fund revenue. A city or town may also establish an energy revolving loan fund to provide loans to owners of privately-held property in the city or town for certain energy conservation and renewable energy projects, and may borrow to establish such a fund. The loan repayments and interest earned on the investment of amounts in the fund shall be credited to the fund. Also, the annual allowance for depreciation of a gas and electric plant or a community antenna television and telecommunications system is restricted to use for plant or system renewals and improvements, for nuclear decommissioning costs, and costs of contractual commitments, or, with the approval of the State Department of Telecommunications and Energy, to pay debt incurred for plant or system reconstruction or renewals. Revenue bonds and notes issued in anticipation of them may be secured by a prior lien on specific revenues. Receipts from industrial users in connection with industrial revenue financings are also not available for general municipal purposes.

State Distributions. State grants and distributions may in some circumstances be unavailable to pay general obligation bonds and notes of a city or town in that the State Treasurer is empowered to deduct from such grants and distributions the amount of any debt service paid on “qualified bonds” (See “*Serial Bonds and Notes*” under “TYPES OF OBLIGATIONS” below) and any other sums due and payable by the city or town to The Commonwealth of Massachusetts (the “Commonwealth”) or certain other public entities, including any unpaid assessments for costs of any public transportation authority (such as the Massachusetts Bay Transportation Authority (“MBTA”) or a regional transit authority) of which it is a member, for costs of the Massachusetts Water Resources Authority (“MWRA”), if the city or town is within the territory served by the Authority, for any debt service due on obligations issued to the Massachusetts School Building Authority (“MSBA”), or for charges necessary to meet obligations under the Commonwealth’s Clean Water or Drinking Water Revolving Loan Programs, including such charges imposed by another local governmental unit that provides wastewater collection or treatment services or drinking water services to the city or town.

If a city or town is (or is likely to be) unable to pay principal or interest on its bonds or notes when due, it is required to notify the State Commissioner of Revenue. The Commissioner shall in turn, after verifying the inability, certify the inability to the State Treasurer. The State Treasurer shall pay the due or overdue amount to the paying agent for the bonds or notes, in trust, within three days after the certification or one business day prior to the due date (whichever is later). This payment is limited, however, to the estimated amount otherwise distributable by the Commonwealth to the city or town during the remainder of the fiscal year (after the deductions mentioned in the foregoing paragraph). If for any reason any portion of the certified sum has not been paid at the end of the fiscal year, the State Treasurer shall pay it as soon as practicable in the next fiscal year to the extent of the estimated distributions for that fiscal year. The sums so paid shall be charged (with interest and administrative costs) against the distributions to the city or town.

The foregoing does not constitute a pledge of the faith and credit of the Commonwealth. The Commonwealth has not agreed to maintain existing levels of state distributions, and the direction to use estimated distributions to pay debt service may be subject to repeal by future legislation. Moreover, adoption of the annual appropriation act has sometimes been delayed beyond the beginning of the fiscal year and estimated distributions which are subject to appropriation may be unavailable to pay local debt service until they are appropriated.

Bankruptcy. Enforcement of a claim for payment of principal or interest on general obligation bonds or notes would be subject to the applicable provisions of Federal bankruptcy laws and to the provisions of other statutes, if any, hereafter enacted by the Congress or the State legislature extending the time for payment or imposing other constraints upon enforcement insofar as the same may be constitutionally applied. Massachusetts municipalities are not generally authorized by the Massachusetts General Laws to file a petition for bankruptcy under federal bankruptcy laws. In cases involving significant financial difficulties faced by a single city, town or regional school district, however, the Commonwealth has enacted special legislation to permit the appointment of a fiscal overseer, finance control board or, in the most extreme cases, a state receiver. In a limited number of these situations, such special legislation has also authorized the filing of federal bankruptcy proceedings, with the prior approval of the Commonwealth. In each case where such authority was granted, it expired at the termination of the Commonwealth’s oversight of the financially distressed city, town or regional school district. To date, no such filings have been approved or made.

Opinion of Bond Counsel

The purchaser will be furnished the legal opinion of the firm of Locke Lord LLP, Boston, Massachusetts ("Bond Counsel"). The opinion will be dated and given on and will speak only as of the date of original delivery of the Bonds to the successful bidder. The opinion will be substantially in the form presented in Appendix B.

Other than as to matters expressly set forth herein as the opinion of Bond Counsel, Bond Counsel is not passing upon and does not assume any responsibility for the accuracy or adequacy of the statements made in this Official Statement and makes no representation that they have independently verified the same.

Rating

Moody's Investors Service has assigned a rating of Aaa to the Bonds. The rating only reflects the rating agency's views and is subject to revision or withdrawal, which could affect the price and marketability of the Bonds.

Financial Advisory Services of Hilltop Securities Inc.

Hilltop Securities Inc., Boston, Massachusetts serves as financial advisor to the Town of Wellesley, Massachusetts.

Continuing Disclosure

In order to assist the underwriters in complying with Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission (the "Rule"), the Town will covenant for the benefit of owners of the Bonds to provide certain financial information and operating data relating to the Town by not later than 270 days after the end of each fiscal year (the "Annual Report"), and to provide notices of the occurrence of certain significant events. The covenants will be contained in a Continuing Disclosure Certificate, the proposed form of which is provided in Appendix C. The Certificate will be executed by the signers of the Bonds, and incorporated by reference in the Bonds. Other than the Town, there are no obligated persons with respect to the Bonds within the meaning of the Rule.

In the past five years, the Town believes it has complied, in all material respects, with its previous undertakings to provide annual reports or notices of significant events in accordance with the Rule.

THE TOWN OF WELLESLEY, MASSACHUSETTS

General

The Town of Wellesley (the "Town"), which was incorporated in 1881, is located in Norfolk County. It is approximately 15 miles west of Boston and is bordered by Natick on the west, Weston and Newton on the north, Needham on the east and southeast, and Dover on the south. It is approximately 10.51 square miles in area and, according to the 2010 federal census figures, has a population of 27,982 persons.

Local Government

The Town operates under the Representative Town Meeting form of government with public officers serving as ex-officio members of the town meeting. The legislative body consists of 240 members elected by precincts. Provision is usually made for a referendum on actions of the representative town meeting upon petition of a sufficient number of voters. Administrative affairs are generally managed by a board of five selectmen, with the assistance of an executive director.

The administration of general government is the responsibility of the five-member Board of Selectmen who are elected at-large for staggered three-year terms. Local school affairs are administered by the five-member School Committee who are elected at-large for staggered three-year terms. Public Works is the responsibility of the three-member Board of Public Works who are elected at-large for staggered three-year terms. Library affairs are administered by a six-member Board of Library Trustees who are elected at-large for staggered three-year terms.

Principal Executive Officers

<u>Office</u>	<u>Name</u>	<u>Term and Manner of Selection</u>	<u>Term Expires</u>
Board of Selectmen	Marjorie Freiman, Chair	Elected – 3-year term	2021
	Lisa Olney, Vice Chair	Elected – 3-year term	2022
	Beth Sullivan Woods	Elected – 3-year term	2020
	Jack Morgan	Elected – 3-year term	2021
	Thomas Ulfelder	Elected – 3-year term	2020
Executive Director	Meghan Jop	Appointed by Selectmen	2022
Finance Director/Accountant	Sheryl Strother	Appointed by Selectmen	2022
Treasurer/Collector	Marc V. Waldman	Appointed by Finance Director	2021
Town Clerk	K.C. Kato	Elected – 3-year term	2021
Town Counsel	Miyares & Harrington	Appointed by Selectmen 3-year term	6/30/2021

Municipal Services

Wellesley provides general governmental services, including police and fire protection, public education from kindergarten through grade 12, libraries, public works, water, sewer and electric utilities, public safety inspection, parks and recreational programs and facilities, and land planning and conservation programs. The Town also maintains a solid waste recycling and disposal facility. The Wellesley Housing Authority provides low-income housing and housing for the elderly.

The principal highways serving the Town are State Routes 9, 16, 135 and 128 (I-95) and the Massachusetts Turnpike (I-90). The Massachusetts Bay Transportation Authority (MBTA) provides railroad service to Boston and Worcester.

Corona Virus (COVID-19) Disclosure

COVID-19 is a new respiratory disease caused by a novel coronavirus that has not previously been seen in humans. On March 10, 2020, the Governor of The Commonwealth of Massachusetts declared a state of emergency to support the Commonwealth's response to the outbreak of the virus. On March 11, 2020 the World Health Organization declared COVID-19 a pandemic. On March 13, 2020, the President declared a national emergency due to the outbreak, which has enabled disaster funds to be made available to states to fight the pandemic. On March 15, 2020, the Governor announced emergency actions to help address the spread of the virus, and as a result the Town closed all municipal buildings to the public until at least May 4, 2020. The Town is adhering to these actions by strictly following the public health recommendations of social distancing guidelines and limiting public gatherings to 10 people or less. Town employees are currently reporting to work as directed and under the discretion of management. The Town continues to and expects to continue to maintain all essential functions and services.

Pursuant to M.G.L. Chapter 44, Section 31, the Town can set up a fund specifically related to COVID-19 expenses. This fund should capture all costs related to the COVID-19 pandemic and deficit spend for these costs, including but not limited to, overtime, cleaning and medical supplies, and IT equipment. The Town has established a special project code to track unbudgeted costs associated with Coronavirus.

The virus and the resulting actions by national, state and local governments is altering the behavior of businesses and people in a manner that will have negative impacts on global and local economies. There can be no assurances regarding the extent to which COVID-19 will impact the national and state economies and, accordingly, how it will adversely impact municipalities, including the Town. These negative impacts are likely to include reduced collections of property taxes and other revenues, including local meals and rooms tax revenue, motor vehicle excise taxes and other fees and charges collected by the Town. To date, the operating budgets have absorbed related costs, but the Town will continue to monitor such expenses.

Wellesley Municipal Light Plant

The Town owns and operates a self-supporting municipal light plant. The plant was established in accordance with Chapter 164 of the General Laws of The Commonwealth of Massachusetts, in 1892 and has been in continuous operation since that time. The plant has distribution facilities only and purchases all power from Energy New England. All rates charged by the Division to its customers are filed with the Massachusetts Department of Public Utilities.

As a result of a vote at the 1993 Annual Town Meeting, a new Municipal Light Board was empowered on October 3, 1993. The five-member Municipal Light Board carries out the responsibilities of the Municipal Light Commissioners as dictated by Massachusetts General Laws, Chapter 164. The Municipal Light Board is comprised of the three Board of Public Works members who are elected, as well as two members who are appointed by the Board of Selectmen. The Municipal Light Plant contributes approximately \$1,000,000 annually to the Town in the form of payments in lieu of taxes.

Wellesley Water and Sewer Programs

The Town's Water Program is also a self-supporting utility servicing all of the Town's water requirements. The three elected members of the Board of Public Works also serve as Water and Sewer Commissioners. The chief source of water is local wells. The Town was admitted to the Metropolitan District Commission (now the Massachusetts Water Resources Authority or MWRA) for water connections in May 1974, and has utilized its option to purchase water to supplement its water supply since June of 1988.

The Town's Sewer Program, which is currently connected to the MWRA system, is a self-supporting utility established as an enterprise fund on July 1, 1981.

Public School Enrollments

	Average Annual Enrollment				
	<u>2015-2016</u>	<u>2016-2017</u>	<u>2017-2018</u>	<u>2018-19</u>	<u>2019-20</u>
Kindergarten to 5	2,307	2,256	2,209	2,175	2,094
Grades 6 - 8	1,153	1,147	1,130	1,159	1,165
Grades 9 - 12	<u>1,515</u>	<u>1,514</u>	<u>1,569</u>	<u>1,529</u>	<u>1,499</u>
Total	<u>4,975</u>	<u>4,917</u>	<u>4,908</u>	<u>4,863</u>	<u>4,758</u>

Source: Superintendent of Schools.

Population Trends

<u>2010</u>	<u>2000</u>	<u>1990</u>	<u>1980</u>
27,982	26,613	26,615	27,209

Source: U.S. Department of Commerce, Bureau of the Census.

Age, Income and Wealth Levels

The following table compares census averages for the Town, the Commonwealth, and the United States.

	<u>Wellesley</u>	<u>Massachusetts</u>	<u>U.S.</u>
Median Age			
2010	38.2	39.1	37.2
2000	37.6	36.5	35.3
1990	35.5	33.6	32.9
Median Family Income			
2010	\$139,784	\$81,165	\$51,144
2000	134,769	61,664	50,046
1990	90,030	44,367	35,225
Per Capita Income			
2010	\$66,800	\$33,966	\$27,334
2000	52,866	25,952	21,587
1990	32,253	17,224	14,420

Source: U.S. Department of Commerce, Bureau of the Census.

Labor Force, Employment and Unemployment Rate

According to the Massachusetts Department of Employment Security data, in February 2020, the Town had a total labor force of 14,064, of whom 13,746 were employed and 318 or 2.3% were unemployed as compared to 3.3% for the Commonwealth. The following table sets forth the Town's average annual labor force and average annual unemployment rates for calendar years 2015 through 2019 and unemployment rates for the Commonwealth and the United States for the same period:

Calendar Year	<u>Town of Wellesley</u>		<u>Massachusetts</u>	<u>U.S.</u>
	<u>Labor Force</u>	<u>Unemployment Rate</u>	<u>Unemployment Rate</u>	<u>Unemployment Rate</u>
2019	14,040	2.2%	2.9%	3.4%
2018	13,952	2.6	3.3	3.9
2017	13,357	3.0	3.7	3.9
2016	12,995	2.8	4.9	5.3
2015	13,121	3.7	4.9	5.0

Source: Massachusetts Department of Employment and Training.

Employment by Industry

Due to reclassification the U.S. Department of Labor now uses the North American Industry Classification System (NAICS) as the basis for the assignment and tabulation of economic data by industry.

Industry	Calendar Year Average				
	2014	2015	2016	2017	2018
Construction	277	305	334	323	324
Manufacturing	62	49	40	33	32
Trade, Transportation & Utilities	1,801	1,913	1,967	1,942	1,859
Information	237	224	328	275	236
Financial Activities	3,261	2,866	2,705	2,828	2,847
Professional and Business Services	3,571	3,289	3,393	3,301	3,294
Education and Health Services	6,156	6,173	6,274	6,481	7,040
Leisure and Hospitality	1,593	1,711	1,731	1,638	1,632
Other Services	718	717	707	602	660
Total Employment	<u>17,676</u>	<u>17,247</u>	<u>17,479</u>	<u>17,423</u>	<u>17,924</u>
Number of Establishments	1,491	1,494	1,500	1,493	1,495
Average Weekly Wages	\$ 1,565	\$ 1,559	\$ 1,576	\$ 1,666	\$ 1,687
Total Wages	<u>\$ 1,463,172,725</u>	<u>\$ 1,422,181,877</u>	<u>\$ 1,458,801,020</u>	<u>\$ 1,535,587,816</u>	<u>\$ 1,599,292,697</u>

Source: Massachusetts Department of Education and Training. Data based upon place of employment, not place of residence.

Major Employers (1)

<u>Employer</u>	<u>Nature of Business</u>	<u>No. of Employees</u>
Sun Life of Canada	Insurance Company	1,410
Wellesley College	College	1,200
Babson College	College	850
Eagle Investment Systems	Financial Systems	600
Harvard Pilgrim Health Care	HMO	490
Roche Brothers	Grocery	330
Mass. Bay Community College	College	250
Dana Hall School	Private School	250
Wellesley Country Club	Recreation	220
Gulf Oil	Corporate Office	109

(1) Excludes the Town.

Building Permits

The following table sets forth the number of building permits issued and the estimated dollar value of new construction and alterations for each of the following fiscal years. The estimated dollar values are based on builders' estimates and are generally considered to be conservative.

<u>Fiscal Year</u>	<u>New Construction</u>		<u>Non-Residential</u>		<u>Additions/Alterations</u>		<u>Total</u>	
	<u>No.</u>	<u>Value</u>	<u>No.</u>	<u>Value</u>	<u>No.</u>	<u>Value</u>	<u>No.</u>	<u>Value</u>
2019	48	\$33,834,918	3	\$737,500	899	\$144,994,972	950	\$179,567,390
2018	34	31,303,330	6	42,985,000	776	178,533,117	816	252,821,447
2017	84	72,293,800	1	5,697,000	540	75,256,823	625	153,247,623
2016	110	106,864,890	7	5,540,000	1,007	71,769,156	1,124	184,174,046
2015	50	38,763,950	4	1,139,000	719	59,547,736	773	99,450,686

Source: Town of Wellesley Building Inspector.

PROPERTY TAXATION

The principal tax of Massachusetts cities and towns is the tax on real and personal property. The amount to be levied in each year is the amount appropriated or required by law to be raised for municipal expenditures less estimated receipts from other sources and less appropriations voted from funds on hand. The total amount levied is subject to certain limits prescribed by law; for a description of those limits, see "Tax Limitations," below.

The estimated receipts for a fiscal year from sources other than the property tax may not exceed the actual receipts during the preceding fiscal year from the same sources unless approved by the State Commissioner of Revenue. Excepting special funds the use of which is otherwise provided for by law, the deduction for appropriations voted from funds on hand for a fiscal year cannot exceed the "free cash" as of the beginning of the prior fiscal year as certified by the State Director of Accounts plus up to nine months' collections and receipts on account of earlier years' taxes after that date. Subject to certain adjustments, free cash is surplus revenue less uncollected overdue property taxes from earlier years.

Although an allowance is made in the tax levy for abatements (see "Abatements and Overlay," below), no reserve is generally provided for uncollectible real property taxes. Since some of the levy is inevitably not collected, this creates a cash deficiency which may or may not be offset by other items (see "Taxation to Meet Deficits," below).

Tax Levy Computation

The following table illustrates the manner in which the Town's tax levy was determined for the current and last four fiscal years.

	Fiscal 2020	Fiscal 2019	Fiscal 2018	Fiscal 2017	Fiscal 2016
Total Appropriations	\$ 193,666,850	\$ 185,261,359	\$ 180,387,559	\$ 179,697,105	\$ 167,711,287
Additions:					
State and County Assessments	1,262,442	1,260,154	1,573,440	1,226,317	1,220,044
Overlay Reserve (1)	750,001	790,641	1,239,371	654,901	650,475
Other Additions	1,852,515	1,557,603	662,717	1,598,125	1,462,477
Total Additions	<u>3,864,958</u>	<u>3,608,398</u>	<u>3,475,528</u>	<u>3,479,343</u>	<u>3,332,996</u>
Gross Amount to be Raised	<u>197,531,808</u>	<u>188,869,757</u>	<u>183,863,087</u>	<u>183,176,448</u>	<u>171,044,283</u>
Deductions:					
Local Estimated Receipts	30,968,515	30,621,324	30,349,867	33,100,087	27,036,178
State Aid(2)	10,768,926	10,400,084	9,810,687	9,564,369	9,252,390
Available Funds:					
Free Cash	7,040,670	4,093,089	812,089	913,523	1,968,840
Other	2,703,255	1,555,169	5,928,846	4,603,874	1,700,623
Municipal Light Plant Contribution	1,153,536	1,149,792	1,000,000	3,489,757	3,624,169
Total Deductions	<u>52,634,902</u>	<u>47,819,458</u>	<u>47,901,489</u>	<u>51,671,610</u>	<u>43,582,200</u>
Net Amount to be Raised (Tax Levy)	<u>\$ 144,896,906</u>	<u>\$ 141,050,299</u>	<u>\$ 135,961,598</u>	<u>\$ 131,504,838</u>	<u>\$ 127,462,083</u>
Assessed Valuation	\$ 12,534,334,400	\$ 12,191,037,081	\$ 11,377,539,600	\$ 11,153,930,400	\$ 10,774,478,700
Tax Rate per \$1,000	\$ 11.56	\$ 11.57	\$ 11.95	\$ 11.79	\$ 11.83

NOTE: Property tax rates may not be set by the local assessors until they have been approved by the Commissioner of Revenue.

(1) Allowance for abatements.

(2) Includes state aid as well as other payments from the Commonwealth.

Valuations and Tax Levies

Property is classified for the purpose of taxation according to its use. The legislature has in substance created three classes of taxable property: (1) residential real property, (2) open space land, and (3) all other (commercial, industrial and personal property). Within limits, cities and towns are given the option of determining the share of the annual levy to be borne by each of the three categories. The share required to be borne by residential real property is at least 50 per cent of its share of the total taxable valuation; the effective rate for open space must be at least 75 per cent of the effective rate for residential real property; and the share of commercial, industrial and personal property must not exceed 175 percent of their share of the total valuation. A city or town may also exempt up to 20 percent of the valuation of residential real property (where used as the taxpayer's principal residence) and up to 10 percent of the valuation of commercial real property (where occupied by certain small businesses). Property may not be classified in a city or town until the State Commissioner of Revenue certifies that all property in the city or town has been assessed at its fair cash value. Such certification must take place every five years, or pursuant to a revised schedule as may be issued by the Commissioner.

Related statutes provide that certain forest land, agricultural or horticultural land (assessed at the value it has for these purposes) and recreational land (assessed on the basis of its use at a maximum of 25 percent of its fair cash value) are all to be taxed at the rate applicable to commercial property. Land classified as forest land is valued for this purpose at five percent of fair cash value but not less than ten dollars per acre.

In order to determine appropriate relative values for the purposes of certain distributions to and assessments upon cities and towns, the Commissioner of Revenue biennially makes a redetermination of the fair cash value of the taxable property in each municipality. This is known as the "equalized value". See "INDEBTEDNESS – Debt Limits" below.

Valuation of real and personal property in the Town of Wellesley is established by the Board of Assessors. The following table sets forth the trend in the Town's assessed and equalized valuations for the current and last four fiscal years:

Fiscal Year	Assessed Valuations (1)			Equalized Valuation (2)	Assessed Valuation as a Percent of Equalized
	Real Property	Personal Property	Total		
2020	\$12,405,355,000	\$128,979,400	\$12,534,334,400	\$12,421,188,300	100.9%
2019	12,068,998,000	122,039,081	12,191,037,081	12,421,188,300	98.1
2018	11,261,715,000	115,824,600	11,377,539,600	11,749,686,900	96.8
2017	11,038,606,000	115,324,400	11,153,930,400	11,749,686,900	94.9
2016	10,660,285,000	114,193,700	10,774,478,700	10,212,968,600	105.5

(1) Source: Massachusetts Department of Revenue - As of prior January 1.

(2) Source: Massachusetts Department of Revenue - Equalized valuations are established as of January 1 of even-numbered years for the next two fiscal years.

Classification of Property

The following table illustrates the breakdown of the Town's assessed valuation.

Property Type	2020		2019		2018	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
Residential	\$ 10,908,678,000	87.0 %	\$ 10,654,218,000	87.4 %	\$ 9,935,541,000	87.3 %
Commercial	1,490,134,000	11.9	1,406,187,000	11.5	1,318,844,000	11.6
Industrial	6,543,000	0.1	8,593,000	0.1	7,330,000	0.1
Personal	128,979,400	1.0	122,039,081	1.0	115,824,600	1.0
Total	<u>\$ 12,534,334,400</u>	<u>100.0 %</u>	<u>\$ 12,191,037,081</u>	<u>100.0 %</u>	<u>\$ 11,377,539,600</u>	<u>100.0 %</u>

Source: Massachusetts Department of Revenue.

Largest Taxpayers

The following table lists the ten largest taxpayers in the Town based upon assessed valuations for fiscal 2020. All are current in their tax payments.

Name	Nature of Business	Fiscal 2020 Assessed Valuation	% of Total Assessed Value
John Hancock	Office Buildings	\$ 236,277,000	1.89 %
Haynes Management	Office Buildings	192,578,000	1.54
Fr Linden Square, Federal Realty	Commercial	192,369,000	1.53
Sun Life Assurance	Office Buildings	127,925,000	1.02
Wellesley Gateway	Office Buildings	96,899,000	0.77
Wellesley College	Education/Residential	97,444,000	0.78
Linear Retail	Commercial	42,195,000	0.34
Wellesley Washington Street (Waterstone)	Residential/Commercial	40,250,000	0.32
Hunnewell Family	Residential	38,931,000	0.31
Newton Wellesley Executive Office Park	Office Buildings	37,633,000	0.30
Total		<u>\$ 1,102,501,000</u>	<u>8.80 %</u>

Source: Board of Assessors.

Abatements and Overlay

A city or town is authorized to increase each tax levy by an amount approved by the State Commissioner of Revenue as an "overlay" to provide for tax abatements. If abatements are granted in excess of the applicable overlay, the excess is required to be added to the next tax levy.

Abatements are granted where exempt real or personal property has been assessed or where taxable real or personal property has been overvalued or disproportionately valued. The assessors may also abate uncollectible personal property taxes. They may abate real and personal property taxes on broad grounds (including inability to pay) with the approval of the State Commissioner of Revenue. But uncollected real property taxes are ordinarily not written off until they become municipal "tax titles" by purchase at the public sale or by taking, at which time the tax is written off in full by reserving the amount of the tax and charging surplus.

The following table sets forth the overlay reserve of the Town for the following fiscal years and abatements granted for each fiscal year listed:

Fiscal Year	Overlay Allowance		Percent of Net Levy	Abatements Granted Through June 30, 2019
	Net Tax Levy	Dollar Amount		
2019	\$ 140,259,658	\$ 790,641	0.56 %	\$ 276,688
2018	135,298,881	662,717	0.49	218,658
2017	130,649,937	854,901	0.65	202,217
2016	126,811,608	650,475	0.51	210,306
2015	119,169,333	913,764	0.77	137,157

Source: Board of Assessors.

Tax Collections

The following table presents the Town's tax collections for the last five fiscal years at their respective fiscal year end: The Town delayed the payment of the fiscal 2020 fourth quarter tax payments from May 1, 2020 to June 1, 2020.

<u>Fiscal Year</u>	<u>Total Tax Levy</u>	<u>Overlay Reserve for Abatements</u>	<u>Net Tax Levy (1)</u>	<u>% of Net Collected at each fiscal year end (2)(3)</u>
2019	\$ 141,050,299	\$ 790,641	\$ 140,259,658	99.6 %
2018	135,298,881	662,717	134,636,164	99.5
2017	131,504,838	854,901	130,649,937	98.4
2016	127,462,083	650,475	126,811,608	99.6
2015	120,083,097	913,764	119,169,333	99.3

Source: Board of Assessors as to levies; Town Accountant as to collections.

(1) Net after deduction of overlay for abatements.

(2) Actual collections less refunds. Non-cash credits, which may be abated later, are not included in the amount allowed for refunds here.

(3) Collections for the current fiscal year are comparable to previous fiscal years.

Tax Titles and Possessions

Real property (land and buildings) is subject to a lien for the taxes assessed upon it, subject to any paramount federal lien and subject to bankruptcy and insolvency laws. (In addition, real property is subject to a lien for certain unpaid municipal charges or fees.) If the property has been transferred, an unenforced lien expires on the fourth December 31 after the end of the fiscal year to which the tax relates. If the property has not been transferred by the fourth December 31, an unenforced lien expires upon a later transfer of the property. Provision is made, however, for continuation of the lien where it could not be enforced because of a legal impediment. The persons against whom real or personal property taxes are assessed are personally liable for the tax (subject to bankruptcy and insolvency laws). In the case of real property, this personal liability is effectively extinguished by sale or taking of the property as described below.

Massachusetts law permits a municipality either to sell by public sale (at which the municipality may become the purchaser) or to take real property for nonpayment of taxes. In either case the property owner can redeem the property by paying the unpaid taxes, with interest and other charges, but if the right of redemption is not exercised within six months (which may be extended an additional year in the case of certain installment payments), it can be foreclosed by petition to the Land Court. Upon foreclosure, a tax title purchased or taken by the municipality becomes a "tax possession" and may be held and disposed of in the same manner as other land held for municipal purposes.

Tax Deferral

In an effort to assist elderly homeowners deal with an ever increasing real estate tax burden and remain in their homes, the Town of Wellesley obtained a Home Rule Petition that provides lower interest on deferred taxes and raised the income limits for participation in the program. Under Wellesley's program, eligible seniors over the age of 65 can defer up to 100% of their annual property tax until death or they sell their homes. The interest rate they are charged varies annually (at present, the rate is 1.3% compared to 8% for all other communities in the state) and the income qualification was raised from the state standard of \$40,000 to \$50,000.

Wellesley has concentrated on using the deferral program as its primary means of elderly tax relief, although all forms of exemptions are encouraged and a senior work-off program has been established. As of June 30, 2018, there were 32 active deferral accounts with a total balance of \$1,905,094.

It is important to note that the accounting impact of deferrals is a reduction to the undesignated fund balance; from a financial standpoint, a negative action. The reality is that deferrals are a secured loan made by the Town to its qualified elderly residents. The program costs the Town very little while accomplishing the socially acceptable goal of generational diversity.

Taxes Outstanding

As of June 30,	Aggregate (1)	Tax Titles	Deferred Taxes	Possessions
2019	\$ 3,163,613	\$ 1,252,509	\$ 1,846,472	\$ 64,632
2018	3,019,651	1,649,925	1,905,094	64,632
2017	2,601,809	704,851	1,832,326	64,632
2016	3,676,141	1,638,611	2,010,509	27,021
2015	3,732,911	1,580,974	2,124,916	27,021

Source: Town Accountant.

(1) For five prior fiscal years. Excludes abated taxes; includes taxes in litigation if any.

Sale of Tax Receivables

Cities and towns are authorized to sell delinquent property tax receivables by public sale or auction either individually or in bulk. The Town does not expect to utilize this option at the present time.

Taxation to Meet Deficits

As noted elsewhere (see “*Abatements and Overlay*” above) overlay deficits, i.e. tax abatements in excess of the overlay included in the tax levy to cover abatements, are required to be added to the next tax levy. It is generally understood that revenue deficits, i.e. those resulting from non-property tax revenues being less than anticipated, are also required to be added to the tax levy (at least to the extent not covered by surplus revenue).

Amounts lawfully expended since the prior tax levy and not included therein are also required to be included in the annual tax levy. The circumstances under which this can arise are limited since municipal departments are generally prohibited from incurring liabilities in excess of appropriations except for major disasters, mandated items, contracts in aid of housing and renewal projects and other long-term contracts. In addition, utilities must be paid at established rates and certain established salaries, e.g. civil service, must legally be paid for work actually performed, whether or not covered by appropriations.

Cities and towns are authorized to appropriate sums, and thus to levy taxes, to cover deficits arising from other causes, such as “free cash” deficits arising from a failure to collect taxes. This is not generally understood, however, and it has not been the practice to levy taxes to cover free cash deficits. Except to the extent that such deficits have been reduced or eliminated by subsequent collections of uncollected taxes (including sales of tax titles and tax possessions), lapsed appropriations, non-property tax revenues in excess of estimates, other miscellaneous items or funding loans authorized by special act, they remain in existence.

Tax Limitations

Chapter 59, Section 21C of the General Laws, also known as Proposition 2½, imposes two separate limits on the annual tax levy of a city or town.

The primary limitation is that the tax levy cannot exceed 2½ percent of the full and fair cash value. If a city or town exceeds the primary limitation, it must reduce its tax levy by at least 15 percent annually until it is in compliance, provided that the reduction can be reduced in any year to not less than 7½ percent by majority vote of the voters, or to less than 7½ percent by two-thirds vote of the voters.

For cities and towns at or below the primary limit, a secondary limitation is that the tax levy cannot exceed the maximum levy limit for the preceding fiscal year as determined by the State Commissioner of Revenue by more than 2½ percent, subject to exceptions for property added to the tax rolls or property which has had an increase, other than as part of a general revaluation, in its assessed valuation over the prior year’s valuation.

This “growth” limit on the tax levy may be exceeded in any year by a majority vote of the voters, but an increase in the secondary or growth limit under this procedure does not permit a tax levy in excess of the primary limitation, since the two limitations apply independently. In addition, if the voters vote to approve taxes in excess of the “growth” limit for the purpose of funding a stabilization fund, such increased amount may only be taken into account for purposes of calculating the maximum levy limit in each subsequent year if the board of selectmen of a town or the city council of a city votes by a two-thirds vote to appropriate such increased amount in such subsequent year to the stabilization fund.

The applicable tax limits may also be reduced in any year by a majority vote of the voters.

The State Commissioner of Revenue may adjust any tax limit “to counterbalance the effects of extraordinary, non-recurring events which occurred during the base year”.

The statute further provides that the voters may exclude from the taxes subject to the tax limits and from the calculation of the maximum tax levy (a) the amount required to pay debt service on bonds and notes issued before November 4, 1980, if the exclusion is approved by a majority vote of the voters, and (b) the amount required to pay debt service on any specific subsequent issue for which similar approval is obtained. Even with voter approval, the holders of the obligations for which unlimited taxes may be assessed do not have a statutory priority or security interest in the portion of the tax levy attributable to such obligations. It should be noted that Massachusetts General Laws Chapter 44, Section 20 requires that the taxes excluded from the levy limit to pay debt service on any such bonds and notes be calculated based on the true interest cost of the issue. Accordingly, the Department of Revenue limits the amount of taxes which may be levied in each year to pay debt service on any such bonds and notes to the amount of such debt service, less a pro rata portion of any original issue premium received by the city or town that was not applied to pay costs of issuance.

Voters may also exclude from the Proposition 2½ limits the amount required to pay specified capital outlay expenditures or for the city or town’s apportioned share for certain capital outlay expenditures by a regional governmental unit. In addition, the city council of a city, with the approval of the mayor if required, or the board of selectmen or the town council of a town may vote to exclude from the Proposition 2½ limits taxes raised in lieu of sewer or water charges to pay debt service on bonds or notes issued by the municipality (or by an independent authority, commission or district) for water or sewer purposes, provided that the municipality’s sewer or water charges are reduced accordingly.

In addition, Proposition 2½ limits the annual increase in the total assessments on cities and towns by any county, district, authority, the Commonwealth or any other governmental entity (except regional school districts, the MWRA and certain districts for which special legislation provides otherwise) to the sum of (a) 2½ percent of the prior year’s assessments and (b) “any increases in costs, charges or fees for services customarily provided locally or for services subscribed to at local option”. Regional water districts, regional sewerage districts and regional veterans districts may exceed these limitations under statutory procedures requiring a two-thirds vote of the district’s governing body and either approval of the local appropriating authorities (by two-thirds vote in districts with more than two members or by majority vote in two-member districts) or approval of the registered voters in a local election (in the case of two-member districts). Under Proposition 2½ any State law to take effect on or after January 1, 1981 imposing a direct service or cost obligation on a city or town will become effective only if accepted or voluntarily funded by the city or town or if State funding is provided. Similarly, State rules or regulations imposing additional costs on a city or town or laws granting or increasing local tax exemptions are to take effect only if adequate State appropriations are provided. These statutory provisions do not apply to costs resulting from judicial decisions.

Unused Levy Capacity (1)

	For Fiscal Year				
	2020	2019	2018	2017	2016
Primary Levy Limit (2)	\$ 313,358,360	\$ 304,775,927	\$ 284,438,490	\$ 278,848,260	\$ 269,361,968
Prior Fiscal Year Levy Limit	128,981,693	123,786,901	118,647,573	113,559,005	109,137,243
2.5% Levy Growth	3,224,542	3,094,673	2,970,651	2,838,975	2,728,431
New Growth (3)	1,802,830	2,100,119	2,168,677	2,249,593	1,693,331
Current Fiscal Year Override	-	-	-	-	-
Growth Levy Limit	134,009,065	128,981,693	123,786,901	118,647,573	113,559,005
Current Fiscal Year Debt Exclusions	10,888,408	12,107,510	12,203,081	12,324,555	12,803,348
Other Adjustments (4)	-	-	-	600,000	1,200,000
Tax Levy Limit	144,897,473	141,089,203	135,989,982	131,572,128	127,562,353
Tax Levy	144,896,906	141,050,299	135,961,598	131,504,839	127,462,083
Unused Levy Capacity (5)	<u>\$ 567</u>	<u>\$ 38,904</u>	<u>\$ 28,384</u>	<u>\$ 67,289</u>	<u>\$ 100,270</u>
Unused Primary Levy Capacity (6)	<u>\$ 179,349,295</u>	<u>\$ 175,794,234</u>	<u>\$ 160,651,589</u>	<u>\$ 160,200,687</u>	<u>\$ 155,802,963</u>

- (1) Source: Massachusetts Department of Revenue.
- (2) 2.5% of assessed valuation.
- (3) Allowed increase for new valuations - certified by the Department of Revenue.
- (4) In March 2007, the Town authorized an \$18,000,000 capital exclusion to be used to reduce the Town’s OPEB liability, which was added to the tax rate annually.
- (5) Tax Levy Limit Less Tax Levy.
- (6) Primary Levy Limit Less Growth Levy Limit.

Impact of Proposition 2 1/2

As demonstrated by the table above, the Town's primary response to the fiscal constraints imposed by Proposition 2 1/2 has been acceptance of the debt exclusion provisions on a significant portion of its long-term debt, passage of operating overrides in fiscal 2002, 2003, 2004, 2006, 2007 and 2015, and a capital exclusion for the Town's OPEB liability in fiscal 2008.

On May 11, 1999, the Town voted to exempt \$23,000,000 principal of and associated interest on the Bates and Sprague School construction projects from the tax levy limitations of Proposition 2 1/2. In addition, on May 7, 1996, the town voted to exempt \$1,730,000 principal of and associated interest on the construction of a Recycling Disposal Facility. On January 25, 2005, the Town voted to exempt \$26,175,000 principal of and associated interest on bonds for the construction of a Middle School. The Town issued \$9,000,000 in bonds against this authorization in June 2005, \$6,705,000 in bonds against the authorization in June 2006 and the balance (\$10,470,000) in June 2008. In March 2007, the Town authorized exempt debt to improve several school buildings (\$11,207,000), of which \$4,500,000 principal amount was issued in June 2008 and \$3,500,000 was issued in June 2009. On May 15, 2007 the town voted to exempt debt service for a drainage project (\$1,306,000) and for a master plan (\$650,000) for Morses Pond. On December 9, 2008 the Town voted to exempt debt service on the Town's share of a new \$123,583,000 high school project (the actual final cost of the project is expected to be approximately \$105 million). The Town expects to receive approximately \$37 million of MSBA grants to finance the balance of the total project cost. On May 18, 2011, the Town voted to exempt debt service associated with the new \$1,960,000 DPW Building.

On May 16, 2006, voters approved a permanent \$3.2 million override of the Proposition 2 1/2 levy limit. This override allows for full funding of the fiscal year 2007 operating budget as approved by Town Meeting, including an initial \$600,000 payment towards the reduction of Wellesley's OPEB liability. With approval of the override at nearly 60%, management regards this as substantial citizen support for current government activities and services. The \$3.2 million override became a permanent component of the property tax levy base and will thus serve to partially mitigate fiscal stress in subsequent fiscal years.

In March 2007, the Town authorized \$18,000,000 capital exclusion towards reducing the Town's OPEB liability, such amount was added to the tax rate annually thereafter.

On December 9, 2014, voters approved a debt exclusion for the \$19,634,824 Schofield and Fiske School projects.

On March 3, 2015, voters approved a debt exclusion for the \$13,635,000 North 40 Land Acquisition.

In March 2007, the Town authorized an \$18 million capital exclusion towards reducing the Town's OPEB liability, which was assessed in declining amounts over the following ten years. An appropriation for OPEB inside the levy was gradually increased over the same ten years, so that the entire appropriation is now funded within the levy.

Pledged Taxes

Taxes on the increased value of certain property in designated development districts may be pledged for the payment of costs of economic development projects within such districts and may therefore be unavailable for other municipal purposes. See "Tax Increment Financing for Development Districts" below.

Initiative Petitions

Various proposals have been made in recent years for legislative amendments to the Massachusetts Constitution to impose various limits on state and local taxes. To be adopted such amendments must be approved by two successive legislatures and then by the voters at a state election.

Community Preservation Act

The Massachusetts Community Preservation Act (the "CPA") permits cities and towns that accept its provisions to levy a surcharge on its real property tax levy, dedicate revenue (other than state or federal funds), and to receive state matching funds for (i) the acquisition, creation, preservation, rehabilitation and restoration of land for recreational use, open space, and affordable housing and (ii) the acquisition, preservation, rehabilitation and restoration of historic resources. The provisions of the CPA must be accepted by the voters of the city or town at an election after such provisions have first been accepted by either a vote of the legislative body of the city or town or an initiative petition signed by 5% of its registered voters.

A city or town may approve a surcharge of up to 3% (but not less than 1% under certain circumstances) and may make an additional commitment of funds by dedicating revenue other than state or federal funds, provided that the total funds collected do not exceed 3% of the real property tax levy, less any exemptions adopted (such as an exemption for low-income individuals and families and for low and moderate-income senior citizens, an exemption for \$100,000 of the value of each taxable parcel of residential real property or \$100,000 of the value of each taxable parcel of class three, commercial property, and class four, industrial property as defined in Chapter 59, Section 2A of the General Laws, and an exemption for commercial and industrial properties in cities and towns with classified tax rates). In the event that the municipality shall no longer dedicate all or part of the additional funds to community preservation, the surcharge on the real property tax levy of not less than 1% shall remain in effect, provided that any such change must be approved pursuant to the same process as acceptance of the CPA. The surcharge is not counted in the total taxes assessed for the purpose of determining the permitted levy amount under Proposition 2½ (see “*Tax Limitations*” under “PROPERTY TAXATION” above). A city or town may revoke its acceptance of the provisions of the CPA at any time after 5 years from the date of such acceptance and may change the amount of the surcharge or the exemptions to the surcharge at any time, including reducing the surcharge to 1% and committing additional municipal funds as outlined above, provided that any such revocation or change must be approved pursuant to the same process as acceptance of the CPA.

Any city or town that accepts the provisions of the CPA will receive annual state matching grants to supplement amounts raised by its surcharge and dedication of revenue. The state matching funds are raised from certain recording and filing fees of the registers of deeds. Those amounts are deposited into a state trust fund and are distributed to cities and towns that have accepted the provisions of the CPA, which distributions are not subject to annual appropriation by the state legislature. The amount distributed to each city and town is based on a statutory formula and the total state distribution made to any city or town may not exceed 100% of the amount raised locally by the surcharge on the real property tax levy.

The amounts raised by the surcharge on taxes, the dedication of revenue and received in state matching funds are required to be deposited in a dedicated community preservation fund. Each city or town that accepts the provisions of the CPA is required to establish a community preservation committee to study the community preservation needs of the community and to make recommendations to the legislative body of the city or town regarding the community preservation projects that should be funded from the community preservation fund. Upon the recommendations of the committee, the legislative body of the city or town may appropriate amounts from the fund for permitted community preservation purposes or may reserve amounts for spending in future fiscal years, provided that at least 10% of the total annual revenues to the fund must be spent or set aside for open space purposes, 10% for historic resource purposes and 10% for affordable housing purposes.

The CPA authorizes cities and towns that accept its provisions to issue bonds and notes in anticipation of the receipt of surcharge and dedicated revenues to finance community preservation projects approved under the provisions of the CPA. Bonds and notes issued under the CPA are general obligations of the city or town and are payable from amounts on deposit in the community preservation fund. In the event that a city or town revokes its acceptance of the provisions of the CPA, the surcharge shall remain in effect until all contractual obligations incurred by the city or town prior to such revocation, including the payment of bonds or notes issued under the CPA, have been fully discharged.

The Town adopted the Community Preservation Act in fiscal 2003. As of June 30, 2019, the Town accumulated a total CPA Fund Balance of \$7,544,764 including state matching grants and interest. In fiscal 2017 through fiscal 2019, the Town received \$237,423, \$206,452 and \$236,964 respectively, in state matching funds.

In June 2015, the Town issued approximately \$10 million of the North 40 Land Acquisition debt cost with annual CPA surcharge revenue. The annual debt service payment is less than \$600,000. In fiscal year 2019, the CPA surcharge revenue was \$1,300,629.

TOWN FINANCES

The Budget and Appropriation Process

The annual appropriations of the Town are ordinarily made at the annual meeting which usually begins in March. Appropriations may also be voted at special meetings. The Town has an advisory committee which submits reports on proposed expenditures at Town Meetings.

The Town meeting does not vote general operating appropriations for the Electric, Water and Sewer Programs, but, rather, authorizes these self-supporting enterprises to make expenditures from receipts. In the case of the Electric Program, this is done without limit as to amount. (The Board of Public Works acting as the Municipal Light Board may appropriate Electric Program funds without town meeting approval.) In the case of the Water and Sewer Programs, a cap on the level of expenditures for maintenance and operations is usually voted by town meeting.

The school budget is limited to the total amount appropriated by the town meeting, but the school committee retains full power to allocate the funds appropriated. (See "Education Reform," below.)

State and county assessments, abatements in excess of overlays, principal and interest not otherwise provided for, and final judgments are included in the tax levy whether or not included in the budget. Revenues are not required to be set forth in the budget but estimated non-tax revenues are taken into account by the assessors in fixing the tax levy. (See "PROPERTY TAXATION," above.)

Operating Budget Trends

Following is a comparison of total budget appropriations for fiscal years 2016 through 2020 and the preliminary operating budget summary for fiscal year 2021:

	Preliminary FY21	FY20	FY19	FY18	FY17	FY16
General Government	\$ 9,868,360	\$ 11,909,883	\$ 6,466,247	\$ 6,315,628	\$ 6,145,289	\$ 5,904,154
Public Safety	13,010,619	12,904,624	12,521,487	12,052,543	11,764,769	11,377,100
Public Works	7,293,397	7,173,390	7,054,348	6,883,526	6,717,256	6,857,383
Facilities Maintenance	8,291,919	8,242,901	8,042,779	7,739,974	7,370,442	6,901,668
Library & Recreation	3,064,074	3,000,540	2,905,203	2,831,521	2,730,552	2,648,341
Education	80,379,651	76,783,930	74,428,918	71,950,648	69,524,634	66,689,159
Employee Ben.	32,598,243	31,033,447	30,049,712	28,436,725	26,304,938	26,133,432
Debt Service	16,191,579	15,740,452	16,554,172	16,740,608	16,522,953	17,353,473
Reserve	175,000	175,000	175,000	175,000	175,000	175,000
Insurance (Risk Mgt.)	576,335	548,762	535,679	540,454	521,651	483,300
Traffic and Parking	1,188,015	975,018	1,046,336	1,548,950	862,924	868,721
Cash Capital						-
Public Works	2,236,000	2,276,000	2,026,000	2,173,000	1,954,000	1,528,000
Schools	1,104,921	1,101,028	947,629	2,009,253	784,920	856,066
Selectmen	451,016	452,089	240,679	364,009	349,913	334,486
Facilities	2,000,000	1,850,000	1,850,000	1,875,000	1,750,000	1,575,000
Library	94,300	109,300	76,800	100,612	131,300	115,700
Natural Resources	105,000	75,000	139,000	181,500	77,000	55,500
Board of Health	-	-	-	-	16,385	7,000
Planning Board	-	30,000	-	-	8,561	-
Traffic and Parking	36,000	-	25,000	-	80,000	30,000
Total	<u>\$ 178,664,429</u>	<u>\$ 174,381,364</u>	<u>\$ 165,084,989</u>	<u>\$ 161,918,951</u>	<u>\$ 153,792,487</u>	<u>\$ 149,893,483</u>

(1) Excludes all enterprise fund debt service.

Education Reform

State legislation known as the Education Reform Act of 1993, as amended, imposes certain minimum expenditure requirements on municipalities with respect to funding for education and related programs, and may affect the level of state aid to be received for education. The requirements are determined on the basis of formulas affected by various measures of wealth and income, enrollments, prior levels of local spending and state aid, and other factors. Since its passage, the Town has complied with the Act and appropriations for education have equaled or exceeded the minimum required level.

Revenues

Property Taxes: Property taxes are the major source of revenue for the Town. The amount levied is subject to certain limits prescribed by law; for a description of those limits see "PROPERTY TAXATION - Tax Limitations," above.

State Aid - In addition to grants for specified capital purposes (some of which are payable over the life of the bonds issued for the projects), the Commonwealth provides financial assistance to cities and towns for current purposes. Payments to cities and towns are derived primarily from a percentage of the State's personal income, sales and use, and corporate excise tax receipts, together with the net receipts from the State Lottery. A municipality's state aid entitlement is based on a number of different formulas, of which the "schools" and "lottery" formulas are the most important. Both of the major formulas tend to provide more state aid to poorer communities. The formulas for determining a municipality's state aid entitlement are subject to amendment by the state legislature and, while a formula might indicate that a particular amount of state aid is owed, the amount of state aid actually paid is limited to the amount appropriated by the state legislature. The state annually estimates state aid, but the actual state aid payments may vary from the estimate.

In the fall of 1986, both the State Legislature (by statute repealed as of July 1, 1999) and the voters (by initiative petition) placed limits on the growth of state tax revenues. Although somewhat different in detail, each measure essentially limited the annual growth in state tax revenues to an average rate of growth in wages and salaries in the Commonwealth over the three previous calendar years. If not amended, the remaining law could restrict the amount of state revenues available for state aid to local communities.

Following is a five-year history of state aid receipts of the Town and an estimate for the current fiscal year:

Fiscal Year	Receipts
2020 (est.)	\$ 10,885,003
2019	10,349,580
2018	9,734,450
2017	9,521,544
2016	9,149,423
2015	9,007,368

State School Building Assistance Program: Under its school building assistance program, the Commonwealth of Massachusetts provides grants to cities, towns and regional school districts for school construction projects. Until July 26, 2004, the State Board of Education was responsible for approving grants for school projects and otherwise administering the program. Grant amounts ranged from 50% to 90% of approved project costs. Municipalities generally issued bonds to finance the entire project cost, and the Commonwealth disbursed the grants in equal annual installments over the term of the related bonds.

Pursuant to legislation which became effective on July 26, 2004, the state legislature created the Massachusetts School Building Authority (the "Authority") to finance and administer the school building assistance program. The Authority has assumed all powers and obligations of the Board of Education with respect to the program. In addition to certain other amounts, the legislation dedicates a portion of Commonwealth sales tax receipts to the Authority to finance the program.

Projects previously approved for grants by the State Board of Education are entitled to receive grant payments from the Authority based on the approved project cost and reimbursement rate applicable under the prior law. The Authority has paid and is expected to continue to pay the remaining amounts of the grants for such projects either in annual installments to reimburse debt service on bonds issued by the municipalities to finance such projects, or as lump sum payments to contribute to the defeasance of such bonds.

Projects on the priority waiting list as of July 1, 2004 are also entitled to receive grant payments from the Authority based on the eligible project costs and reimbursement rates applicable under the prior law. With limited exceptions, the Authority is required to fund the grants for such projects in the order in which they appear on the waiting list. Grants for any such projects that have been completed or substantially completed have been paid and are expected to continue to be paid by

the Authority in lump sum payments, thereby eliminating the need for the Authority to reimburse interest expenses that would otherwise be incurred by the municipalities to permanently finance the Authority's share of such project costs. Interest on debt issued by municipalities prior to July 1, 2004 to finance such project costs, and interest on temporary debt until receipt of the grant, is included in the approved costs of such projects. Grants for any such projects that have not yet commenced or that are underway have been and are expected to continue to be paid by the Authority as project costs are incurred by the municipality pursuant to a project funding agreement between the Authority and the municipality, eliminating the need for the municipality to borrow even on a temporary basis to finance the Authority's share of the project costs in most cases.

The range of reimbursement rates for new project grant applications submitted to the Authority on or after July 1, 2007 has been reduced to between 40% and 80% of approved project costs. The Authority promulgated new regulations with respect to the application and approval process for projects submitted after July 1, 2007. The Authority expects to pay grants for such projects as project costs are incurred pursuant to project funding agreements between the Authority and the municipalities. None of the interest expense incurred on debt issued by municipalities to finance their portion of the costs of new projects will be included in the approved project costs eligible for reimbursement.

The Motor Vehicle Excise Tax: An excise is imposed on the registration of motor vehicles (subject to exemptions) at the rate of \$25 per \$1,000 of valuation. The excise is collected by and for the benefit of the municipality in which the motor vehicle is customarily kept. Valuations are determined by a statutory formula based on manufacturers' list price and year of manufacture. Bills not paid when due bear interest at 12 per cent per annum. Provision is also made, after notice to the owner, for suspension of the owner's operating license or registration by the registrar of motor vehicles. Following is a five-year history of motor vehicle excise receipts of the Town:

<u>Fiscal Year</u>	<u>Receipts</u>
2019	\$ 5,814,076
2018	5,749,176
2017	5,451,064
2016	5,527,721
2015	4,879,256

Room Occupancy Tax: In 1985 the State legislature made available a room occupancy excise tax as an additional source of revenue for municipalities (G.L. Chapter 64G, s. 3A), effective July 1, 1986. Under this tax, local governments may tax the provision of hotel, motel, lodging house and bed and breakfast rooms at a rate not to exceed four percent (4%) of the cost of renting such rooms. The tax is paid by the operator of each establishment to the State Commissioner of Revenue, who in turn pays the tax back to the municipality in which the rooms are located in quarterly distributions. Following is a five-year history of room occupancy tax receipts of the Town:

<u>Fiscal Year</u>	<u>Receipts</u>
2019	\$ 86,933
2018	94,094
2017	92,998
2016	88,979
2015	76,959

Local Options Meals Tax: On October 26, 2009, the Town adopted the local option meals tax which became effective January 1, 2010. The tax is a 0.75% tax on the gross receipts of a vendor from the sale of restaurant meals. The tax is paid by the vendor to the State Commissioner of Revenue, who in turn pays the tax to the municipality in which the meal was sold. The Town received \$583,550, \$709,348, \$637,046, \$658,814 and \$684,631 in fiscal years 2015, 2016, 2017, 2018 and 2019, respectively.

Other Local Sources: In fiscal 2019, revenues from local sources included approximately \$3,617,016 from licenses and permits, \$2,210,686 from trash, fines and other departmental receipts, and \$1,644,746 from interest earned on investments.

Annual Audits

The Town's accounts were most recently independently audited for fiscal year ended June 30, 2019 by Powers & Sullivan, Wakefield, Massachusetts. For a summary of the Town's significant accounting policies, please refer to the aforementioned audit which is attached hereto as Appendix A.

The attached report speaks only as of its date, and only to the matters expressly set forth therein. The auditors have not been engaged to review this Official Statement perform audit procedures regarding the post-audit period, nor have the auditors been requested to give their consent to the inclusion of their report in Appendix A. In addition, the auditors have not been engaged to verify the financial information set out in Appendix A and are not passing upon and do not assume responsibility for the sufficiency, accuracy or completeness of the financial information presented in that appendix.

Financial Statements

Set forth on the following pages are the Governmental Funds Balance Sheets for fiscal years ended June 30, 2019, June 30, 2018 and June 30, 2017 and Statements of Revenues and Expenditures and Changes in Fund Balances for fiscal years ended June 30, 2015 through 2019. Said statements were extracted from the Town's audited financials.

TOWN OF WELLESLEY, MASSACHUSETTS
Balance Sheet - Governmental Funds
June 30, 2019 (1)

	General	Highway Chapter 90	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 14,761,753	\$ -	\$ 10,573,978	\$ 18,426,710	\$ 43,762,441
Investments	23,018,120	-	-	1,176,745	24,194,865
Receivables, net of uncollectibles:					
Real Estate and Personal Property Taxes	2,513,178	-	-	-	2,513,178
Tax Liens	1,252,509	-	-	-	1,252,509
Community preservation fund surtax	-	-	-	4,920	4,920
Motor Vehicle and Other Excise Taxes	296,463	-	-	-	296,463
Departmental and other	103,411	-	-	174,266	277,677
Intergovernmental	-	2,071,319	-	150,640	2,221,959
Due to other funds	1,506,476	-	-	-	1,506,476
Total Assets	\$ 43,451,910	\$ 2,071,319	\$ 10,573,978	\$ 19,933,281	\$ 76,030,488
LIABILITIES					
Warrants Payable	\$ 1,565,954	\$ 1,805	\$ 491,876	\$ 372,776	2,432,411
Accrued Payroll	5,819,745	-	-	121,852	5,941,597
Tax Refunds Payable	692,046	-	-	-	692,046
Due to other funds	-	1,506,476	-	-	1,506,476
Total Liabilities	8,077,745	1,508,281	491,876	494,628	10,572,530
DEFERRED INFLOWS OF RESOURCES					
Taxes Paid in Advance	397,013	-	-	10,307	407,320
Unavailable revenue	3,829,560	563,038	-	296,860	4,689,458
Total Deferred Inflows of Resources	4,226,573	563,038	-	307,167	5,096,778
FUND BALANCES					
Nonspendable	-	-	-	474,055	474,055
Restricted	-	-	10,082,102	18,657,431	28,739,533
Committed	1,880,827	-	-	-	1,880,827
Assigned	5,021,045	-	-	-	5,021,045
Unassigned	24,245,720	-	-	-	24,245,720
Total Fund Balances	31,147,592	-	10,082,102	19,131,486	60,361,180
Total Liabilities, Deferred Inflows of resources and Fund Balances	\$ 43,451,910	\$ 2,071,319	\$ 10,573,978	\$ 19,933,281	\$ 76,030,488

(1) Extracted from audited financial statements of the Town.

TOWN OF WELLESLEY, MASSACHUSETTS
Balance Sheet - Governmental Funds
June 30, 2018 (1)

	General	Highway Chapter 90	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 28,064,523	\$ -	\$ 9,059,682	\$ 17,213,076	\$ 54,337,281
Investments	12,240,205	-	-	1,170,844	13,411,049
Receivables, net of uncollectibles:					
Real Estate and Personal Property Taxes	2,652,994	-	-	-	2,652,994
Tax Liens	1,049,925	-	-	-	1,049,925
Motor Vehicle and Other Excise Taxes	277,761	-	-	-	277,761
Departmental and other	107,183	-	-	244,364	351,547
Intergovernmental	-	1,096,980	-	143,516	1,240,496
Total Assets	\$ 44,392,591	\$ 1,096,980	\$ 9,059,682	\$ 18,771,800	\$ 73,321,053
LIABILITIES					
Warrants Payable	\$ 2,160,355	\$ -	\$ 41,209	\$ 352,574	2,554,138
Accrued Payroll	5,632,946	-	1,902	124,359	5,759,207
Tax Refunds Payable	370,830	-	-	-	370,830
Total Liabilities	8,164,131	-	43,111	476,933	8,684,175
DEFERRED INFLOWS OF RESOURCES					
Taxes Paid in Advance	3,058,446	-	-	36,893	3,095,339
Unavailable revenue	3,821,861	1,096,980	-	352,593	5,271,434
Total Deferred Inflows of Resources	6,880,307	1,096,980	-	389,486	8,366,773
FUND BALANCES					
Nonspendable	-	-	-	357,952	357,952
Restricted	-	-	9,016,571	17,547,429	26,564,000
Committed	5,080,885	-	-	-	5,080,885
Assigned	3,478,397	-	-	-	3,478,397
Unassigned	20,788,871	-	-	-	20,788,871
Total Fund Balances	29,348,153	-	9,016,571	17,905,381	56,270,105
Total Liabilities, Deferred Inflows of resources and Fund Balances	\$ 44,392,591	\$ 1,096,980	\$ 9,059,682	\$ 18,771,800	\$ 73,321,053

(1) Extracted from audited financial statements of the Town.

TOWN OF WELLESLEY, MASSACHUSETTS
Balance Sheet - Governmental Funds
June 30, 2017 (1)

	General Fund	Highway Chapter 90	Capital Projects Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 30,103,991	\$ -	\$ 4,835,262	\$ 16,228,595	\$ 51,167,848
Investments	5,339,506	-	-	1,169,172	6,508,678
Receivables, net of uncollectibles:					
Real Estate, Personal Property and Tax Deferrals	2,691,988	-	-	-	2,691,988
Tax Liens	704,851	-	-	-	704,851
Motor Vehicle Excise Taxes	273,769	-	-	-	273,769
Departmental and other	114,818	-	-	310,175	424,993
Intergovernmental	-	1,220,426	-	181,255	1,401,681
Due from other funds	3,487	-	-	-	3,487
Total Assets	\$ 39,232,410	\$ 1,220,426	\$ 4,835,262	\$ 17,889,197	\$ 63,177,295
LIABILITIES					
Warrants Payable	\$ 1,628,933	\$ -	\$ 735,615	\$ 353,166	\$ 2,717,714
Accrued Payroll	5,180,135	-	3,244	123,922	5,307,301
Due to other funds	-	3,487	-	-	3,487
Total Liabilities	\$ 6,809,068	\$ 3,487	\$ 738,859	\$ 477,088	\$ 8,028,502
DEFERRED INFLOWS OF RESOURCES					
Advance collections - taxes	696,418	-	-	8,017	704,435
Unavailable revenues	3,260,422	1,216,939	-	434,855	4,912,216
Total Deferred inflows of Resources	3,956,840	1,216,939	-	442,872	5,616,651
FUND BALANCES					
Nonspendable	-	-	-	357,953	357,953
Restricted	-	-	4,096,403	16,611,284	20,707,687
Committed	3,950,943	-	-	-	3,950,943
Assigned	5,949,459	-	-	-	5,949,459
Unassigned	18,566,100	-	-	-	18,566,100
Total Fund Balances	28,466,502	-	4,096,403	16,969,237	49,532,142
Total Liabilities, Deferred Inflows of resources and Fund Balances	\$ 39,232,410	\$ 1,220,426	\$ 4,835,262	\$ 17,889,197	\$ 63,177,295

(1) Extracted from audited financial statements of the Town.

Town of Wellesley Massachusetts
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2019 (1)

	General	Highway Chapter 90	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES					
Real estate and personal property taxes, net of tax refunds	\$ 140,280,127	\$ -	\$ -	\$ -	\$ 140,280,127
Tax liens	281,612	-	-	-	281,612
Motor vehicle and other excise taxes	5,901,008	-	-	-	5,901,008
Meals tax	684,631	-	-	-	684,631
Charges for services	-	-	-	1,549,919	1,549,919
Parking meter receipts	-	-	-	950,210	950,210
Penalties and interest on taxes	387,824	-	-	-	387,824
Payments in lieu of taxes	76,443	-	-	-	76,443
Intergovernmental - Teachers Retirement	17,746,000	-	-	-	17,746,000
Intergovernmental	10,349,580	1,526,221	70,997	6,255,793	18,202,591
Departmental and other	5,305,587	-	-	7,521,224	12,826,811
Community preservation taxes	-	-	-	1,301,988	1,301,988
Contributions and donations	-	-	-	1,768,906	1,768,906
Investment income	1,758,442	-	-	319,511	2,077,953
Total revenues	182,771,254	1,526,221	70,997	19,667,551	204,036,023
EXPENDITURES					
Current:					
General government	5,278,876	-	4,467,303	778,347	10,524,526
Facilities maintenance	9,848,649	-	118,600	9,509	9,976,758
Natural resources	464,240	-	-	1,113	465,353
Public safety	12,638,302	-	14,220	1,561,424	14,213,946
Public education	75,879,220	-	1,800	10,928,692	86,809,712
Public works	9,170,047	1,508,281	1,144,451	334,803	12,157,582
Health	800,079	-	-	28,784	828,863
Recreation	365,433	-	-	1,609,961	1,975,394
Library	2,600,362	-	317,266	400,001	3,317,629
Community preservation	-	-	-	357,988	357,988
Pension benefits	7,073,362	-	-	-	7,073,362
Pension benefits - Teachers Retirement	17,746,000	-	-	-	17,746,000
Employee benefits	21,387,830	-	-	-	21,387,830
Traffic and parking management	-	-	-	725,300	725,300
State and county charges	1,262,764	-	-	-	1,262,764
Debt Service:					
Principal	11,643,000	-	-	-	11,643,000
Interest	5,022,317	-	-	-	5,022,317
Total expenditures	181,180,481	1,508,281	6,063,640	16,735,922	205,488,324
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,590,773	17,940	(5,992,643)	2,931,629	(1,452,301)
OTHER FINANCING SOURCES (USES)					
Issuance of bonds	-	-	4,245,000	-	4,245,000
Premium from issuance of bonds	-	-	298,376	-	298,376
Transfers in	2,179,336	-	2,514,798	-	4,694,134
Transfers out	(1,970,670)	(17,940)	-	(1,705,524)	(3,694,134)
Total other financing sources (uses)	208,666	(17,940)	7,058,174	(1,705,524)	5,543,376
Net change in fund balances	1,799,439	-	1,065,531	1,226,105	4,091,075
Fund Balances at Beginning of year	29,348,153	-	9,016,571	17,905,381	56,270,105
Fund Balances at End of year	<u>\$31,147,592</u>	<u>\$0</u>	<u>\$10,082,102</u>	<u>\$19,131,486</u>	<u>\$60,361,180</u>

(1) Extracted from audited financial statements of the Town.

Town of Wellesley Massachusetts
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2018 (1)

	General	Highway Chapter 90	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES					
Real estate and personal property taxes, net of tax refunds	\$ 134,787,162	\$ -	\$ -	\$ -	\$ 134,787,162
Tax liens	244,918	-	-	-	244,918
Motor vehicle and other excise taxes	5,843,270	-	-	-	5,843,270
Meals tax	658,814	-	-	-	658,814
Charges for services	-	-	-	1,503,011	1,503,011
Parking meter receipts	-	-	-	918,461	918,461
Penalties and interest on taxes	214,884	-	-	-	214,884
Payments in lieu of taxes	76,490	-	-	-	76,490
Intergovernmental - Teachers Retirement	17,404,000	-	-	-	17,404,000
Intergovernmental	9,882,002	803,098	-	6,006,454	16,691,554
Departmental and other	5,928,042	-	33,705	7,754,315	13,716,062
Community preservation taxes	-	-	-	1,247,964	1,247,964
Contributions and donations	-	-	-	1,277,565	1,277,565
Investment income	893,314	-	-	109,132	1,002,446
Total revenues	175,932,896	803,098	33,705	18,816,902	195,586,601
EXPENDITURES					
Current:					
General government	4,871,384	-	7,086,768	412,255	12,370,407
Facilities maintenance	8,666,177	-	-	25,958	8,692,135
Natural resources	510,259	-	-	-	510,259
Public safety	12,162,881	-	198,789	1,631,636	13,993,306
Public education	73,516,890	-	19,537	11,173,409	84,709,836
Public works	9,687,503	803,098	1,327,673	360,886	12,179,160
Health	736,934	-	-	17,267	754,201
Recreation	355,055	-	-	1,496,109	1,851,164
Library	2,573,894	-	-	379,238	2,953,132
Community preservation	-	-	-	687,669	687,669
Pension benefits	6,640,351	-	-	-	6,640,351
Pension benefits - Teachers Retirement	17,404,000	-	-	-	17,404,000
Employee benefits	21,869,262	-	-	-	21,869,262
Traffic and parking management	-	-	-	789,994	789,994
State and county charges	1,239,256	-	-	-	1,239,256
Debt Service:					
Principal	11,840,000	-	-	-	11,840,000
Interest	4,883,736	-	-	-	4,883,736
Total expenditures	176,957,582	803,098	8,632,767	16,974,421	203,367,868
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,024,686)	-	(8,599,062)	1,842,481	(7,781,267)
OTHER FINANCING SOURCES (USES)					
Issuance of bonds	-	-	12,443,000	-	12,443,000
Premium from issuance of bonds	-	-	1,076,230	-	1,076,230
Transfers in	1,906,337	-	-	-	1,906,337
Transfers out	-	-	-	(906,337)	(906,337)
Total other financing sources (uses)	1,906,337	-	13,519,230	(906,337)	14,519,230
Net change in fund balances	881,651	-	4,920,168	936,144	6,737,963
Fund Balances at Beginning of year	28,466,502	-	4,096,403	16,969,237	49,532,142
Fund Balances at End of year	\$29,348,153	\$0	\$9,016,571	\$17,905,381	\$56,270,105

(1) Extracted from audited financial statements of the Town.

Town of Wellesley Massachusetts
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2017 (1)

	General Fund	Highway Chapter 90	Capital Projects Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES					
Real estate and personal property taxes, net of tax refunds	\$ 131,334,072	\$ -	\$ -	\$ -	\$ 131,334,072
Tax liens	358,144	-	-	-	358,144
Motor vehicle and other excise taxes	5,544,062	-	-	-	5,544,062
Meals tax	637,046	-	-	-	637,046
Payments in lieu of taxes	76,470	-	-	-	76,470
Penalties and interest on taxes	459,999	-	-	-	459,999
Charges for services	-	-	-	1,482,112	1,482,112
Parking meter receipts	-	-	-	925,020	925,020
Intergovernmental	25,962,247	1,515,018	3,020,319	5,878,831	36,376,415
Departmental and other	4,660,805	-	-	6,468,412	11,129,217
Community preservation tax	-	-	-	1,201,441	1,201,441
Contributions	-	-	-	1,796,383	1,796,383
Investment income	431,010	-	-	149,761	580,771
Total revenues	169,463,855	1,515,018	3,020,319	17,901,960	191,901,152
EXPENDITURES					
Current:					
General government	12,666,004	-	56,587	112,552	12,835,143
Public safety	11,852,242	-	1,650,217	1,096,079	14,598,538
Public education	69,733,617	-	10,516,950	10,954,519	91,205,086
Public works	8,381,360	1,494,189	119,572	350,439	10,345,560
Health and human service	1,395,297	-	-	225,671	1,620,968
Recreation	350,448	-	6,448,468	1,581,743	8,380,659
Library	2,505,293	-	-	229,462	2,734,755
Teachers pension benefits - state funded	16,440,703	-	-	-	16,440,703
Town pension	6,408,377	-	-	-	6,408,377
Employee benefits	20,188,388	-	-	-	20,188,388
Traffic and parking management	-	-	-	832,610	832,610
Community preservation	-	-	-	187,011	187,011
State and county charges	1,230,199	-	-	-	1,230,199
Debt Service:					
Principal	11,380,000	-	-	-	11,380,000
Interest	5,227,790	-	-	-	5,227,790
Total expenditures	167,759,718	1,494,189	18,791,794	15,570,086	203,615,787
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,704,137	20,829	(15,771,475)	2,331,874	(11,714,635)
OTHER FINANCING SOURCES (USES)					
Issuance of long-term debt	-	-	5,860,000	-	5,860,000
Premium from issuance of bonds	-	-	392,000	-	392,000
Transfers in	1,845,893	-	7,000	-	1,852,893
Transfers out	-	(20,829)	-	(1,848,306)	(1,869,135)
Total other financing sources (uses)	1,845,893	(20,829)	6,259,000	(1,848,306)	6,235,758
Net change in fund balances	3,550,030	-	(9,512,475)	483,568	(5,478,877)
Fund balance - beginning of year	24,916,472	-	13,608,878	16,485,669	55,011,019
Fund balance - ending of year	\$ 28,466,502	\$ -	\$ 4,096,403	\$ 16,969,237	\$ 49,532,142

(1) Extracted from audited financial statements of the Town.

Town of Wellesley Massachusetts
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2016 (1)

	General Fund	Highway Chapter 90	Capital Projects Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES					
Real estate and personal property taxes, net of tax refunds	\$ 127,685,786	\$ -	\$ -	\$ -	\$ 127,685,786
Tax liens	269,711	-	-	-	269,711
Motor vehicle and other excise taxes	5,616,703	-	-	-	5,616,703
Meals tax	620,369	-	-	-	620,369
Payments in lieu of taxes	76,475	-	-	-	76,475
Penalties and interest on taxes	324,144	-	-	-	324,144
Charges for services	-	-	-	1,291,915	1,291,915
Parking meter receipts	-	-	-	957,491	957,491
Intergovernmental	20,980,832	2,026,138	174,029	6,525,453	29,706,452
Departmental and other	4,785,105	-	556,165	7,027,349	12,368,619
Community preservation tax	-	-	-	1,153,629	1,153,629
Contributions	-	-	-	2,361,021	2,361,021
Investment income	511,908	-	-	116,026	627,934
Total revenues	160,871,033	2,026,138	730,194	19,432,884	183,060,249
EXPENDITURES					
Current:					
General government	12,815,762	-	612,472	208,764	13,636,998
Public safety	11,649,306	-	74,369	1,266,731	12,990,406
Public education	67,144,679	-	11,542,803	10,219,269	88,906,751
Public works	9,340,353	2,026,138	1,091,538	603,501	13,061,530
Health and human service	1,328,424	-	-	199,218	1,527,642
Recreation	335,979	-	1,970,719	1,372,548	3,679,246
Library	2,385,407	-	-	277,929	2,663,336
Teachers pension benefits - state funded	11,839,507	-	-	-	11,839,507
Town pension	6,161,639	-	-	-	6,161,639
Employee benefits	20,075,193	-	-	95,444	20,170,637
Traffic and parking management	-	-	-	761,292	761,292
Community preservation	-	-	-	75,855	75,855
State and county charges	1,222,643	-	-	-	1,222,643
Debt Service:					
Principal	11,245,000	-	-	-	11,245,000
Interest	5,502,309	-	-	-	5,502,309
Total expenditures	161,046,201	2,026,138	15,291,901	15,080,551	193,444,791
Excess (Deficiency) of Revenues Over (Under) Expenditures	(175,168)	-	(14,561,707)	4,352,333	(10,384,542)
OTHER FINANCING SOURCES (USES)					
Issuance of long-term debt	-	-	5,320,000	-	5,320,000
Issuance of refunding bonds	10,125,700	-	-	-	10,125,700
Premium from issuance of refunding bonds	1,612,743	-	-	-	1,612,743
Payments to refunded bond escrow agent	(11,738,443)	-	-	-	(11,738,443)
Transfer in	3,572,635	-	3,801,000	150,000	7,523,635
Transfers out	(970,000)	-	(223,018)	(3,730,617)	(4,923,635)
Total other financing sources (uses)	2,602,635	-	8,897,982	(3,580,617)	7,920,000
Net change in fund balances	2,427,467	-	(5,663,725)	771,716	(2,464,542)
Fund balance - beginning of year	22,489,005	-	19,272,603	15,713,953	57,475,561
Fund balance - ending of year	\$ 24,916,472	\$ -	\$ 13,608,878	\$ 16,485,669	\$ 55,011,019

(1) Extracted from audited financial statements of the Town.

Town of Wellesley Massachusetts
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2015 (1)

	General Fund	Highway Chapter 90	Capital Projects Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES					
Real estate and personal property taxes, net of tax refunds	\$ 119,243,374	\$ -	\$ -	\$ -	\$ 119,243,374
Tax liens	282,789	-	-	-	282,789
Motor vehicle and other excise taxes	4,956,214	-	-	-	4,956,214
Meals tax	583,551	-	-	-	583,551
Payments in lieu of taxes	76,442	-	-	-	76,442
Penalties and interest on taxes	315,594	-	-	-	315,594
Charges for services	-	-	-	1,215,693	1,215,693
Parking meter receipts	-	-	-	887,239	887,239
Intergovernmental	16,863,670	1,937,510	-	5,226,072	24,027,252
Departmental and other	4,286,340	-	-	5,591,229	9,877,569
Community preservation tax	-	-	-	1,084,562	1,084,562
Contributions	-	-	-	1,414,783	1,414,783
Investment income	219,186	-	-	43,057	262,243
Total revenues	<u>146,827,160</u>	<u>1,937,510</u>	<u>-</u>	<u>15,462,635</u>	<u>164,227,305</u>
EXPENDITURES					
Current:					
General government	11,977,316	-	41,443,308	238,066	53,658,690
Public safety	11,051,438	-	1,843,485	1,054,602	13,949,525
Public education	64,740,831	-	6,521,424	9,859,983	81,122,238
Public works	8,908,507	1,937,510	849,866	283,147	11,979,030
Health and human service	1,171,986	-	-	142,537	1,314,523
Recreation	321,581	-	1,312,421	1,263,210	2,897,212
Library	2,365,349	-	-	213,398	2,578,747
Teachers pension benefits - state funded	7,856,302	-	-	-	7,856,302
Town pension	5,952,739	-	-	-	5,952,739
Employee benefits	19,938,065	-	-	87,379	20,025,444
Traffic and parking management	-	-	-	651,374	651,374
Community preservation	-	-	-	35,941	35,941
State and county charges	1,172,460	-	-	-	1,172,460
Debt Service:					
Principal	8,825,000	-	-	-	8,825,000
Interest	3,364,814	-	-	-	3,364,814
Total expenditures	<u>147,646,388</u>	<u>1,937,510</u>	<u>51,970,504</u>	<u>13,829,637</u>	<u>215,384,039</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(819,228)</u>	<u>-</u>	<u>(51,970,504)</u>	<u>1,632,998</u>	<u>(51,156,734)</u>
OTHER FINANCING SOURCES (USES)					
Issuance of long-term debt	-	-	65,070,000	-	65,070,000
Issuance of refunding bonds	3,770,000	-	-	-	3,770,000
Premium from issuance of bonds	-	-	1,469,000	-	1,469,000
Premium from issuance of refunding bonds	504,541	-	-	-	504,541
Payments to refunded bond escrow agent	(4,274,541)	-	-	-	(4,274,541)
Transfer in	2,334,599	-	5,662,746	2,800,000	10,797,345
Transfers out	(1,362,614)	-	(2,600,000)	(4,876,542)	(8,839,156)
Total other financing sources (uses)	<u>971,985</u>	<u>-</u>	<u>69,601,746</u>	<u>(2,076,542)</u>	<u>1,958,189</u>
Net change in fund balances	152,757	-	17,631,242	(443,544)	17,340,455
Fund balance - beginning of year	22,336,248	-	1,641,361	16,157,497	40,135,106
Fund balance - ending of year	<u>\$ 22,489,005</u>	<u>\$ -</u>	<u>\$ 19,272,603</u>	<u>\$ 15,713,953</u>	<u>\$ 57,475,561</u>

(1) Extracted from audited financial statements of the Town.

Unassigned General Fund Balances (1)

Following is a five-year history of the Town's unassigned general fund balance:

<u>Fiscal Year</u>	<u>Unassigned General Fund Balance</u>
2019	\$ 24,245,720
2018	20,788,871
2017	18,566,100
2016	18,092,104
2015	14,521,699

(1) Source: Audited Financial Statements.

Stabilization Fund

The Town maintains a stabilization fund which is accounted for in the General Fund. The Stabilization Fund plus interest income may be appropriated at an annual or special town meeting for any municipal purpose. The following is a five-year history of the Town's stabilization fund balance:

<u>Fiscal Year</u>	<u>Stabilization Fund</u>
2019	\$ 3,371,774
2018	3,289,225
2017	3,274,957
2016	3,271,285
2015	3,170,851

Liability Fund

In fiscal 1988, through a special legislative act, the Town of Wellesley began funding a liability insurance trust fund. The funds would be used to cover the Town's portion of insurance losses not covered by insurance policies, as well as any legal costs associated with these claims. The following is a five-year history of the Town's liability insurance fund balance:

<u>Fiscal Year</u>	<u>Liability Fund</u>
2019	\$ 156,320
2018	152,390
2017	152,161
2016	152,233
2015	150,746

Unemployment Fund

The Town of Wellesley maintains an unemployment compensation trust fund to pay claims. Periodic appropriations are required to replenish the fund. The following is a five-year history of the Town's unemployment compensation trust fund balance:

<u>Fiscal Year</u>	<u>Unemployment Fund</u>
2019	\$ 970,182
2018	831,247
2017	721,889
2016	610,037
2015	547,094

Tax Increment Financing for Development Districts

Cities and towns are authorized to establish development districts to encourage increased residential, industrial and commercial activity. All or a portion of the taxes on growth in assessed value in such districts may be pledged and used solely to finance economic development projects pursuant to the city or town's development program for the district. This includes pledging such "tax increments" for the payment of the bonds issued to finance such projects. As a result of any such pledge, tax increments raised from new growth properties in development districts are not available for other municipal purposes. Tax increments are taken into account in determining the total taxes assessed for the purpose of calculating the maximum permitted tax levy under Proposition 2 ½ (see "Tax Limitations" under "PROPERTY TAXATION" above.)

The Town has established no such districts.

Investment of Town Funds

Investments of funds of cities and towns, except for trust funds, are generally restricted by Massachusetts General Laws, Chapter 44, Section 55. That statute permits investments of available revenue funds and bond and note proceeds in term deposits and certificates of deposits of banks and trust companies, in obligations issued or unconditionally guaranteed by the federal government or an agency thereof with a maturity of not more than one year, in repurchase agreements with a maturity of not more than 90 days secured by federal or federal agency securities, in participation units in the Massachusetts Municipal Depository Trust ("MMDT"), or in shares in SEC-registered money market funds with the highest possible rating from at least one nationally recognized rating organization.

MMDT is an investment pool created by the Commonwealth. The State Treasurer is the sole trustee, and the funds are managed under contract by an investment firm under the supervision of the State Treasurer's office. According to the State Treasurer the Trust's investment policy is designed to maintain an average weighted maturity of 90 days or less and is limited to high-quality, readily marketable fixed income instruments, including U.S. Government obligations and highly-rated corporate securities with maturities of one year or less.

Trust funds, unless otherwise provided by the donor, may be invested in accordance with Section 54 of Chapter 44, which permits a broader range of investments than Section 55, including any bonds or notes that are legal investments for savings banks in the Commonwealth. The restrictions imposed by Sections 54 and 55 do not apply to city and town retirement systems.

INDEBTEDNESS

Authorization of General Obligation Bonds and Notes

Serial bonds and notes are authorized by two-thirds vote of town meeting members. Provision is made for a referendum on the borrowing authorization if there is a timely filing of a petition bearing the requisite number of signatures. Refunding bonds and notes are authorized by the selectmen. Borrowings for some purposes require State administrative approval.

When serial bonds or notes have been authorized, bond anticipation notes may be issued by the officers authorized to issue the serial bonds or notes. Temporary debt in anticipation of revenue of the fiscal year in which the debt is incurred or in anticipation of federal and state aid generally may be made by the treasurer with the approval of the selectmen.

Debt Limits

General Debt Limit. The General Debt Limit of the Town consists of a Normal Debt Limit and a Double Debt Limit. The Normal Debt Limit of the Town is 5 percent of the valuation of taxable property as last equalized by the State Department of Revenue. The Town can authorize debt up to this amount without State approval. It can authorize debt up to twice this amount (the Double Debt Limit) with the approval of the state Municipal Finance Oversight Board consisting of the Attorney General, the State Treasurer, the State Auditor, and the Director of Accounts.

There are many categories of general obligation debt which are exempt from and do not count against the General Debt Limit. Among others, these exempt categories include revenue anticipation notes and grant anticipation notes; emergency loans; loans exempted by special laws; certain school bonds, bonds for water, gas, electric and telecommunication systems, sewer bonds, solid waste disposal facility bonds and economic development bonds supported by tax increment financing; and subject to special debt limits, housing, urban renewal and economic development (subject to various debt limits). Revenue bonds are not subject to these debt limits. The General Debt Limit and the special debt limit for water bonds apply at the time the debt is authorized. The other special debt limits generally apply at the time the debt is incurred.

Revenue Anticipation Notes. The amount borrowed in each fiscal year by the issue of revenue anticipation notes is limited to the tax levy of the prior fiscal year, together with the net receipts in the prior fiscal year from the motor vehicle excise and certain payments made by the Commonwealth in lieu of taxes. The fiscal year ends on June 30. Notes may mature in the following fiscal year, and notes may be refunded into the following fiscal year, to the extent of the uncollected, unabated current tax levy and certain other items, including revenue deficits, overlay deficits, final judgments and lawful unappropriated expenditures, which are to be added to the next tax levy, but excluding deficits arising from a failure to collect taxes of earlier years. (See "Taxation to Meet Deficits" under "PROPERTY TAXATION" above.) In any event, the period from an original borrowing to its final maturity cannot exceed one year.

Types of Obligations

General Obligations. Massachusetts cities and towns are authorized to issue general obligation indebtedness of these types:

Serial Bonds and Notes. These are generally required to be payable in annual principal amounts beginning no later than the end of the next fiscal year commencing after the date of issue and ending within the terms permitted by law. A level debt service schedule, or a schedule that provides for a more rapid amortization of principal than level debt service, is permitted. The principal amounts of certain economic development bonds supported by tax increment financing may be payable in equal, diminishing or increasing amounts beginning within 5 years after the date of issue. The maximum terms of serial bonds and notes vary from one year to 40 years, depending on the purpose of the issue. The maximum terms permitted are set forth in the statutes. In addition, for many projects, the maximum term may be determined in accordance with useful life guidelines promulgated by the State Department of Revenue ("DOR"). Serial bonds and notes may be issued for the purposes set forth in the statutes. In addition, serial bonds and notes may be issued for any other public work improvement or asset not specifically listed in the Statutes that has a useful life of at least 5 years. Bonds or notes may be made callable and redeemed prior to their maturity, and a redemption premium may be paid. Refunding bonds or notes may be issued subject to the maximum applicable term measured from the date of the original bonds or notes and must produce present value savings over the debt service of the refunded bonds. Generally, the first required annual payment of principal of the refunding bonds cannot be later than the first principal payment of any of the bonds or notes being refunded thereby, however, principal payments made before the first principal payment of any of the bonds or notes being refunded thereby may be in any amount.

Serial bonds may be issued as "qualified bonds" with the approval of the state Municipal Finance Oversight Board composed of the State Treasurer, the State Auditor, the Attorney General and the Director of Accounts, subject to such conditions and limitations (including restrictions on future indebtedness) as may be required by the Board. Qualified bonds may mature not less than 10 nor more than 30 years from their dates and are not subject to the amortization requirements described above. The State Treasurer is required to pay the debt service on qualified bonds and thereafter to withhold the amount of the debt

service paid by the State from state aid or other state payments; administrative costs and any loss of interest income to the State are to be assessed upon the city or town.

Tax Credit Bonds or Notes. Subject to certain provisions and conditions, the officers authorized to issue bonds or notes may designate any duly authorized issue of bonds or notes as “tax credit bonds” to the extent such bonds and notes are otherwise permitted to be issued with federal tax credits or other similar subsidies for all or a portion of the borrowing costs. Tax credit bonds may be made payable without regard to the annual installments required by any other law, and a sinking fund may be established for the payment of such bonds. Any investment that is part of such a sinking fund may mature not later than the date fixed for payment or redemption of the applicable bonds.

Bond Anticipation Notes. These generally must mature within two years of their original dates of issuance but may be refunded from time to time for a period not to exceed ten years from their original dates of issuance, provided that for each year that the notes are refunded beyond the second year they must be paid in part from revenue funds in an amount at least equal to the minimum annual payment that would have been required if the bonds had been issued at the end of the second year. For certain school projects, however, notes may be refunded from time to time for a period not to exceed seven years without having to pay any portion of the principal of the notes from revenue funds. The maximum term of bonds issued to refund bond anticipation notes is measured (except for certain school projects) from the date of the original issue of the notes.

Revenue Anticipation Notes. These are issued to meet current expenses in anticipation of taxes and other revenues. They must mature within one year but, if payable in less than one year, may be refunded from time to time up to one year from the original date of issue.

Grant Anticipation Notes. These are issued for temporary financing in anticipation of federal grants and state and county reimbursements. Generally, they must mature within two years but may be refunded from time to time as long as the municipality remains entitled to the grant or reimbursement.

Revenue Bonds. Cities and towns may issue revenue bonds for solid waste disposal facilities, for projects financed under the Commonwealth’s Water Clean Water Revolving Loan Programs and for certain economic development projects supported by tax increment financing. In addition, cities and towns having electric departments may issue electric revenue bonds, and notes in anticipation of such bonds, subject to the approval of the State Department of Telecommunications and Energy.

Revenue Anticipation Notes

The Town of Wellesley has not found it necessary to borrow in anticipation of revenue since fiscal 1974.

Direct Debt Summary
Projected as of June 30, 2020,
Excludes the Effects of the Refunding Bonds (1)

General Obligation Bonds

Inside the General Debt Limit			
Sewers and Drains	\$	2,792,788	
School		34,310,500	
Water		60,000	
General		46,578,500	
CPA		8,850,000	
Total		<u> </u>	\$ 92,591,788
Outside the Debt Limit			
Water		1,204,705	
School		25,676,700	
Total		<u> </u>	26,881,405
Total Long-Term Debt Outstanding (2)			<u> </u> 119,473,193
Temporary Loans			
Bond Anticipation Notes Outstanding (3)			
Total Short-Term Debt Outstanding			<u> </u> 5,748,000
Total Direct Debt			<u><u> </u></u> \$ 125,221,193

- (1) Excludes overlapping debt and lease-purchase obligations.
(2) Outstanding principal totaling \$92,130,700 and interest totaling \$31,826,881 is exempt from the provisions of Proposition 2 ½, subject to the provisions of Chapter 44, Section 20 of the General Laws.
(3) To be issued concurrent with the Bonds. Payable May 21, 2021.

Key Debt Ratios

	As of June 30					
	2020 (5)	2019	2018	2017	2016	2015
Long Term Debt Outstanding (1)	\$ 119,473,194	\$ 131,186,742	\$ 139,290,289	\$ 138,215,091	\$ 144,395,035	\$ 151,657,738
Per Capita Debt (2)	\$ 4,270	\$ 4,688	\$ 4,978	\$ 4,939	\$ 5,160	\$ 5,420
Percent of Assessed Valuation (3)	0.95%	1.08%	1.22%	1.24%	1.34%	1.46%
Percent of Equalized Valuation (4)	0.96%	1.06%	1.19%	1.18%	1.41%	1.48%
Per Capita as a Percent of Personal Income per Capita (2)	6.39%	7.02%	7.45%	7.39%	7.72%	8.11%

- (1) Excludes overlapping debt and lease-purchase obligations.
(2) Source: U.S. Department of Commerce, Bureau of the Census.
(3) Source: Massachusetts Department of Revenue - Assessed valuation as of the prior January 1.
(4) Source: Massachusetts Department of Revenue - Equalized valuation in effect for that fiscal year (equalized valuations are established for January 1 of each even-numbered year for the next two years.)
(5) Projected. Excludes the effects of the Refunding Bonds.

Annual Debt Service Projected as of June 30, 2020, Excluding the Effects of the Refunding Bonds (1)

Fiscal Year	Outstanding (2)		Net Debt Service	Cumulative % Principal Retired
	Principal	Interest		
2021	\$ 10,883,548	\$ 4,512,875	\$ 15,396,423	9.1 %
2022	9,784,823	4,086,925	13,871,748	17.3
2023	9,814,823	3,707,725	13,522,548	25.5
2024	8,440,000	3,335,475	11,775,475	32.6
2025	8,260,000	3,026,250	11,286,250	39.5
2026	7,540,000	2,718,425	10,258,425	45.8
2027	7,065,000	2,422,875	9,487,875	51.7
2028	6,885,000	2,141,675	9,026,675	57.5
2029	6,115,000	1,880,050	7,995,050	62.6
2030	5,410,000	1,661,644	7,071,644	67.1
2031	5,455,000	1,466,556	6,921,556	71.7
2032	4,275,000	1,268,100	5,543,100	75.3
2033	4,265,000	1,116,256	5,381,256	78.8
2034	3,850,000	963,488	4,813,488	82.1
2035	3,895,000	821,700	4,716,700	85.3
2036	1,595,000	675,475	2,270,475	86.7
2037	1,650,000	620,050	2,270,050	88.0
2038	1,700,000	562,700	2,262,700	89.5
2039	1,595,000	503,600	2,098,600	90.8
2040	1,660,000	439,800	2,099,800	92.2
2041	1,725,000	373,400	2,098,400	93.6
2042	1,795,000	304,400	2,099,400	95.1
2043	1,865,000	232,600	2,097,600	96.7
2044	1,940,000	158,000	2,098,000	98.3
2045	2,010,000	80,400	2,090,400	100.0
Total	<u>\$ 119,473,194</u>	<u>\$ 39,080,445</u>	<u>\$ 158,553,638</u>	

(1) Excludes short-term debt, lease and installment purchase obligations and overlapping debt.

(2) Outstanding principal totaling \$92,130,700 and interest totaling \$31,826,881 is exempt from the provisions of Proposition 2 ½, subject to the provisions of Chapter 44, Section 20 of the General Laws.

In addition to its long term debt payments, the Town has made paydowns on bond anticipation notes issued for smaller projects. This is part of the Town's debt policy to maintain annual general fund capital projects financing at a target range of 7-8% of current revenues within the levy limit. This also included direct appropriations for capital projects and equipment.

Fiscal Year	Paydowns	Capital/ Extraordinary/ Special Items
2019	\$ -	2019 \$ 5,305,108
2018	-	2018 6,703,374
2017	-	2017 5,152,079
2016	-	2016 4,501,752
2015	1,445,030	2015 4,282,768

Authorized Unissued Debt and Prospective Financing

Currently, the Town has approximately \$14,618,022 authorized but unissued debt for the following purposes:

School	\$ 7,110,039
Land Acquisition	-
Water & Sewer	5,553,888
Road Repairs	1,219,095
Other	735,000
Total	<u>\$ 14,618,022</u>

Overlapping Debt

Overlapping Entity	Outstanding Debt as of 6/30/19	Fiscal 2020 Dollar Assessment (1)
Norfolk County(2) Massachusetts Water Resources Authority(3)	\$13,175,000	\$ 527,693
Water	2,044,213,000	873,596
Sewer	3,449,020,000	4,048,501
Massachusetts Bay Transportation Authority(4)	5,478,860,000	244,231

- (1) Estimated dollar assessment based upon total net operating expenses, inclusive (where applicable) of debt service.
- (2) SOURCE: Norfolk County Treasurer. County expenses including debt service on county bonds are assessed upon the cities and towns within the county in proportion to their taxable valuation as last equalized by the State Commissioner of Revenue. Amounts shown are based on the most recent equalized valuations. Legislation was enacted in 1997 abolishing the county governments of Franklin and Middlesex Counties as of July 1, 1997, with their assets, functions, debts and other obligations being assumed by the Commonwealth. The legislation also abolished the county governments of Hampden and Worcester counties as of July 1, 1998. Legislation enacted in 1998 abolished the county governments of Hampshire, Essex and Berkshire counties as of January 1, 1999, July 1, 1999 and July 1, 2000, respectively. The legislation also requires the state secretary for administration and finance to establish a plan to recover the Commonwealth's expenditures for the liabilities and other debts assumed and paid by the Commonwealth on behalf of an abolished county. Unless these provisions are changed by further legislation, the state treasurer shall assess upon each city and town within the jurisdiction of an abolished county an amount not exceeding or equal to the county tax paid by each such city and town for the fiscal year immediately prior to the abolishment of the county until such expenditures by the Commonwealth are recovered. It is possible that similar legislation will be sought to provide for the abolishment of county government in all the remaining counties.
- (3) SOURCE: The Massachusetts Water Resources Authority (the "MWRA") provides wholesale drinking water services in whole or in part to 48 cities, towns and special purpose entities and provides wastewater collection and treatment services to 43 cities, towns and special purpose entities. Under its enabling legislation, as amended, the aggregate principal amount of all bonds issued by the MWRA for its corporate purposes may not exceed \$6.1 billion outstanding at any time. Its obligations are secured by revenues of the MWRA. The MWRA assesses member cities, towns and special purpose entities, which continue to provide direct retail water and sewer services to users. The cities, towns and other entities collect fees from the users to pay all or part of the assessments; some municipalities levy property taxes to pay part of the amounts assessed upon them. Debt as of June 30, 2018.
- (4) SOURCE: Massachusetts Bay Transportation Authority (the "MBTA"). The MBTA was created in 1964 to finance and operate mass transportation facilities within the greater Boston metropolitan area. Under its enabling act, the MBTA is authorized to issue bonds for capital purposes, other than refunding bonds, and for certain specified purposes to an outstanding amount, which does not exceed the aggregate principal amount of \$3,556,300,000. In addition, pursuant to certain of the Commonwealth's transportation bond bills, the MBTA is authorized to issue additional bonds for particular capital projects. The MBTA also is authorized to issue bonds of the purpose of refunding bonds. Under the MBTA's enabling act debt service, as well as other operating expenses of the MBTA, are to be financed by a dedicated revenue stream consisting of the amounts assessed on the cities and towns of the MBTA and a dedicated portion of the statewide sales tax. The amount assessed to each city and town is based on its weighted percentage of the total population of the authority as provided in the enabling act. The aggregate amount of such assessments is generally not permitted to increase by more than 2.5 percent per year.

Contracts

Municipal contracts are generally limited to currently available appropriations. A city or town has the authority to enter into contracts for the exercise of any of its corporate powers for any period of time deemed to serve its best interest, but generally only when funds are available for the first fiscal year; obligations for succeeding fiscal years generally will be expressly subject to availability and appropriation of funds. Specific authority exists in relatively few cases for long term contractual obligations not subject to annual appropriation, including contracts for refuse disposal and sewage treatment and disposal. Municipalities may also enter into long-term contracts in aid of housing and renewal projects. There may be implied authority to make other long-term contracts required to carry out authorized municipal functions, such as contracts to purchase water from private water companies.

Municipal contracts relating to solid waste disposal facilities may contain provisions requiring the delivery of minimum amounts of waste and payments based thereon and requiring payments in certain circumstances without regard to the operational status of the facilities.

Municipal electric departments have statutory power to enter into long-term contracts for joint ownership and operation of generating and transmission facilities and for the purchase or sale of capacity, including contracts requiring payments without regard to the operational status of the facilities.

Pursuant to the Home Rule Amendment to the Massachusetts Constitution, cities and towns may also be empowered to make other contracts and leases.

The Town of Wellesley is a participant in the following contracts:

Name	Nature of Contract	Annual Cost			Expiration Date
		Fiscal 2018	Fiscal 2019	Fiscal 2020	
Waste Management	Waste Disposal	\$ 611,708	\$ 690,800	\$ 710,000	6/30/2022
Eastern Bus Company	School Busing	949,935	1,035,049	1,117,800	6/30/2022

Source: Town Treasurer.

RETIREMENT SYSTEMS

The Massachusetts General Laws provide for the establishment of contributory retirement systems for state employees, for teachers and for county, city and town employees other than teachers. Teachers are assigned to a separate statewide teachers' system and not to the city and town systems. For all employees other than teachers, this law is subject to acceptance in each city and town. Substantially all employees of an accepting city or town are covered. If a town has a population of less than 10,000 when it accepts the statute, its non-teacher employees participate through the county system and its share of the county cost is proportionate to the aggregate annual rate of regular compensation of its covered employees. In addition to the contributory systems, cities and towns provide non-contributory pensions to a limited number of employees, primarily persons who entered service prior to July 1, 1937 and their dependents. The Public Employee Retirement Administration Commission ("PERAC") provides oversight and guidance for and regulates all state and local retirement systems.

The obligations of a city or town, whether direct or through a county system, are contractual legal obligations and are required to be included in the annual tax levy. If a city or town, or the county system of which it is a member, has not established a retirement system funding schedule as described below, the city or town is required to provide for the payment of the portion of its current pension obligations which is not otherwise covered by employee contributions and investment income. "Excess earnings," or earnings on individual employees' retirement accounts in excess of a predetermined rate, are required to be set aside in a pension reserve fund for future, not current, pension liabilities. Cities and towns may voluntarily appropriate to their system's pension reserve fund in any given year up to five percent of the preceding year's tax levy. The aggregate amount in the fund may not exceed ten percent of the equalized valuation of the city or town.

If a city or town, or each member city and town of a county retirement system, has accepted the applicable law, it is required to annually appropriate an amount sufficient to pay not only its current pension obligations, but also a portion of its future pension liability. The portion of each such annual payment allocable to future pension obligations is required to be deposited in the pension reserve fund. The amount of the annual city or town appropriation for each such system is prescribed by a retirement system funding schedule which is periodically reviewed and approved by PERAC. Each system's retirement funding schedule is designed to reduce the unfunded actuarial pension liability of the system to zero by not later than June 30, 2030, with annual increases in the scheduled payment amounts of not more than 4.5 percent. The funding schedule must provide that payment in any year of the schedule is not less than 95 percent of the amount appropriated in the previous fiscal year. City, town and county systems which have an approved retirement funding schedule receive annual pension funding grants from the Commonwealth for the first 16 years of such funding schedule. Pursuant to recent legislation, a system (other than the state employees' retirement system and the teachers' retirement system) which conducts an actuarial valuation as of January 1, 2009, or later, may establish a revised schedule which reduces the unfunded actuarial liability to zero by not later than June 30, 2040, subject to certain conditions. If the schedule is so extended under such provisions and a later updated valuation allows for the development of a revised schedule with reduced payments, the revised schedule shall be adjusted to provide that the appropriation for each year shall not be less than that for such year under the prior schedule, thus providing for a shorter schedule rather than reduced payments.

City, town and county systems may choose to participate in the Pension Reserves Investment Trust Fund (the "PRIT Fund"), which receives additional state funds to offset future pension costs of participating state and local systems. If a local system participates in the PRIT Fund, it must transfer ownership and control of all assets of its system to the Pension Reserves Investment Management Board, which manages the investment and reinvestment of the PRIT Fund. Cities and towns with systems participating in the PRIT Fund continue to be obligated to fund their pension obligations in the manner described above. The additional state appropriations to offset future pension liabilities of state and local systems participating in the PRIT Fund are required to total at least 1.3 percent of state payroll. Such additional state appropriations are deposited in the PRIT Fund and shared by all participating systems in proportion to their interests in the assets of the PRIT Fund as of July 1 for each fiscal year.

Cost-of-living increases for each local retirement system may be granted and funded only by the local system, and only if it has established a funding schedule. Those statutory provisions are subject to acceptance by the local retirement board and approval by the local legislative body, which acceptance may not be revoked.

Town of Wellesley Contributory Retirement System

The Town maintains a contributory retirement system that is partially funded by employee contributions. The retirement system covers substantially all municipal employees who work at an annual rate to exceed 1,000 hours, except schoolteachers, whose pensions are paid by the Commonwealth. For persons whose employment commenced prior to July 1, 1937, the Town has a non-contributory retirement plan. The Town's method of funding is based upon a funding schedule prepared by the System's actuary, the Segal Co. and approved by the Public Employees Retirement Administration Commission (PERAC). The funding amounts are legal obligations of the municipality and are required to be included in its annual tax levy.

The Town's contributions for the last five fiscal years and the amount budgeted for the current fiscal year are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2021 (budgeted)	\$ 7,965,781
2020	7,487,909
2019	7,056,425
2018	6,621,863
2017	6,390,114
2016	6,150,755

For additional information please see the audited financial statements attached hereto as Appendix A.

Trend of Actuarial Accrued Liability

Date of Actuarial Valuation & Data Provided	Net Assets Available for Plan Benefits	Actuarial Accrued Liability	Percentage Funded	Unfunded Actuarial Accrued Liability	Annual Covered Payroll	Unfunded Actuarial Accrued Liability as a Percentage of Annual Covered Payroll
1/1/2019	\$193,017,080	\$248,553,692	75.6%	\$55,536,612	\$39,169,350	141.8%
1/1/2017	169,089,812	224,137,166	73.3	55,047,354	36,836,364	149.4
1/1/2015	152,955,923	207,928,237	73.6	54,972,314	34,685,775	158.5
1/1/2012	125,424,614	165,408,231	75.8	39,983,617	33,919,655	117.0
1/1/2010	129,514,453	149,447,086	86.7	19,932,633	32,053,329	62.2
1/1/2008	144,298,124	136,021,926	106.1	(8,276,198)	30,256,013	(27.4)
1/1/2006	127,011,492	123,086,217	103.2	(3,925,275)	26,392,253	(14.9)
1/1/2004	116,792,365	112,846,159	103.5	(3,946,206)	23,172,848	(17.0)
1/1/2003	119,033,662	114,811,026	103.7	(4,222,636)	22,572,703	(18.7)
1/1/2001	123,291,025	92,278,891	133.6	(31,012,134)	21,561,329	(143.8)

The Town has a noncontributory pension plan for certain retirees who elected not to become members of the Contributory Retirement System at its inception. Benefits are paid by the Town on a pay-as-you-go basis. The pay-as-you-go cost to the Town was \$18,263, \$18,714, and \$19,100 in fiscal years 2017, 2018 and 2019, respectively. The sole contributory retiree passed away in 2019. This appropriation has been eliminated beginning in fiscal 2020.

Funding Schedule (As of January 1, 2019)

(1) Fiscal Year Ended June 30	(2) Employer Normal Cost	(3) Amortization of 2010 ERI Liability	(4) Amortization of Remaining Unfunded Liability	(5) Total Plan Cost (2) + (3) + (4)	(6) Total Unfunded Actuarial Accrued Liability at Beginning of Fiscal Year	(7) Percentage Increase in Total Cost
2020	\$ 2,848,410	\$ 15,534	\$ 5,987,564	\$ 8,851,508	\$ 57,346,763	-
2021	2,961,868	15,534	6,460,668	9,438,070	55,846,113	6.63%
2022	3,053,883	15,534	6,686,791	9,756,208	52,750,524	3.37
2023	3,148,735	-	6,920,829	10,069,564	49,212,584	3.21
2024	3,246,511	-	7,163,057	10,409,568	45,210,982	3.38
2025	3,347,300	-	7,413,765	10,761,065	40,690,106	3.38
2026	3,451,196	-	7,673,247	11,124,443	35,606,659	3.38
2027	3,558,293	-	7,941,811	11,500,104	29,914,162	3.38
2028	3,668,689	-	8,219,774	11,888,463	23,562,737	3.38
2029	3,782,485	-	8,507,466	12,289,951	16,498,867	3.38
2030	3,899,785	-	8,805,227	12,705,012	8,665,144	3.38
2031	4,020,696	-	-	4,020,696	-	-68.35

Notes: Recommended contributions are assumed to be paid in October 1.

Assumes contribution of budgeted amount for fiscal year 2020.

Item (2) increases at 2.75% per year, plus an additional 0.15% adjustment to total normal cost to effect the effects of mortality improvement due to generational mortality assumption.

Projected normal cost does not reflect the impact of pension reform for future hires.

Amortization payments of remaining liability calculated to increase 3.50% per year.

Fiscal 2021 and later years reflect an increase in the COLA base to \$18,000 effective July 1, 2020.

Source: January 1, 2019 Actuarial Valuation Report of the Wellesley Retirement System and PERAC.

See Appendix A for further information relating to the Town's retirement systems.

Other Post-Employment Benefits

In addition to pension benefits, cities and towns may provide retired employees with health care and life insurance benefits. The portion of the cost of such benefits paid by cities or towns is generally provided on a pay-as-you-go basis.

The amounts the Town contributed for the last five fiscal years towards these benefits including the pre-funding amount are as follows:

Fiscal Year	Amount
2019	\$ 8,082,577
2018	8,724,519
2017	8,079,770
2016	8,440,020
2015	8,233,729

The Governmental Accounting Standards Board ("GASB") Statement Nos. 43 and 45, require public sector entities to report the future costs of non-pension, post-employment benefits in their financial statements. These accounting standards do not require pre-funding the payment of these costs as the liability for such costs accrues, but the basis applied by the standards for measurement of costs and liabilities for these benefits is conservative if they continue to be funded on a pay-as-you-go basis and will result in larger yearly cost and liability accruals than if the cost of such benefits were pre-funded in a trust fund in the same manner as traditional pension benefits. Cities and towns that choose to self-insure all or a portion of the cost of the health care benefits they provide to employees and retirees may establish a trust fund for the purpose of paying claims. In addition, cities and towns may establish a trust fund for the purpose of pre-funding other post-employment benefits liability in the same manner as traditional pension benefits.

Under Chapter 88 of the Acts of 2004, the Town was granted the authority to establish a fund for the purpose of accumulating assets to fund its GASB 45 OPEB liability.

On May 15, 2007, Wellesley voters approved an \$18,000,000 Proposition 2 ½ override to be spread over 10 years the proceeds of which were contributed to the OPEB Trust. As of June 30, 2019, the Town has \$69,983,989 in assets which are in the State Retirees Benefits Trust.

The Town was required to implement the new GASB reporting requirements for other post-employment benefits beginning in fiscal year 2009. As of June 30, 2018, the total actuarial accrued liability (UAAL) was \$51,445,000 on a pre-funded basis, assuming an interest rate of 6.625% and the actuarially determination contribution for fiscal 2019 is \$7,657,000. The Town is funding its UAAL over a 30 year period with 19 years remaining as of June 30, 2018.

EMPLOYEE RELATIONS

City and town employees (other than managerial and confidential employees) are entitled to join unions and to bargain collectively on questions of wages, hours and other terms and conditions of employment.

The Town has approximately 1,346 full-time employees, including those in the School Department. Approximately 81 percent belong to unions or other collective bargaining groups as shown below:

<u>Employee Category</u>	<u>Represented by</u>	<u>Number of Employees</u>	<u>Contract Expires</u>
Police	Wellesley Police Patrolmen’s Association	28	6/30/20
	Wellesley Superior Officers Association	10	6/30/20
Dispatchers	Wellesley Police Dispatchers Association	9	6/30/20
Firemen	International Association of Firefighters	48	6/30/20
Public Works:			
MLP	AFSCME	14	6/30/20
Production	AFSCME	50	6/30/20
Supervisory	AFSCME	5	6/30/20
Library	Wellesley Free Library Association	33	6/30/20
Facilities	AFSCME	41	6/30/20
School:			
Teachers	Wellesley Teachers Association	550	6/30/22
TA’s & Paraprofessionals	Wellesley Teachers Association – Unit C	222	6/30/22
Secretaries	Wellesley Educational Secretaries Association	44	6/30/22
Administrators	Wellesley Teachers Association – Unit B	<u>35</u>	6/30/22
Total		1,089	

LITIGATION

In the opinion of Town Counsel, no litigation is pending, or to his knowledge threatened, which is likely to result, either individually or in the aggregate, in final judgments against the Town materially affecting its financial position.

TOWN OF WELLESLEY, MASSACHUSETTS
/s/ Marc V. Waldman, Treasurer

May 5, 2020

THIS PAGE INTENTIONALLY LEFT BLANK



**TOWN OF WELLESLEY, MASSACHUSETTS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2019**

On the cover: Originally a one-room schoolhouse, the Fells Branch was converted to a library in 1923 and is the oldest municipal building in Wellesley.



Fells Branch Library – Newly restored Children’s room.

TOWN OF WELLESLEY, MASSACHUSETTS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2019



Prepared by:

The Finance Department of the Town of Wellesley, Massachusetts

This page left intentionally blank.

TOWN OF WELLESLEY, MASSACHUSETTS
COMPREHENSIVE ANNUAL FINANCIAL REPORT

JUNE 30, 2019

TABLE OF CONTENTS

Introductory Section.....	A-1
Letter of Transmittal.....	A-3
Certificate of Achievement for Excellence in Financial Reporting.....	A-8
Organization Chart.....	A-9
Principal Town Officials	A-10
Financial Section	A-11
Independent Auditor’s Report.....	A-13
Management’s Discussion and Analysis	A-16
Basic Financial Statements	A-29
Statement of Net Position	A-31
Statement of Activities.....	A-32
Governmental Funds – Balance Sheet.....	A-34
Reconciliation of the Governmental Funds Balance Sheet Total Fund Balances to the Statement of Net Position	A-35
Governmental Funds – Statement of Revenues, Expenditures and Changes in Fund Balances.....	A-36
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	A-37
Proprietary Funds – Statement of Net Position.....	A-38
Proprietary Funds – Statement of Revenues, Expenses and Changes in Net Position.....	A-39
Proprietary Funds – Statement of Cash Flows	A-40
Fiduciary Funds – Statement of Fiduciary Net Position.....	A-41
Fiduciary Funds – Statement of Changes in Fiduciary Net Position	A-42
Notes to Basic Financial Statements	A-43
Required Supplementary Information.....	A-89
General Fund Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	A-91
Pension Plan Schedules – Retirement System	A-96
Schedule of the Changes in the Net Pension Liability and Related Ratios.....	A-97
Schedule of Contributions	A-98
Schedule of Investment Returns	A-99
Pension Plan Schedules – Town	A-100
Schedule of the Town’s Proportionate Share of the Net Pension Liability.....	A-101

Schedule of Town Contributions	A-102
Schedule of the Special Funding Amounts of the Net Pension Liability for the Massachusetts Teachers Retirement System	A-103
Other Postemployment Benefit Plan Schedules	A-104
Schedule of Changes in the Town's OPEB Liability and Related Ratios	A-105
Schedule of Town Contributions	A-106
Schedule of Investment Returns	A-107
Notes to Required Supplementary Information	A-108
Combining and Individual Fund Statements	A-113
Nonmajor Governmental Funds	A-115
Nonmajor Governmental Funds – Combining Balance Sheet	A-116
Nonmajor Governmental Funds – Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	A-118
Internal Service Funds	A-120
Internal Service Funds – Combining Statement of Net Position	A-121
Internal Service Funds – Combining Statement of Revenues, Expenses, and Changes in Fund Net Position	A-122
Internal Service Funds – Combining Statement of Cash Flows	A-123
Fiduciary Funds	A-124
Agency Fund – Statement of Changes in Assets and Liabilities	A-125
Statistical Section	A-127
Net Position by Component	A-128
Changes in Net Position	A-129
Fund Balances, Governmental Funds	A-130
Changes in Fund Balances, Governmental Funds	A-131
Assessed Value and Actual Value of Taxable Property by Classification and Tax Rates	A-132
Principal Taxpayers	A-133
Property Tax Levies and Collections	A-134
Ratios of Outstanding Debt and General Bonded Debt	A-135
Direct and Overlapping Governmental Activities Debt	A-136
Computation of Legal Debt Margin	A-137
Demographic and Economic Statistics	A-138
Principal Employers	A-139
Operating Indicators by Function/Program	A-140
Full-time Equivalent Town Employees by Function	A-141
Capital Assets Statistics by Function/Program	A-142
Free Cash and Stabilization Fund Balances	A-143

Introductory Section



Labyrinth on Washington Street.

Town of Wellesley, Massachusetts
Comprehensive Annual Financial Report
For the year ended June 30, 2019

This page left intentionally blank.

Introductory Section

This page left intentionally blank.



Town of Wellesley

525 Washington Street
Wellesley, MA 02482

Letter of Transmittal

November 4, 2019

To the Honorable Board of Selectmen and Citizens of the Town of Wellesley:

State law requires the Town of Wellesley to publish at the close of each year 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 this Comprehensive Annual Financial Report (CAFR) of the Town of Wellesley, Massachusetts, for the year ending June 30, 2019 for your review.

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

The Town'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 for the year ended June 30, 2019, 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's financial statements for the year ended June 30, 2019, 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 was part of a broader, federally mandated "Single Audit" designed to meet the special needs of Federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair 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's separately issued Report on Federal Award Programs.

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 MD&A and should be read in conjunction with it. The Town's MD&A can be found immediately following the report of the independent auditors.

Profile of the Town

The Town of Wellesley was incorporated in 1881 and is located in Norfolk County. It is approximately 15 miles west of Boston and is bordered by Natick on the west, Weston and Newton on the north, Needham on the east and southeast, and Dover on the south. It is approximately 10.51 square miles in area and, according to the 2010 U.S. Census records, has a population of 27,982 persons.

The main highways serving the Town are State Routes 9, 16, 135, 128 and the Massachusetts Turnpike. The Massachusetts Bay Transportation Authority (MBTA) provides railroad services to Boston and Framingham.

The Town operates under the Representative Town Meeting form of government with public officers serving as ex-officio members of the Town Meeting. The legislative body consists of 240 members elected by precincts. Administrative affairs are managed by a five member Board of Selectmen, with the assistance of an Executive Director.

The administration of the general government is the responsibility of a five-member Board of Selectmen; local school affairs are administered by a five-member School Committee; public works are administered by a three-member Board of Public Works; the Municipal Light Plant is administered by a five-member Municipal Light Board that is comprised of the three-member Board of Public Works and two members appointed by the Board of Selectmen; and library affairs are administered by a six-member Board of Library Trustees.

General governmental services are provided within the town's boundaries; including public education in grades kindergarten through twelve, police and fire protection, collection and treatment of sewage, water distribution, electric services, public works, streets, parks and recreation, veteran's services, health and sanitation, and libraries. The water and sewer enterprise funds are self-supporting. The Town maintains a solid waste recycling and disposal facility.

The Town owns and operates a self-supporting municipal light plant. The Municipal Light Board carries out the responsibilities of the Municipal Electric Commissioners as provided for in Massachusetts General Laws, Chapter 164.

Local Economy

The Town continues to reflect stronger economic conditions than other communities - both within the Commonwealth and nationally. Massachusetts unemployment continues to be less than the national average, and Wellesley's rate of 2.7% compares favorably with the state's average of 3.1%.

Because of its proximity to Boston and the quality of services provided, Wellesley remains attractive to urban professionals whose wealth levels are among the highest in the Commonwealth. While the per capita household income in Massachusetts is higher than national levels, Wellesley's (\$182,353) is third highest in the Commonwealth and more than four times the State average. The relative wealth is also seen in the owner occupied median housing value, which, at \$1,126,000 is more than twice that of the state and four times that of the nation. The town is densely populated and land is increasingly valuable. Tear downs and residential improvements continue to contribute to increased permit fee revenue and taxable new growth. Although the Town is 87% residential, commercial activity is diversified and the presence of Wellesley College, Babson College, and Massachusetts Bay Community College contribute to a lower unemployment rate and greater economic stability.

The Town continues to manage its financial affairs in a prudent manner. It has maintained its “excellent” bond rating of Aaa by incorporating long range planning tools such as a Town-wide Financial Plan; maintaining reserve levels; investing in technology; maintaining facilities to avoid costly emergency repairs; continuing an aggressive pay-as-you-go financing strategy for capital improvements, and utilizing the dedicated revenue streams from debt that is exempt from the constraints of Proposition 2 ½ to finance some of its larger projects.

The Town has also enhanced its revenue flexibility by establishing enterprise funds. This has allowed the Town to shift one hundred percent of the operating cost and capital improvements to the users of electric, water, and sewer services so that no tax support goes towards providing these services. All related debt is funded through user fees. By doing so the Town is able to provide the maximum tax dollars available to all other services.

Financial Planning and Internal Controls

The Town has intentionally increased its financial reserves during the last fourteen years and the Town’s management has adopted a formal reserve policy to inform its recommendations in the annual Town-Wide Financial Plan (TWFP). Fund balance (the total of the committed, assigned, and unassigned components of fund balance) in the general fund at year end was 17.0% of the total general fund revenues. This is an improvement over the prior year ratio of 16.5%.

The Board of Selectmen (Board) is responsible for preparing the Town-Wide Financial Plan (TWFP) which includes a forecast of the Town’s sources and uses of funds for the current year (annual budget) and for the two following years. The Selectmen establish current year budget guidelines, cognizant of reserve implications, and work with the various Town boards to achieve a balanced budget. Projections are developed for the subsequent year so that the Board may determine whether or not there will be sufficient funds to meet needs or any requests for new initiatives. The TWFP also includes projected capital needs for the next five years for the various departments and information regarding the financing for these items.

The annual pension contribution to the Wellesley Contributory Retirement System, a defined benefit pension plan administered by the Wellesley Contributory Retirement Board, represents 4.7% of the Town’s annual budget. Current employees contribute up to 11% of their salaries to the system, depending upon date of hire. An independent actuary engaged by the Retirement Board biannually calculates the amount of the annual contribution the Town must make to the pension plan to ensure that the plan will be able to fully meet its obligations to retired employees. The funded status, using the market value of assets, was 75.33% as reflected in the actuarial valuation performed as of January 1, 2019, with full funding expected by 2030. The Retirement Board uses a 6.625% assumed actuarial rate of return on investment. Management continues to factor updated valuations into its TWFP projections.

Similarly, health insurance costs and the liability for postemployment health care benefits for certain retirees and their dependents (OPEB) are key considerations in the TWFP. The Town has undertaken a number of proactive steps over the last ten years to reduce current costs and amortize the unfunded OPEB liability. As of the current actuarial valuation, completed as of December 31, 2018, in accordance with GASB Statement No. 74, the funding status has improved to 57.89%. The Town currently appropriates 2.16% of its annual budget to fully fund this obligation by 2034.

We refer you to the notes to the basic financial statements for more information on the above two matters.

Once balanced, the annual budget is then presented to the Annual Town Meeting for authorization by the Selectmen, together with comments and recommendations of the Advisory Committee. 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 state of the art financial system has a number of built in controls and department managers have ready access to their budgets.

Once payment requests are reviewed and approved by department heads, the Finance Director/Town Accountant is responsible for further review - ensuring all payroll and invoices are within the budgetary control level before authorizing payment. Additional appropriations may be approved at subsequent Town Meetings. The Advisory Committee may approve a transfer (during the budget year) from a reserve fund established at Town Meeting. These controls ensure compliance with the budget approved by Town Meeting.

The Town has implemented formal policies on cash control and investment and continues to evaluate the risk of fraud and adequacy of internal controls. An active audit committee oversees the annual audit and raises any related concerns to management and the governing boards.

New Initiatives

During fiscal 2019, the Town continued to refine plans for replacing some of its elementary schools at the Hardy/Hunnewell/Upham sites, and to gather community input on the proposed projects. To date, feasibility has been conducted for the Hunnewell site and a Special Town Meeting has been called to seek Schematic Design funds in December 2019. The Massachusetts School Building Administration (MSBA) - supported project (Hardy/Upham) has just recently begun the feasibility stage. The School Building Committee will likely bring forward a proposal to construct two schools at a cost of over \$115 million in the Spring of 2021. The projects will likely be proposed for debt exclusion.

The Town continues to address a number of high density 40B housing proposals from developers, and to work with them to mitigate negative impacts upon abutters and other Town residents. A significant affordable housing proposal is being proposed under section 40R, which would construct 350 rental units at the Wellesley Office Park. All of the units would qualify toward the Town's affordable housing quota with additional positive financial impacts to the Town.

The significant and historic Town Hall Exterior Renovation is winding down, after more than a year of construction. Slate and copper roofs have been replaced, stonework has been cleaned and re-grouted, ornamentation has been re-fabricated, windows remediated and replaced, and structural problems resolved. The magnitude of the project has triggered some legal requirements under the Americans with Disabilities Act; which will be the subject of future appropriation requests and probable debt exclusion.

The Town has devoted additional resources to mental health initiatives in the latest budget cycle. It has coordinated its efforts across the organization and its various boards to maximize impact.

Environmental sustainability also continues to be a core community value, with several new grants and initiatives in this area.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) has awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Wellesley for its Comprehensive Annual Financial Reports (CAFR) for the last fifteen years. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of a state and local government financial report.

In order to be awarded the Certificate of Achievement, a government must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. The report must satisfy both generally accepted accounting principles and applicable legal requirements.

We would like to express our appreciation to the Finance Department and the members of the other departments who assisted and contributed to the preparation of this report. Credit must also be given to the Board of

Selectmen for their unfailing support over many years for maintaining the highest standards of professionalism in the management of the Town's finances.

Respectively submitted,



Meghan C. Jop
Executive Director of General Government Services



Sheryl Strother
Finance Director/Town Accountant



Government Finance Officers Association

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

Presented to

**Town of Wellesley
Massachusetts**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

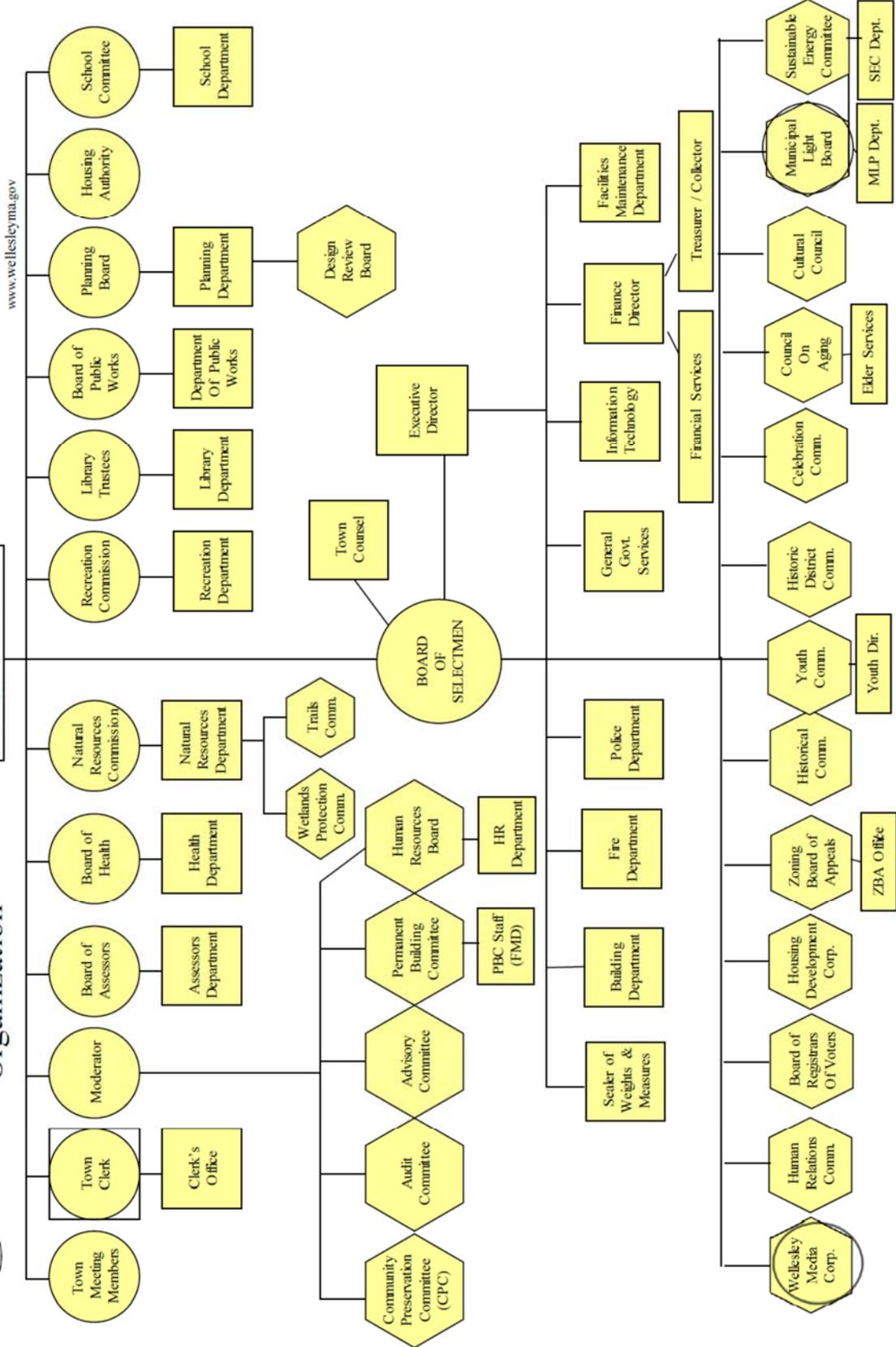
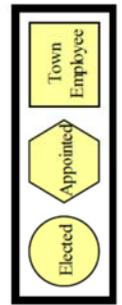
Christopher P. Morill

Executive Director/CEO



Wellesley Town Government Organization

VOTERS



Principal Town Officials

<u>Elected Officials</u>		<u>Term Expires</u>
Board of Selectmen	Jack Morgan, Chairman	2021
	Marjorie Freiman, Vice Chair	2021
	Beth Sullivan Woods, Secretary	2020
	Thomas Ulfelder	2020
	Lise Olney	2022
Moderator	Mark Kaplan	2020
Town Clerk	K.C. Kato	2021
School Committee	Melissa Martin, Chair	2020
	Linda Chow, Vice Chair	2021
	Matt Kelley, Secretary	2020
	Sharon Gray, Member	2021
	Jim Roberti, Member	2022

Appointed Officials

Executive Director of General Government Services	Meghan C. Jop
Superintendent of Public Schools	Dr. David F. Lussier
Finance Director/Town Accountant	Sheryl Strother
Chief Assessor	Donna Lee McCabe
Treasurer/Collector	Marc V. Waldman
Fire Chief	Richard DeLorie
Police Chief	Jack Pilecki
Human Resources Director	Scott Szczebak
Library Director	Jamie Jurgensen
Public Works Director	David Cohen
Municipal Light Plant Manager	Donald Newell
Information Technology	Brian C. DuPont
Building Inspector and Zoning Enforcement Officer	Michael Grant
Interim Planning Director	Laura Harbottle

Other Officials

Town Counsel	Thomas J. Harrington Miyares and Harrington LLP
--------------	--

Financial Section



Granite restoration from the Wellesley Town Hall exterior renovation project.

Town of Wellesley, Massachusetts
Comprehensive Annual Financial Report
For the year ended June 30, 2019

This page left intentionally blank.

Financial Section

This page left intentionally blank.



100 Quannapowitt Parkway
Suite 101
Wakefield, MA 01880
T. 781-914-1700
F. 781-914-1701
www.powersandsullivan.com

Independent Auditor's Report

To the Honorable Board of Selectmen
and the Audit Committee
Town of Wellesley, 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 Wellesley, Massachusetts (Town), as of and for the year ended June 30, 2019 (except for the Wellesley Contributory Retirement System which is as of and for the year ended December 31, 2018), 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 the 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, 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 Wellesley, Massachusetts, as of June 30, 2019 (except for the Wellesley Contributory Retirement System which is as of December 31, 2018), 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 the required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with 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 Wellesley's basic financial statements. The introductory section, combining and individual fund statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund statements are fairly stated, in all material respects, in relation to the basic financial statements 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 November 4, 2019 on our consideration of the Town of Wellesley, Massachusetts' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Wellesley's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Wellesley's internal control over financial reporting and compliance.

Powers & Sullivan LLC

November 4, 2019

Management's Discussion and Analysis

Management's Discussion and Analysis

As management of the Town of Wellesley, Massachusetts, we offer readers of these financial statements this narrative overview and analysis of the financial activities of the Town of Wellesley for the year ended June 30, 2019. We encourage readers to consider the information presented in this report in conjunction with additional information that we have furnished in our letter of transmittal.

The Governmental Accounting Standards Board (GASB) is the authoritative standard setting body that provides guidance on how to prepare financial statements in conformity with generally accepted accounting principles (GAAP). Users of these financial statements (such as investors and rating agencies) rely on the GASB to establish consistent reporting standards for all governments in the United States. This consistent application is the only way users (including citizens, the media, legislators and others) can assess the financial condition of one government compared to others.

Governments must adhere to GASB pronouncements in order to issue their financial statements in conformity with GAAP. The users of financial statements also rely on the independent auditor's opinion. If the Town's financial statements have significant departures from GAAP, the independent auditors may issue a modified opinion or a disclaimer (where no opinion is given). These types of opinions may have an adverse effect on the Town's bond rating and its ability to borrow money at favorable interest rates. The Town has enjoyed an unmodified opinion on its financial statements for many years.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town of Wellesley's basic financial statements. The Town's basic financial statements comprise three components: 1) government-wide financial statements 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances, in a manner similar to private-sector businesses.

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

The statement of activities presents information showing how the Town'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 or the 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, facilities maintenance, natural resources, public safety, public education, public works, health, recreation, library, community preservation, traffic and parking management, and interest. The business-type activities include the activities of the sewer, water, and electric light enterprise funds.

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. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town 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 and outflows of expendable resources, as well as on balances of expendable 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 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 currently has three major governmental funds that are presented separately in the governmental fund financial statements. The remaining nonmajor funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

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

Proprietary funds. The Town maintains two types of proprietary funds.

Enterprise funds are used to report the same functions as business-type activities in the government-wide financial statements. The Town uses enterprise funds to account for its sewer, water, and electric operations. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for sewer, water, and electric operations, all of which are considered major funds of the Town.

Internal service funds are an accounting device used to accumulate and allocate costs internally among various functions. The Town maintains an internal service fund to account for health insurance, self-insured worker's compensation, unemployment, and fleet maintenance.

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 statement because the resources of those funds are not available to support the Town's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

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

Financial Highlights

- The Town's government-wide assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the close of the recent year by \$114.9 million and \$97.5 million for governmental activities and business-type activities, respectively. The business-type activities include the activities of the sewer, water, and electric enterprise funds.
- At the close of the current year, the Town of Wellesley's general fund reported an ending fund balance of \$31.1 million, an increase of \$1.8 million over the prior year. Total fund balance represents 17% of total general fund expenditures, which management considers adequate and within expectations as compared to the Town's Financial Reserve Policy. Of this amount, \$24.2 million or 13% of general fund expenditures is unassigned and available for appropriation at the Town's discretion. The remaining portions of the general fund balance, \$6.9 million, are committed and assigned to fund special articles, carryover encumbrances, and the 2020 budget.
- The Town of Wellesley's total governmental long-term debt decreased by approximately \$7.7 million during the current year as a result of new issuances of \$4.5 million, inclusive of a \$298,000 premium, and scheduled principal payments of \$12.3 million.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The Town of Wellesley's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$212.3 million at the close of 2019.

Government-wide net position of \$250.7 million reflects its net investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is 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 capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Town's net position, \$12.9 million, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position had a year-end deficit balance of \$51.3 million.

Details related to the Town's governmental and business-type activities follow.

Governmental activities. The governmental activities net position increased by \$3.1 million during the current year compared to an increase of \$6.9 million in the prior year. Total revenues increased by \$7.6 million, while total expenses increased by \$11.4 million. This was in line with management's expectations.

	2019	2018
Assets:		
Current assets.....	\$ 77,471,400	\$ 76,279,738
Capital assets, non-depreciable.....	60,458,214	53,936,894
Capital assets, net of accumulated depreciation....	221,605,567	231,858,021
Total assets.....	359,535,181	362,074,653
Deferred outflows of resources.....	14,658,875	13,602,672
Liabilities:		
Current liabilities (excluding debt).....	10,544,376	10,111,588
Noncurrent liabilities (excluding debt).....	103,900,857	99,711,474
Current debt.....	11,595,798	12,285,594
Noncurrent debt.....	119,033,257	126,079,595
Total liabilities.....	245,074,288	248,188,251
Deferred inflows of resources.....	14,261,908	15,739,045
Net position:		
Net investment in capital assets.....	162,153,159	157,153,332
Restricted.....	11,918,885	10,715,597
Unrestricted.....	(59,214,184)	(56,118,900)
Total net position.....	\$ 114,857,860	\$ 111,750,029

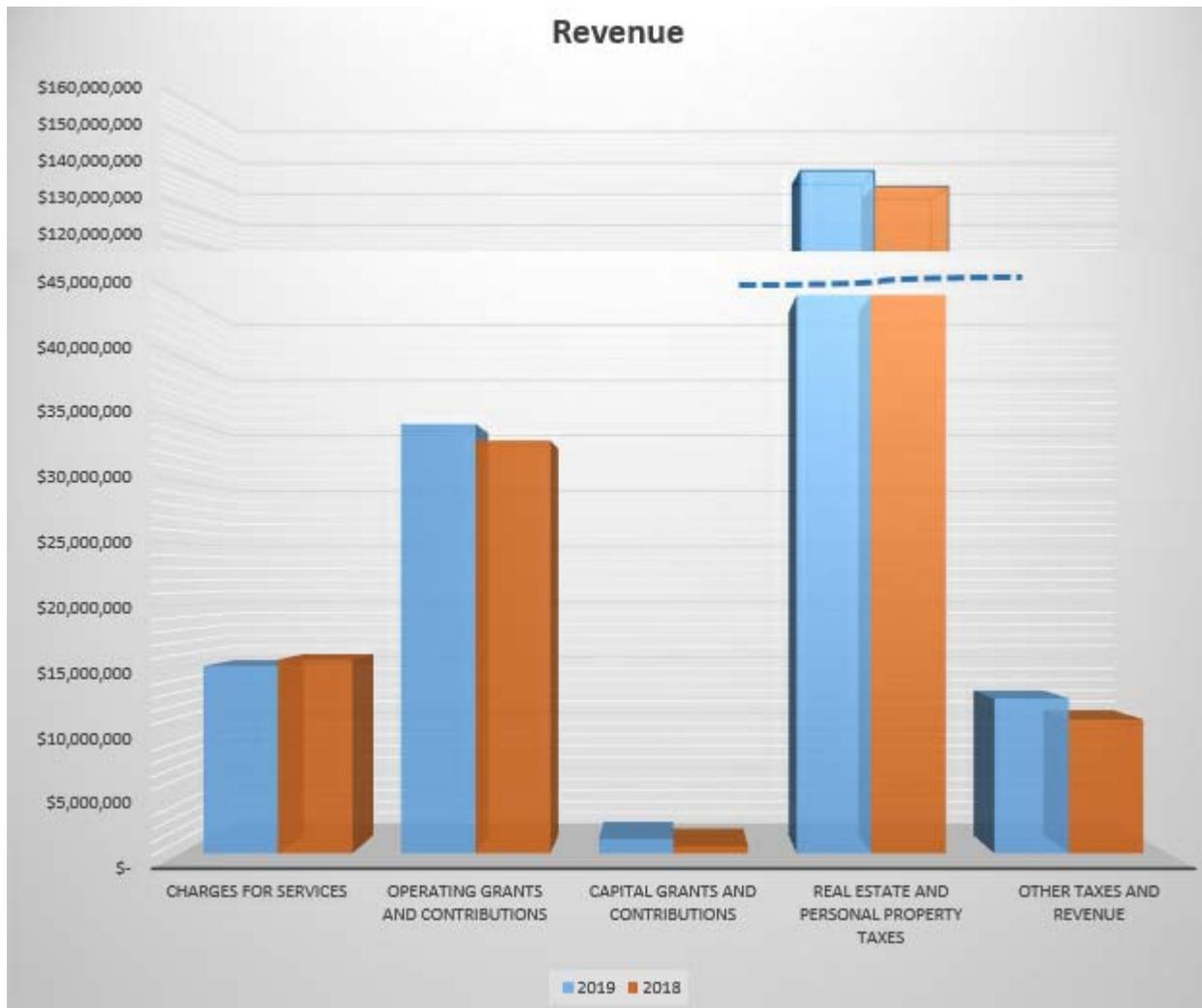
Governmental capital assets decreased by \$3.7 million due to \$10.5 million of current year additions, offset by depreciation expense of \$14.2 million. Current year capital additions included improvements to the façade of Town Hall, roadway infrastructure work, as well as the purchase of a number of new vehicles.

Noncurrent liabilities, excluding debt, consist mainly of the \$51.9 million net pension liability and the \$51.6 million net OPEB liability.

	2019	2018
Program Revenues:		
Charges for services.....	\$ 15,092,096	\$ 15,606,790
Operating grants and contributions.....	34,596,150	33,268,571
Capital grants and contributions.....	1,169,737	580,951
General Revenues:		
Real estate and personal property taxes, net of tax refunds payable.....	140,272,897	135,752,243
Tax and liens.....	281,612	244,918
Motor vehicle and other excise taxes.....	5,919,710	5,847,263
Meals tax.....	684,631	658,814
Community preservation tax.....	1,301,988	1,247,964
Penalties and interest on taxes.....	387,824	214,884
Payments in lieu of taxes.....	76,443	76,490
Grants and contributions not restricted to specific programs.....	1,593,006	1,444,485
Unrestricted investment income.....	2,229,856	1,041,214
Total revenues.....	203,605,950	195,984,587
Expenses:		
General government.....	9,652,907	8,814,934
Facilities maintenance.....	13,992,663	12,350,521
Natural resources.....	650,341	725,662
Public safety.....	19,494,235	17,548,998
Public education.....	129,130,516	122,811,840
Public works.....	14,862,889	13,920,456
Health.....	1,188,145	1,001,200
Recreation.....	2,549,221	2,607,564
Library.....	4,477,590	4,420,548
Community preservation.....	357,988	687,669
Traffic and parking management.....	725,300	789,994
Interest.....	4,416,324	4,391,453
Total expenses.....	201,498,119	190,070,839
Excess (Deficiency) before transfers.....	2,107,831	5,913,748
Transfers.....	1,000,000	1,000,000
Change in net position.....	3,107,831	6,913,748
Net position, beginning of year.....	111,750,029	104,836,281
Net position, end of year.....	\$ 114,857,860	\$ 111,750,029

Revenues

Wellesley's revenues are primarily dependent upon the income of Town residents and their willingness and ability to pay, rather than relying on external sources such as State grants. These revenues include property taxes, including those taxes derived from voter-authorized debt exclusions, Community Preservation tax surcharges, and local receipts from vehicle excise taxes and building permits. The amount of debt exclusions is notable in that it is a dedicated revenue stream for capital projects voluntarily added to the assessments by voter referendum. Because of the affluence of Wellesley's citizens, the Town is able to afford to maintain its services, assets, reserves and provide many extra services that improve the life of its citizens. **Associated Risks:** Income and wealth levels directly impact the Town's revenues and these factors have remained strong through various economies because of the Town's educational reputation and its proximity to Boston. These revenues account for approximately 60 percent of the revenue increase from 2018 to 2019.



Other financial notes related to governmental activities

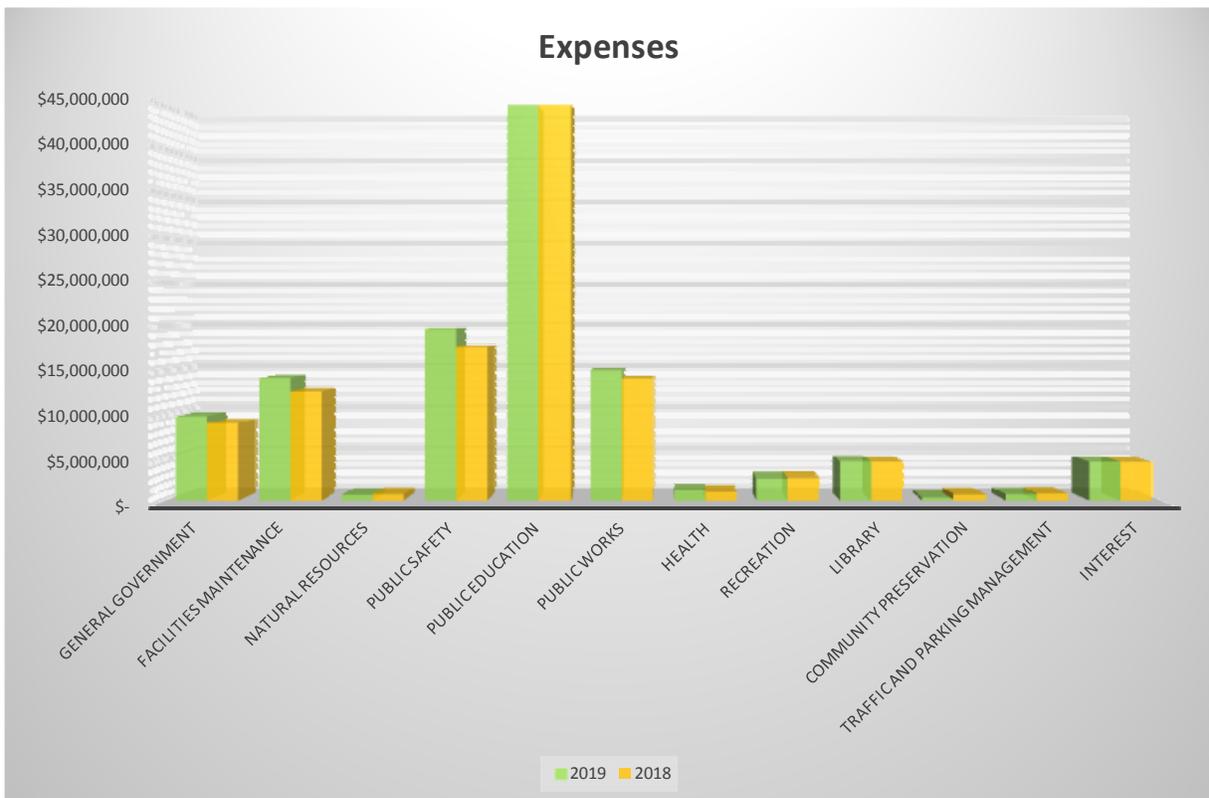
In addition to the 69% of total revenues that property taxes provide, the following is a brief description of our other revenue sources.

- Operating grants and contributions accounted for 17% percent of total governmental revenues. Most of these resources apply to educational operations. These resources offset costs within the school department and supplement their general fund operating budget. This category increased by \$1.3 million over the prior year primarily due to increases in State aid.
- Charges for services represented 7% of total governmental revenues. The Town can exercise more control over this category of revenue than any other. Fees charged for services rendered that are set by the Town are included in this category. This category decreased by roughly \$515,000 over the prior year.
- Capital grants and contributions represent 1% of total governmental revenues. These are comprised of the state match for the community preservation program and the state’s chapter 90 roadway funds.
- Other taxes and other revenues also comprised a total of 6% percent of the governmental revenues. These primarily include capital grants, motor vehicle and other excise taxes, non-restricted grants and contributions, and investment earnings.

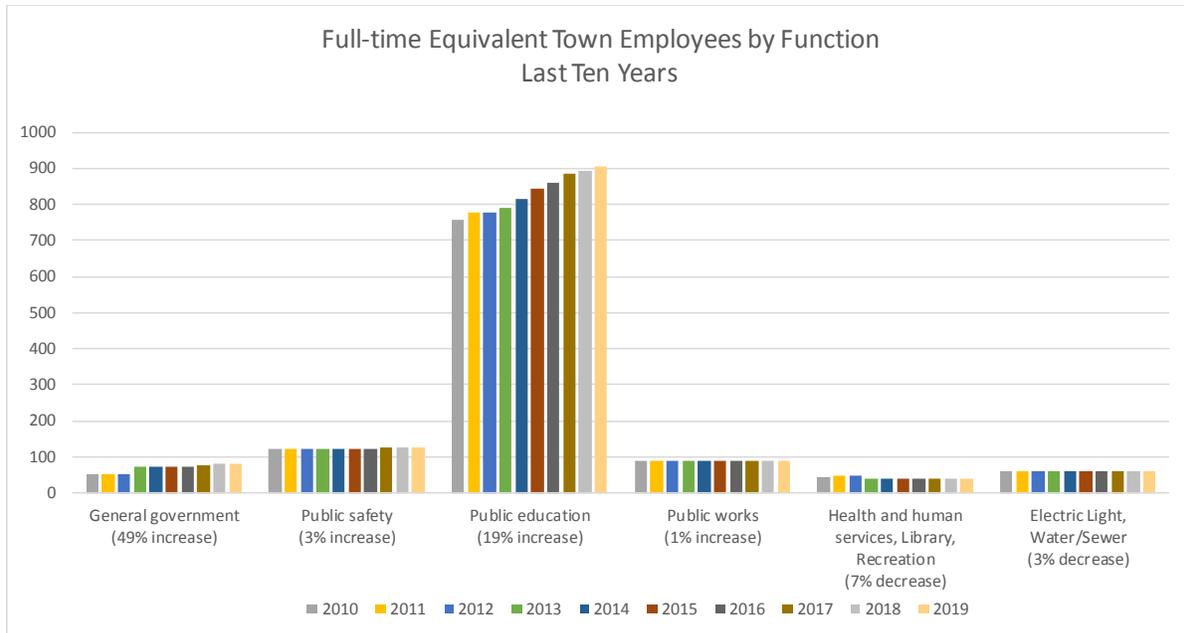
Expenses

The Town’s highest priority is the quality of education provided to its students.

- Education is by far the largest governmental activity of the Town, comprising 64% of the Town’s total expenses. Approximately \$90.8 million in general revenues were needed to cover its 2019 operating expenses, net of related program revenues.
- Educational expense includes a pension contribution of approximately \$17.7 million (\$17.4 million in the prior year) made by the state on-behalf of Wellesley teachers. Operating grants and educational expenses are grossed-up by recording this contribution.
- Public safety and Public works are the second and third largest activities of the Town. Approximately \$13.4 million and \$12.9 million, respectively, of general revenues were needed to cover their 2019 operating expenses, net of related program revenues.



As previously mentioned, most of the excluded debt relates to the construction and improvement of Schools, and the Town’s capital plans for the foreseeable future continue this focus. The Town has also made significant progress in funding its pension and OPEB liabilities and funding schedules are in line with revenue growth so as not to put strain on other operating budgets. **Associated Risks:** An economic downturn might affect the community less significantly than other communities within the Commonwealth because the capital assets and reserves are being well maintained and expenditures could be deferred in the short-term. Increased energy costs might have a negative impact, but the Town continues to explore sustainable alternatives. Employee costs continue to increase as School programs expand and health care costs increase. The Town needs to continue to evaluate the efficient delivery of services. The Town’s form of government is highly decentralized and this makes compromise necessary to achieve agreement on how resources can most effectively be deployed. This structure would make it challenging if reductions were necessary.



Business-type activities. Business-type activities decreased the Town’s net position by \$1.5 million compared to a decrease of \$2.3 million during the previous year. The results of all three enterprise funds were consistent with management’s expectations.

As shown below, business-type activities assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$97.5 million at the close of 2019. Net investment in capital assets was \$88.6 million (91%), net position is restricted for depreciation in the amount of \$1.0 million (1%), and unrestricted net position was \$7.9 million (8%). The Electric Light fund experienced a \$2.3 million decrease in net position while the water and sewer enterprise funds net position each increased by \$493,000 and \$311,000, respectively. These results continue to reflect management’s goal of maintaining the systems while only charging users for the cost of operations, which included depreciation of \$5.1 million in 2019.

	2019	2018
Assets:		
Current assets.....	\$ 24,015,843	\$ 26,774,972
Noncurrent assets (excluding capital).....	781,049	150,000
Capital assets, nondepreciable.....	736,266	4,573,065
Capital assets, net of accumulated depreciation....	92,651,236	88,459,674
Total assets.....	118,184,394	119,957,711
Deferred outflows of resources.....	2,170,689	1,469,850
Liabilities:		
Current liabilities (excluding debt).....	4,616,702	4,536,010
Noncurrent liabilities (excluding debt).....	11,360,374	9,801,189
Current debt.....	772,381	746,438
Noncurrent debt.....	4,277,109	5,064,573
Total liabilities.....	21,026,566	20,148,210
Deferred inflows of resources.....	1,859,098	2,315,832
Net position:		
Net investment in capital assets.....	88,572,516	87,482,288
Restricted.....	1,000,000	2,000,000
Unrestricted.....	7,896,903	9,481,231
Total net position.....	\$ 97,469,419	\$ 98,963,519

Noncurrent liabilities (excluding debt) is primarily comprised of the \$9.2 million net pension liability.

	2019	2018
Program Revenues:		
Charges for services.....	\$ 52,357,797	\$ 50,433,334
Capital grants and contributions.....	771,777	1,027,411
Total revenues.....	53,129,574	51,460,745
Expenses:		
Water.....	6,736,557	6,707,078
Sewer.....	7,548,483	7,452,341
Municipal Light.....	39,338,634	38,605,006
Total expenses.....	53,623,674	52,764,425
Excess (Deficiency) before transfers.....	(494,100)	(1,303,680)
Transfers.....	(1,000,000)	(1,000,000)
Change in net position.....	(1,494,100)	(2,303,680)
Net position, beginning of year	98,963,519	101,267,199
Net position, end of year.....	\$ 97,469,419	\$ 98,963,519

Financial Analysis of the Town's Major 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 expendable resources. Such information is useful in assessing the Town's financing requirements. In particular, the 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 \$60.4 million. Total fund balances increased \$4.1 million from the prior year mainly due to positive budgetary results in the general fund, and the permanent financing of prior year capital project expenditures.

General Fund

The General Fund is the chief operating fund of the Town. At the end of the current year, the unassigned fund balance of the general fund totaled \$24.2 million, while the total fund balance was \$31.1 million. As a measure of the general fund's liquidity, it may be useful to compare both the unassigned fund balance and the total fund balance to total fund expenditures. The unassigned fund balance represents 14% of total general fund expenditures, while the total fund balance represents 17% of that same amount.

Fund balance of the General Fund increased \$1.8 million over the prior year as a result of better than expected revenue collections and from appropriation turnbacks in virtually all expenditure categories.

Highway Chapter 90 Major Fund

This fund is a special revenue fund that accounts for activities associated with on-going road and sidewalk projects that are funded with grants from the Commonwealth of Massachusetts. At June 30, 2019, the fund has a receivable due from the Commonwealth in the amount of \$2.1 million; however, the associated revenue is not available but will be recognized and realized by the Town as future grant reimbursement requests are submitted

to the granting agency. Fund expenditures and transfers out were 100% offset by grant revenues. The ending fund balance was zero.

Capital Projects Major Fund

This fund is used to account for resources that are restricted to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets of the governmental funds. During the year the fund incurred expenditures for various general government, public works, and library projects. Additionally, \$4.2 million of bond proceeds were received to permanently finance capital expenditures incurred in the current and prior year. At June 30, 2019, the ending fund balance was \$10.1 million, an increase of \$1.1 million over the prior year. These funds will be used for future capital outlays.

Proprietary funds. The Town's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Factors concerning the finances of these funds have already been addressed in the discussion of the Town's business-type activities.

General Fund Budgetary Highlights

The original 2019 budget consisted of approximately \$175.2 million in appropriations and other amounts to be raised. Included in the original budget are approximately \$9.9 million in amounts carried over from previous years. During 2019, the Town approved approximately \$2.8 million of supplemental appropriations primarily for snow and ice costs, and capital improvement costs. These supplemental appropriations were financed through the use of free cash.

Revenues of the general fund were \$4.5 million higher than budget expectations and this is mainly due to higher than expected building permit and investment income revenues. Total expenditures and carryovers were less than budget by approximately \$3.5 million (2%) because of turn backs in a number of appropriation line items.

Capital Assets and Debt Management

In conjunction with the operating budget, the Town annually prepares a capital budget which includes detailed information concerning those capital requests for the upcoming year as well as summary information for the following four years to identify current projections of what level of capital outlay will be required in future years.

As part of the capital plan, the Town has historically financed the acquisition of a portion of its capital assets from current revenue. As noted earlier, this policy will continue to improve the financial position as net position will increase by the amount of acquisitions less the current depreciation.

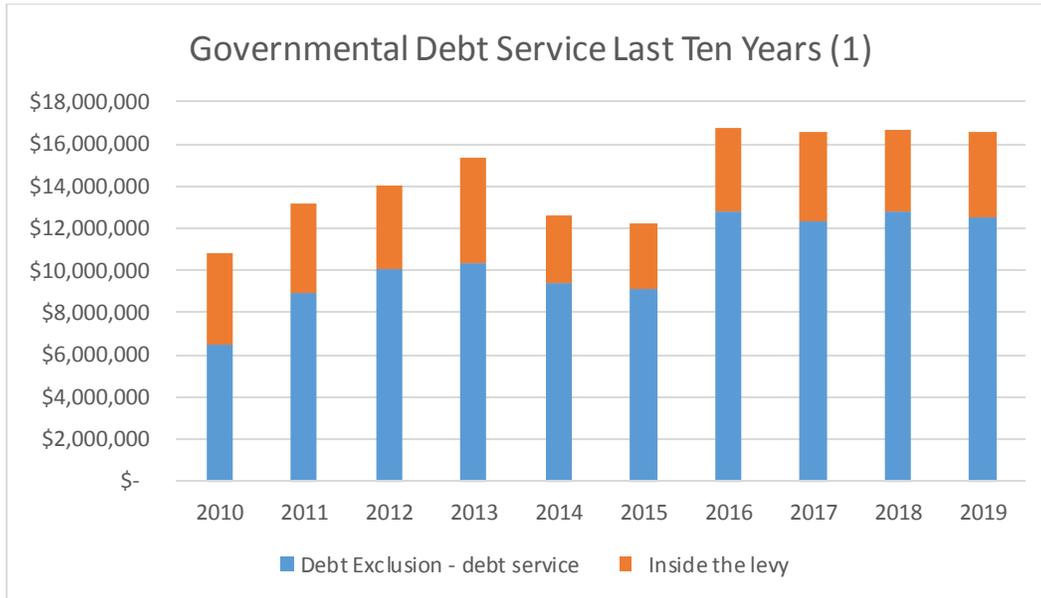
Major capital assets are funded by the issuance of long-term debt. During the fiscal year, the Town incurred \$10.5 million of capitalized governmental expenditures and recognized depreciation expense of \$14.2 million. Current year additions consist mainly of improvements to the façade of Town Hall, roadway improvements, and the purchase of vehicles for a number of departments.

Outstanding long-term debt of the general government, as of June 30, 2019, totaled \$130.6 million. During 2019 the Town issued \$4.5 million of long-term debt in the form of bond proceeds and a related premium. This issuance financed expenditures for the Hunnewell and Middle School feasibility studies, Middle School building improvements, as well as several other capital projects.

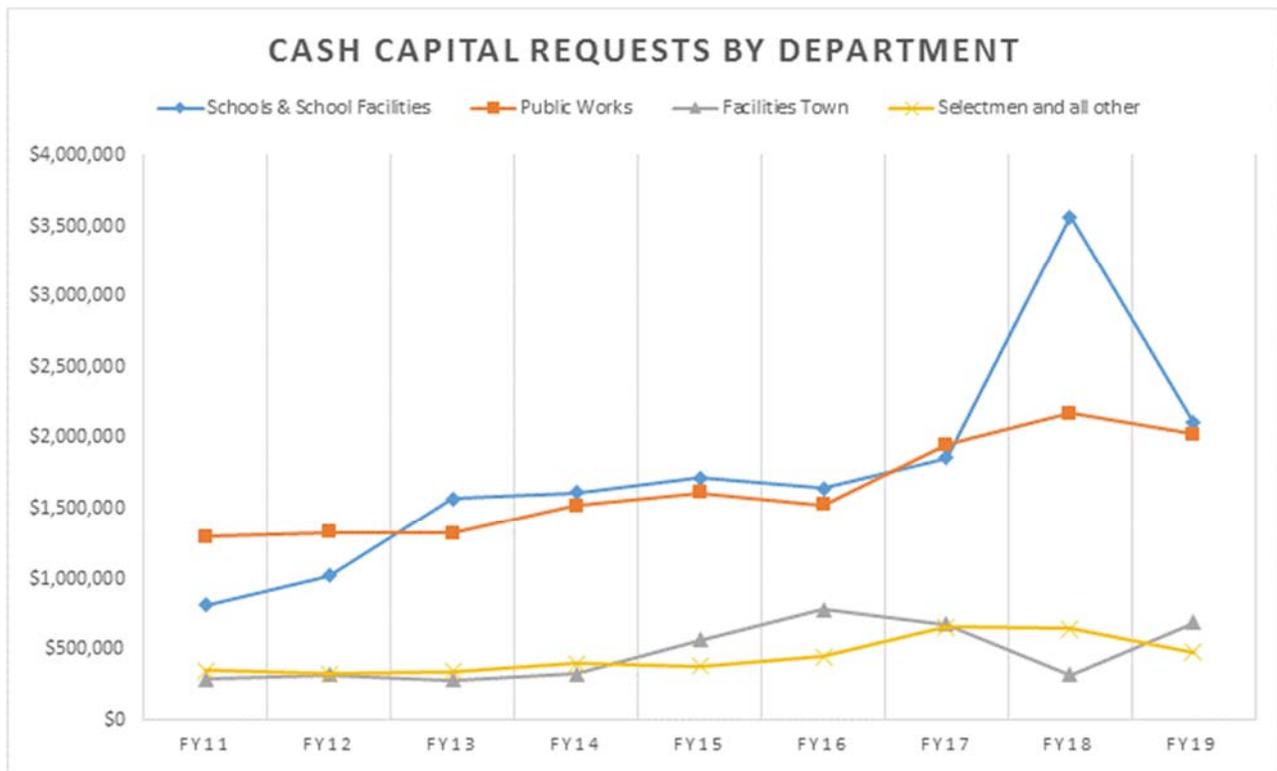
The business-type activities have \$3.2 million in water enterprise debt and \$1.9 million in sewer enterprise debt that is fully supported by the rates. The funds do not rely on a general fund subsidy. Capital assets, net of accumulated depreciation increased by \$355,000 over the prior year. Current year business-type activities

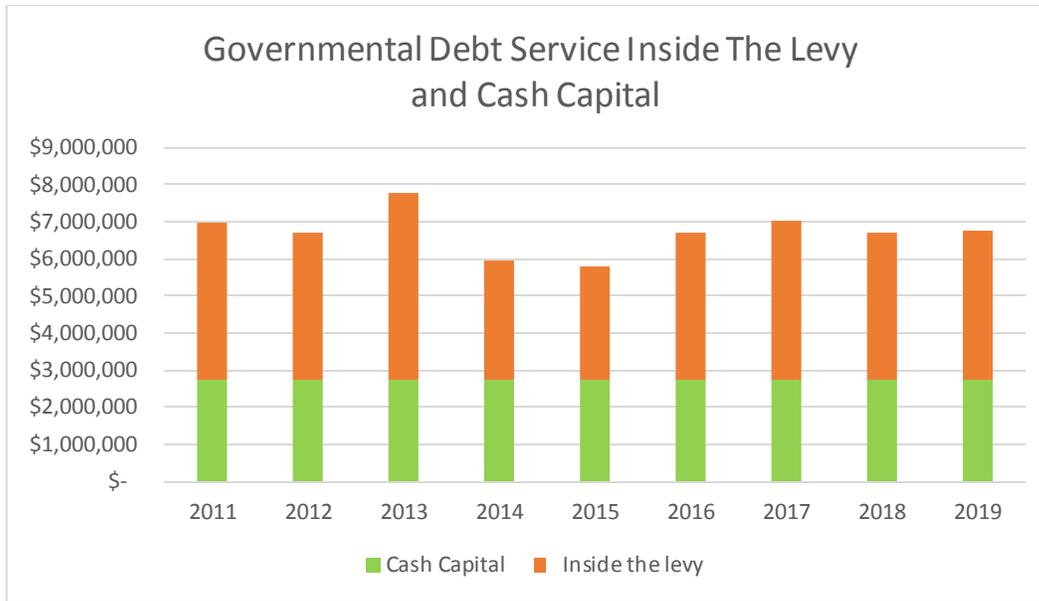
additions totaled \$5.5 million and were primarily for distribution plant improvements. Depreciation expense was \$5.1 million.

The following charts depict the debt service requirements for excluded and non-excluded debt over the last 10 years, along with cash requests by major department, and the total cash spending trend from FY2011 to the present.



(1) Governmental debt only; does not include self-supporting Enterprise Fund debt.





The Town has continued to invest its own funds and to borrow inside the levy to finance capital projects in addition projects financed through debt exclusions.

Please refer to notes 4, 6, and 8 to the financial statements for further discussion of the major capital and debt activity.

Pension Trust Fund

The Pension Trust Fund (System) recognized a net investment loss of \$4.5 million for the calendar year ended December 31, 2018. This loss was consistent with the economic trends experienced during the 4th quarter of calendar year 2018. The System paid out \$12.9 million of retirement benefits, administration costs and transfers to other systems. Total net position of the System amounted to \$187.9 million at December 31, 2018. Based on the most recent actuarial valuation performed as of January 1, 2019, the System’s Funded Ratio was 75.33%, an increase from the previous valuation (73.33%) dated January 1, 2017, because changes in liabilities related to increasing the COLA base offset investment gains.

Other Postemployment Benefits

As of June 30, 2019 the Town has recognized a net other postemployment benefits (OPEB) liability in the amount of \$52.1 million in accordance with the provisions of GASB Statement No.75. During 2019 the Town transferred \$3.6 million of pre-funding contributions to the OPEB Trust fund. The assets set aside in trust for future benefits amounted to \$70.0 million at year end. As of June 30, 2019, the ratio of the Plan’s Fiduciary Net Position to the Total OPEB Liability (funded ratio) is 57.89%.

Requests for Information

This financial report is designed to provide a general overview of the Town’s finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Finance Director, 525 Washington Street, Wellesley, MA 02482.

Basic Financial Statements

This page intentionally left blank.

STATEMENT OF NET POSITION

JUNE 30, 2019

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
CURRENT:			
Cash and cash equivalents.....	\$ 43,835,492	\$ 15,149,064	\$ 58,984,556
Restricted cash and cash equivalents.....	-	1,000,000	1,000,000
Investments.....	27,060,325	-	27,060,325
Receivables, net of allowance for uncollectibles:			
Real estate and personal property taxes.....	2,513,178	-	2,513,178
Tax liens.....	1,252,509	-	1,252,509
Community preservation fund surtax.....	4,920	-	4,920
Motor vehicle and other excise taxes.....	296,463	-	296,463
User charges.....	-	4,805,481	4,805,481
Departmental and other.....	286,554	-	286,554
Intergovernmental.....	2,221,959	-	2,221,959
Inventory.....	-	965,299	965,299
Working capital deposit.....	-	1,078,220	1,078,220
Purchased power advanced deposits.....	-	1,017,779	1,017,779
Total current assets.....	77,471,400	24,015,843	101,487,243
NONCURRENT:			
Net other postemployment benefits asset.....	-	631,049	631,049
Investment in Energy New England.....	-	150,000	150,000
Capital assets, nondepreciable.....	60,458,214	736,266	61,194,480
Capital assets, net of accumulated depreciation.....	221,605,567	92,651,236	314,256,803
Total noncurrent assets.....	282,063,781	94,168,551	376,232,332
TOTAL ASSETS.....	359,535,181	118,184,394	477,719,575
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows for refunding debt.....	636,331	234,504	870,835
Deferred outflows related to pensions.....	10,584,701	1,728,185	12,312,886
Deferred outflows related to other postemployment benefits.....	3,437,843	208,000	3,645,843
TOTAL DEFERRED OUTFLOWS OF RESOURCES.....	14,658,875	2,170,689	16,829,564
LIABILITIES			
CURRENT:			
Warrants payable.....	2,459,629	3,886,598	6,346,227
Accrued payroll.....	6,311,675	119,399	6,431,074
Tax refunds payable.....	692,046	-	692,046
Accrued interest.....	590,926	10,743	601,669
Other liabilities.....	-	567,262	567,262
Compensated absences.....	255,100	32,700	287,800
Workers' compensation.....	235,000	-	235,000
Bonds payable.....	11,595,798	772,381	12,368,179
Total current liabilities.....	22,140,174	5,389,083	27,529,257
NONCURRENT:			
Customer deposits.....	-	905,137	905,137
Other liabilities.....	-	811,785	811,785
Compensated absences.....	170,113	21,799	191,912
Workers' compensation.....	217,000	-	217,000
Net pension liability.....	51,867,409	9,192,037	61,059,446
Net other postemployment benefits liability.....	51,646,335	429,616	52,075,951
Bonds payable.....	119,033,257	4,277,109	123,310,366
Total noncurrent liabilities.....	222,934,114	15,637,483	238,571,597
TOTAL LIABILITIES.....	245,074,288	21,026,566	266,100,854
DEFERRED INFLOWS OF RESOURCES			
Taxes paid in advance.....	407,320	-	407,320
Deferred inflows related to pensions.....	4,074,989	571,648	4,646,637
Deferred inflows related to other postemployment benefits.....	9,779,599	1,287,450	11,067,049
TOTAL DEFERRED INFLOWS OF RESOURCES.....	14,261,908	1,859,098	16,121,006
NET POSITION			
Net investment in capital assets.....	162,153,159	88,572,516	250,725,675
Restricted for:			
Depreciation.....	-	1,000,000	1,000,000
Permanent funds:			
Expendable.....	341,694	-	341,694
Nonexpendable.....	474,055	-	474,055
Gifts and grants.....	3,562,373	-	3,562,373
Community preservation.....	7,540,763	-	7,540,763
Unrestricted.....	(59,214,184)	7,896,903	(51,317,281)
TOTAL NET POSITION.....	\$ 114,857,860	\$ 97,469,419	\$ 212,327,279

See notes to basic financial statements.

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2019

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:					
<i>Governmental Activities:</i>					
General government.....	\$ 9,652,907	\$ 1,104,849	\$ 283,607	\$ -	\$ (8,264,451)
Facilities maintenance.....	13,992,663	-	72,515	-	(13,920,148)
Natural resources.....	650,341	29,332	8,305	-	(612,704)
Public safety.....	19,494,235	5,600,029	532,691	-	(13,361,515)
Public education.....	129,130,516	5,242,307	33,102,976	-	(90,785,233)
Public works.....	14,862,889	820,755	192,038	932,773	(12,917,323)
Health.....	1,188,145	92,245	19,781	-	(1,076,119)
Recreation.....	2,549,221	1,675,402	67,138	-	(806,681)
Library.....	4,477,590	119,493	317,099	-	(4,040,998)
Community preservation.....	357,988	-	-	236,964	(121,024)
Traffic and parking management.....	725,300	407,684	-	-	(317,616)
Interest.....	4,416,324	-	-	-	(4,416,324)
Total Governmental Activities.....	201,498,119	15,092,096	34,596,150	1,169,737	(150,640,136)
<i>Business-Type Activities:</i>					
Water.....	6,736,557	7,229,210	-	-	492,653
Sewer.....	7,548,483	7,859,595	-	-	311,112
Municipal Light.....	39,338,634	37,268,992	-	771,777	(1,297,865)
Total Business-Type Activities.....	53,623,674	52,357,797	-	771,777	(494,100)
Total Primary Government.....	\$ 255,121,793	\$ 67,449,893	\$ 34,596,150	\$ 1,941,514	\$ (151,134,236)

See notes to basic financial statements.

(Continued)

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2019

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Changes in net position:			
Net (expense) revenue from previous page..... \$	(150,640,136)	(494,100)	(151,134,236)
<i>General revenues:</i>			
Real estate and personal property taxes, net of tax refunds payable.....	140,272,897	-	140,272,897
Tax liens.....	281,612	-	281,612
Motor vehicle and other excise taxes.....	5,919,710	-	5,919,710
Meals tax.....	684,631	-	684,631
Community preservation tax.....	1,301,988	-	1,301,988
Penalties and interest on taxes.....	387,824	-	387,824
Payments in lieu of taxes.....	76,443	-	76,443
Grants and contributions not restricted to specific programs.....	1,593,006	-	1,593,006
Unrestricted investment income.....	2,229,856	-	2,229,856
<i>Transfers, net</i>	1,000,000	(1,000,000)	-
Total general revenues and transfers.....	153,747,967	(1,000,000)	152,747,967
Change in net position.....	3,107,831	(1,494,100)	1,613,731
<i>Net position:</i>			
Beginning of year.....	111,750,029	98,963,519	210,713,548
End of year..... \$	<u>114,857,860</u>	<u>97,469,419</u>	<u>212,327,279</u>

See notes to basic financial statements.

(Concluded)

**GOVERNMENTAL FUNDS
BALANCE SHEET**

JUNE 30, 2019

	General	Highway Chapter 90	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents.....	\$ 14,761,753	\$ -	\$ 10,573,978	\$ 18,426,710	\$ 43,762,441
Investments.....	23,018,120	-	-	1,176,745	24,194,865
Receivables, net of uncollectibles:					
Real estate and personal property taxes.....	2,513,178	-	-	-	2,513,178
Tax liens.....	1,252,509	-	-	-	1,252,509
Community preservation fund surtax.....	-	-	-	4,920	4,920
Motor vehicle and other excise taxes.....	296,463	-	-	-	296,463
Departmental and other.....	103,411	-	-	174,266	277,677
Intergovernmental.....	-	2,071,319	-	150,640	2,221,959
Due from other funds.....	1,506,476	-	-	-	1,506,476
TOTAL ASSETS.....	\$ 43,451,910	\$ 2,071,319	\$ 10,573,978	\$ 19,933,281	\$ 76,030,488
LIABILITIES					
Warrants payable.....	\$ 1,565,954	\$ 1,805	\$ 491,876	\$ 372,776	\$ 2,432,411
Accrued payroll.....	5,819,745	-	-	121,852	5,941,597
Tax refunds payable.....	692,046	-	-	-	692,046
Due to other funds.....	-	1,506,476	-	-	1,506,476
TOTAL LIABILITIES.....	8,077,745	1,508,281	491,876	494,628	10,572,530
DEFERRED INFLOWS OF RESOURCES					
Taxes paid in advance.....	397,013	-	-	10,307	407,320
Unavailable revenue.....	3,829,560	563,038	-	296,860	4,689,458
TOTAL DEFERRED INFLOWS OF RESOURCES.....	4,226,573	563,038	-	307,167	5,096,778
FUND BALANCES					
Nonspendable.....	-	-	-	474,055	474,055
Restricted.....	-	-	10,082,102	18,657,431	28,739,533
Committed.....	1,880,827	-	-	-	1,880,827
Assigned.....	5,021,045	-	-	-	5,021,045
Unassigned.....	24,245,720	-	-	-	24,245,720
TOTAL FUND BALANCES.....	31,147,592	-	10,082,102	19,131,486	60,361,180
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES.....	\$ 43,451,910	\$ 2,071,319	\$ 10,573,978	\$ 19,933,281	\$ 76,030,488

See notes to basic financial statements.

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

JUNE 30, 2019

Total governmental fund balances.....		\$ 60,361,180
Capital assets (net) used in governmental activities are not financial resources and, therefore, are not reported in the funds.....		282,063,781
Accounts receivable are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.....		4,689,458
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.....		804,287
The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position.....		2,098,092
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.....		(590,926)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds:		
Bonds payable.....	(130,629,055)	
Net pension liability.....	(51,867,409)	
Net other postemployment benefits liability.....	(51,646,335)	
Compensated absences.....	(425,213)	
Net effect of reporting long-term liabilities.....		(234,568,012)
Net position of governmental activities.....		<u>\$ 114,857,860</u>

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2019

	General	Highway Chapter 90	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:					
Real estate and personal property taxes, net of tax refunds.....	\$ 140,280,127	\$ -	\$ -	\$ -	\$ 140,280,127
Tax liens.....	281,612	-	-	-	281,612
Motor vehicle and other excise taxes.....	5,901,008	-	-	-	5,901,008
Meals tax.....	684,631	-	-	-	684,631
Charges for services.....	-	-	-	1,549,919	1,549,919
Parking meter receipts.....	-	-	-	950,210	950,210
Penalties and interest on taxes.....	387,824	-	-	-	387,824
Payments in lieu of taxes.....	76,443	-	-	-	76,443
Intergovernmental - Teachers Retirement.....	17,746,000	-	-	-	17,746,000
Intergovernmental.....	10,349,580	1,526,221	70,997	6,255,793	18,202,591
Departmental and other.....	5,305,587	-	-	7,521,224	12,826,811
Community preservation taxes.....	-	-	-	1,301,988	1,301,988
Contributions and donations.....	-	-	-	1,768,906	1,768,906
Investment income.....	1,758,442	-	-	319,511	2,077,953
TOTAL REVENUES.....	182,771,254	1,526,221	70,997	19,667,551	204,036,023
EXPENDITURES:					
Current:					
General government.....	5,278,876	-	4,467,303	778,347	10,524,526
Facilities maintenance.....	9,848,649	-	118,600	9,509	9,976,758
Natural resources.....	464,240	-	-	1,113	465,353
Public safety.....	12,638,302	-	14,220	1,561,424	14,213,946
Public education.....	75,879,220	-	1,800	10,928,692	86,809,712
Public works.....	9,170,047	1,508,281	1,144,451	334,803	12,157,582
Health.....	800,079	-	-	28,784	828,863
Recreation.....	365,433	-	-	1,609,961	1,975,394
Library.....	2,600,362	-	317,266	400,001	3,317,629
Community preservation.....	-	-	-	357,988	357,988
Pension benefits.....	7,073,362	-	-	-	7,073,362
Pension benefits - Teachers Retirement.....	17,746,000	-	-	-	17,746,000
Employee benefits.....	21,387,830	-	-	-	21,387,830
Traffic and parking management.....	-	-	-	725,300	725,300
State and county charges.....	1,262,764	-	-	-	1,262,764
Debt service:					
Principal.....	11,643,000	-	-	-	11,643,000
Interest.....	5,022,317	-	-	-	5,022,317
TOTAL EXPENDITURES.....	181,180,481	1,508,281	6,063,640	16,735,922	205,488,324
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	1,590,773	17,940	(5,992,643)	2,931,629	(1,452,301)
OTHER FINANCING SOURCES (USES):					
Issuance of bonds.....	-	-	4,245,000	-	4,245,000
Premium from issuance of bonds.....	-	-	298,376	-	298,376
Transfers in.....	2,179,336	-	2,514,798	-	4,694,134
Transfers out.....	(1,970,670)	(17,940)	-	(1,705,524)	(3,694,134)
TOTAL OTHER FINANCING SOURCES (USES)....	208,666	(17,940)	7,058,174	(1,705,524)	5,543,376
NET CHANGE IN FUND BALANCES.....	1,799,439	-	1,065,531	1,226,105	4,091,075
FUND BALANCES AT BEGINNING OF YEAR.....	29,348,153	-	9,016,571	17,905,381	56,270,105
FUND BALANCES AT END OF YEAR.....	\$ 31,147,592	\$ -	\$ 10,082,102	\$ 19,131,486	\$ 60,361,180

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, 2019

Net change in fund balances - total governmental funds.....	\$	4,091,075
<p>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.</p>		
Capital outlay.....		10,480,193
Depreciation expense.....		<u>(14,211,327)</u>
Net effect of reporting capital assets.....		(3,731,134)
<p>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.....</p>		
		(581,976)
<p>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.</p>		
Issuance of bonds.....		(4,245,000)
Premium from issuance of bonds.....		(298,376)
Net amortization of premium from issuance of bonds.....		636,510
Net change in deferred charge on refunding.....		(70,704)
Debt service principal payments.....		<u>11,643,000</u>
Net effect of reporting long-term debt.....		7,665,430
<p>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.</p>		
Net change in compensated absences accrual.....		11,673
Net change in accrued interest on long-term debt.....		40,187
Net change in deferred outflow/(inflow) of resources related to pensions.....		14,672,033
Net change in net pension liability.....		(14,594,956)
Net change in deferred outflow/(inflow) of resources related to other postemployment benefits.....		(14,756,008)
Net change in net other postemployment benefits liability.....		<u>10,351,900</u>
Net effect of recording long-term liabilities.....		(4,275,171)
The net activity of internal service funds is reported with Governmental Activities.....		<u>(60,393)</u>
Change in net position of governmental activities.....	\$	<u><u>3,107,831</u></u>

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF NET POSITION

JUNE 30, 2019

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Water	Sewer	Electric Light	Total	
ASSETS					
CURRENT:					
Cash and cash equivalents.....	\$ 9,125,252	\$ 3,494,167	\$ 2,529,645	\$ 15,149,064	\$ 73,051
Restricted cash and cash equivalents.....	-	-	1,000,000	1,000,000	-
Investments.....	-	-	-	-	2,865,460
Receivables, net of allowance for uncollectibles:					
User charges.....	678,356	688,310	3,438,815	4,805,481	-
Departmental and other.....	-	-	-	-	8,877
Inventory.....	174,707	-	790,592	965,299	-
Working capital deposit.....	-	-	1,078,220	1,078,220	-
Purchased power advanced deposits.....	-	-	1,017,779	1,017,779	-
Total current assets.....	9,978,315	4,182,477	9,855,051	24,015,843	2,947,388
NONCURRENT:					
Net other postemployment benefits asset.....	-	-	631,049	631,049	-
Investment in Energy New England.....	-	-	150,000	150,000	-
Capital assets, nondepreciable.....	351,682	145,699	238,885	736,266	-
Capital assets, net of accumulated depreciation.....	16,349,466	15,354,124	60,947,646	92,651,236	-
Total noncurrent assets.....	16,701,148	15,499,823	61,967,580	94,168,551	-
TOTAL ASSETS.....	26,679,463	19,682,300	71,822,631	118,184,394	2,947,388
DEFERRED OUTFLOWS OF RESOURCES					
Deferred loss on refunding.....	117,252	117,252	-	234,504	-
Deferred outflows related to pensions.....	463,946	198,834	1,065,405	1,728,185	-
Deferred outflows related to other postemployment benefits.....	38,500	16,500	153,000	208,000	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES.....	619,698	332,586	1,218,405	2,170,689	-
LIABILITIES					
CURRENT:					
Warrants payable.....	497,570	7,710	3,381,318	3,886,598	27,218
Accrued payroll.....	52,546	13,234	53,619	119,399	370,078
Accrued interest.....	6,238	4,505	-	10,743	-
Other liabilities.....	34,445	2,075	530,742	567,262	-
Compensated absences.....	15,463	-	17,237	32,700	-
Workers' compensation.....	-	-	-	-	235,000
Bonds payable.....	487,687	284,694	-	772,381	-
Total current liabilities.....	1,093,949	312,218	3,982,916	5,389,083	632,296
NONCURRENT:					
Customer deposits.....	-	-	905,137	905,137	-
Other liabilities.....	-	-	811,785	811,785	-
Compensated absences.....	10,308	-	11,491	21,799	-
Workers' compensation.....	-	-	-	-	217,000
Net other postemployment benefits liability.....	316,387	113,229	-	429,616	-
Net pension liability.....	2,496,864	1,070,085	5,625,088	9,192,037	-
Bonds payable.....	2,704,234	1,572,875	-	4,277,109	-
Total noncurrent liabilities.....	5,527,793	2,756,189	7,353,501	15,637,483	217,000
TOTAL LIABILITIES.....	6,621,742	3,068,407	11,336,417	21,026,566	849,296
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows related to pensions.....	201,645	86,419	283,584	571,648	-
Deferred inflows related to other postemployment benefits.....	149,702	64,158	1,073,590	1,287,450	-
TOTAL DEFERRED INFLOWS OF RESOURCES.....	351,347	150,577	1,357,174	1,859,098	-
NET POSITION					
Net investment in capital assets.....	13,626,479	13,759,506	61,186,531	88,572,516	-
Restricted for:					
Depreciation.....	-	-	1,000,000	1,000,000	-
Unrestricted.....	6,699,593	3,036,396	(1,839,086)	7,896,903	2,098,092
TOTAL NET POSITION.....	\$ 20,326,072	\$ 16,795,902	\$ 60,347,445	\$ 97,469,419	\$ 2,098,092

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2019

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Water	Sewer	Electric Light	Total	
OPERATING REVENUES:					
Employee contributions.....	\$ -	\$ -	\$ -	\$ -	\$ 8,863,178
Charges for services.....	6,864,829	7,805,345	34,394,228	49,064,402	19,095,467
Contracted services.....	-	-	1,177,004	1,177,004	-
Other operating revenues.....	364,381	54,250	1,697,760	2,116,391	-
TOTAL OPERATING REVENUES	7,229,210	7,859,595	37,268,992	52,357,797	27,958,645
OPERATING EXPENSES:					
Administration and general.....	1,666,781	586,041	508,881	2,761,703	-
MWRA assessment.....	1,485,700	5,745,909	-	7,231,609	-
Purchased power.....	-	-	16,518,950	16,518,950	-
Transmission.....	1,256,391	-	15,419,770	16,676,161	-
Cost of contracted services.....	-	-	859,901	859,901	-
Cost associated with other revenue.....	-	-	421,371	421,371	-
Pumping and treatment.....	1,120,497	190,290	-	1,310,787	-
Distribution.....	-	-	1,013,988	1,013,988	-
Collection.....	-	426,745	-	426,745	-
Customer accounts.....	195,047	108,811	804,551	1,108,409	-
Depreciation.....	897,598	446,059	3,781,679	5,125,336	-
TOTAL OPERATING EXPENSES	6,622,014	7,503,855	39,329,091	53,454,960	28,170,941
OPERATING INCOME (LOSS)	607,196	355,740	(2,060,099)	(1,097,163)	(212,296)
NONOPERATING REVENUES (EXPENSES):					
Investment income.....	-	-	-	-	151,903
Interest expense.....	(114,543)	(44,628)	(9,543)	(168,714)	-
TOTAL NONOPERATING REVENUES (EXPENSES), NET	(114,543)	(44,628)	(9,543)	(168,714)	151,903
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	492,653	311,112	(2,069,642)	(1,265,877)	(60,393)
CAPITAL CONTRIBUTIONS	-	-	771,777	771,777	-
TRANSFERS:					
Transfers out.....	-	-	(1,000,000)	(1,000,000)	-
CHANGE IN NET POSITION	492,653	311,112	(2,297,865)	(1,494,100)	(60,393)
NET POSITION AT BEGINNING OF YEAR	19,833,419	16,484,790	62,645,310	98,963,519	2,158,485
NET POSITION AT END OF YEAR	\$ 20,326,072	\$ 16,795,902	\$ 60,347,445	\$ 97,469,419	\$ 2,098,092

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2019

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Water	Sewer	Electric Light	Total	
CASH FLOWS FROM OPERATING ACTIVITIES:					
Receipts from customers and users.....	\$ 7,379,135	\$ 7,842,903	\$ 36,974,469	\$ 52,196,507	\$ 8,860,527
Receipts from interfund services provided.....	-	-	-	-	19,095,467
Payments to vendors.....	(3,855,248)	(6,240,120)	(34,597,841)	(44,693,209)	-
Payments to employees.....	(1,934,270)	(793,640)	(1,041,533)	(3,769,443)	-
Payments for interfund services used.....	-	-	-	-	(28,121,845)
NET CASH FROM OPERATING ACTIVITIES.....	1,589,617	809,143	1,335,095	3,733,855	(165,851)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Payment in lieu of taxes, Town of Wellesley.....	-	-	(1,000,000)	(1,000,000)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Increase in working capital reserve with Energy New England.....	-	-	(1,078,220)	(1,078,220)	-
Capital contributions.....	-	-	771,777	771,777	-
Acquisition and construction of capital assets.....	(1,189,513)	(671,813)	(3,618,773)	(5,480,099)	-
Principal payments on bonds and notes.....	(443,841)	(261,706)	-	(705,547)	-
Interest expense.....	(129,936)	(59,587)	(9,543)	(199,066)	-
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES.....	(1,763,290)	(993,106)	(3,934,759)	(6,691,155)	-
CASH FLOWS FROM INVESTING ACTIVITIES:					
Purchase of investments.....	-	-	-	-	(684,699)
Investment income.....	-	-	-	-	151,903
NET CASH FROM INVESTING ACTIVITIES.....	-	-	-	-	(532,796)
NET CHANGE IN CASH AND CASH EQUIVALENTS.....	(173,673)	(183,963)	(3,599,664)	(3,957,300)	(698,647)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR.....	9,298,925	3,678,130	7,129,309	20,106,364	771,698
CASH AND CASH EQUIVALENTS AT END OF YEAR.....	\$ 9,125,252	\$ 3,494,167	\$ 3,529,645	\$ 16,149,064	\$ 73,051
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH					
FROM OPERATING ACTIVITIES:					
Operating income (loss).....	\$ 607,196	\$ 355,740	\$ (2,060,099)	\$ (1,097,163)	\$ (212,296)
Adjustments to reconcile operating income to net cash from operating activities:					
Depreciation.....	897,598	446,059	3,781,679	5,125,336	-
Deferred (outflows)/inflows related to pensions.....	(688,280)	(294,978)	(1,590,088)	(2,573,346)	-
Deferred (outflows)/inflows related to OPEB.....	221,289	94,838	1,073,590	1,389,717	-
Changes in assets and liabilities:					
User charges.....	149,925	(16,692)	(314,068)	(180,835)	-
Departmental and other.....	-	-	-	-	(2,651)
Inventory.....	5,869	-	(22,595)	(16,726)	-
Purchased power advanced deposits.....	-	-	77,610	77,610	-
Warrants payable.....	(173,003)	(106)	166,286	(6,823)	9,740
Accrued payroll.....	(6,807)	1,207	(1,381)	(6,981)	34,356
Customer deposits.....	-	-	12,160	12,160	-
Other liabilities.....	-	-	7,385	7,385	-
Compensated absences.....	3,136	-	2,700	5,836	-
Workers' compensation.....	-	-	-	-	5,000
Net pension liability.....	729,202	312,515	1,565,591	2,607,308	-
Net other postemployment benefits liability/asset.....	(156,508)	(89,440)	(1,363,675)	(1,609,623)	-
Total adjustments.....	982,421	453,403	3,395,194	4,831,018	46,445
NET CASH FROM OPERATING ACTIVITIES.....	\$ 1,589,617	\$ 809,143	\$ 1,335,095	\$ 3,733,855	\$ (165,851)

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2019

	Pension and Other Employee Benefit Trust Funds	Private Purpose Trust Funds	Agency Funds
ASSETS			
Cash and cash equivalents.....	\$ 934,649	\$ 8,470	\$ 1,772,272
Investments:			
Investments in Pension Reserve Investment Trust.....	256,897,499	-	-
Equity securities.....	-	530,823	-
Receivables, net of allowance for uncollectibles:			
Departmental and other.....	609,398	-	-
Other assets.....	1,743	-	-
TOTAL ASSETS.....	258,443,289	539,293	1,772,272
LIABILITIES			
Warrants payable.....	511,226	-	-
Liabilities due depositors.....	-	-	1,772,272
TOTAL LIABILITIES.....	511,226	-	1,772,272
NET POSITION			
Restricted for pensions.....	187,948,601	-	-
Restricted for other postemployment benefits.....	69,983,462	-	-
Held in trust for other purposes.....	-	539,293	-
TOTAL NET POSITION.....	\$ 257,932,063	\$ 539,293	\$ -

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

YEAR ENDED JUNE 30, 2019

	Pension and Other Employee Benefit Trust Funds	Private Purpose Trust Funds
ADDITIONS:		
Contributions:		
Employer contributions.....	\$ 12,017,072	\$ -
Employer contributions for other postemployment benefit payments.....	5,619,307	-
Member contributions.....	3,879,608	-
Transfers from other systems.....	394,168	-
3(8)c contributions from other systems.....	454,164	-
Workers compensation settlements.....	1,006	-
Member makeup payments and redeposits.....	37,269	-
Private donations.....	-	11,003
Intergovernmental.....	84,940	-
Total contributions.....	22,487,534	11,003
Net investment income:		
Investment income.....	560,590	115,154
Less: investment expense.....	(1,370,064)	-
Net investment income (loss).....	(809,474)	115,154
TOTAL ADDITIONS.....	21,678,060	126,157
DEDUCTIONS:		
Administration.....	224,469	-
Transfers to other systems.....	443,866	-
3(8)c transfer to other systems.....	326,292	-
Retirement benefits and refunds.....	11,953,008	-
Other postemployment benefit payments.....	5,619,307	-
Educational scholarships.....	-	10,000
TOTAL DEDUCTIONS.....	18,566,942	10,000
NET INCREASE (DECREASE) IN NET POSITION.....	3,111,118	116,157
NET POSITION AT BEGINNING OF YEAR.....	254,820,945	423,136
NET POSITION AT END OF YEAR.....	\$ 257,932,063	\$ 539,293

See notes to basic financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying basic financial statements of the Town of Wellesley, 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 accounting policies are described herein.

A. Reporting Entity

The Town was incorporated in 1881 under the statutes of the Commonwealth of Massachusetts (the “Commonwealth”). The Town is a municipal corporation governed by an elected Board of Selectmen.

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 basic 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 financial relationships.

Component Unit Presented as a Fiduciary Fund – The following component unit is presented as a Fiduciary Fund of the primary government due to the nature and significance of the relationship between the Town and the component unit.

In the Fiduciary Funds:

The Wellesley Contributory Retirement System (the System) is a multiple-employer, cost-sharing, contributory defined benefit pension plan covering all employees of the governmental member units deemed eligible by the System’s Board of Trustees (the Board), with the exception of school department employees who serve in a teaching capacity. The pensions of such school employees are administered by the Commonwealth of Massachusetts’ Teachers Retirement System. Membership in the System is mandatory immediately upon the commencement of employment for all permanent employees working a minimum of 20 hours per week. The System has 2 participating employers; the Town of Wellesley and the Wellesley Housing Authority.

The System is governed by a five-member board comprised of the Finance Director (ex officio), two members elected by System’s participants, one member appointed by the Board of Selectmen of the Town and a member appointed by the Board members.

The System is presented using the accrual basis of accounting and is reported as a pension trust fund in the fiduciary fund financial statements.

Availability of Financial Information for Component Units

The System issues a publicly available audited financial report in accordance with guidelines established by the Commonwealth of Massachusetts’ (Commonwealth) Public Employee Retirement Administration Commission (PERAC). That report may be obtained by contacting the System located at 525 Washington Street, Wellesley, MA 02482.

B. Government-Wide and Fund-Level Financial Statements

Government-Wide Financial Statements

The government-wide financial statements (i.e., statement of net position and the statement of activities) 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 the 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 of 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 operational 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 not identifiable as program revenues 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., when 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, claims and judgments which are recognized when the amounts have matured or are due and payable.

Real estate and personal property tax revenues 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 measurable and 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 that are required to be accounted for in another fund.

The *highway chapter 90 fund* is used to account for activities associated with on-going road and sidewalk projects that are funded with grants from the Commonwealth.

The *capital projects fund* is used to account for resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets of the governmental funds.

The nonmajor governmental funds consist of other special revenue and permanent funds that are aggregated and presented in the *nonmajor governmental funds* column on the governmental funds financial statements. The following describes the general use of these fund types:

The *special revenue fund* is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than permanent funds or major capital projects. The special revenue funds are reported in the nonmajor funds column of the governmental fund financial statements.

The *permanent fund* is used to account for and report financial resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the governmental programs. The permanent funds are also reported in the nonmajor funds column of the governmental funds financial statements.

Proprietary fund financial statements are reported 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 proprietary funds are reported:

The *sewer fund* is used to account for sewage treatment operations of the department of public works that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges.

The *water fund* is used to account for water distribution operations of the department of public works that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges.

The *electric light fund* is used to account for operations of the municipal light department that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Additionally, the following proprietary fund type is reported:

The *internal service fund* is used to account for the financing of goods or services provided by one department to other departments of the town on a cost-reimbursement basis. The Town's internal service fund is used to account for the financing of medical claims of all covered town employees and their covered dependents, the financing of the self-insured workers' compensation plan, unemployment benefits, and fleet maintenance.

Fiduciary fund financial statements 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 fund types are reported:

The *pension and other employee benefit trust fund* is used to account for the activities of the System, which accumulates resources to provide pension benefits to eligible retirees and their beneficiaries and of the *other postemployment benefit trust fund* which accumulates resources to provide funding for future OPEB (other postemployment benefits) liabilities.

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

The *agency fund* is used to account for payroll withholding and other assets held in a purely custodial capacity. Agency funds apply the accrual basis of accounting but do not have a measurement focus.

D. Cash and Investments

Government-Wide and Fund Financial Statements

The Town's 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.

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 please see Note 2- Cash and Investments.

F. Accounts Receivable

Government-Wide and Fund Financial Statements

The recognition of revenue related to accounts receivable reported in the government-wide financial statements and the proprietary funds and fiduciary funds financial statements are reported under the accrual basis of accounting. The recognition of revenue related to accounts receivable 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 estate and personal property taxes are levied and based on values assessed on January 1st of every year. Assessed values are established by the Board of Assessor's for 100% of the estimated 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 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 are secured via the tax lien process and are considered 100% collectible. Accordingly, an allowance for uncollectibles is not reported.

Personal property taxes cannot be secured through the lien process. The allowance of uncollectibles is estimated based on historical trends and specific account analysis.

Motor Vehicle Excise

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 uncollectibles is estimated based on historical trends and specific account analysis.

User Charges

User fees are levied monthly based on individual meter readings and are subject to penalties and interest if they are not paid by the respective due date. Liens are processed in December of every year and included as a lien on the property owner's tax bill.

Since the receivables are secured via the lien process, these accounts are considered 100% collectible and therefore do not report an allowance for uncollectibles.

Departmental and Other

Departmental and other receivables are recorded net of an allowance for uncollectible accounts. The allowance of uncollectibles 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 uncollectibles.

Community Preservation Surcharge

The Town has adopted the State Community Preservation Act and the provisions of this Act allow the Town to assess property owners an additional 1% to 3% of the total real estate commitment. The Town has voted for an additional surcharge of 1% with the first \$100,000 of valuation for each parcel being exempt. Revenues from this surcharge are credited to the Community Preservation Fund, a component of the nonmajor governmental funds, to fund open space acquisitions, affordable housing initiatives, historic preservation, and recreational uses.

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 financial statements, and therefore are not reported.

Materials and supplies held by the Enterprise Funds are generally recorded at original cost, using the weighted average method.

H. Capital Assets***Government-Wide and Proprietary Fund Financial Statements***

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

For the Town of Wellesley, capital assets are defined as buildings and infrastructure with a cost greater than \$100,000, improvements other than buildings with a cost greater than \$50,000, and equipment with a cost greater than \$25,000 and an estimated useful life of greater than three years. The Town has elected not to consider books and other materials purchased for the library as capital assets.

Capital assets (excluding land and construction-in-progress) are depreciated over the estimated useful lives using the straight-line method. The estimated useful lives of capital assets being depreciated are as follows:

Capital Asset Type	Estimated Useful Life (in years)
Public domain infrastructure.....	50
Buildings.....	10-40
Improvements other than buildings.....	20-30
Equipment.....	3-21

The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized and are treated as expenses when incurred. Improvements are capitalized.

Governmental Fund Financial Statements

Capital asset costs are recorded as expenditures in the acquiring fund in the year of the purchase.

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, other postemployment benefits and debt refundings 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 has recorded deferred inflows of resources relating to taxes paid in advance, pensions and other postemployment benefits in this category.

Governmental Fund Financial Statements

In addition to liabilities, the governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents assets that have been recorded in the governmental fund financial statements but the revenue is not available and so will not be recognized as an inflow of resources (revenue) until it becomes available. The Town has recorded unavailable revenue and advanced tax collections as deferred inflows of resources in the governmental funds balance sheet.

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 "Advances from/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 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 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. Unavailable Revenue

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, i.e. receivables that are not considered to be available to liquidate liabilities of the current period. Unavailable revenue is recognized as revenue in the conversion to the government-wide (full accrual) financial statements.

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

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 future reimbursements from the state's school building program is not considered to be capital related debt.

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

Net position has been “restricted for” the following:

“Depreciation” - represents amounts restricted in the Electric department for the statutory reserve for funded depreciation.

“Permanent funds - expendable” represents the amount of realized and unrealized investment earnings of donor restricted trusts. The restrictions and trustee policies only allows the trustees to approve spending of the realized investment earnings.

“Permanent funds - nonexpendable” represents the endowment portion of donor restricted trusts.

“Grants and gifts” represents amounts held for school, library, and other grants and gift funds.

“Community preservation” represents amounts held for uses restricted by law for community preservation purposes.

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 Balances)

Governmental fund balances are classified as nonspendable, restricted, committed, assigned, or unassigned based on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

The governmental fund balance classifications are as follows:

“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. Town Meeting is the highest level of decision making authority that can, by adoption of a Town Meeting warrant article, commit funds for a specific purpose. Once voted, the limitation imposed by the vote remains in place until the funds are used for their intended purpose or a vote is taken to rescind 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. The Town’s by-laws authorize the Town Accountant to assign fund balance. 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 unassigned fund balance.

The Town will, from time to time, fund outlays for a particular purpose from different components of fund balance. In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balances in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. When different components of fund balance can be used for the same purpose, it is the Town's policy to consider restricted fund balance to have been depleted first, followed by committed fund balance, and assigned fund balance. Unassigned fund balance is applied last.

N. 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 Wellesley Contributory Retirement System and the Massachusetts Teachers Retirement System and additions to/deductions from the System's 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.

O. 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.

P. Compensated Absences

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

Government-Wide and Proprietary Fund Financial Statements

Vested or 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.

Q. Investment Income

Excluding the permanent 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).

Investment income from proprietary funds is voluntarily assigned and transferred to the general fund.

R. Use of Estimates

Government-Wide and Fund Financial Statements

The preparation of basic financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure for contingent assets and liabilities at the date of the basic financial statements and the reported amounts of the revenues and expenditures/expenses during the year. Actual results could vary from estimates that were used.

S. Total Column

Government-Wide Financial Statements

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

Fund Financial Statements

The total column 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 Treasurer of the Commonwealth's Investment Pool (Pool). The Town Treasurer may also invest trust funds in securities, other than mortgages or collateral loans, which are legal for the investment of funds of savings banks under the laws of the Commonwealth.

The Pool meets the criteria of an external investment pool. The Pool is administered by the Massachusetts Municipal Depository Trust (MMDT), which was established by the Treasurer of the Commonwealth who serves as trustee. The fair value of the position in the Pool is the same as the value of the Pool shares.

The Town invests in the MMDT cash portfolio. The cash portfolio had a weighted average maturity of 28 days.

The Retirement System participates, as a participating member, 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 0.18 to 15.31 years.

Custodial Credit Risk – Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the Town’s deposits may not be returned to it. The Town policy for mitigating custodial credit risk is that the Town will not have on deposit amounts exceeding 10% of capital and surplus and 10% of net equity, unless those deposits carry full FDIC insurance or are collateralized. In addition, it is the Towns’ policy that at no time shall any single bank or bank holding company hold an excess of 25% of the cash balance under the control of the Treasurer for more than three consecutive days.

At year-end the carrying amount (book value) of the Town’s deposits totaled \$26,671,989 and the bank balances totaled \$26,902,823. Of the bank balance, \$20,517,455 was covered by FDIC insurance, \$60,896 was covered by SIF insurance, \$3,000,000 was collateralized, and \$3,324,472 was exposed to custodial credit risk because it was uninsured and uncollateralized.

At December 31, 2018, the carrying amount (book value) of the Retirement System’s deposits totaled \$294,452 and the bank balance totaled \$478,485. The bank balance was fully covered by FDIC insurance.

As of June 30, 2019, the Town had the following investments:

Investment Type	Fair value	Maturities		Rating
		Under 1 Year	1-5 Years	
<u>Debt securities:</u>				
U.S. treasury bonds.....	\$ 2,289,561	\$ 2,289,561	\$ -	AAA
Government sponsored enterprises (1).....	23,069,741	20,564,582	2,505,159	AAA
Corporate bonds (2).....	989,349	165,842	823,507	AAA - A
Total debt securities.....	26,348,651	\$ 23,019,985	\$ 3,328,666	
<u>Other investments:</u>				
Equity securities.....	1,242,498			
Money market mutual funds.....	598,572			
Pension Reserve Investment Trust (PRIT).....	69,983,461			
MMDT - Cash portfolio.....	34,494,737			
Total investments.....	\$ 132,667,919			

(1) Government Sponsored Enterprises include various short-term investments in financial services corporations created by the United States Congress. These investments primarily consist of investments in Federal Home Loan Banks (FHLB), Federal Financing Corporation (FICO) Strips, and Federal Home Loan Mortgage Corporation Notes.

(2) Corporate bonds are broken out into 3 separate ratings, which consist of \$80,000 of AAA rated bonds, \$101,283 of AA rated bonds, and \$808,066 of A rated bonds.

As of December 31, 2018, the Retirement System had investments in PRIT totaling \$186,914,037. The Retirement System also maintains a short term investment portfolio with MMDT. At December 31, 2018, the Retirement System’s investment with MMDT was \$640,197 which is classified as a cash equivalent.

The following table reconciles total cash and investments as of June 30, 2019, except for the Pension Trust Fund which is as of December 31, 2018:

	Cash and Cash Equivalents	Restricted Cash and Cash Equivalents	Investments	Total
Primary Government:				
Governmental Activities.....	\$ 43,835,492	\$ -	\$ 27,060,325	\$ 70,895,817
Business-Type Activities.....	15,149,064	1,000,000	-	16,149,064
Fiduciary Funds:				
Pension Trust Fund (as of December 31, 2018).....	934,649	-	186,914,037	187,848,686
Other Postemployment Benefit Trust Fund.....	-	-	69,983,462	69,983,462
Private Purpose Trust Fund.....	8,470	-	530,823	539,293
Agency Fund.....	1,772,272	-	-	1,772,272
Totals.....	\$ 61,699,947	\$ 1,000,000	\$ 284,488,647	\$ 347,188,594
Carrying Value of Cash:				
Primary Government.....	\$ 26,671,989			
Pension Trust Fund.....	294,452			
Investments considered cash and cash equivalents:				
Money market mutual funds.....	598,572			
MMDT held by Pension Trust Fund.....	640,197			
MMDT held by Town.....	34,494,737			
Cash and cash equivalents.....	62,699,947			
Debt securities.....	26,348,651			
Equity securities.....	1,242,498			
PRIT funds (OPEB).....	69,983,461			
PRIT funds (Pension).....	186,914,037			
Investments.....	284,488,647			
Total cash and cash equivalents.....	\$ 347,188,594			

Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of a failure by the counterparty, the Town will not be able to recover the value of its investments or collateral security that are in the possession of an outside party. Of the Town’s total investments there was custodial credit risk exposure of \$24,312,239 which is equal to the investments in Government Sponsored Enterprises and Equity Securities because the related securities are uninsured, unregistered and held by the counterparty.

The Town will minimize Custodial Credit Risk, which is the risk of loss due to the failure of the security issuer or backer, by; limiting investments to the types of securities listed in the Statutory Authority section of the Town’s Investment Policy; and obtaining necessary documentation (e.g. broker certification forms and documentation of perfected security interests in pledged collateral) from the financial institutions, broker/dealers, intermediaries and advisors, as applicable, with which the Town will do business in accordance with this Investment Policy. Some of this risk will be managed requiring that the above referenced financial institutions, broker/dealers, intermediaries and advisors have Securities Investor Protection Corporation (SIPC) and excess SIPC coverage.

At December 31, 2018, the System’s \$186,914,037 investment in PRIT is not subject to custodial credit risk exposure because it is not evidenced by securities that exist in physical or book-entry form.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. The Town and the System's investment policy is to follow state statutes, which limits investment maturities as a means of managing its exposure to fair value losses arising from increasing rates.

Credit Risk

Credit risk exists when there is a possibility the issuer or other counterparty to an investment may be unable to meet its obligations. The Town's policy for credit risk requires all financial institutions wishing to do business with the Town to read the Town's Investment Policy and to agree to comply with it. This policy requires minimum standards of credit worthiness as well as guidance for the types of investment allowed.

Concentration of Credit Risk

The Town has adopted a formal policy to mitigate concentration of credit risk by mandating that the Town may not at any one time have on deposit in a bank or trust company an amount exceeding 60% of the capital and surplus of that institution. The Town will not deposit amounts exceeding 10% of capital and surplus and 10% of net equity unless the deposits are fully collateralized.

Fair Value Measurement

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 following table presents financial assets at June 30, 2019, that the Town measures fair value on a recurring basis, by level, within the fair value hierarchy:

Investment Type	June 30, 2019	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.....	\$ 2,289,561	\$ 2,289,561	\$ -	\$ -
Government sponsored enterprises.....	23,069,741	23,069,741	-	-
Corporate bonds.....	989,349	-	989,349	-
Total debt securities.....	26,348,651	25,359,302	989,349	-
<u>Other investments:</u>				
Equity securities.....	1,242,498	1,242,498	-	-
Money market mutual funds.....	598,572	598,572	-	-
Total other investments.....	1,841,070	1,841,070	-	-
Total investments measured at fair value.....	28,189,721	\$ 27,200,372	\$ 989,349	\$ -
Investments measured at amortized cost:				
MMDT - Cash portfolio.....	34,494,737			
Investments measured at net asset value:				
Pension Reserve Investment Trust (PRIT).....	69,983,461			
Total investments.....	\$ 132,667,919			

Equity securities, U.S. Treasury Notes, Government Sponsored Enterprises, and Money Mutual Funds are classified in Level 1 of the fair value hierarchy using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

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.

The investment in MMDT is comprised of a cash portfolio and a bond portfolio. The cash portfolio is 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. The bond portfolio is valued at fair value.

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 plan’s activities, the plan shows greater disaggregation in its disclosures.

The System categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles.

The System has the following recurring fair value measurements as of December 31, 2018:

Investments measured at amortized cost:	
MMDT - Cash portfolio.....	\$ 640,197
 Investments measured at net asset value:	
Pension Reserve Investment Trust (PRIT).....	<u>186,914,037</u>
Total investments.....	<u>\$ 187,554,234</u>

The System’s investments in PRIT and MMDT are the same as the Town’s investments described above.

NOTE 3 – RECEIVABLES

At June 30, 2019, receivables for the individual major, non-major governmental funds, and the proprietary internal service fund, in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
Real estate and personal property taxes.....	\$ 2,526,672	\$ (13,494)	\$ 2,513,178
Tax liens.....	1,252,509	-	1,252,509
Community preservation fund surtax.....	4,920	-	4,920
Motor vehicle and other excise taxes.....	580,436	(283,973)	296,463
Departmental and other.....	286,554	-	286,554
Intergovernmental.....	2,221,959	-	2,221,959
Total.....	\$ 6,873,050	\$ (297,467)	\$ 6,575,583

- (1) The allowance for uncollectible accounts of \$13,494 relates only to personal property taxes.
- (2) The allowance for uncollectible motor vehicle excise taxes relates primarily to balances outstanding five years and older.

At June 30, 2019, receivables for the sewer, water, electric enterprise funds and the internal service fund consist of the following:

	Gross Amount	Allowance for Uncollectibles	Net Amount
Receivables:			
Water user charges.....	\$ 678,356	\$ -	\$ 678,356
Sewer user charges.....	688,310	-	688,310
Electric light user charges.....	3,438,815	-	3,438,815
Total.....	\$ 4,805,481	\$ -	\$ 4,805,481

Governmental funds report *unavailable revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. At the end of the current year, the various components of *unavailable revenue* reported in the governmental funds were as follows:

	General Fund	Other Governmental Funds	Total
Receivables:			
Real estate and personal property taxes..	\$ 2,241,810	\$ -	\$ 2,241,810
Tax liens.....	1,252,509	-	1,252,509
Motor vehicle and other excise taxes.....	296,463	-	296,463
Departmental and other.....	38,778	152,667	191,445
Intergovernmental - state highway.....	-	563,038	563,038
Intergovernmental - other.....	-	144,193	144,193
Total.....	\$ 3,829,560	\$ 859,898	\$ 4,689,458

NOTE 4 – CAPITAL ASSETS

A summary of changes in capital asset activity for the year ended June 30, 2019, is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 51,959,370	\$ -	\$ -	\$ 51,959,370
Construction in progress.....	1,977,524	6,890,582	(369,262)	8,498,844
Total capital assets not being depreciated....	53,936,894	6,890,582	(369,262)	60,458,214
<u>Capital assets being depreciated:</u>				
Improvements other than buildings.....	29,800,325	-	-	29,800,325
Buildings.....	273,206,619	556,262	-	273,762,881
Machinery and equipment.....	20,315,373	1,894,331	(601,431)	21,608,273
Public domain infrastructure.....	68,954,195	1,508,280	-	70,462,475
Total capital assets being depreciated.....	392,276,512	3,958,873	(601,431)	395,633,954
<u>Less accumulated depreciation for:</u>				
Improvements other than buildings.....	(16,475,103)	(1,994,662)	-	(18,469,765)
Buildings.....	(93,245,571)	(9,361,704)	-	(102,607,275)
Machinery and equipment.....	(13,581,291)	(1,045,193)	601,431	(14,025,053)
Public domain infrastructure.....	(37,116,526)	(1,809,768)	-	(38,926,294)
Total accumulated depreciation.....	(160,418,491)	(14,211,327)	601,431	(174,028,387)
Total capital assets being depreciated, net.....	231,858,021	(10,252,454)	-	221,605,567
Total governmental activities capital assets, net.....	\$ 285,794,915	\$ (3,361,872)	\$ (369,262)	\$ 282,063,781

	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities:				
<u>Capital assets not being depreciated:</u>				
Land and land rights.....	\$ 267,946	\$ -	\$ -	\$ 267,946
Construction in progress.....	4,305,119	1,863,952	(5,700,751)	468,320
Total capital assets not being depreciated....	4,573,065	1,863,952	(5,700,751)	736,266
<u>Capital assets being depreciated:</u>				
Transmission Plant.....	12,845,199	23,846	-	12,869,045
Distribution plant.....	93,175,920	4,464,822	(26,873)	97,613,869
Other plant in service.....	56,311,440	3,429,593	-	59,741,033
Vehicles and other equipment.....	7,519,021	1,398,637	(48,998)	8,868,660
Total capital assets being depreciated.....	169,851,580	9,316,898	(75,871)	179,092,607
<u>Less accumulated depreciation for:</u>				
Transmission Plant.....	(9,954,305)	(354,290)	-	(10,308,595)
Distribution plant.....	(38,878,196)	(2,987,097)	26,873	(41,838,420)
Other plant in service.....	(28,315,689)	(1,236,956)	-	(29,552,645)
Vehicles and other equipment.....	(4,243,716)	(546,993)	48,998	(4,741,711)
Total accumulated depreciation.....	(81,391,906)	(5,125,336)	75,871	(86,441,371)
Total capital assets being depreciated, net.....	88,459,674	4,191,562	-	92,651,236
Total business-type activities capital assets, net....	\$ 93,032,739	\$ 6,055,514	\$ (5,700,751)	\$ 93,387,502

Depreciation expense was charged to Town functions as follows:

Governmental Activities:

General government.....	\$ 1,133,132
Public safety.....	1,030,483
Public education.....	8,173,712
Public works.....	2,845,874
Recreation.....	270,527
Library.....	757,599
Total depreciation expense - governmental activities.....	\$ 14,211,327

Business-Type Activities:

Water.....	\$ 897,598
Sewer.....	446,059
Municipal Light.....	3,781,679
Total depreciation expense - business-type activities.....	\$ 5,125,336

NOTE 5 – INTERFUND TRANSFERS, RECEIVABLES AND PAYABLES

At June 30, 2019, the Town had an interfund receivable/payable of \$1,506,476 between the general fund and the highway chapter 90 fund to meet temporary cash flow needs

Interfund transfers for the year ended June 30, 2019, are summarized as follows:

Transfers Out:	Transfers In		Total	
	General fund	Capital Projects		
General fund.....	\$ -	\$ 1,970,670	\$ 1,970,670	(1)
Highway Chapter 90.....	17,940	-	17,940	(2)
Nonmajor governmental funds.....	1,161,396	544,128	1,705,524	(2)
Electric Light Department.....	1,000,000	-	1,000,000	(3)
Total.....	\$ 2,179,336	\$ 2,514,798	\$ 4,694,134	

- (1) Budgeted transfers to the Capital Projects fund for capital improvement costs.
- (2) Budgeted transfers from various nonmajor funds to the general fund and capital project funds; and transfers to close dormant funds.
- (3) Transfers from the Electric Department as a payment in lieu of taxes.

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 or tax anticipation notes (RANS or TANS).
- Capital project costs and other approved expenditures incurred prior to obtaining permanent financing through issuance of bond anticipation notes (BANS) or grant anticipation notes (GANS).

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. The Town did not have any short-term debt activity in 2019.

NOTE 7 – OPERATING LEASE

The Town is party to an operating lease agreement that provides the Town with office space for certain administrative functions. The current lease agreement runs through May 31, 2020. The lease agreement requires the Town to pay rent in the amount of \$7,000 per month. The amount due and payable for 2020 is \$77,000.

NOTE 8 – LONG-TERM DEBT

Under the provisions of Chapter 44, Section 10, Municipal Law authorizes indebtedness up to a limit of 5% of the equalized valuation. Debt issued in accordance with this section of the law is designated as being "inside the debt limit". In addition, however, debt may be authorized in excess of that limit for specific purposes. Such debt, when issued, is designated as being "outside the debt limit" as 2 ½ % exempt debt.

Details related to the Town’s outstanding general obligation indebtedness at June 30, 2019, and the debt service requirements for the governmental activities are as follows.

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2018	Issued	Redeemed	Outstanding at June 30, 2019
Inside Debt Limit							
Parking Meters.....	2019	\$ 120,000	3.40	\$ 10,000	\$ -	\$ 10,000	\$ -
Woodside Avenue.....	2019	415,000	3.40	40,000	-	40,000	-
RDF Structure.....	2023	570,000	1.46	275,000	-	55,000	220,000
Kingsbury Street.....	2023	620,000	1.46	300,000	-	60,000	240,000
Town Hall HVAC.....	2023	235,000	1.46	110,000	-	25,000	85,000
Bacon Street.....	2023	100,000	1.46	50,000	-	10,000	40,000
Fire Truck.....	2023	591,000	1.46	290,000	-	60,000	230,000
St. James Land.....	2045	5,000,000	3.38	4,625,000	-	130,000	4,495,000
DPW/Highway/HVAC.....	2019	780,000	3.48	195,000	-	195,000	-
School Telephone Replacement.....	2019	355,000	3.48	85,000	-	85,000	-
Wales Street Bridge.....	2019	250,000	3.48	60,000	-	60,000	-
Fire Truck.....	2020	475,000	3.48	120,000	-	115,000	5,000
Various Building Repairs.....	2035	2,290,000	3.48	1,955,000	-	115,000	1,840,000
Police & Fire HVAC.....	2025	1,265,000	3.48	880,000	-	125,000	755,000
School Auditorium Seats.....	2025	315,000	3.48	215,000	-	30,000	185,000
494 Washington Street.....	2035	1,305,000	3.48	1,105,000	-	65,000	1,040,000
Fuller Brook Park.....	2025	460,000	3.48	315,000	-	45,000	270,000
School Security.....	2020	330,000	3.48	130,000	-	65,000	65,000
DPW Park/ Highway Garage Construction....	2026	575,000	3.48	445,000	-	60,000	385,000
School Security Construction.....	2019	1,660,000	4.00	420,000	-	420,000	-
Police Station.....	2027	1,471,000	4.00	1,020,000	-	115,000	905,000
Turf Field High School Stadium.....	2027	947,000	4.00	850,000	-	95,000	755,000
Police/Fire HVAC.....	2019	18,000	5.00	18,000	-	18,000	-
School Security Design.....	2019	24,000	5.00	24,000	-	24,000	-
Rt.9/Kingsbury Intersection.....	2028	501,000	5.00	501,000	-	51,000	450,000
Police Station Construction.....	2021	221,500	5.00	221,500	-	75,000	146,500
Town Hall Design.....	2033	820,000	5.00	820,000	-	50,000	770,000
Town Hall Construction.....	2033	4,742,500	5.00	4,742,500	-	317,500	4,425,000
Reconstruct Cliff Road.....	2028	1,772,000	5.00	1,772,000	-	180,000	1,592,000
Worcester Street - 3 Land Parcels.....	2038	3,241,000	5.00	3,241,000	-	161,000	3,080,000
WHS Fieldhouse.....	2023	163,000	5.00	163,000	-	35,000	128,000
Middle School Steam Design.....	2023	363,500	5.00	363,500	-	75,000	288,500
Middle School Pipes.....	2029	2,505,000	4.00	-	2,505,000	-	2,505,000
Hunnewell Feasibility Study.....	2024	1,000,000	4.00	-	1,000,000	-	1,000,000
Middle School Feasibility Study.....	2020	125,000	4.00	-	125,000	-	125,000
Library Material Handler.....	2020	350,000	4.00	-	350,000	-	350,000
Library Design.....	2020	265,000	4.00	-	265,000	-	265,000
Subtotal Non Exempt.....		36,240,500		25,361,500	4,245,000	2,966,500	26,640,000

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2018	Issued	Redeemed	Outstanding at June 30, 2019
2 1/2 % Exempt Debt							
Middle School (Refunding).....	2025	4,345,000	1.46	3,015,000	-	435,000	2,580,000
Middle School Construction (Refunding).....	2026	3,770,000	3.48	3,125,000	-	335,000	2,790,000
Middle School Construction	2023	13,825,000	3.49-4.00	3,355,000	-	695,000	2,660,000
High School Expansion-Seaver Street.....	2028	5,173,000	3.40-4.00	1,754,000	-	190,000	1,564,000
High School Planning.....	2029	1,159,500	3.40-4.00	402,500	-	40,000	362,500
High School Feasibility.....	2029	3,771,200	3.40-4.00	1,311,200	-	130,000	1,181,200
High School Project.....	2029	11,663,000	3.40-4.00	4,063,000	-	400,000	3,663,000
High School Construction	2035	35,000,000	3.68	23,800,000	-	1,400,000	22,400,000
High School Construction	2031	22,000,000	3.60	14,300,000	-	1,100,000	13,200,000
DPW Storm Water Drainage	2021	500,000	3.60	150,000	-	50,000	100,000
Surface Drainage.....	2018	415,000	1.46	100,000	-	20,000	80,000
Morse's Pond Drainage.....	2033	485,000	1.46	235,000	-	50,000	185,000
DPW Operations Building.....	2033	1,960,000	1.46	975,000	-	195,000	780,000
Storm Water Drainage.....	2019	435,000	3.48	105,000	-	105,000	-
Schofield/Fiske Design	2035	2,045,000	3.48	1,730,000	-	105,000	1,625,000
Schofield/Fiske Construction.....	2035	13,345,000	3.48	11,335,000	-	670,000	10,665,000
Schofield and Fiske School.....	2021	2,795,000	3.48	1,675,000	-	560,000	1,115,000
Schofield and Fiske School.....	2021	1,397,000	4.00	1,070,000	-	360,000	710,000
Middle School Windows	2025	1,430,000	3.48	995,000	-	145,000	850,000
Middle School Windows	2021	355,000	4.00	175,000	-	175,000	-
North 40 (CPC Offset).....	2045	9,850,000	3.38	9,270,000	-	205,000	9,065,000
North 40 Tax Exempt.....	2045	13,635,000	3.38	13,425,000	-	70,000	13,355,000
North 40 Taxable.....	2045	11,505,000	3.38	9,985,000	-	535,000	9,450,000
Tolles Parsons Senior Center Construction.	2031	1,950,000	3.48	1,655,000	-	130,000	1,525,000
Tolles Parsons Senior Center Construction.	2019	576,500	5.00	576,500	-	576,500	-
Subtotal 2 1/2 % Exempt Debt.....		<u>163,385,200</u>		<u>108,582,200</u>	<u>-</u>	<u>8,676,500</u>	<u>99,905,700</u>
Total Bonds Payable.....		<u>\$ 199,625,700</u>		133,943,700	4,245,000	11,643,000	126,545,700
Add: Unamortized premium on bonds.....				4,421,489	298,376	636,510	4,083,355
Total Bonds Payable, net.....				<u>\$ 138,365,189</u>	<u>\$ 4,543,376</u>	<u>\$ 12,279,510</u>	<u>\$ 130,629,055</u>

Debt service requirements for principal and interest for Governmental bonds payable in future years are as follows:

Year	Principal	Interest	Total
2020.....	\$ 11,020,000	\$ 4,725,695	\$ 15,745,695
2021.....	10,195,000	4,338,854	14,533,854
2022.....	9,175,000	3,942,404	13,117,404
2023.....	9,205,000	3,592,504	12,797,504
2024.....	8,025,000	3,249,554	11,274,554
2025.....	7,850,000	2,957,829	10,807,829
2026.....	7,135,000	2,667,304	9,802,304
2027.....	6,660,000	2,388,800	9,048,800
2028.....	6,480,700	2,124,652	8,605,352
2029.....	6,115,000	1,880,050	7,995,050
2030.....	5,410,000	1,661,644	7,071,644
2031.....	5,455,000	1,466,556	6,921,556
2032.....	4,275,000	1,268,097	5,543,097
2033.....	4,265,000	1,116,258	5,381,258
2034.....	3,850,000	963,486	4,813,486
2035.....	3,895,000	821,704	4,716,704
2036.....	1,595,000	675,476	2,270,476
2037.....	1,650,000	620,052	2,270,052
2038.....	1,700,000	562,702	2,262,702
2039.....	1,595,000	503,600	2,098,600
2040.....	1,660,000	439,800	2,099,800
2041.....	1,725,000	373,400	2,098,400
2042.....	1,795,000	304,400	2,099,400
2043.....	1,865,000	232,600	2,097,600
2044.....	1,940,000	158,000	2,098,000
2045.....	2,010,000	80,400	2,090,400
Total.....	\$ 126,545,700	\$ 43,115,821	\$ 169,661,521

Details related to the Town's outstanding water enterprise fund general obligation indebtedness at June 30, 2019, and the debt service requirements are as follows:

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2018	Issued	Redeemed	Outstanding at June 30, 2019
MWRA- Water Bond.....	2021	\$ 229,089	0.00	\$ 68,726	\$ -	\$ 22,909	\$ 45,817
MWRA- Water Bond.....	2023	289,323	0.00	144,662	-	28,932	115,730
Water General Obligation Bond.....	2023	1,300,000	2.00 - 4.00	650,000	-	130,000	520,000
Water Garage	2028	3,842,150	1.50 - 5.00	1,624,650	-	170,000	1,454,650
Water Meters	2028	887,000	5.00	887,000	-	92,000	795,000
Total Bonds Payable.....		<u>\$ 6,547,562</u>		3,375,038	-	443,841	2,931,197
Add: Unamortized premium on bonds.....				288,711	-	27,987	260,724
Total Bonds Payable, net.....				<u>\$ 3,663,749</u>	<u>\$ -</u>	<u>\$ 471,828</u>	<u>\$ 3,191,921</u>

Debt service requirements for principal and interest for water enterprise fund bonds and notes payable in future years are as follows:

Year	Principal	Interest	Total
2020.....	\$ 436,841	\$ 114,611	\$ 551,452
2021.....	434,341	102,436	536,777
2022.....	411,432	86,236	497,668
2023.....	411,433	70,036	481,469
2024.....	252,500	53,836	306,336
2025.....	250,000	42,836	292,836
2026.....	245,000	31,936	276,936
2027.....	245,000	21,286	266,286
2028.....	244,650	10,636	255,286
Total.....	<u>\$ 2,931,197</u>	<u>\$ 533,849</u>	<u>\$ 3,465,046</u>

The Massachusetts Water Resource Authority (MWRA) operates an Infiltration/Inflow Financial Assistance Program for community owned collection systems. For each community approved for the program, financial assistance consists of a grant and non-interest bearing loan. For the ten year period running through 2019, \$684,399 of loans subject to repayment were received from this program. At June 30, 2019, the outstanding principal amount of these loans totaled \$161,547.

Details related to the Town’s outstanding sewer enterprise fund general obligation indebtedness at June 30, 2019, and the debt service requirements are as follows:

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2018	Issued	Redeemed	Outstanding at June 30, 2019
MWRA- Sewer Bond.....	2026	\$ 279,080	0.00	\$ 167,447	\$ -	\$ 55,816	\$ 111,631
Sewer Garage.....	2028	3,842,150	1.50 - 5.00	1,624,650	-	170,000	1,454,650
MWRA - Sewer Bond.....	2023	179,454	0.00	179,454	-	35,890	143,564
Total Bonds Payable.....		<u>\$ 4,300,684</u>		1,971,551	-	261,706	1,709,845
Add: Unamortized premium on bonds.....				175,711	-	27,987	147,724
Total Bonds Payable, net.....				<u>\$ 2,147,262</u>	<u>\$ -</u>	<u>\$ 289,693</u>	<u>\$ 1,857,569</u>

Debt service requirements for principal and interest for water enterprise fund bonds and notes payable in future years are as follows:

Year	Principal	Interest	Total
2020.....	\$ 256,707	\$ 54,061	\$ 310,768
2021.....	254,208	51,586	305,794
2022.....	198,390	45,086	243,476
2023.....	198,390	38,586	236,976
2024.....	162,500	32,086	194,586
2025.....	160,000	25,586	185,586
2026.....	160,000	19,186	179,186
2027.....	160,000	12,786	172,786
2028.....	159,650	6,386	166,036
Total.....	<u>\$ 1,709,845</u>	<u>\$ 285,349</u>	<u>\$ 1,995,194</u>

The Massachusetts Water Resource Authority (MWRA) operates an Infiltration/Inflow Financial Assistance Program for community owned collection systems. For each community approved for the program, financial assistance consists of a grant and non-interest bearing loan. For the ten year period running through 2019, \$458,534 of loans subject to repayment were received from this program. At June 30, 2019, the outstanding principal amount of these loans totaled \$255,199.

The Town is subject to various debt limits by statute and may issue additional general obligation debt under the normal debt limit. At June 30, 2019, the Town had the following authorized and un-issued debt:

Purpose	Amount
Water and Sewer Projects.....	\$ 5,553,888
Various Road Improvement.....	2,500,000
School Security Improvements.....	361,089
Hunnewell Field Maintenance/ Restroom Facility.....	180,000
Middle School Steam Pipes.....	388,950
Softball Field.....	300,000
Sprague Field.....	700,000
Quint Fire Truck.....	735,000
Granite Street.....	255,000
Grove Street.....	964,093
Total.....	\$ 11,938,020

Changes in Long-term Liabilities

During the year ended June 30, 2019, 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.....	\$ 133,943,700	\$ 4,245,000	\$ (11,643,000)	\$ -	\$ -	\$ 126,545,700	\$ 11,020,000
Add: Unamortized premium on bonds.....	4,421,489	298,376	(636,510)	-	-	4,083,355	575,798
Total bonds payable.....	138,365,189	4,543,376	(12,279,510)	-	-	130,629,055	11,595,798
Compensated absences.....	436,886	-	-	250,427	(262,100)	425,213	255,100
Workers' compensation.....	447,000	-	-	186,000	(181,000)	452,000	235,000
Net pension liability.....	37,272,453	-	-	21,681,658	(7,086,702)	51,867,409	-
Net OPEB liability.....	64,010,896	-	-	11,258,542	(23,623,103)	51,646,335	-
Total governmental activity long-term liabilities.....	<u>\$ 240,532,424</u>	<u>\$ 4,543,376</u>	<u>\$ (12,279,510)</u>	<u>\$ 33,376,627</u>	<u>\$ (31,152,905)</u>	<u>\$ 235,020,012</u>	<u>\$ 12,085,898</u>
Business-Type Activities:							
Long-term bonds payable.....	\$ 5,346,589	\$ -	\$ (705,547)	\$ -	\$ -	\$ 4,641,042	\$ 693,548
Add: Unamortized premium on bonds.....	464,422	-	(55,974)	-	-	408,448	78,833
Total bonds payable.....	5,811,011	-	(761,521)	-	-	5,049,490	772,381
Compensated absences.....	48,663	-	-	35,034	(29,198)	54,499	32,700
Net pension liability.....	6,584,729	-	-	3,820,919	(1,213,611)	9,192,037	-
Net OPEB liability/(asset).....	2,209,154	-	-	525,089	(2,304,627)	429,616	-
Total business-type activity long-term liabilities.....	<u>\$ 14,653,557</u>	<u>\$ -</u>	<u>\$ (761,521)</u>	<u>\$ 4,381,042</u>	<u>\$ (3,547,436)</u>	<u>\$ 14,725,642</u>	<u>\$ 805,081</u>

Internal service funds predominantly serve the governmental funds. Accordingly, the internal service fund's long-term liabilities are included as part of the governmental activities totals above. At year end, \$452,000 of internal service funds accrued workers compensation liability is included above. Except for the amounts related to the internal service funds, the governmental activities long-term liabilities are generally liquidated by the general fund. Compensated absence liabilities related to both governmental and business-type activities are normally paid from the funds reporting payroll and related expenditures, namely the general fund and the water, sewer and electric enterprise funds.

NOTE 9 – GOVERNMENTAL FUND BALANCE CLASSIFICATIONS

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

At June 30, 2019, \$3,371,774, \$564,669, \$760,775, and \$806,179 have been set aside in a general stabilization fund, an injured on duty stabilization fund, a special education Medicare stabilization fund, and a stabilization fund for purposes of meeting capital needs at the recycling facility, respectively, that are classified as part of the general fund in the governmental funds financial statements. Municipal finance laws of the Commonwealth of Massachusetts authorize municipalities to establish stabilization funds on an as needed basis. The number of and exact purpose of the stabilization funds of the Town are dependent upon authorization and approval of Town Meeting. The general stabilization fund balance can be used for general and/or capital purposes upon approval of Town Meeting. The special purpose stabilization fund can only be used to offset police and fire workers compensation claim payments. Additions and withdrawals from the funds can only be made in accordance with Town Meeting approval.

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, GASB 54 has provided a hierarchy of spendable fund balances, 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 Annual Town Meeting.
- Assigned: fund balances that contain self-imposed constraints of the government to be used for a particular purpose.
- Unassigned: fund balance of the general fund that is not constrained for any particular purpose.

The Town has classified its fund balances with the following hierarchy:

	General	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Fund Balances:				
Nonspendable:				
Permanent fund principal..... \$	-	-	\$ 474,055	\$ 474,055
Restricted for:				
Capital projects	-	10,082,102	-	10,082,102
School lunch.....	-	-	679,300	679,300
Community Preservation Fund.....	-	-	7,540,763	7,540,763
Grants.....	-	-	622,791	622,791
Receipts Reserved.....	-	-	2,420,572	2,420,572
Revolving.....	-	-	3,648,278	3,648,278
Recreation Revolving.....	-	-	464,451	464,451
Other Special Revenue.....	-	-	2,939,582	2,939,582
Permanent fund.....	-	-	341,694	341,694
Committed to:				
Articles and continuing appropriations:				
Executive Director's Office.....	3,195	-	-	3,195
Sustainable Energy.....	70	-	-	70
Information Technology.....	13,183	-	-	13,183
Council on Aging.....	124	-	-	124
Planning Board.....	700	-	-	700
Facilities Maintenance.....	23,846	-	-	23,846
Fire Department.....	45,134	-	-	45,134
Highway.....	1,038,916	-	-	1,038,916
Park.....	278,623	-	-	278,623
Recycling and Disposal.....	98,091	-	-	98,091
Public Works Management.....	237,863	-	-	237,863
Library Trustees.....	2,705	-	-	2,705
Natural Resources Commission.....	162	-	-	162
Wellesley Public Schools.....	138,215	-	-	138,215
Assigned to:				
Encumbrances:				
Central Administrative Services.....	5,000	-	-	5,000
Finance Department.....	252	-	-	252
Information Technology.....	98,390	-	-	98,390
Treasurer/Collector.....	722	-	-	722
Council on Aging.....	15,024	-	-	15,024
Zoning Board of Appeals.....	300	-	-	300
Law.....	5,000	-	-	5,000
Risk Management.....	20,945	-	-	20,945
Planning Board.....	27,500	-	-	27,500
Human Resources Board.....	455	-	-	455
Facilities Maintenance.....	1,499,997	-	-	1,499,997
Police Department.....	10,100	-	-	10,100
Special School Police.....	1,179	-	-	1,179
Fire Department.....	5,735	-	-	5,735
Engineering.....	14,753	-	-	14,753
Highway.....	8,424	-	-	8,424
Park.....	5,259	-	-	5,259
Recycling and Disposal.....	133,910	-	-	133,910
Public Works Management.....	2,426	-	-	2,426
Board of Health.....	1,760	-	-	1,760
Natural Resources Commission.....	168,296	-	-	168,296
Morses Pond.....	78,780	-	-	78,780
Wellesley Public Schools.....	401,838	-	-	401,838
Subsequent year expenditures.....	2,515,000	-	-	2,515,000
Unassigned.....	24,245,720	-	-	24,245,720
Total Fund Balances..... \$	<u>31,147,592</u>	<u>\$ 10,082,102</u>	<u>\$ 19,131,486</u>	<u>\$ 60,361,180</u>

NOTE 10 – 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; injuries to employees; and natural disasters. The Town has purchased commercial insurance for these risks, except for those risks identified in the following paragraphs, which the Town accounts for in its Internal Service Fund. The amount of claim settlements has not exceeded insurance coverage in any of the previous three years.

The Town entered into an agreement with certain suburban communities and other governmental units forming the West Suburban Health Group (the “Group”). The purpose of the Group is for the joint negotiation and purchase of health insurance coverage with various carriers. Under these agreements, the insurance claims of the covered employees are paid for by the insurance carrier and are subsequently reimbursed by the Group. The Group charges monthly premiums to each governmental unit based upon requirements established through underwriting or actuarial estimates. The Group also maintains a deposit with the insurance carrier which is sufficient to cover two months of claims paid by the carrier for the Group. In addition, the Group provides full reinsurance coverage for all claim costs in excess of \$225,000 per covered employee.

In the event of a dissolution of the Group or if the assets of the Group are insufficient to pay claims which occur, the Town remains liable. The Group had a fund balance of approximately \$6.8 million at June 30, 2018 (based on the most recent audited information available), which appears sufficient to cover future claims. The Town’s total potential liability is not based on its participants’ claims but on the pro rata share of any deficit based on the ratio of the Town’s members to total participants at the time of dissolution. At June 30, 2019, the Group’s mandatory deposit, discussed above, is sufficient to cover the Town’s projected liability for incurred but not reported claims as of that date.

The Town is self-insured for workers’ compensation claims. The Town has recorded an actuarially determined loss liability in its Internal Service Fund to reserve against future losses. This liability includes a provision for estimated claims incurred but not reported. In addition to these reserves, the Town retains insurance against claims in excess of \$250,000 per employee.

Changes in the Workers’ Compensation Fund claims liability amount for the years ended June 30 were as follows:

	Balance at Beginning of Year	Current Year Claims and Changes in Estimate	Claims Payments	Balance at Year-End	Current Portion
2018.....	\$ 435,000	\$ 417,656	\$ (405,656)	\$ 447,000	\$ 181,000
2019.....	447,000	473,059	(468,059)	452,000	235,000

NOTE 11 – PENSION PLAN

Plan Descriptions

The Town is a member of the Wellesley Contributory Retirement System (WCRS), a cost-sharing multiple-employer defined benefit pension plan covering eligible employees of its 2 member units (the Town and the Wellesley Housing Authority). 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, 2018. The Town's portion of the collective pension expense, contributed by the Commonwealth, of \$17,745,908 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 \$175,120,312 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.

At December 31, 2018, the WCRS membership consists of the following:

Active members.....	702
Inactive members.....	211
Retirees and beneficiaries currently receiving benefits.....	<u>403</u>
Total.....	<u><u>1,316</u></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 WCRS 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, 2018, was an actuarially determined amount of \$8,349,999. This amount 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 total member unit's contribution is equal to 21.16% of covered payroll. The Town's proportionate share of the required contribution was \$8,285,437. The Town contributed \$8,306,667, \$21,230 in excess of the required amount.

Pension Liabilities

The components of the net pension liability of the participating member units at December 31, 2018 were as follows:

	<u>Total System</u>	<u>Town Share</u>	<u>Housing Authority Share</u>
Total pension liability.....	\$ 249,486,962	\$ 247,545,359	\$ 1,941,603
Total pension plan's fiduciary net position.....	<u>(187,948,601)</u>	<u>(186,485,913)</u>	<u>(1,462,688)</u>
Total net pension liability.....	<u>\$ 61,538,361</u>	<u>\$ 61,059,446</u>	<u>\$ 478,915</u>
The pension plan's fiduciary net position as a percentage of the total pension liability.....	75.33%	75.33%	75.33%

At June 30, 2019, the Town reported a liability of \$61,059,446 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2019. 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, 2018, the Town's proportion was 99.22%, which increased from its proportion measured at December 31, 2017 of 99.15%.

Pension Expense

For the year ended June 30, 2019, the Town recognized pension expense of \$8,263,552. At June 30, 2019, the Town reported deferred outflows and (inflows) of resources related to pensions of \$12,312,886 and (\$4,646,637), respectively, from difference between expected and actual experience, changes of assumptions, differences between projected and actual earnings, and the proportionate share of contributions.

The balances of deferred outflows and inflows at June 30, 2019 consist of the following:

Deferred Category	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Differences between expected and actual experience.....	\$ 2,357,082	\$ (2,524,920)	\$ (167,838)
Difference between projected and actual earnings.....	5,029,035	-	5,029,035
Changes in assumptions.....	2,803,528	-	2,803,528
Changes in proportion and proportionate share of contributions...	2,123,241	(2,121,717)	1,524
Total deferred outflows/(inflows) of resources.....	\$ <u>12,312,886</u>	\$ <u>(4,646,637)</u>	\$ <u>7,666,249</u>

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

Year ended June 30:	
2020.....	\$ 2,895,987
2021.....	100,120
2022.....	286,881
2023.....	3,905,020
2024.....	<u>478,241</u>
Total.....	\$ <u>7,666,249</u>

Actuarial Assumptions – The total pension liability as of December 31, 2018, was determined by an actuarial valuation as of January 1, 2019, using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation date.....	January 1, 2019
Actuarial cost method.....	Entry Age Normal Cost Method.
Amortization method.....	Level dollar for 2010 ERI liability and 3.5% increasing payments through June 30, 2022.
Remaining amortization method.....	As of July 1, 2017, 5 years for the 2010 ERI liability and 13 years for the remaining unfunded liability.
Asset valuation method.....	Fair value of assets are reported in the System's Annual Statement less unrecognized return in each of the last five years with a fresh start as of January 1, 2015. Unrecognized return is equal to the difference between the actual market value return and the expected market value return and if recognized over a five-year period, further adjusted, if necessary, to be within 20% of the market value.
Inflation rate.....	2.75%
Projected salary increases.....	Based on years of service, ranging from 7.00% decreasing to 3.50% after 11 years of service Group 1 and 2 employees, and ranging from 8.00% decreasing to 4.00% after 11 years for Group 4 employees.

Cost of living adjustments.....	2.75% increase on the first \$17,000 (previously, \$15,000) of retirement allowance.
Rates of retirement.....	Varies based upon age for general employees, police and fire employees.
Mortality rates:	
Pre-Retirement.....	RP-2014 Blue Collar Employee Mortality Table set forward one year for females projected generationally with Scale MP-2016.
Healthy Retiree.....	RP-2014 Blue Collar Healthy Annuitant Mortality Table set forward one year for females projected generationally with Scale MP-2016.
Disabled Retiree.....	RP-2000 Healthy Annuitant Mortality Table projected generationally with Scale BB from 2015.
Investment rate of return/Discount rate.....	6.625%, net of pension plan investment expense, including inflation.

Investment policy

The pension plan’s policy in regard to the allocation of invested assets is established by PRIT. 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 arithmetic real rates of return for each major asset class included in the pension plan’s target asset allocation as of December 31, 2018, and the target allocations as of December 31, 2018, are summarized in the following table:

Asset Class	Long-Term Expected Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity.....	21.00%	6.16%
International developed markets equity..	13.00%	6.69%
International emerging markets equity...	5.00%	9.47%
Core fixed income.....	15.00%	1.89%
High-yield bonds.....	8.00%	4.00%
Real estate.....	10.00%	4.58%
Commodities.....	4.00%	4.77%
Hedge fun, GTAA, Risk parity.....	11.00%	3.68%
Private equity.....	13.00%	10.00%
Total.....	100.00%	

The weighted average expected real rate of return is approximately 5.6%, which is greater than the discount rate used of 6.625% that includes inflation of 2.75%.

Rate of return

For the year ended December 31, 2018, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was a loss of (-2.39%). 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 6.625% (net of pension plan investment expense, including inflation). 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 rates. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the net pension liability, calculated using the discount rate of 6.625% as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.625%) or 1-percentage-point higher (7.625%) than the current rate:

	<u>1% Decrease (5.625%)</u>	<u>Current Discount (6.625%)</u>	<u>1% Increase (7.625%)</u>
The Town's proportionate share of the net pension liability.....	\$ 91,446,609	\$ 61,059,446	\$ 35,640,164
Total System's net pension liability.....	\$ 92,163,863	\$ 61,538,361	\$ 35,919,705

Changes in Assumptions –

- The investment return assumption was decreased from 6.75% to 6.625%.
- The mortality assumptions was changed from the RP-2014 Blue Collar Employee and Healthy Annuitant Mortality Tables with MP-2014 improvement projections backed out to a base year of 2006 and projected generationally with Scale BB to the RP-2014 Blue Collar Employee and Healthy Annuitant Tables set forward one year for females projected generationally with Scale MP-2016.
- The mortality assumption for disabled participants was changed from the RP-2014 Blue Collar Healthy Annuitant Mortality Table projected with MP-2014 improvement projections backed out to a base year of 2006 and projected generationally with Scale BB set forward 3 years for males to the RP-2000 Healthy Annuitant Mortality Table projected generationally with Scale BB from 2015.
- The administrative expense assumption was increased from \$250,000 to \$275,000.
- The inflation rate was lowered from 3.5% to 2.75%.
- The Cost of Living Adjustment assumption was changed from a 3.00% increase on the first \$15,000 of retirement allowance to a 2.75% increase on the first \$15,000 of retirement allowance.

Changes in Plan Provisions –

- The Cost of Living Adjustment base was increased to \$16,000 effective July 1, 2018, \$17,000 effective July 1, 2019 and to \$18,000 effective July 1, 2020.

NOTE 12 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description – The Town maintains a single employer defined benefit healthcare plan (“The Other Postemployment Benefit Plan”). The plan provides lifetime healthcare and life insurance for eligible retirees and their spouses. Chapter 32B of the MGL assigns authority to establish and amend benefit provisions of the Plan. The plan provides the benefits by participating in the West Suburban Health Group. Medical and prescription drug benefits are provided to all eligible retirees through a variety of plans offered by Blue Cross Blue Shield of Massachusetts, Harvard Pilgrim Health Care, Tufts Health Plan, and Fallon Community Health Plan, as well as an out-of-area indemnity plan administered by North American Administrators. Benefit provisions are negotiated between the Town and the unions representing Town employees and are renegotiated each bargaining period. The plan also pays 50% of the retiree life insurance premiums. The Other Postemployment Benefit Plan does not issue a publicly available financial report.

The Town adopted MGL, Chapter 32B, Section 18 in April 2006, requiring all Medicare-eligible retirees to enroll in a Medicare supplement plan. The effects of this adoption have been included in the determination of OPEB liabilities by the Town’s actuary.

Funding Policy – Contribution requirements are also negotiated between the Town and union representatives. Retired plan members and beneficiaries currently receiving benefits are required to contribute between 17.7% and 50% of the cost of benefits provided depending on the plan they choose. The Town is required to contribute the balance of the current premiums and may contribute additional amounts to pre-fund benefits. The Town contributed \$9,265,150 during 2019 towards these benefits including the pre-funding amount discussed below. Administrative costs of the Plan are assumed to be included in the fully insured premium rates. For the year ended June 30, 2019, the Town’s average contribution rate was 9.2% of covered payroll.

The Commonwealth of Massachusetts passed special legislation that has allowed the Town to establish the postemployment benefit trust fund and to enable the Town to raise taxes necessary to pre-fund its OPEB liabilities. During 2019, the Town pre-funded future OPEB liabilities in the amount of \$3,645,843 by contributing funds to the Other Postemployment Benefit Fund in excess of the pay-as-you-go required contribution.

The Town’s governmental operations and the water and sewer business-type operations have established a funding schedule, calculated through the actuarial valuation, to fund the outstanding liability over the next 18 years. The Municipal Light business-type activity has adopted a more aggressive funding schedule. As a result, the Municipal Light Department has reported a net OPEB asset as of June 30, 2019. The net asset has been blended with the Town’s net OPEB liability in the following disclosures.

GASB Statement #74 – OPEB Plan Financial Reporting

Measurement Date – GASB #74 requires the net OPEB liability to be measured as of the OPEB Plan’s most recent fiscal year-end. Accordingly, the net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2018.

Employees Covered by Benefit Terms – The following table represents the Plan’s membership at June 30, 2019:

Active members.....	936
Inactive members currently receiving benefits.....	928
	<hr/>
Total.....	1,864
	<hr/> <hr/>

Components of OPEB Liability – The following table represents the components of the Plan’s OPEB liability as of June 30, 2019:

Total OPEB liability.....	\$	120,899,268
Less: OPEB plan's fiduciary net position.....		<u>(69,983,462)</u>
Net OPEB liability.....	\$	<u>50,915,806</u>
The OPEB plan's fiduciary net position as a percentage of the total OPEB liability.....		57.89%

Significant Actuarial Methods and Assumptions – The total OPEB liability in the December 31, 2018, actuarial valuation was determined by using the following actuarial assumptions, applied to all periods included in the measurement that was updated to June 30, 2019 to be in accordance with GASB #74.

Valuation date.....	Actuarially determined contribution for the fiscal year ending June 30, 2019 was determined with the December 31, 2018 actuarial valuation.
Actuarial cost method.....	Entry age normal cost method.
Amortization method.....	Payments increase at 3.0% per year.
Remaining amortization period.....	19 years as of July 1, 2018.
Asset valuation method.....	Fair value.
Discount rate/Investment rate of return.....	6.625%
Inflation rate.....	3.00%
Health care trends rate.....	Medical and Prescription Drug: 7.0% decreasing by 0.5% each year to an ultimate level of 4.5% per year. Medical Part B Premium: 4.5%.
Mortality rates.....	Pre-Retirement (Non-Teachers): RP-2014 Blue Collar Employee Mortality Table projected generationally with Scale MP-2016 set forward one year for females. Healthy (Non-Teachers): RP-2014 Blue Collar Healthy Annuitant Mortality Table projected generationally with Scale MP-2016 set forward one year for females. Disabled (Non-Teachers): RP-2000 Healthy Annuitant Mortality Table projected generationally with Scale BB2D from 2015. Pre-Retirement (Teachers): RP-2014 White Collar Employee Mortality Table projected generationally with Scale MP-2016. Healthy (Teachers): RP-2014 White Collar Employee Mortality Table projected generationally with Scale MP-2016. Disabled (Teachers): RP-2014 White Collar Employee Mortality Table projected generationally with Scale MP-2016.

Rate of return – For the year ended June 30, 2019, the annual money-weighted rate of return on investments, net of investment expense, was 5.79%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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

Revenue

Asset Class	Long-Term Expected Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity.....	21.00%	6.16%
International developed markets equity..	13.00%	6.69%
International emerging markets equity...	5.00%	9.47%
Core fixed income.....	15.00%	1.89%
High yield fixed income.....	8.00%	4.00%
Real estate.....	10.00%	4.58%
Commodities.....	4.00%	4.77%
Hedge Fund, GTAA, Risk parity.....	11.00%	3.68%
Private equity.....	13.00%	10.00%
Total.....	100.00%	

Discount rate – The discount rate used to measure the total OPEB liability was 6.625% as of June 30, 2019, a decrease from the 6.75% discount rate used in the previous actuarial valuation. The projection of cash flows used to determine the discount rate assumed that contributions will be made in accordance with the Plan’s funding policy. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to be sufficient to make all projected benefit payments to current plan members. Therefore, the long-term expected rate of return on the OPEB plan assets was applied to periods of projected future benefits payments.

Sensitivity of the Net OPEB 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 6.625%, 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 (5.625%) or 1-percentage-point higher (7.625%) than the current rate.

	1% Decrease (5.625%)	Current Discount Rate (6.625%)	1% Increase (7.625%)
Net OPEB liability..... \$	68,741,117	\$ 50,915,806	\$ 36,410,153

Sensitivity of the Net OPEB 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 rate, 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 or 1-percentage-point higher.

	<u>1% Decrease</u>	<u>Current Trend</u>	<u>1% Increase</u>
Net OPEB liability.....	\$ 35,662,396	\$ 50,915,806	\$ 70,098,328

Changes of Assumptions - The December 31, 2018, actuarial valuation included the following changes of assumptions:

- The per capital health costs were updated to reflect current experiences.
- The trend assumptions were revised to reflect future expectations.
- The mortality assumptions were changed to match the assumptions used in the Town of Wellesley Contributory Retirement System Actuarial Valuation and Review as of January 1, 2017, dated October 26, 2017, and the Massachusetts Teachers’ Retirement System Actuarial Valuation Report as of January 1, 2018 dated October 10, 2018.
- The excise tax on high cost health plans beginning in 2022 was recalculated with this valuation.
- The expected rate of return, and the discount rate, was decreased from 6.75% to 6.625%.
- The future retiree plan enrollment assumption for actives increased from 115% to 125%.

Changes in Plan Provisions - The June 30, 2019, liability reflects the terms of the memorandum of agreement (MOA) effective July 1, 2018, concerning health insurance for Town employees and retirees. This includes changes to the retiree premium and the introduction of high deductible plans with a Health Savings Account and Health Reimbursement Account for non-Medicare retirees.

GASB Statement #75 – OPEB Employer Financial Reporting

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 – GASB Statement #75 requires the net OPEB liability to be measured as of a date no earlier than the end of the employer’s prior fiscal year and no later than the end of the employer’s current fiscal year, consistently applied from period to period. Accordingly, the net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2016.

Plan Membership – The following table represents the Plan’s membership at June 30, 2018:

Active members.....	936
Inactive employees or beneficiaries currently receiving benefits.....	<u>928</u>
Total.....	<u>1,864</u>

Significant Actuarial Methods and Assumptions – The total OPEB liability in the June 30, 2016, 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, 2018, to be in accordance with GASB Statement #75:

Valuation date.....	Actuarially determined contribution for fiscal year ending June 30, 2018 was determined with the June 30, 2016 actuarial valuation.
Actuarial cost method.....	Projected unit credit method.
Amortization method.....	Payments increase at 3.5%.
Remaining amortization period.....	21 years as of July 1, 2016, except 6 years as of July 1, 2016 for the Municipal Light Plan.
Asset valuation method.....	Fair value.
Discount rate/Investment rate of return...	6.75%
Inflation rate.....	3.50%
Health care trends rate.....	Medical and Prescription Drug: 7.0% decreasing by 0.5% for 4 years to an ultimate level of 5.0%. Medical Part B Premium 5.0%.
Mortality rates.....	Pre-Retirement (Non-Teachers): RP-2014 Blue Collar Healthy Employee Mortality Table with MP-2014 improvement projections backed out to a base year of 2006 and projected generationally with Scale BB2D. Healthy (Non-Teachers): RP-2014 Blue Collar Healthy Annuitant Mortality Table with MP-2014 improvement projections backed out to a base year of 2006 and projected generationally with Scale BB2D. Disabled (Non-Teachers): RP-2014 Blue Collar Healthy Annuitant Mortality Table with MP-2014 improvement projections based out to a base year with 2006 projected generationally with Scale BB2D set forward 3 years for males. Pre-Retirement (Teachers): RP-2014 Employee Mortality Table projected generationally with Scale BB2D from 2014. Healthy (Teachers): RP-2014 Healthy Annuitant Mortality Table projected generationally with Scale BB2D from 2014. Disabled (Teachers): RP-2014 Healthy Annuitant Table set forward 4 years projected generationally with Scale BB2D from 2014.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These returns 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 and subtracting expected investment expenses and a risk margin. The target allocation as of June 30, 2018 and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before investment expenses, used in the derivation of the long-term expected investment rate of return assumption are summarized in the following table:

Asset Class	Long-Term Expected Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity.....	17.50%	6.15%
International developed markets equity..	15.50%	7.11%
International emerging markets equity...	6.00%	9.41%
Core fixed income.....	12.00%	1.68%
High yield fixed income.....	10.00%	4.13%
Real estate.....	10.00%	4.90%
Commodities.....	4.00%	4.71%
Hedge Fund, GTAA, Risk parity.....	13.00%	3.94%
Private equity.....	12.00%	10.28%
Total.....	100.00%	

Discount rate – The discount rate used to measure the total OPEB liability was 6.75% as of June 30, 2018, the same discount rate that was used as of June 30, 2017. The projection of cash flows used to determine the discount rate assumed that contributions will be made in accordance with the Plan's funding policy. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected benefit payments to current plan members. Therefore, the long-term expected rate of return on the OPEB plan assets was applied to periods of projected future benefits payments to determine the total OPEB liability.

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, 2017.....	\$ 117,076,393	\$ 53,669,968	\$ 63,406,425
Changes for the year:			
Service cost.....	3,793,326	-	3,793,326
Interest.....	7,990,117	-	7,990,117
Differences between expected and actual experience....	(5,332,500)	-	(5,332,500)
Changes of assumptions.....	(4,380,595)	-	(4,380,595)
Contributions - employer.....	-	8,724,519	(8,724,519)
Net investment income.....	-	5,307,352	(5,307,352)
Benefit payments.....	(5,078,148)	(5,078,148)	-
Net change.....	(3,007,800)	8,953,723	(11,961,523)
Balances at June 30, 2018.....	\$ 114,068,593	\$ 62,623,691	\$ 51,444,902

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate – The following table presents the net other postemployment benefit liability, calculated using the discount rate of 6.75%, as well as what the net other postemployment benefit liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current discount rate.

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Net OPEB liability.....	\$ 66,989,135	\$ 51,444,902	\$ 38,619,078

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following table presents the net other postemployment benefit liability, calculated using the current healthcare trend rate of 5.00%, as well as what the net other postemployment benefit liability would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher.

	1% Decrease	Current Trend	1% Increase
Net OPEB liability.....	\$ 37,792,234	\$ 51,444,902	\$ 68,406,350

OPEB Expense and Deferred Outflows of Resources Related to OPEB – For the financial reporting year ended June 30, 2019 the Town recognized OPEB expense of \$5,532,164 and reported deferred outflows 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.....	\$ -	\$ (4,443,750)	\$ (4,443,750)
Difference between projected and actual earnings.....	-	(2,972,803)	(2,972,803)
Changes in assumptions.....	-	(3,650,496)	(3,650,496)
Contributions made subsequent to the measurement date.....	3,645,843	-	3,645,843
Total deferred outflows/(inflows) of resources.....	\$ 3,645,843	\$ (11,067,049)	\$ (7,421,206)

Amounts reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense in the following fiscal years:

Fiscal year ended June 30:	
2020.....	\$ 1,140,164
2021.....	(2,505,679)
2022.....	(2,505,680)
2023.....	(1,931,161)
2024.....	(1,618,850)
Total.....	\$ (7,421,206)

Changes of Assumptions – None.

Changes in Plan Provisions – None.

NOTE 13 – FINANCIAL STATEMENTS FOR INDIVIDUAL PENSION AND OTHER POSTEMPLOYMENT BENEFIT TRUST FUNDS

GAAP requires that all Pension and Other Postemployment 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 below are the individual financial statements for the pension and OPEB plans that are included in the Fiduciary Funds as Pension and Other Postemployment Benefit Trust Funds.

	Pension Trust Fund (as of December 31, 2018)	Other Postemployment Benefit Trust Fund	Total Pension and Other Postemployment Benefit Trust Funds
ASSETS			
Cash and cash equivalents.....	\$ 934,649	\$ -	\$ 934,649
Investments:			
Investments in Pension Reserve Investment Trust.....	186,914,037	69,983,462	256,897,499
Receivables, net of allowance for uncollectibles:			
Departmental and other.....	609,398	-	609,398
Other assets.....	1,743	-	1,743
TOTAL ASSETS.....	188,459,827	69,983,462	258,443,289
LIABILITIES			
Warrants payable.....	511,226	-	511,226
NET POSITION			
Restricted for pensions.....	187,948,601	-	187,948,601
Restricted for other postemployment benefits.....	-	69,983,462	69,983,462
TOTAL NET POSITION.....	\$ 187,948,601	\$ 69,983,462	\$ 257,932,063

	Pension Trust Fund (as of December 31, 2018)	Other Postemployment Benefit Trust Fund	Total Pension and Other Postemployment Benefit Trust Funds
ADDITIONS:			
Contributions:			
Employer contributions.....	\$ 8,371,229	\$ 3,645,843	\$ 12,017,072
Employer contributions for OPEB payments..	-	5,619,307	5,619,307
Member contributions.....	3,879,608	-	3,879,608
Transfers from other systems.....	394,168	-	394,168
3(8)c contributions from other systems.....	454,164	-	454,164
Workers compensation settlements.....	1,006	-	1,006
Member makeup payments and redeposits...	37,269	-	37,269
Intergovernmental.....	84,940	-	84,940
Total contributions.....	13,222,384	9,265,150	22,487,534
Net investment income:			
Investment income.....	(3,511,131)	4,071,721	560,590
Less: investment expense.....	(1,012,271)	(357,793)	(1,370,064)
Net investment income (loss).....	(4,523,402)	3,713,928	(809,474)
TOTAL ADDITIONS.....	8,698,982	12,979,078	21,678,060
DEDUCTIONS:			
Administration.....	224,469	-	224,469
Transfers to other systems.....	443,866	-	443,866
3(8)c transfer to other systems.....	326,292	-	326,292
Retirement benefits and refunds.....	11,953,008	-	11,953,008
Other postemployment benefit payments.....	-	5,619,307	5,619,307
TOTAL DEDUCTIONS.....	12,947,635	5,619,307	18,566,942
NET INCREASE (DECREASE) IN NET POSITION.....			
	(4,248,653)	7,359,771	3,111,118
NET POSITION AT BEGINNING OF YEAR.....	192,197,254	62,623,691	254,820,945
NET POSITION AT END OF YEAR.....	\$ 187,948,601	\$ 69,983,462	\$ 257,932,063

NOTE 14 – COMMITMENTS

The Town is committed to completing various projects throughout the Town which will be funded with long-term debt totaling approximately \$11.9 million.

The Wellesley Municipal Light Plant (WMLP) purchases approximately 90% of its energy through its affiliation with Energy New England, LLC. The Plant has entered into tradeable hedging contracts with Energy New England, LLC through 2023.

The following are the Plant's future purchase commitments at June 30, 2019:

Energy Purchase Commitments				
Megawatt-Hour (MWH)				
Fiscal Year	Projected MWH's	Committed MWH's	Average Cost Per MWH	Total Commitments
2020	240,642	223,147	\$ 51	\$ 11,447,441
2021	240,022	242,206	50	12,115,144
2022	239,997	233,227	49	11,505,087
2023	239,914	223,862	49	11,031,919
2024	240,442	156,885	49	7,623,042
	<u>1,201,017</u>	<u>1,079,327</u>		<u>\$ 53,722,633</u>

Amounts are based on Energy New England's analysis, through June 2023, of the Plant's firm commitment with respect to future energy purchases. The WMLP has locked-in energy prices through this period that are approximately \$3.6 million above market prices as of June 30, 2019. However, these hedge rates may not necessarily be lower than historical rates paid for prior year's purchased power.

NOTE 15 – CONTINGENCIES

The Town participates in a number of federal award programs. Although the grant programs have been audited in accordance with the provisions of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* through June 30, 2019, these programs are still subject to financial and compliance audits. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although it is expected that such amounts, if any, would 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, 2019, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2019.

NOTE 16 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 4, 2019, which is the date the financial statements were available to be issued.

NOTE 17 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

During 2019, the following GASB pronouncements were implemented:

- GASB Statement #83, *Certain Asset Retirement Obligations*. This pronouncement did not impact the basic financial statements.
- GASB Statement #88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. This pronouncement did not impact the basic financial statements.

The following GASB pronouncements will be implemented in the future:

- The GASB issued Statement #84, *Fiduciary Activities*, which is required to be implemented in 2020.
- The GASB issued Statement #87, *Leases*, which is required to be implemented in 2021.
- The GASB issued Statement #89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, which is required to be implemented in 2021.
- The GASB issued Statement #90, *Majority Equity Interests – an amendment of GASB Statements #14 and #61*, which is required to be implemented in 2020.
- The GASB issued Statement #91, *Conduit Debt Obligations*, 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.

This page intentionally left blank.

Required Supplementary Information

General Fund Budgetary Comparison Schedule

The General Fund is the general operating fund of the Town. It is used to account for the entire Town's financial resources, except those required to be accounted for in another fund.

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

YEAR ENDED JUNE 30, 2019

	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.....	\$ 140,259,658	\$ 140,259,658	\$ 140,528,343	\$ -	\$ 268,685
Tax liens.....	-	-	281,612	-	281,612
Motor vehicle and other excise taxes.....	5,090,000	5,090,000	5,901,008	-	811,008
Meals tax.....	610,000	610,000	684,631	-	74,631
Penalties and interest on taxes.....	250,000	250,000	387,824	-	137,824
Payments in lieu of taxes.....	76,000	76,000	76,443	-	443
Intergovernmental.....	10,347,974	10,347,974	10,349,580	-	1,606
Departmental and other.....	3,555,434	3,555,434	5,305,587	-	1,750,153
Investment income.....	450,000	450,000	1,644,747	-	1,194,747
TOTAL REVENUES.....	160,639,066	160,639,066	165,159,775	-	4,520,709
EXPENDITURES:					
GENERAL GOVERNMENT:					
Executive Director's Office:					
Personal Services.....	463,321	556,025	537,894	-	18,131
Expenses.....	33,325	33,325	27,148	-	6,177
Capital Outlay.....	38,453	38,453	35,258	3,195	-
	<u>535,099</u>	<u>627,803</u>	<u>600,300</u>	<u>3,195</u>	<u>24,308</u>
Sustainable Energy:					
Personal Services.....	33,452	33,979	33,646	-	333
Expenses.....	5,425	5,425	4,205	70	1,150
	<u>38,877</u>	<u>39,404</u>	<u>37,851</u>	<u>70</u>	<u>1,483</u>
Central Administrative Services:					
Expenses.....	29,028	29,028	23,774	5,000	254
Capital Outlay.....	14,400	14,400	11,200	-	3,200
	<u>43,428</u>	<u>43,428</u>	<u>34,974</u>	<u>5,000</u>	<u>3,454</u>
Finance Department:					
Personal Services.....	444,699	447,204	441,217	-	5,987
Expenses.....	10,950	10,950	9,948	252	750
	<u>455,649</u>	<u>458,154</u>	<u>451,165</u>	<u>252</u>	<u>6,737</u>
Information Technology:					
Personal Services.....	657,307	671,445	607,314	-	64,131
Expenses.....	420,750	420,750	386,977	13,183	20,590
Capital Outlay.....	143,919	313,919	215,132	98,390	397
	<u>1,221,976</u>	<u>1,406,114</u>	<u>1,209,423</u>	<u>111,573</u>	<u>85,118</u>
Treasurer/Collector:					
Personal Services.....	310,444	314,307	312,493	-	1,814
Expenses.....	130,900	151,917	96,976	722	54,219
	<u>441,344</u>	<u>466,224</u>	<u>409,469</u>	<u>722</u>	<u>56,033</u>
Town Report:					
Expenses.....	4,000	4,000	2,042	-	1,958
Council on Aging:					
Personal Services.....	369,147	373,713	345,222	-	28,491
Expenses.....	64,057	64,057	54,214	124	9,719
Capital Outlay.....	18,824	18,824	3,800	15,024	-
	<u>452,028</u>	<u>456,594</u>	<u>403,236</u>	<u>15,148</u>	<u>38,210</u>
Veterans' Services:					
Expenses.....	69,150	69,150	69,150	-	-

(Continued)

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

YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Original Budget	Final Budget			
Youth Commission:					
Personal Services.....	82,998	84,687	83,681	-	1,006
Expenses.....	17,090	17,090	16,133	-	957
	<u>100,088</u>	<u>101,777</u>	<u>99,814</u>	<u>-</u>	<u>1,963</u>
Housing Development Corporation:					
Expenses.....	6,500	6,500	3,745	-	2,755
Historical Commission:					
Expenses.....	950	950	820	-	130
Memorial Day:					
Expenses.....	3,098	3,098	2,179	-	919
Celebrations Committee:					
Expenses.....	4,700	4,700	4,700	-	-
Zoning Board of Appeals:					
Personal Services.....	75,638	76,725	73,757	-	2,968
Expenses.....	12,440	12,440	10,467	300	1,673
	<u>88,078</u>	<u>89,165</u>	<u>84,224</u>	<u>300</u>	<u>4,641</u>
Law:					
Expenses.....	375,000	375,000	359,611	5,000	10,389
Risk Management:					
Expenses.....	467,257	467,257	433,849	20,945	12,463
Audit Committee:					
Expenses.....	58,200	58,200	58,100	-	100
Street Lighting:					
Expenses.....	145,000	145,000	140,658	-	4,342
Town Clerk/Election and Registration:					
Personal Services.....	271,614	288,493	255,823	-	32,670
Expenses.....	40,400	40,400	38,583	-	1,817
	<u>312,014</u>	<u>328,893</u>	<u>294,406</u>	<u>-</u>	<u>34,487</u>
Board of Assessors:					
Personal Services.....	277,592	280,812	276,096	-	4,716
Expenses.....	83,050	83,050	70,140	-	12,910
	<u>360,642</u>	<u>363,862</u>	<u>346,236</u>	<u>-</u>	<u>17,626</u>
Planning Board:					
Personal Services.....	276,470	282,528	257,165	-	25,363
Expenses.....	51,621	51,621	24,923	700	25,998
Capital Outlay.....	44,238	44,238	16,738	27,500	-
	<u>372,329</u>	<u>378,387</u>	<u>298,826</u>	<u>28,200</u>	<u>51,361</u>
Human Resources Board:					
Personal Services.....	303,834	315,436	315,436	-	-
Expenses.....	37,900	37,900	32,284	455	5,161
Capital Outlay.....	170,464	30,769	464	-	30,305
	<u>512,198</u>	<u>384,105</u>	<u>348,184</u>	<u>455</u>	<u>35,466</u>
Advisory Committee:					
Personal Services.....	7,000	9,300	9,131	-	169
Expenses.....	25,000	22,700	17,032	-	5,668
	<u>32,000</u>	<u>32,000</u>	<u>26,163</u>	<u>-</u>	<u>5,837</u>

(Continued)

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

YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Original Budget	Final Budget			
Advisory Committee - Reserve Fund:					
Expenses.....	175,000	145,000	-	-	145,000
TOTAL GENERAL GOVERNMENT.....	6,274,605	6,454,765	5,719,125	190,859	544,781
FACILITIES MAINTENANCE:					
Personal Services.....	4,571,511	4,585,031	4,525,359	-	59,672
Expenses.....	3,463,535	3,463,535	3,317,361	23,846	122,328
Capital Outlay.....	4,070,993	4,070,993	2,464,729	1,499,997	106,267
TOTAL FACILITIES MAINTENANCE.....	12,106,039	12,119,559	10,307,449	1,523,843	288,267
PUBLIC SAFETY:					
Police Department:					
Personal Services.....	5,692,187	5,693,471	5,692,282	-	1,189
Expenses.....	657,380	657,380	647,263	10,100	17
Capital Outlay.....	86,543	86,543	85,648	-	895
	<u>6,436,110</u>	<u>6,437,394</u>	<u>6,425,193</u>	<u>10,100</u>	<u>2,101</u>
Special School Police:					
Personal Services.....	127,606	127,606	68,887	-	58,719
Expenses.....	3,183	3,183	2,004	1,179	-
	<u>130,789</u>	<u>130,789</u>	<u>70,891</u>	<u>1,179</u>	<u>58,719</u>
Fire Department:					
Personal Services.....	5,225,425	5,225,425	5,179,505	4,543	41,377
Expenses.....	256,830	256,830	254,954	1,193	683
Capital Outlay.....	176,565	176,565	131,406	45,134	25
	<u>5,658,820</u>	<u>5,658,820</u>	<u>5,565,865</u>	<u>50,869</u>	<u>42,086</u>
Building Department:					
Personal Services.....	491,587	515,797	512,119	-	3,678
Expenses.....	40,650	50,450	49,885	-	565
	<u>532,237</u>	<u>566,247</u>	<u>562,004</u>	<u>-</u>	<u>4,243</u>
Sealer of Weights and Measurers:					
Personal Services.....	16,000	16,000	12,339	-	3,661
Expenses.....	2,550	2,550	2,010	-	540
	<u>18,550</u>	<u>18,550</u>	<u>14,349</u>	<u>-</u>	<u>4,201</u>
TOTAL PUBLIC SAFETY.....	12,776,506	12,811,800	12,638,302	62,148	111,350
PUBLIC WORKS:					
Engineering:					
Personal Services.....	522,832	554,514	549,220	-	5,294
Expenses.....	72,301	72,301	55,490	14,753	2,058
Capital Outlay.....	168,883	168,883	36,645	-	132,238
	<u>764,016</u>	<u>795,698</u>	<u>641,355</u>	<u>14,753</u>	<u>139,590</u>
Highway:					
Personal Services.....	1,067,862	1,070,982	1,066,963	-	4,019
Expenses.....	481,196	481,196	452,739	8,424	20,033
Capital Outlay.....	1,727,376	1,727,376	688,460	1,038,916	-
	<u>3,276,434</u>	<u>3,279,554</u>	<u>2,208,162</u>	<u>1,047,340</u>	<u>24,052</u>
Fleet Maintenance:					
Personal Services.....	160,922	160,922	160,922	-	-
Expenses.....	43,462	43,462	38,046	-	5,416
	<u>204,384</u>	<u>204,384</u>	<u>198,968</u>	<u>-</u>	<u>5,416</u>

(Continued)

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

YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Original Budget	Final Budget			
Park:					
Personal Services.....	1,242,196	1,243,654	1,218,855	-	24,799
Expenses.....	382,414	382,414	362,686	5,259	14,470
Capital Outlay.....	517,268	517,268	238,542	278,623	103
	2,141,878	2,143,336	1,820,083	283,882	39,371
Recycling and Disposal:					
Personal Services.....	1,080,614	1,064,019	941,264	-	122,755
Expenses.....	1,280,064	1,280,064	1,031,109	133,910	115,045
Capital Outlay.....	160,275	160,275	62,184	98,091	-
	2,520,953	2,504,358	2,034,557	232,001	237,800
Management:					
Personal Services.....	360,016	366,809	356,003	-	10,806
Expenses.....	24,857	24,857	21,371	2,426	1,060
Capital Outlay.....	1,180,779	1,180,779	763,090	237,863	179,826
	1,565,652	1,572,445	1,140,464	240,289	191,692
Winter Maintenance:					
Expenses.....	357,420	807,420	805,974	-	1,446
TOTAL PUBLIC WORKS.....	10,830,737	11,307,195	8,849,563	1,818,264	639,368
WELLESLEY FREE LIBRARY:					
Library Trustees:					
Personal Services.....	1,975,985	1,983,058	1,971,547	-	11,511
Expenses.....	554,852	554,852	554,720	-	132
Capital Outlay.....	76,800	76,800	74,095	2,705	-
TOTAL WELLESLEY FREE LIBRARY.....	2,607,637	2,614,710	2,600,362	2,705	11,643
RECREATION:					
Recreation Commission:					
Personal Services.....	331,839	339,484	338,896	-	588
Expenses.....	28,040	28,040	26,537	-	1,503
TOTAL RECREATION.....	359,879	367,524	365,433	-	2,091
HEALTH:					
Board of Health:					
Personal Services.....	489,204	500,131	485,522	-	14,609
Expenses.....	81,768	81,768	75,873	1,760	4,135
	570,972	581,899	561,395	1,760	18,744
Mental Health Services:					
Expenses.....	238,691	238,691	238,684	-	7
TOTAL HEALTH.....	809,663	820,590	800,079	1,760	18,751
NATURAL RESOURCES:					
Natural Resources Commission:					
Personal Services.....	208,110	211,447	207,181	-	4,266
Expenses.....	22,588	22,588	14,112	162	8,314
Capital Outlay.....	286,939	286,939	109,332	168,296	9,311
	517,637	520,974	330,625	168,458	21,891
Morses Pond:					
Expenses.....	149,061	149,061	132,303	-	16,758
Capital Outlay.....	82,668	82,668	1,312	78,780	2,576
	231,729	231,729	133,615	78,780	19,334
TOTAL NATURAL RESOURCES.....	749,366	752,703	464,240	247,238	41,225

(Continued)

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

YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Original Budget	Final Budget			
WELLESLEY PUBLIC SCHOOLS.....	80,720,885	80,720,885	75,897,261	4,689,184	134,440
EMPLOYEE BENEFITS:					
Group Insurance:					
Expenses.....	18,984,487	18,984,487	17,390,719	-	1,593,768
Medical - Police & Fire:					
Expenses.....	100,000	100,000	50,581	-	49,419
Worker's Compensation:					
Expenses.....	287,700	287,700	287,700	-	-
Other Postemployment Benefits Liability Fund:					
Expenses.....	3,432,000	3,432,000	3,432,000	-	-
Retirement Contribution:					
Expenses.....	7,056,425	7,063,470	7,063,470	-	-
Unemployment Compensation:					
Expenses.....	150,000	150,000	150,000	-	-
Compensated Absences:					
Expenses.....	120,000	102,700	76,830	-	25,870
Non-Contributory Pensions:					
Expenses.....	19,100	12,055	9,892	-	2,163
TOTAL EMPLOYEE BENEFITS.....	30,149,712	30,132,412	28,461,192	-	1,671,220
State and County Charges.....	1,260,154	1,260,154	1,262,764	-	(2,610)
Debt service:					
Principal.....	11,578,000	11,643,000	11,643,000	-	-
Interest.....	4,976,172	5,013,980	5,013,980	-	-
Total debt service.....	16,554,172	16,656,980	16,656,980	-	-
TOTAL EXPENDITURES.....	175,199,355	176,019,277	164,022,750	8,536,001	3,460,526
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	(14,560,289)	(15,380,211)	1,137,025	(8,536,001)	7,981,235
OTHER FINANCING SOURCES (USES):					
Use of prior year fund balance to fund carryovers.....	9,900,549	9,900,549	-	-	(9,900,549)
Free cash voted to reduce tax rate for fiscal year 2019.....	2,646,079	2,646,079	-	-	(2,646,079)
Free cash voted to fund fiscal year 2019 budget.....	-	2,620,592	-	-	(2,620,592)
Transfers in.....	2,013,661	2,183,661	2,179,056	-	(4,605)
Transfers out.....	-	(1,970,670)	(1,970,670)	-	-
TOTAL OTHER FINANCING SOURCES (USES).....	14,560,289	15,380,211	208,386	-	(15,171,825)
NET CHANGE IN FUND BALANCE.....	-	-	1,345,411	(8,536,001)	(7,190,590)
BUDGETARY FUND BALANCE, Beginning of year.....	28,803,962	28,803,962	28,803,962	-	-
BUDGETARY FUND BALANCE, End of year.....	\$ 28,803,962	\$ 28,803,962	\$ 30,149,373	\$ (8,536,001)	\$ (7,190,590)

See notes to required supplementary information.

(Concluded)

Pension Plan Schedules – Retirement System

The Pension Plan's Schedule of Changes in Net Pension Liability presents multi-year trend information on the Plan's 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
WELLESLEY CONTRIBUTORY RETIREMENT SYSTEM**

	December 31, 2014	December 31, 2015	December 31, 2016	December 31, 2017	December 31, 2018
Total pension liability:					
Service cost.....	\$ 5,067,998	\$ 5,629,329	\$ 5,835,095	\$ 6,056,541	\$ 6,304,678
Interest.....	13,553,363	14,040,337	14,622,378	14,872,702	15,690,721
Differences between expected and actual experience.....	(4,690,325)	-	(3,526,008)	-	2,850,684
Changes of benefit terms.....	10,614,112	-	2,112,997	-	-
Changes in assumptions.....	-	-	-	2,765,608	-
Benefit payments.....	<u>(10,336,763)</u>	<u>(11,105,145)</u>	<u>(11,400,054)</u>	<u>(11,400,176)</u>	<u>(11,790,962)</u>
Net change in total pension liability.....	14,208,385	8,564,521	7,644,408	12,294,675	13,055,121
Total pension liability - beginning.....	<u>193,719,852</u>	<u>207,928,237</u>	<u>216,492,758</u>	<u>224,137,166</u>	<u>236,431,841</u>
Total pension liability - ending (a).....	<u>\$ 207,928,237</u>	<u>\$ 216,492,758</u>	<u>\$ 224,137,166</u>	<u>\$ 236,431,841</u>	<u>\$ 249,486,962</u>
Plan fiduciary net position:					
Employer contributions.....	\$ 7,070,467	\$ 7,304,832	\$ 7,562,273	\$ 7,835,775	\$ 8,371,229
Member contributions.....	3,393,034	3,478,496	3,608,960	3,783,992	3,918,951
Net investment income (loss).....	10,717,718	1,152,712	11,291,223	27,868,069	(4,523,402)
Administrative expenses.....	(226,954)	(250,722)	(245,349)	(243,555)	(224,469)
Retirement benefits and refunds.....	<u>(10,336,763)</u>	<u>(11,105,145)</u>	<u>(11,400,054)</u>	<u>(11,400,176)</u>	<u>(11,790,962)</u>
Net increase (decrease) in fiduciary net position.....	10,617,502	580,173	10,817,053	27,844,105	(4,248,653)
Fiduciary net position - beginning of year.....	<u>142,338,421</u>	<u>152,955,923</u>	<u>153,536,096</u>	<u>164,353,149</u>	<u>192,197,254</u>
Fiduciary net position - end of year (b).....	<u>\$ 152,955,923</u>	<u>\$ 153,536,096</u>	<u>\$ 164,353,149</u>	<u>\$ 192,197,254</u>	<u>\$ 187,948,601</u>
Net pension liability - ending (a)-(b).....	<u>\$ 54,972,314</u>	<u>\$ 62,956,662</u>	<u>\$ 59,784,017</u>	<u>\$ 44,234,587</u>	<u>\$ 61,538,361</u>
Plan fiduciary net position as a percentage of the total pension liability.....	73.56%	70.92%	73.33%	81.29%	75.33%
Covered payroll.....	\$ 35,228,283	\$ 35,959,727	\$ 36,836,364	\$ 38,226,711	\$ 39,169,350
Net pension liability as a percentage of covered payroll.....	156.05%	175.08%	162.30%	115.72%	157.11%
Discount rate.....	7.000%	6.750%	6.750%	6.625%	6.625%

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
WELLESLEY 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, 2019.....	\$ 8,349,999	\$ (8,371,229)	\$ (21,230)	\$ 39,561,044	21.16%
June 30, 2018.....	7,835,775	(7,874,297)	(38,522)	38,608,978	20.39%
June 30, 2017.....	7,562,273	(7,562,273)	-	37,204,728	20.33%
June 30, 2016.....	7,285,897	(7,304,832)	(18,935)	36,319,324	20.11%
June 30, 2015.....	7,040,036	(7,070,467)	(30,431)	35,580,566	19.87%

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

See notes to required supplementary information.

**SCHEDULE OF INVESTMENT RETURNS
WELLESLEY CONTRIBUTORY RETIREMENT SYSTEM**

<u>Year</u>	<u>Annual money-weighted rate of return, net of investment expense</u>
December 31, 2018.....	-2.39%
December 31, 2017.....	17.19%
December 31, 2016.....	7.49%
December 31, 2015.....	0.76%
December 31, 2014.....	7.63%

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 Contributions presents multi-year trend information on the Town's required and actual contributions to the pension plan and other 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
WELLESLEY 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 31, 2018.....	99.22%	\$ 61,059,446	\$ 39,169,350	155.89%	75.33%
December 31, 2017.....	99.15%	43,857,182	38,226,711	114.73%	81.29%
December 31, 2016.....	99.16%	59,284,672	36,836,364	160.94%	73.33%
December 31, 2015.....	99.20%	62,453,930	35,959,727	173.68%	70.92%
December 31, 2014.....	99.20%	54,529,625	35,228,283	154.79%	73.56%

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 TOWN CONTRIBUTIONS
WELLESLEY 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, 2019.....	\$ 8,285,437	\$ (8,306,667)	\$ (21,230)	\$ 39,561,044	21.00%
June 30, 2018.....	7,784,319	(7,822,841)	(38,522)	38,608,978	20.26%
June 30, 2017.....	7,512,624	(7,512,624)	-	37,204,728	20.19%
June 30, 2016.....	7,224,702	(7,243,637)	(18,935)	36,319,324	19.94%
June 30, 2015.....	6,983,288	(6,983,288)	-	35,580,566	19.63%

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 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
2019.....	\$ 175,120,312	\$ 17,745,908	54.84%
2018.....	166,750,488	17,404,234	54.25%
2017.....	161,173,004	16,440,703	52.73%
2016.....	145,970,533	11,839,507	55.38%
2015.....	113,081,320	7,856,302	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 Benefit 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 Return presents multi-year trend information on the money-weighted investment return on the Plan's other postemployment assets, net of investment expense.

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

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

	June 30, 2017	June 30, 2018	June 30, 2019
Total OPEB Liability			
Service Cost.....	\$ 3,695,446	\$ 3,793,326	\$ 4,018,416
Interest.....	7,545,735	7,990,117	8,431,566
Changes of benefit terms.....	-	-	-
Differences between expected and actual experience....	-	(5,332,500)	-
Changes of assumptions.....	-	(4,380,595)	-
Benefit payments.....	<u>(4,614,800)</u>	<u>(5,078,148)</u>	<u>(5,619,307)</u>
Net change in total OPEB liability.....	6,626,381	(3,007,800)	6,830,675
Total OPEB liability - beginning.....	<u>110,450,012</u>	<u>117,076,393</u>	<u>114,068,593</u>
Total OPEB liability - ending (a).....	<u>\$ 117,076,393</u>	<u>\$ 114,068,593</u>	<u>\$ 120,899,268</u>
Plan fiduciary net position			
Employer contributions.....	\$ 3,464,970	\$ 3,646,371	\$ 3,645,843
Employer contributions for OPEB payments.....	4,614,800	5,078,148	5,619,307
Net investment income.....	5,975,037	5,307,352	3,713,928
Benefit payments.....	<u>(4,614,800)</u>	<u>(5,078,148)</u>	<u>(5,619,307)</u>
Net change in plan fiduciary net position.....	9,440,007	8,953,723	7,359,771
Plan fiduciary net position - beginning of year.....	<u>44,229,961</u>	<u>53,669,968</u>	<u>62,623,691</u>
Plan fiduciary net position - end of year (b).....	<u>\$ 53,669,968</u>	<u>\$ 62,623,691</u>	<u>\$ 69,983,462</u>
Net OPEB liability - ending (a)-(b).....	<u>\$ 63,406,425</u>	<u>\$ 51,444,902</u>	<u>\$ 50,915,806</u>
Plan fiduciary net position as a percentage of the total OPEB liability.....	45.84%	54.90%	57.89%
Covered-employee payroll.....	\$ 96,595,069	\$ 98,526,970	\$ 100,497,509
Net OPEB liability as a percentage of covered-employee payroll.....	65.64%	52.21%	50.66%
Discount rate.....	6.750%	6.750%	6.625%

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**

Year	Actuarially determined contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered-employee payroll	Contributions as a percentage of covered-employee payroll
June 30, 2019.....	\$ 7,825,463	\$ (9,265,678)	\$ (1,440,215)	\$ 100,497,509	9.22%
June 30, 2018.....	8,750,052	(8,724,519)	25,533	98,526,970	8.85%
June 30, 2017.....	8,484,223	(8,079,770)	404,453	96,595,069	8.36%

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

See notes to required supplementary information.

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, 2019.....	5.79%
June 30, 2018.....	9.62%
June 30, 2017.....	12.80%

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 for the general fund that is approved at the Annual Town Meeting. The Town has an Advisory Committee that submits reports on proposed appropriations at Town Meetings. The appropriated budget is prepared by fund, function and department. Transfers of appropriations among departments require the approval of Town Meeting.

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.

In the budgetary schedule, revenues are reported on a cash basis and expenditures that relate to the current year appropriations are recorded when incurred. 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 Board of Selectmen and written approval from the Massachusetts Department of Revenue.

An annual budget is adopted for the general fund in conformity with the guidelines described above. The original 2019 budget included \$165.3 million in appropriations and other amounts to be raised and \$9.9 million in amounts carried over from previous years. During 2019, the Town approved \$2.8 million of supplemental appropriations primarily for snow and ice costs, and capital improvement costs. These supplemental appropriations were financed through the use of free cash.

The Financial Services Department has the responsibility to ensure that budgetary control is maintained. Budgetary control is exercised through the accounting system.

B. Budgetary – GAAP Reconciliation

For budgetary financial reporting purposes, the Uniform Municipal Accounting System basis of accounting (established by the Commonwealth) is followed, which differs from the GAAP basis of accounting. A reconciliation of budgetary-basis to GAAP-basis results for the general fund for the year ended June 30, 2019, is presented below:

Net change in fund balance - budgetary basis.....	\$ 1,345,411
<u>Perspective differences:</u>	
Activity of the stabilization fund recorded in the general fund for GAAP.....	864,030
<u>Basis of accounting differences:</u>	
Net change in recording tax refunds payable.....	(321,216)
Net change in recording 60 day receipts.....	73,000
Net change in recording accrued expenditures.....	(161,786)
Recognition of revenue for on-behalf payments.....	17,746,000
Recognition of expenditures for on-behalf payments.....	<u>(17,746,000)</u>
Net change in fund balance - GAAP basis.....	<u>\$ 1,799,439</u>

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 systems total pension liability, changes in the systems net position, and the ending net pension liability. It also demonstrates the plan'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 total 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 total 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 pension fund appropriations are allocated amongst employers based on covered payroll.

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 - TownA. 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 employee payroll. It also demonstrates the net position as a percentage of the pension liability and the net pension liability as a percentage of covered payroll.

B. Schedule of 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". The pension fund appropriation is allocated to the Town based on covered payroll.

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.

Changes in Assumptions:

- The investment return assumption was reduced from 6.75% to 6.625%. A reduction in the investment return assumption increases the plan's liabilities.
- The mortality assumption was changed from the RP-2014 Blue Collar Employee and Healthy Annuitant Mortality Tables with MP-2014 improvement projections backed out to a base year of 2006 and projected generationally with Scale BB to the RP-2014 Blue Collar Healthy Employee and Annuitant Mortality Tables set forward one year for females projected generationally with scale MP-2016.
- The mortality assumption for disabled participants was changed from the RP-2014 Blue Collar Healthy Annuitant Mortality Table projected with MP- improvement projections backed out to a base year of 2006 and projected generationally with Scale BB set forward 3 years for males to the RP-2000 Healthy Annuitant Mortality Table projected generationally with Scale BB from 2015.
- The administrative expense assumption was increased from \$250,000 to \$275,000.
- The inflation rate was lowered from 3.5% to 2.75%.
- The Cost of Living Adjustment (COLA) assumption was changed from a 3% increase on the first \$15,000 of retirement allowance to a 2.75% increase on the first \$17,000 of retirement allowance.

Changes in Plan Provisions:

- With the exception of fiscal year 2021 and later years in the funding schedule, this valuation reflects the increase in the COLA base from \$15,000 to \$17,000.
- Fiscal 2021 and late years in the funding schedule reflect the increase in the COLA base to \$18,000 effective July 1, 2020.

NOTE C – OTHER POSTEMPLOYMENT BENEFITS

The Town administers a single-employer defined benefit healthcare plan ("The Other Postemployment Benefit Plan"). The plan provides lifetime healthcare and life insurance for eligible retirees and their spouses through the Town's group health insurance plan, which covers both active and retired members.

The Other Postemployment Benefit Plan

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.

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. Methods and assumptions used to determine contribution rates are as follows:

Valuation date.....	Actuarially determined contribution for the fiscal year ending June 30, 2019 was determined with the December 31, 2018 actuarial valuation.
Actuarial cost method.....	Entry age normal cost method.
Amortization method.....	Payments increase at 3.0% per year.
Remaining amortization period.....	19 years as of July 1, 2018.
Asset valuation method.....	Fair value.
Discount rate/Investment rate of return.....	6.625%
Inflation rate.....	3.00%
Health care trends rate.....	Medical and Prescription Drug: 7.0% decreasing by 0.5% each year to an ultimate level of 4.5% per year. Medical Part B Premium: 4.5%.
Mortality rates.....	Pre-Retirement (Non-Teachers): RP-2014 Blue Collar Employee Mortality Table projected generationally with Scale MP-2016 set forward one year for females. Healthy (Non-Teachers): RP-2014 Blue Collar Healthy Annuitant Mortality Table projected generationally with Scale MP-2016 set forward one year for females. Disabled (Non-Teachers): RP-2000 Healthy Annuitant Mortality Table projected generationally with Scale BB2D from 2015. Pre-Retirement (Teachers): RP-2014 White Collar Employee Mortality Table projected generationally with Scale MP-2016. Healthy (Teachers): RP-2014 White Collar Employee Mortality Table projected generationally with Scale MP-2016. Disabled (Teachers): RP-2014 White Collar Employee Mortality Table projected generationally with Scale MP-2016.

Schedule of Investment Return

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

Changes of Assumptions

The December 31, 2018 actuarial valuation included the following changes of assumptions:

- The per capital health costs were updated to reflect current experiences.
- The trend assumptions were revised to reflect future expectations.
- The mortality assumptions were changed to match the assumptions used in the Town of Wellesley Contributory Retirement System Actuarial Valuation and Review as of January 1, 2017, dated October 26, 2017, and the Massachusetts Teachers' Retirement System Actuarial Valuation Report as of January 1, 2018 dated October 10, 2018.
- The excise tax on high cost health plans beginning in 2022 was recalculated with this valuation.
- The expected rate of return, and the discount rate, was decreased from 6.75% to 6.625%.
- The future retiree plan enrollment assumption for actives increased from 115% to 125%.

Changes in Plan Provisions

The June 30, 2019 liability reflects the terms of the memorandum of agreement (MOA) effective July 1, 2018, concerning health insurance for Town employees and retirees. This includes changes to the retiree premium and the introduction of high deductible plans with a Health Savings Account and Health Reimbursement Account for non-Medicare retirees.

Combining and Individual Fund Statements

This page left intentionally blank.

Nonmajor Governmental Funds

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for specific revenue sources that are restricted by law or administrative action to expenditures for specific purposes.

School Lunch Fund – This fund accounts for the school cafeteria activities and is funded by user fees and grants.

Community Preservation Fund – This fund is used to account for funds received in accordance with the Community Preservation Act (the CPA). Funds are received under the CPA through a surcharge of 1% of the real property tax levy and matching state grants. The funds are spent for the acquisition, creation and preservation of open space, historic resources and affordable housing.

Grants Fund – This fund accounts for Federal and state grants which are designated for specific programs.

Receipts Reserved Fund – This fund accounts for specific receipts identified by the Commonwealth that are to be held until appropriated.

Revolving Fund – This fund accounts for self-supporting programs sponsored by the Town.

Recreation Revolving Fund – This fund accounts for self-supporting recreational programs sponsored by the Town's recreation department.

Other – This fund accounts for all other legally established special revenues where the funds are spent on governmental purposes.

PERMANENT FUND

The Permanent Fund is used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the Town's programs. The Town maintains one fund to account for nonexpendable contributions and expendable earnings that can be spent on governmental purposes.

**NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET**

JUNE 30, 2019

	Special Revenue Funds				
	School Lunch	Community Preservation	Grants	Receipts Reserved	Revolving
ASSETS					
Cash and cash equivalents.....	\$ 864,632	\$ 7,540,375	\$ 665,650	\$ 2,435,793	\$ 3,725,454
Investments.....	-	-	-	-	-
Receivables, net of uncollectibles:					
Community preservation fund surtax.....	-	4,920	-	-	-
Departmental and other.....	-	-	-	-	174,266
Intergovernmental.....	-	150,640	-	-	-
TOTAL ASSETS.....	<u>\$ 864,632</u>	<u>\$ 7,695,935</u>	<u>\$ 665,650</u>	<u>\$ 2,435,793</u>	<u>\$ 3,899,720</u>
LIABILITIES					
Warrants payable.....	\$ 185,121	\$ 622	\$ 32,848	\$ 11,668	\$ 24,875
Accrued payroll.....	211	50	10,011	3,553	73,900
TOTAL LIABILITIES.....	<u>185,332</u>	<u>672</u>	<u>42,859</u>	<u>15,221</u>	<u>98,775</u>
DEFERRED INFLOWS OF RESOURCES					
Taxes paid in advance.....	-	10,307	-	-	-
Unavailable revenue.....	-	144,193	-	-	152,667
TOTAL DEFERRED INFLOWS OF RESOURCES.....	<u>-</u>	<u>154,500</u>	<u>-</u>	<u>-</u>	<u>152,667</u>
FUND BALANCES					
Nonspendable.....	-	-	-	-	-
Restricted.....	679,300	7,540,763	622,791	2,420,572	3,648,278
TOTAL FUND BALANCES.....	<u>679,300</u>	<u>7,540,763</u>	<u>622,791</u>	<u>2,420,572</u>	<u>3,648,278</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES.....	<u>\$ 864,632</u>	<u>\$ 7,695,935</u>	<u>\$ 665,650</u>	<u>\$ 2,435,793</u>	<u>\$ 3,899,720</u>

Special Revenue Funds				
Recreation Revolving	Other	Subtotal	Permanent Funds	Total Nonmajor Governmental Funds
\$ 567,069	\$ 2,617,596	\$ 18,416,569	\$ 10,141	\$ 18,426,710
-	368,137	368,137	808,608	1,176,745
-	-	4,920	-	4,920
-	-	174,266	-	174,266
-	-	150,640	-	150,640
<u>\$ 567,069</u>	<u>\$ 2,985,733</u>	<u>\$ 19,114,532</u>	<u>\$ 818,749</u>	<u>\$ 19,933,281</u>
\$ 74,574	\$ 40,068	\$ 369,776	\$ 3,000	\$ 372,776
28,044	6,083	121,852	-	121,852
<u>102,618</u>	<u>46,151</u>	<u>491,628</u>	<u>3,000</u>	<u>494,628</u>
-	-	10,307	-	10,307
-	-	296,860	-	296,860
-	-	307,167	-	307,167
-	-	-	474,055	474,055
<u>464,451</u>	<u>2,939,582</u>	<u>18,315,737</u>	<u>341,694</u>	<u>18,657,431</u>
<u>464,451</u>	<u>2,939,582</u>	<u>18,315,737</u>	<u>815,749</u>	<u>19,131,486</u>
<u>\$ 567,069</u>	<u>\$ 2,985,733</u>	<u>\$ 19,114,532</u>	<u>\$ 818,749</u>	<u>\$ 19,933,281</u>

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

YEAR ENDED JUNE 30, 2019

	Special Revenue Funds				
	School Lunch	Community Preservation	Grants	Receipts Reserved	Revolving
REVENUES:					
Charges for services.....	\$ 1,524,434	\$ -	\$ -	\$ -	\$ -
Parking meter receipts.....	-	-	-	950,210	-
Intergovernmental.....	258,020	236,964	2,790,846	-	45,992
Departmental and other.....	-	-	-	-	5,805,828
Community preservation taxes.....	-	1,301,988	-	-	-
Contributions and donations.....	-	-	3,000	-	394,676
Investment income.....	-	183,935	143	-	-
TOTAL REVENUES.....	1,782,454	1,722,887	2,793,989	950,210	6,246,496
EXPENDITURES:					
Current:					
General government.....	-	-	127,591	-	273,528
Facilities maintenance.....	-	-	-	-	9,509
Natural resources.....	-	-	-	-	-
Public safety.....	-	-	171,310	-	1,389,896
Public education.....	1,595,166	-	2,271,945	-	3,878,700
Public works.....	-	-	12,735	-	307,894
Health.....	-	-	-	-	-
Recreation.....	-	-	5,749	-	-
Library.....	-	-	43,263	-	42,937
Community preservation.....	-	357,988	-	-	-
Traffic and parking management.....	-	-	-	724,022	1,278
TOTAL EXPENDITURES.....	1,595,166	357,988	2,632,593	724,022	5,903,742
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	187,288	1,364,899	161,396	226,188	342,754
OTHER FINANCING SOURCES (USES):					
Transfers out.....	-	(590,244)	-	8,101	(805,699)
NET CHANGE IN FUND BALANCES.....	187,288	774,655	161,396	234,289	(462,945)
FUND BALANCES AT BEGINNING OF YEAR.....	492,012	6,766,108	461,395	2,186,283	4,111,223
FUND BALANCES AT END OF YEAR.....	\$ 679,300	\$ 7,540,763	\$ 622,791	\$ 2,420,572	\$ 3,648,278

Special Revenue Funds				
Recreation Revolving	Other	Subtotal	Permanent Funds	Total Nonmajor Governmental Funds
\$ -	\$ 25,485	\$ 1,549,919	\$ -	\$ 1,549,919
-	-	950,210	-	950,210
-	2,923,971	6,255,793	-	6,255,793
1,649,917	65,479	7,521,224	-	7,521,224
-	-	1,301,988	-	1,301,988
-	1,371,230	1,768,906	-	1,768,906
-	-	184,078	135,433	319,511
<u>1,649,917</u>	<u>4,386,165</u>	<u>19,532,118</u>	<u>135,433</u>	<u>19,667,551</u>
-	252,022	653,141	125,206	778,347
-	-	9,509	-	9,509
-	1,113	1,113	-	1,113
-	218	1,561,424	-	1,561,424
-	3,182,440	10,928,251	441	10,928,692
-	14,174	334,803	-	334,803
-	28,784	28,784	-	28,784
1,532,050	72,162	1,609,961	-	1,609,961
-	313,301	399,501	500	400,001
-	-	357,988	-	357,988
-	-	725,300	-	725,300
<u>1,532,050</u>	<u>3,864,214</u>	<u>16,609,775</u>	<u>126,147</u>	<u>16,735,922</u>
<u>117,867</u>	<u>521,951</u>	<u>2,922,343</u>	<u>9,286</u>	<u>2,931,629</u>
<u>(53,682)</u>	<u>(264,000)</u>	<u>(1,705,524)</u>	<u>-</u>	<u>(1,705,524)</u>
64,185	257,951	1,216,819	9,286	1,226,105
<u>400,266</u>	<u>2,681,631</u>	<u>17,098,918</u>	<u>806,463</u>	<u>17,905,381</u>
<u>\$ 464,451</u>	<u>\$ 2,939,582</u>	<u>\$ 18,315,737</u>	<u>\$ 815,749</u>	<u>\$ 19,131,486</u>

Internal Service Funds

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other governmental units, on a cost reimbursement basis.

Fleet Maintenance Fund – This fund is used to account for the maintenance and fuel costs of all Town vehicles.

Health Insurance Fund – This fund is used to account for the payment of health and other employee benefit programs.

Unemployment Fund – This fund is used to account for required unemployment benefits of former Town employees.

Workers Compensation Fund – This fund is used to account for self-insured activities of providing workers compensation benefits to Town employees.

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION

JUNE 30, 2019

	Fleet Maintenance	Health Insurance	Unemployment	Worker's Compensation	Total Internal Service Funds
ASSETS					
CURRENT:					
Cash and cash equivalents.....	\$ 61,106	\$ 11,945	\$ -	\$ -	73,051
Investments.....	-	433,449	970,183	1,461,828	2,865,460
Receivables, net of allowance for uncollectibles:					
Departmental and other.....	-	8,877	-	-	8,877
TOTAL ASSETS.....	61,106	454,271	970,183	1,461,828	2,947,388
LIABILITIES					
CURRENT:					
Warrants payable.....	16,623	10,595	-	-	27,218
Accrued payroll.....	12,460	353,280	-	4,338	370,078
Workers' compensation.....	-	-	-	235,000	235,000
Total current liabilities.....	29,083	363,875	-	239,338	632,296
NONCURRENT:					
Workers' compensation.....	-	-	-	217,000	217,000
TOTAL LIABILITIES.....	29,083	363,875	-	456,338	849,296
NET POSITION					
Unrestricted.....	\$ 32,023	\$ 90,396	\$ 970,183	\$ 1,005,490	\$ 2,098,092

INTERNAL SERVICE FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 YEAR ENDED JUNE 30, 2019

	Fleet Maintenance	Health Insurance	Unemployment	Worker's Compensation	Total Internal Service Funds
OPERATING REVENUES:					
Employee contributions.....	\$ -	\$ 8,863,178	\$ -	\$ -	\$ 8,863,178
Charges for services.....	1,428,021	17,187,545	179,903	300,000	19,095,469
TOTAL OPERATING REVENUES	1,428,021	26,050,723	179,903	300,000	27,958,647
OPERATING EXPENSES:					
Employee benefits.....	1,407,122	26,254,794	40,968	468,059	28,170,943
OPERATING INCOME.....	20,899	(204,071)	138,935	(168,059)	(212,296)
NONOPERATING REVENUES (EXPENSES):					
Investment income.....	-	92,772	-	59,131	151,903
CHANGE IN NET POSITION.....	20,899	(111,299)	138,935	(108,928)	(60,393)
NET POSITION AT BEGINNING OF YEAR.....	11,124	201,695	831,248	1,114,418	2,158,485
NET POSITION AT END OF YEAR.....	\$ 32,023	\$ 90,396	\$ 970,183	\$ 1,005,490	\$ 2,098,092

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2019

	Fleet Maintenance	Health Insurance	Unemployment	Worker's Compensation	Total Internal Service Funds
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>					
Receipts from customers and users.....	\$ -	\$ 8,860,527	\$ -	\$ -	\$ 8,860,527
Receipts from interfund services provided.....	1,428,021	17,187,545	179,903	300,000	19,095,469
Payments for interfund services used.....	<u>(1,399,149)</u>	<u>(26,221,733)</u>	<u>(40,968)</u>	<u>(459,997)</u>	<u>(28,121,847)</u>
NET CASH FROM OPERATING ACTIVITIES.....	<u>28,872</u>	<u>(173,661)</u>	<u>138,935</u>	<u>(159,997)</u>	<u>(165,851)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>					
Sale (purchase) of investments.....	-	(433,449)	(352,116)	100,866	(684,699)
Investment income.....	-	92,772	-	59,131	151,903
NET CASH FROM INVESTING ACTIVITIES.....	<u>-</u>	<u>(340,677)</u>	<u>(352,116)</u>	<u>159,997</u>	<u>(532,796)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS.....	28,872	(514,338)	(213,181)	-	(698,647)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR.....	<u>32,234</u>	<u>526,283</u>	<u>213,181</u>	<u>-</u>	<u>771,698</u>
CASH AND CASH EQUIVALENTS, END OF YEAR.....	<u>\$ 61,106</u>	<u>\$ 11,945</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 73,051</u>
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH</u>					
<u>FROM OPERATING ACTIVITIES:</u>					
Operating income (loss).....	\$ 20,899	\$ (204,071)	\$ 138,935	\$ (168,059)	\$ (212,296)
Adjustments to reconcile operating income (loss) to net cash from operating activities:					
Changes in assets and liabilities:					
Departmental and other.....	-	(2,651)	-	-	(2,651)
Warrants payable.....	3,895	5,845	-	-	9,740
Accrued payroll.....	4,078	27,216	-	3,062	34,356
Workers' compensation.....	-	-	-	5,000	5,000
Total adjustments.....	<u>7,973</u>	<u>30,410</u>	<u>-</u>	<u>8,062</u>	<u>46,445</u>
NET CASH FROM OPERATING ACTIVITIES.....	<u>\$ 28,872</u>	<u>\$ (173,661)</u>	<u>\$ 138,935</u>	<u>\$ (159,997)</u>	<u>\$ (165,851)</u>

Fiduciary Funds

Agency Fund – This fund is used to account for payroll withholdings and other amounts held in a fiduciary capacity for nongovernmental purposes.

AGENCY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

YEAR ENDED JUNE 30, 2019

	June 30, 2018	Additions	Deletions	June 30, 2019
ASSETS				
CURRENT:				
Cash and cash equivalents.....	\$ 1,218,139	\$ 592,733	\$ (38,600)	\$ 1,772,272
LIABILITIES				
Liabilities due depositors.....	\$ 1,218,139	\$ 592,733	\$ (38,600)	\$ 1,772,272

This page left intentionally blank.

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.



New copper gutters from the Wellesley Town Hall exterior renovation.

Town of Wellesley, Massachusetts
Comprehensive Annual Financial Report
For the year ended June 30, 2019

This page left intentionally blank.

Statistical Section

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

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 audited financial reports for the relevant year.

**Net Position By Component
Last Ten Years**

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental activities										
Net investment in capital assets.....	\$ 98,914,209	\$ 122,874,236	\$ 136,010,244	\$ 140,647,943	\$ 139,229,485	\$ 141,158,278	\$ 148,818,623	\$ 155,132,937	\$ 157,153,332	\$ 162,153,159
Restricted.....	11,181,819	11,789,893	8,279,834	9,177,754	11,350,777	10,394,774	10,572,176	10,236,030	10,715,597	11,918,885
Unrestricted.....	36,333,715	37,090,605	41,155,077	40,250,651	(1,146,424)	(1,065,091)	(126,380)	(60,532,686)	(56,118,900)	(59,214,184)
Total governmental activities net position.....	\$ 146,429,743	\$ 171,754,734	\$ 185,445,155	\$ 190,076,348	\$ 149,433,838	\$ 150,487,961	\$ 159,264,419	\$ 104,836,281	\$ 111,750,029	\$ 114,857,860
Business-type activities										
Net investment in capital assets.....	\$ 73,118,249	\$ 76,222,981	\$ 79,158,029	\$ 82,672,463	\$ 83,609,607	\$ 84,703,679	\$ 85,594,311	\$ 87,359,541	\$ 87,482,288	\$ 88,572,516
Restricted.....	-	-	2,458,152	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	1,000,000
Unrestricted.....	12,491,865	13,714,674	13,935,227	14,212,650	7,139,890	7,808,653	12,792,675	11,907,658	9,481,231	7,896,903
Total business-type activities net position.....	\$ 85,610,114	\$ 89,937,655	\$ 95,551,408	\$ 98,885,113	\$ 92,749,497	\$ 94,512,332	\$ 100,386,986	\$ 101,267,199	\$ 98,963,519	\$ 97,469,419
Primary government										
Net investment in capital assets.....	\$ 172,032,458	\$ 199,097,217	\$ 215,168,273	\$ 223,320,406	\$ 222,839,092	\$ 225,861,957	\$ 234,412,934	\$ 242,492,478	\$ 244,635,620	\$ 250,725,675
Restricted.....	11,181,819	11,789,893	10,737,986	11,177,754	13,350,777	12,394,774	12,572,176	12,236,030	12,715,597	12,918,885
Unrestricted.....	48,825,580	50,805,279	55,090,304	54,463,301	5,993,466	6,743,562	12,666,295	(48,625,028)	(46,637,669)	(51,317,281)
Total primary government net position.....	\$ 232,039,857	\$ 261,692,389	\$ 280,996,563	\$ 288,961,461	\$ 242,183,335	\$ 245,000,293	\$ 259,651,405	\$ 206,103,480	\$ 210,713,548	\$ 212,327,279

The Town implemented GASB Statements #67, #68, and #71 in 2015 which required the net pension liability to be recorded for the first time. This also required the revision of the ending net position in 2014.
The Town implemented GASB Statements #75 in 2018 which required the net OPEB liability to be recorded for the first time. This also required the revision of the ending net position in 2017.

**Changes in Net Position
Last Ten Years**

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses										
Governmental activities:										
General government.....	\$ 8,576,509	\$ 8,039,353	\$ 9,670,731	\$ 12,874,364	\$ 14,414,151	\$ 14,818,677	\$ 16,065,450	\$ 8,805,331	\$ 8,814,934	\$ 9,652,907
Facilities maintenance.....	-	-	-	-	-	-	-	11,880,224	12,350,521	13,952,663
Natural resources.....	-	-	-	-	-	-	-	636,909	725,662	650,341
Public safety.....	14,139,090	14,807,588	16,064,398	16,973,654	17,710,263	18,190,686	19,814,209	17,132,944	17,548,998	19,494,235
Public education.....	86,694,832	90,309,800	99,679,399	99,210,900	102,344,740	107,336,897	111,214,742	118,927,884	122,811,840	129,130,516
Public works.....	10,280,799	10,574,130	10,315,238	9,709,246	10,865,268	11,612,335	11,467,571	14,112,079	13,920,456	14,862,889
Health.....	1,319,220	1,481,237	1,558,985	1,597,225	1,683,576	1,771,888	1,762,755	1,103,030	1,001,200	1,188,145
Library.....	3,317,361	3,639,739	3,907,255	3,853,620	4,004,455	4,092,547	4,509,513	4,251,592	4,420,548	4,477,590
Recreation.....	2,701,249	2,535,659	2,548,867	2,456,850	2,717,234	2,861,127	2,798,705	3,176,831	2,607,564	2,549,221
Traffic and parking management.....	580,125	523,460	541,165	598,789	659,832	651,374	761,292	832,610	789,994	725,300
Community preservation.....	129,981	669,739	789,270	105,345	19,992	35,941	75,855	187,011	687,669	357,988
Interest.....	3,107,717	3,790,479	4,100,237	3,816,585	3,442,724	3,080,832	5,219,877	4,830,418	4,391,453	4,416,324
Total government activities expenses.....	130,846,883	136,371,184	149,175,545	151,196,578	157,862,235	164,452,304	173,689,969	185,876,863	190,070,839	201,498,119
Business-type activities:										
Sewer.....	6,368,443	6,494,844	6,798,842	6,799,922	7,010,402	7,183,205	7,065,470	7,403,979	7,452,341	7,548,483
Water.....	5,101,386	5,341,473	5,414,502	5,189,293	5,938,980	6,293,253	5,741,906	6,100,706	6,707,078	6,736,557
Electric.....	32,292,755	30,330,724	28,865,770	31,253,122	32,845,603	33,471,296	31,752,049	33,237,686	38,605,006	39,338,634
Total business-type activities expenses.....	43,762,584	42,167,041	41,079,114	43,242,337	45,794,985	46,947,754	44,559,425	46,742,371	52,764,425	53,623,674
Total primary government expenses.....	\$ 174,609,467	\$ 178,538,225	\$ 190,254,659	\$ 194,438,915	\$ 203,657,220	\$ 211,400,058	\$ 218,249,394	\$ 232,619,234	\$ 242,835,264	\$ 255,121,793
Program Revenues										
Governmental activities:										
Education charges for services.....	\$ 3,119,832	\$ 2,945,519	\$ 3,445,765	\$ 3,284,351	\$ 3,780,607	\$ 4,133,754	\$ 4,588,795	\$ 4,868,667	\$ 4,968,173	\$ 5,242,307
Public safety charges for services.....	3,028,707	3,139,731	3,083,319	2,894,844	3,991,467	4,095,532	4,272,574	3,852,917	6,577,435	5,600,029
Other charges for services.....	3,378,951	4,145,090	3,816,824	3,640,168	3,793,602	3,739,997	4,044,264	4,804,745	4,061,182	4,249,760
Education operating grants and contributions.....	21,666,819	23,240,231	24,030,559	24,201,659	25,190,552	21,027,295	26,120,256	30,971,700	32,205,325	33,102,976
Other operating grants and contributions.....	906,100	1,306,643	973,067	1,391,765	1,083,745	752,440	1,358,563	872,209	1,063,246	1,033,174
Education capital grant and contributions.....	5,047,729	16,833,405	13,255,854	-	-	-	1,174,029	3,020,319	-	-
Other capital grant and contributions.....	919,854	1,048,294	258,148	2,345,265	990,827	1,950,446	2,446,151	1,028,260	580,951	1,169,737
Total government activities program revenues.....	38,067,992	52,658,913	48,863,536	37,758,052	38,830,800	35,699,464	44,004,632	49,418,817	49,456,312	50,857,983
Business-type activities:										
Electric light charges for services.....	33,846,698	33,971,542	33,845,457	33,775,820	33,747,559	34,209,512	34,885,519	34,592,292	35,313,607	37,268,992
Sewer and water charges for services.....	11,318,414	13,087,800	13,179,396	13,359,209	13,899,712	14,350,065	14,683,479	15,837,178	15,119,727	15,088,805
Electric light capital grant and contributions.....	757,381	1,110,888	550,447	441,013	602,671	1,151,012	1,636,744	663,708	880,585	771,777
Other capital grant and contributions.....	263,475	188,010	117,567	-	-	-	228,337	-	146,826	-
Total business-type activities program revenues.....	46,185,968	48,358,240	47,692,867	47,576,042	48,249,942	49,710,589	51,434,079	51,093,178	51,460,745	53,129,574
Total primary government program revenues.....	\$ 84,253,960	\$ 101,017,153	\$ 96,556,403	\$ 85,334,094	\$ 87,080,742	\$ 85,410,053	\$ 95,438,711	\$ 100,511,995	\$ 100,917,057	\$ 103,987,557
Net (Expense)/Revenue										
Governmental activities.....	\$ (92,778,891)	\$ (83,712,271)	\$ (100,312,009)	\$ (113,438,526)	\$ (119,031,435)	\$ (128,752,840)	\$ (129,685,337)	\$ (136,458,046)	\$ (140,614,527)	\$ (150,640,136)
Business-type activities.....	2,423,384	6,191,199	6,613,753	4,333,705	2,454,957	2,762,835	6,874,654	4,350,807	(1,303,680)	(494,100)
Total primary government net expense.....	\$ (90,355,507)	\$ (77,521,072)	\$ (93,698,256)	\$ (109,104,821)	\$ (116,576,478)	\$ (125,990,005)	\$ (122,810,683)	\$ (132,107,239)	\$ (141,918,207)	\$ (151,134,236)
General Revenues and other Changes in Net Position										
Governmental activities:										
Real estate and personal property taxes, net of tax refunds payable.....	\$ 93,769,116	\$ 99,994,520	\$ 104,498,139	\$ 108,975,300	\$ 112,155,012	\$ 120,017,005	\$ 127,800,794	\$ 131,146,331	\$ 135,997,161	\$ 140,554,509
Community preservation tax.....	844,254	897,294	944,740	982,069	1,019,365	1,084,562	1,153,629	1,201,441	1,247,964	1,301,988
Motor vehicle and other excise taxes.....	4,081,451	3,774,776	4,241,411	4,481,517	4,824,229	5,065,773	5,464,687	5,265,624	5,847,263	5,919,710
Meals tax.....	135,661	473,820	510,083	527,124	547,618	583,551	620,369	637,046	658,814	684,631
Nonrestricted grants, contributions, and other.....	2,327,910	2,158,510	2,338,231	1,761,581	1,919,920	1,793,829	1,794,382	2,102,798	1,735,859	2,057,273
Unrestricted investment income.....	1,801,769	738,342	469,826	342,128	297,426	262,241	627,934	582,309	1,041,214	2,229,856
Transfers.....	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Total governmental activities.....	103,824,500	109,037,262	114,002,430	118,069,719	121,763,570	129,806,961	138,461,795	141,935,549	147,528,275	153,747,967
Business-type activities:										
Transfers.....	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)
Total primary government.....	\$ 102,824,500	\$ 108,037,262	\$ 113,002,430	\$ 117,069,719	\$ 120,763,570	\$ 128,806,961	\$ 137,461,795	\$ 140,935,549	\$ 146,528,275	\$ 152,747,967
Changes in Net Position										
Governmental activities.....	\$ 11,045,609	\$ 25,324,991	\$ 13,690,421	\$ 4,631,193	\$ 2,732,135	\$ 1,054,121	\$ 8,776,458	\$ 5,477,503	\$ 6,913,748	\$ 3,107,831
Business-type activities.....	1,423,384	5,191,199	5,613,753	3,333,705	1,454,957	1,762,835	5,874,654	3,350,807	(2,303,680)	(1,494,100)
Total primary government.....	\$ 12,468,993	\$ 30,516,190	\$ 19,304,174	\$ 7,964,898	\$ 4,187,092	\$ 2,816,956	\$ 14,651,112	\$ 8,828,310	\$ 4,610,068	\$ 1,613,731

Note: In 2017 the Town CAFR renamed/revised the functional expense groupings. Functional groupings prior to 2017 were not revised.

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Fund										
Reserved.....	\$ 5,003,837	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved.....	12,366,774	-	-	-	-	-	-	-	-	-
Committed.....	-	4,579,461	2,106,100	2,785,748	1,936,883	4,240,335	2,990,300	3,950,943	5,080,885	1,880,827
Assigned.....	-	1,204,575	993,682	3,633,780	5,169,365	3,726,971	3,834,068	5,949,459	3,478,397	5,021,045
Unassigned.....	-	15,961,930	18,632,699	15,342,967	15,230,000	14,521,699	18,092,104	18,566,100	20,788,871	24,245,720
Total general fund.....	\$ 17,370,611	\$ 21,745,966	\$ 21,732,481	\$ 21,762,495	\$ 22,336,248	\$ 22,489,005	\$ 24,916,472	\$ 28,466,502	\$ 29,348,153	\$ 31,147,592
All Other Governmental Funds										
Reserved.....	\$ 210,612	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds.....	16,874,079	-	-	-	-	-	-	-	-	-
Capital projects funds.....	30,983,269	-	-	-	-	-	-	-	-	-
Permanent funds.....	1,985,854	-	-	-	-	-	-	-	-	-
Nonspendable.....	-	210,612	210,612	210,612	357,953	357,953	357,953	357,953	357,952	474,055
Restricted.....	-	43,284,958	24,249,828	21,151,572	18,248,261	34,628,603	29,736,594	20,707,687	26,564,000	28,739,533
Unassigned.....	-	-	-	(41,158)	(807,356)	-	-	-	-	-
Total all other governmental funds....	\$ 50,053,814	\$ 43,495,570	\$ 24,460,440	\$ 21,321,026	\$ 17,798,858	\$ 34,986,556	\$ 30,094,547	\$ 21,065,640	\$ 26,921,952	\$ 29,213,588

Note: The Town implemented GASB Statement #54 in 2011. Statement #54 eliminated the use of "reserved" and "unreserved" designations of fund balance and introduced the terms "Nonspendable," "Restricted," "Committed," "Assigned," and "Unassigned."

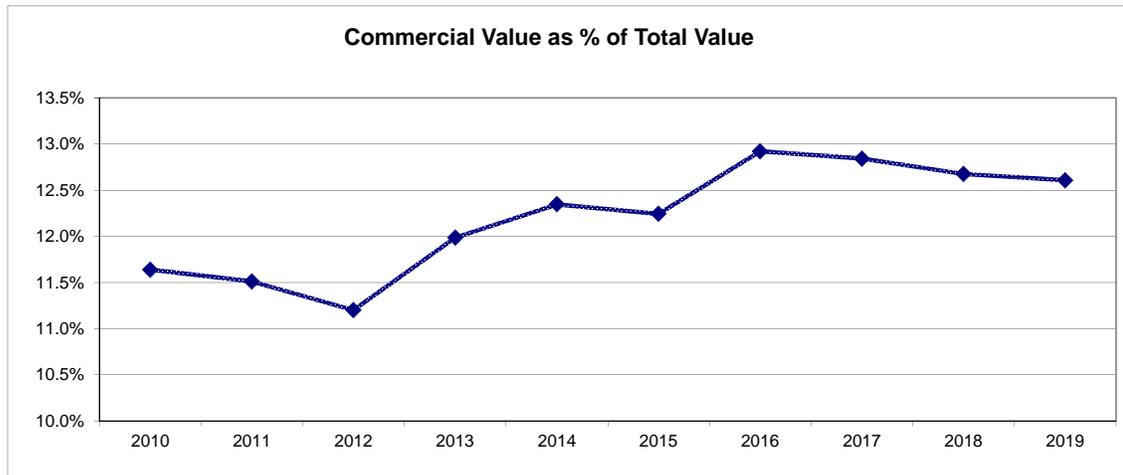
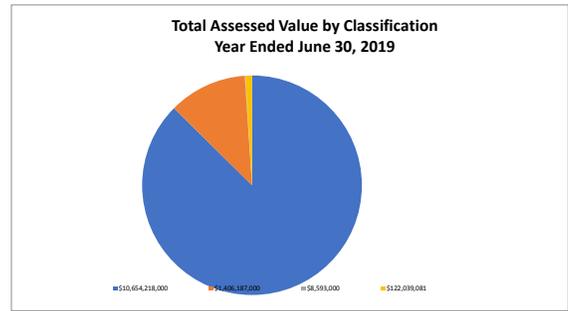
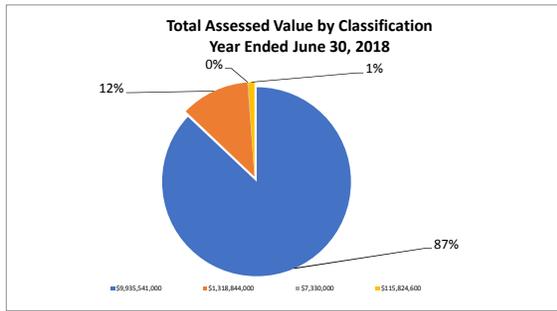
**Changes in Fund Balances, Governmental Funds
Last Ten Years**

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues:										
Real estate and personal property taxes, net of tax refunds.....	\$ 93,608,197	\$ 99,818,198	\$ 104,226,073	\$ 108,739,508	\$ 112,573,209	\$ 119,526,163	\$ 127,955,497	\$ 131,692,216	\$ 135,032,080	\$ 140,561,739
Motor vehicle and other excise taxes.....	3,876,634	4,176,809	4,228,910	4,327,860	5,382,154	4,956,214	5,616,703	5,544,062	5,843,270	5,901,008
Meals tax.....	135,661	473,820	510,083	527,124	547,618	583,551	620,369	637,046	658,814	684,631
Community preservation tax.....	844,254	897,294	944,740	982,069	1,019,365	1,084,562	1,153,629	1,201,441	1,247,964	1,301,988
Charges for service.....	1,018,737	1,027,099	1,093,207	1,058,774	1,118,806	1,215,693	1,291,915	1,482,112	1,503,011	1,549,919
Intergovernmental.....	30,574,353	42,988,428	39,931,269	28,646,792	26,896,444	24,027,252	29,706,452	36,376,415	34,095,554	35,948,591
Departmental and other.....	12,320,816	11,664,631	11,542,943	10,967,308	12,658,370	12,833,870	16,715,684	14,967,860	17,205,908	18,088,147
Total Revenue.....	142,378,652	161,046,279	162,477,225	155,249,435	160,195,966	164,227,305	183,060,249	191,901,152	195,586,601	204,036,023
Expenditures:										
General government.....	5,978,378	5,408,845	6,877,414	10,298,877	11,542,295	11,684,930	12,860,407	4,540,347	4,610,308	5,263,101
Facilities maintenance.....	-	-	-	-	-	-	-	8,539,854	8,692,135	9,858,158
Natural resources.....	-	-	-	-	-	-	-	440,230	510,259	465,353
Public safety.....	10,859,400	11,083,552	10,816,829	11,460,664	11,565,484	11,805,762	12,339,995	12,296,502	13,592,778	13,889,443
Public education.....	60,957,940	61,973,391	67,902,646	66,984,931	69,318,778	77,020,768	77,139,421	79,160,007	84,322,361	86,595,124
Public works.....	8,138,529	8,564,830	7,763,448	7,088,348	8,503,550	9,215,863	8,640,708	7,909,141	8,301,071	8,290,037
Health services.....	1,132,236	1,267,769	1,268,209	1,273,950	1,116,404	1,182,446	1,127,921	707,180	754,201	828,863
Recreation.....	1,558,161	1,732,633	1,671,069	1,558,082	1,572,670	1,584,791	1,488,351	2,246,211	1,847,868	1,975,394
Library.....	2,796,692	2,672,071	2,677,590	2,533,327	2,452,277	2,486,348	2,663,336	2,734,755	2,921,632	2,624,097
Teachers pension benefits - state funded.....	10,018,000	10,681,200	11,056,041	11,576,070	11,910,914	7,856,302	11,839,507	16,440,703	17,404,000	17,746,000
Town pension.....	900,540	1,714,065	2,647,015	3,226,373	5,024,893	5,952,739	6,161,639	6,408,377	6,640,351	7,073,362
Employee benefits and insurances.....	17,139,946	17,203,335	18,376,472	19,223,856	19,112,319	20,025,444	20,170,637	20,188,388	21,869,262	21,387,830
Capital outlay.....	29,738,436	49,457,590	35,072,030	12,426,663	7,076,881	52,519,057	20,205,770	22,588,576	12,460,987	10,480,193
Community preservation.....	129,981	669,739	789,270	105,345	19,993	35,941	75,855	187,011	687,669	357,988
State and county charges.....	1,051,076	1,054,462	1,087,753	1,140,498	1,139,836	1,172,460	1,222,643	1,230,199	1,239,256	1,262,764
Other.....	580,125	523,460	541,165	598,789	659,832	651,374	761,292	832,610	789,994	725,300
Debt service.....										
Principal.....	8,026,000	9,395,000	9,740,000	11,390,000	8,915,000	8,825,000	11,245,000	11,380,000	11,840,000	11,643,000
Interest.....	2,812,934	3,784,370	4,262,024	3,970,894	3,665,637	3,364,814	5,502,309	5,227,790	4,883,736	5,022,317
Total Expenditures.....	161,818,374	187,186,312	182,548,975	164,856,667	163,596,763	215,384,039	193,444,791	203,057,880	203,367,868	205,488,324
Excess (Deficiency) of revenues over (under) expenditures.....	(19,439,722)	(26,140,033)	(20,071,750)	(9,607,232)	(3,400,797)	(51,156,734)	(10,384,542)	(11,156,728)	(7,781,267)	(1,452,301)
Other Financing Sources (Uses)										
Issuance of bonds and notes.....	35,000,000	22,610,000	-	10,505,000	-	68,840,000	15,445,700	5,860,000	12,443,000	4,245,000
Premium from issuance of bonds.....	727,174	347,144	23,135	1,344,535	-	1,973,541	1,612,743	392,000	1,076,230	298,376
Payments to refunded bond escrow agent.....	-	-	-	(6,351,703)	-	(4,274,541)	(11,738,443)	-	-	-
Transfers in.....	1,625,968	1,596,641	5,135,568	2,512,416	1,538,218	10,797,345	7,523,635	1,852,893	1,906,337	4,694,134
Transfers out.....	(625,962)	(596,641)	(4,135,568)	(1,512,416)	(538,218)	(8,839,156)	(4,923,635)	(1,869,135)	(906,337)	(3,694,134)
Total other financing sources (uses).....	36,727,180	23,957,144	1,023,135	6,497,832	1,000,000	68,497,189	7,920,000	6,235,758	14,519,230	5,543,376
Net change in fund balance.....	\$ 17,287,458	\$ (2,182,889)	\$ (19,048,615)	\$ (3,109,400)	\$ (2,400,797)	\$ 17,340,455	\$ (2,464,542)	\$ (4,920,970)	\$ 6,737,963	\$ 4,091,075
Debt service as a percentage of noncapital expenditures.....	8.21%	9.57%	9.49%	10.08%	8.04%	7.48%	9.67%	9.20%	8.76%	8.55%

Notes: In 2015 Intergovernmental revenues and Teacher's pension benefits were lower due to the way the State calculated these amounts in that year.
In 2017 the Town CAFR renamed/revised the functional expenditure groupings. Functional groupings prior to 2017 were not revised.

**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 Town Value
2010	\$7,936,624,000	10.48	88.36%	\$947,998,000	\$6,622,000	\$90,687,000	\$1,045,307,000	10.48	11.64%	\$8,981,931,000
2011	\$7,753,180,000	11.43	88.49%	\$904,740,000	\$6,622,000	\$97,082,100	\$1,008,444,100	11.43	11.51%	\$8,761,624,100
2012	\$8,125,029,000	11.48	88.80%	\$921,119,000	\$7,110,000	\$96,383,800	\$1,024,612,800	11.48	11.20%	\$9,149,641,800
2013	\$8,234,182,000	11.70	88.01%	\$1,005,915,000	\$7,438,000	\$108,072,185	\$1,121,425,185	11.70	11.99%	\$9,355,607,185
2014	\$8,550,806,000	11.54	87.65%	\$1,087,234,000	\$7,814,000	\$109,281,300	\$1,204,329,300	11.54	12.35%	\$9,755,135,300
2015	\$9,116,045,000	11.56	87.76%	\$1,159,807,000	\$8,155,000	\$103,805,900	\$1,271,767,900	11.56	12.24%	\$10,387,812,900
2016	\$9,382,323,000	11.83	87.76%	\$1,269,582,000	\$8,380,000	\$114,193,700	\$1,392,155,700	11.83	12.92%	\$10,774,478,700
2017	\$9,721,777,000	11.79	87.16%	\$1,309,028,000	\$7,801,000	\$115,324,400	\$1,432,153,400	11.79	12.84%	\$11,153,930,400
2018	\$9,935,541,000	11.95	87.33%	\$1,318,844,000	\$7,330,000	\$115,824,600	\$1,441,998,600	11.95	12.67%	\$11,377,539,600
2019	\$10,654,218,000	11.57	87.39%	\$1,406,187,000	\$8,593,000	\$122,039,081	\$1,536,819,081	11.57	12.61%	\$12,191,037,081



Source: Assessor's Department, Town of Wellesley
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 fiscal 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**

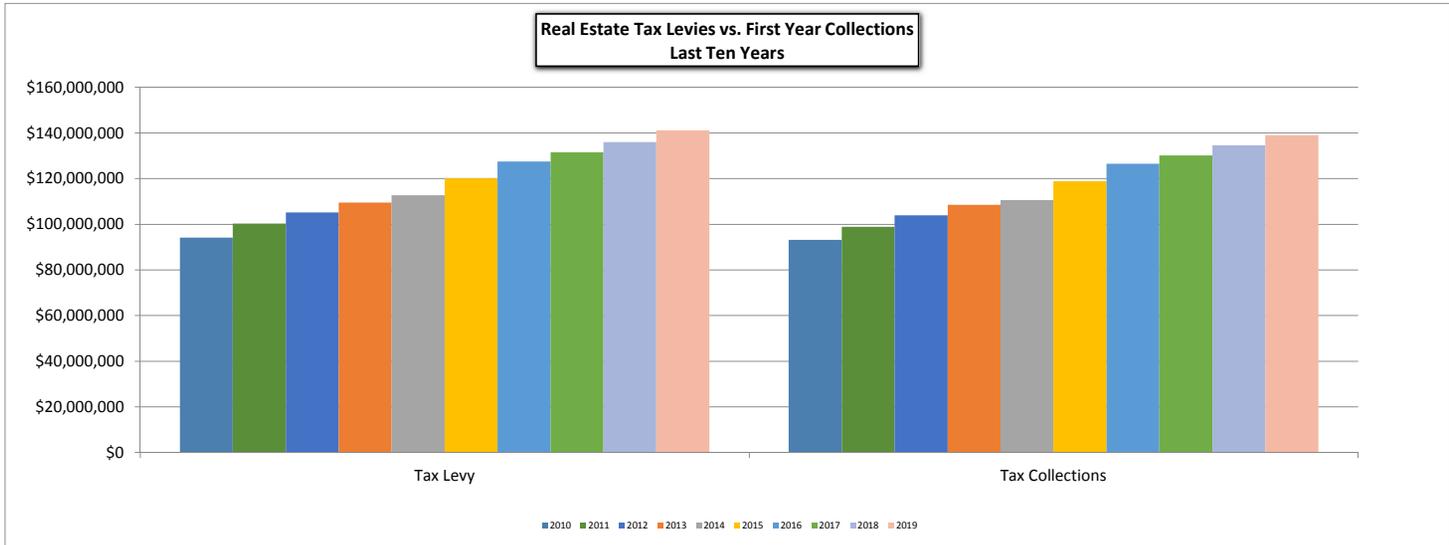
Name	Nature of Business	2019			2010		
		Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value	Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value
John Hancock	Insurance and Financial Services	\$ 214,615,000	1	1.89%	\$ 143,722,000	1	1.53%
Haynes Management	Office Buildings/Real Estate	187,626,000	2	1.65%	137,160,000	2	1.46%
Eastern Development/FR Linden Square	Retail/Real Estate	146,401,000	3	1.29%	88,945,000	4	0.94%
Sun Life Assurance	Insurance and Financial Services	118,803,000	4	1.04%	92,863,000	3	0.99%
Wellesley College	Higher Education	96,937,000	5	0.85%	65,214,000	5	0.69%
Wellesley Gateway	Real Estate	88,585,000	6	0.78%	-	N/A	N/A
Wellesley Washington Street / Waterstone	Senior Living	39,000,000	7	0.34%	-	N/A	N/A
Hunnewell Family	Residential	38,917,000	8	0.34%	34,781,000	7	0.37%
Newton Wellesley Executive Office Park	Office Buildings	35,317,000	9	0.31%	26,737,000	9	0.28%
Boston Gas Company	Gas Line	33,595,000	10	0.30%	-	N/A	N/A
Harvard Pilgrim Health	Office Buildings	-	N/A	N/A	63,410,000	6	0.67%
GPT Realty	Residential	-	N/A	N/A	29,618,000	8	0.31%
Grignaffini & Sons	Real Estate Development	-	N/A	N/A	18,177,000	10	0.19%
Totals		<u>\$ 999,796,000</u>		<u>7.94%</u>	<u>\$ 700,627,000</u>		<u>6.74%</u>

Source: Board of Assessors

N/A = Value not included because not in the Top 10 Tax Payers

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

Year	(1) Total Tax Levy	Less Abatements & Exemptions	(1) 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
2010	\$94,130,637	\$542,260	\$93,588,377	\$93,074,651	99.5%	\$527,203	\$93,601,854	100.01%
2011	\$100,145,363	\$473,167	\$99,672,196	\$98,786,724	99.1%	\$548,280	\$99,335,004	99.66%
2012	\$105,037,888	\$482,547	\$104,555,341	\$103,876,244	99.4%	\$574,623	\$104,450,867	99.90%
2013	\$109,460,604	\$511,863	\$108,948,741	\$108,403,084	99.5%	\$510,101	\$108,913,185	99.97%
2014	\$112,574,261	\$417,132	\$112,157,130	\$110,515,646	98.5%	\$554,853	\$111,070,499	99.03%
2015	\$120,083,117	\$748,894	\$119,334,224	\$118,816,355	99.6%	\$289,485	\$119,105,840	99.81%
2016	\$127,462,083	\$465,399	\$126,996,684	\$126,399,234	99.5%	\$617,760	\$127,016,994	100.02%
2017	\$131,504,839	\$436,914	\$131,067,925	\$130,108,550	99.3%	\$833,634	\$130,942,184	99.90%
2018	\$135,961,598	\$431,814	\$135,529,784	\$134,533,542	99.3%	\$467,956	\$135,001,498	99.61%
2019	\$141,050,299	\$482,325	\$140,567,974	\$138,984,438	98.9%	\$0	\$138,984,438	98.87%



Source: Assessor's Department, Town of Wellesley

(1) Includes tax liens.

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

Year	U. S. Census Population (1)	Personal Income	Assessed Value	Governmental Activities Debt			
				General Obligation Bonds	Per Capita	Percentage of Personal Income	Percentage of Assessed Value
2010	27,412	\$1,801,851,784	\$8,981,931,000	\$102,997,184	\$3,757	5.72%	1.15%
2011	27,982	\$1,876,105,536	\$8,761,624,100	\$116,457,400	\$4,162	6.21%	1.33%
2012	27,982	\$1,913,627,647	\$9,149,641,800	\$106,588,272	\$3,809	5.57%	1.16%
2013	27,982	\$1,951,900,200	\$9,355,607,185	\$99,957,468	\$3,572	5.12%	1.07%
2014	27,982	\$1,997,047,358	\$9,755,135,300	\$90,853,790	\$3,247	4.55%	0.93%
2015	27,982	\$2,015,991,172	\$10,387,812,900	\$148,129,507	\$5,294	7.35%	1.43%
2016	27,982	\$2,007,232,806	\$10,774,478,700	\$142,800,780	\$5,103	7.11%	1.33%
2017	27,982	\$2,058,875,872	\$11,153,930,400	\$137,232,552	\$4,904	6.67%	1.23%
2018	27,982	\$2,228,234,642	\$11,377,539,600	\$138,365,189	\$4,961	6.21%	1.22%
2019	27,982	\$2,236,181,530	\$12,191,037,081	\$126,545,700	\$4,522	5.66%	1.04%

Year	Business-Type Activities (2)	Total Primary Government			
	General Obligation Bonds	Total Debt Outstanding	Per Capita	Percentage of Personal Income	Percentage of Assessed Value
2010	\$8,805,739	\$111,802,923	\$4,079	6.20%	1.24%
2011	\$8,214,419	\$124,671,819	\$4,455	6.65%	1.42%
2012	\$7,264,429	\$113,852,701	\$4,069	5.95%	1.24%
2013	\$7,759,000	\$107,716,468	\$3,849	5.52%	1.15%
2014	\$6,987,483	\$97,841,273	\$3,497	4.90%	1.00%
2015	\$6,198,628	\$154,328,135	\$5,515	7.66%	1.49%
2016	\$5,997,705	\$148,798,485	\$5,318	7.41%	1.38%
2017	\$5,281,787	\$142,514,339	\$5,093	6.92%	1.28%
2018	\$5,811,011	\$144,176,200	\$5,169	6.47%	1.27%
2019	\$4,641,042	\$131,186,742	\$4,688	5.87%	1.08%

(1) 2010 Census, US Census Bureau

(2) Municipal Light Plant, Sewer Fund, and Water Fund.

Source: Audited Financial Statements, U. S. Census.

Direct and Overlapping Governmental Activities Debt

As of June 30, 2019

<u>Town of Wellesley, Massachusetts</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes:			
Norfolk County.....	\$ 13,175,000	8.66%	\$ 1,140,955
Town direct debt.....	<u>126,545,700</u>		<u>126,545,700</u>
Total direct and overlapping debt.....	<u>\$ 139,720,700</u>		<u>\$ 127,686,655</u>

The overlapping debt percentage used to arrive at the Town's share of the total Norfolk County outstanding debt is the ratio of the Town's operating assessment for FY19 paid to the County divided by the total of all assessments paid by each municipality within the jurisdictional boundary of the County.

Source: Norfolk County Treasurer's Office

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

	<u>2010</u>	<u>2011</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>
Equalized Valuation.....	<u>\$ 10,032,866,400</u>	<u>\$ 10,032,866,400</u>	<u>\$ 9,773,806,800</u>	<u>\$ 9,773,806,800</u>	<u>\$ 10,212,968,600</u>	<u>\$ 10,212,968,600</u>	<u>\$ 11,749,686,900</u>	<u>\$ 11,749,686,900</u>	<u>\$ 11,377,539,600</u>	<u>\$ 11,377,539,600</u>
Debt Limit -5% of Equalized Valuation.....	\$ 501,643,320	\$ 501,643,320	\$ 488,690,340	\$ 488,690,340	\$ 510,648,430	\$ 510,648,430	\$ 587,484,345	\$ 587,484,345	\$ 568,876,980	\$ 568,876,980
Less:										
Outstanding debt applicable to limit.....	101,800,000	115,015,000	105,275,000	97,670,000	90,853,790	145,550,000	138,860,700	137,232,552	138,365,189	126,545,700
Authorized and unissued debt.....	<u>45,046,853</u>	<u>25,450,146</u>	<u>27,406,452</u>	<u>22,360,581</u>	<u>40,499,698</u>	<u>13,269,526</u>	<u>18,282,590</u>	<u>13,856,229</u>	<u>8,125,350</u>	<u>11,938,021</u>
Legal debt margin.....	<u>\$ 354,796,467</u>	<u>\$ 361,178,174</u>	<u>\$ 356,008,888</u>	<u>\$ 368,659,759</u>	<u>\$ 379,294,942</u>	<u>\$ 351,828,904</u>	<u>\$ 430,341,055</u>	<u>\$ 436,395,564</u>	<u>\$ 422,386,441</u>	<u>\$ 430,393,259</u>
Total debt applicable to the limit as a percentage of debt limit.....	29.27%	28.00%	27.15%	24.56%	25.72%	31.10%	26.75%	25.72%	25.75%	24.34%

Source: 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	Personal Income	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
2010	27,412	\$1,801,851,784	\$65,732	37.0	4,868	5.6%
2011	27,982	\$1,876,105,536	\$67,047	37.0	4,892	4.0%
2012	27,982	\$1,913,627,647	\$68,388	37.0	4,986	4.0%
2013	27,982	\$1,951,900,200	\$69,756	37.0	4,857	5.8%
2014	27,982	\$1,997,047,358	\$71,369	38.2	4,940	4.2%
2015	27,982	\$2,015,991,172	\$72,046	37.1	4,970	4.2%
2016	27,982	\$2,007,232,806	\$71,733	38.2	4,923	3.9%
2017	27,982	\$2,065,519,312	\$73,816	38.2	4,917	2.9%
2018	27,982	\$2,228,234,642	\$79,631	38.2	4,908	2.7%
2019	27,982	\$2,236,181,530	\$79,915	38.2	4,863	2.7%

Sources: 2010 US Census, Wellesley Public Schools, Mass. Executive Office of Labor and Workforce Development.

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

Employer	Nature of Business	2019			2010		
		Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
Wellesley College	Higher Education	1,101	1	7.71%	1,200	2	9.00%
Sun Life Financial	Insurance Company	1,039	2	7.28%	1,661	1	12.45%
Babson College	Higher Education	900	3	6.30%	850	3	6.37%
Harvard Pilgrim Health Care	Insurance Company	443	4	3.10%	490	4	3.67%
Roche Brothers	Grocery	341	5	2.39%	330	5	2.47%
Harvard Vanguard Medical Associates	Healthcare	331	6	2.32%	-	N/A	N/A
Mass Bay Community College	Higher Education	296	7	2.07%	250	6	1.87%
Whole Foods	Grocery	297	8	2.08%	-	N/A	N/A
Wellesley Country Club	Private Recreation Club	222	9	1.55%	220	8	1.65%
Dana Hall School	Private School	260	10	1.82%	250	7	1.87%
Biogen IDEC	Bio-pharmaceutical	-	N/A	N/A	210	9	1.57%
		<u>5,230</u>		<u>36.63%</u>	<u>5,461</u>		<u>40.94%</u>

According to the Massachusetts Workforce Development Data, in July 2019 Wellesley had a total labor force of 14,277. of whom 13,896 were employed and 381 were unemployed.

Sources: Mass. Labor and Workforce Development, Wellesley local employers
N/A = No previous historical data

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

Function/Program	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Government										
Facilities maintenance work orders.....	unavailable	unavailable	unavailable	1,353	1,254	1,371	1,102	1,006	1,763	1,525
Building										
New home building permits.....	53	33	61	71	67	69	69	79	37	45
Residential Additions.....	125	91	103	84	104	119	108	100	83	97
Residential Alterations.....	332	352	326	331	352	425	419	348	332	348
Residential Demolition.....	53	38	59	71	64	65	104	89	36	45
Commercial Alterations.....	119	141	133	189	96	103	121	104	120	143
Police										
Physical arrests.....	256	234	190	190	199	206	167	169	140	189
Motor vehicle violations.....	8,106	7,541	7,524	6,984	8,596	8,460	7,681	6,723	7,041	5,717
Police personnel and officers.....	57	57	56	56	57	58	58	59	60	60
Fire										
Inspections.....	2,013	1,864	2,076	2,160	2,024	2,469	2,222	1,967	2,130	2,158
Emergency responses.....	4,022	3,894	3,924	3,881	3,924	4,140	4,233	4,221	4,311	4,226
Fire personnel and officers.....	57	58	55	55	58	57	57	58	58	57
Education										
Number of public school students.....	4,868	4,892	4,986	4,857	4,940	4,970	4,923	4,917	4,908	4,863
Health services										
Number of vaccinations.....	5,585	1,716	1,162	942	771	680	669	946	712	1,040
Reported Disease Investigations.....	81	82	120	173	188	197	174	283	283	194
Library										
Volumes in circulation.....	667,173	672,094	730,474	741,704	758,179	743,337	739,316	760,434	774,617	782,598
eBook Collection (1).....	3,640	3,640	8,649	15,816	20,334	66,894	171,292	85,824	90,966	60,153
Reference Questions Answered.....	64,680	64,680	102,432	93,024	96,876	110,256	86,184	106,089	110,760	133,368
Recreation										
Total program revenue.....	\$909,217	\$963,609	\$1,002,059	\$914,214	\$1,061,929	\$1,060,831	\$1,205,072	\$1,369,561	\$1,417,819	\$1,582,803
Programs Ran.....	unavailable	unavailable	unavailable	541	530	605	610	702	1,021	774
Program Participants.....	unavailable	unavailable	unavailable	10,343	7,592	6,920	9,551	7,267	7,241	9,624
Morses Pond Attendance.....	16,404	27,736	36,260	41,782	17,893	24,170	24,263	28,387	23,367	18,199
Traffic and parking management										
Total parking revenue.....	\$634,513	\$647,623	\$784,911	\$882,648	\$835,971	\$832,488	\$905,227	\$881,374	\$874,404	\$950,212
Meters Repaired.....	unavailable	unavailable	unavailable	unavailable	unavailable	659	302	unavailable	212	88
Sewer										
Number of accounts.....	8,190	8,125	8,126	8,122	8,130	8,093	8,181	8,129	8,173	8,059
Feet rodded/flushed.....	297,780	305,337	398,951	275,776	327,635	293,000	254,755	303,770	233,573	158,144
Water										
Number of accounts.....	12,016	12,006	12,041	12,100	12,188	8,296	8,388	8,373	8,357	8,250
Consumption in gallons (millions).....	780	871	847	864	1,036	919	942	973	915	849
Daily consumption (millions).....	2.14	2.39	2.21	2.11	2.84	2.52	2.57	3.00	2.50	2.33
Electric										
Total kilowatt hour sales.....	237,220,172	241,443,224	238,399,850	248,169,479	247,815,724	245,245,456	236,712,233	240,208,941	237,285,787	250,561,304
Municipal kilowatt hour usage.....	10,990,228	10,898,822	10,880,167	11,214,680	11,617,297	11,527,241	11,283,168	11,626,264	11,712,227	11,459,336
Streetlight kilowatt hour usage (2).....	2,361,425	2,256,278	1,875,180	1,879,056	1,879,380	1,879,505	1,880,308	1,880,192	1,880,192	970,060

Source: Various Town Departments

(1) The eBook collection is lower in 2017 as a result of a vendor changing contracts to reduce the number of available titles and increase the quality of selection.

(2) The LED lighting project decreased usage beginning in 2019.

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

	<u>2010</u>	<u>2011</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>
Function										
General government.....	53	53	53	71	71	72	74	78	79	79
Public safety.....	121	121	121	121	121	122	122	124	124	125
School custodians.....	35	35	35	40	40	40	40	40	39	39
* Public education.....	724	742	744	749	773	804	822	843	853	868
Public works.....	88	87	88	88	88	89	89	87	87	89
Health services.....	5	6	6	5	5	5	5	5	5	5
Library.....	34	34	34	31	31	31	31	31	31	31
Recreation.....	5	7	7	5	5	5	5	5	5	5
Water/Sewer.....	27	25	28	28	29	29	29	28	28	28
Electric light.....	35	34	32	32	33	33	32	32	32	32
Total	<u>1,127</u>	<u>1,144</u>	<u>1,148</u>	<u>1,170</u>	<u>1,196</u>	<u>1,230</u>	<u>1,249</u>	<u>1,273</u>	<u>1,283</u>	<u>1,301</u>

Source: Various Town Departments, Payroll count

*School Lunch outsourced in FY12, therefore FTE count omits these employees.

* Public Education employee count was recast and is now based on numbers provided in the School Budget.

* Library lost two full time custodians to General Government in 2013.

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

Function/Program	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Government										
Number of buildings.....	4	4	4	4	4	4	4	5	5	5
Police										
Number of stations.....	1	1	1	1	1	1	1	1	1	1
Fire										
Number of stations.....	2	2	2	2	2	2	2	2	2	2
Education										
Number of elementary schools.....	7	7	7	7	7	7	7	7	7	7
Number of preschools.....	1	1	1	1	1	1	1	1	1	1
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).....	110	110	110	110	110	110	110	110	110	110
Sidewalks to maintain (miles).....	118	118	118	118	118	118	118	118	118	118
Library										
Buildings.....	3	3	3	3	3	3	3	3	3	3
Recreation										
Park and playground (acreage).....	365	365	365	365	365	365	365	365	365	365
Feet of public beach front.....	660	660	660	660	660	660	660	660	660	660
Public beaches.....	1	1	1	1	1	1	1	1	1	1
Tennis courts.....	16	16	16	16	16	16	16	16	16	16

Source: Various Town Departments

Free Cash and Stabilization Fund Balances

Last Ten Years

Year	Free Cash	Stabilization Funds			
		General	Baler Fund	IOD Fund	SPED Fund
2019.....	\$ 16,171,779	\$ 3,371,774	\$ 806,179	\$ 564,669	\$ 760,775
2018.....	14,615,285	3,289,225	741,191	502,818	106,133
2017.....	12,129,416	3,274,957	732,942	500,332	-
2016.....	11,858,182	3,271,285	732,000	387,888	-
2015.....	8,831,500	3,170,851	-	292,471	-
2014.....	10,336,925	3,134,152	-	250,220	-
2013.....	10,950,782	3,094,076	-	-	-
2012.....	10,499,623	3,071,289	-	-	-
2011.....	8,439,070	3,045,628	-	-	-
2010.....	9,471,751	3,022,256	-	-	-

Source: Town Records

Baler Fund = Reserve for the replacement of the Town's baler

IOD Fund = Injured on Duty stabilization fund

SPED Fund = Special Education stabilization fund

THIS PAGE INTENTIONALLY LEFT BLANK



111 Huntington Avenue
9th Floor
Boston, MA 02199-7613
Telephone: 617-239-0100
Fax: 617-227-4420
www.lockelord.com

(Date of Delivery)

Marc V. Waldman, Treasurer
Town of Wellesley
Wellesley, Massachusetts

\$18,530,000
Town of Wellesley, Massachusetts
General Obligation Refunding Bonds
Dated May 21, 2020

We have acted as bond counsel to the Town of Wellesley, Massachusetts (the “Town”) in connection with the issuance by the Town of the above-referenced bonds (the “Bonds”). In such capacity, we have examined the law and such certified proceedings and other papers as we have deemed necessary to render this opinion.

As to questions of fact material to our opinion we have relied upon representations and covenants of the Town contained in the certified proceedings and other certifications of public officials furnished to us, without undertaking to verify the same by independent investigation.

Based on our examination, we are of the opinion, under existing law, as follows:

1. The Bonds are valid and binding general obligations of the Town and, except to the extent they are paid from other sources, the principal of and interest on the Bonds are payable from taxes which may be levied upon all taxable property in the Town without limitation as to rate or amount, except as provided under Chapter 44, Section 20 of the General Laws.

2. Interest on the Bonds is excluded from the gross income of the owners of the Bonds for federal income tax purposes. In addition, interest on the Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. In rendering the opinions set forth in this paragraph, we have assumed compliance by the Town with all requirements of the Internal Revenue Code of 1986, as amended that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, and continue to be, excluded from gross income for federal income tax purposes. The Town has covenanted to comply with all such requirements. Failure by the Town to comply with certain of such requirements may cause interest on the Bonds to become included in gross income for federal

income tax purposes retroactive to the date of issuance of the Bonds. We express no opinion regarding any other federal tax consequences arising with respect to the Bonds.

3. Interest on the Bonds is exempt from Massachusetts personal income taxes and the Bonds are exempt from Massachusetts personal property taxes. We express no opinion regarding any other Massachusetts tax consequences arising with respect to the Bonds or any tax consequences arising with respect to the Bonds under the laws of any state other than Massachusetts.

This opinion is expressed as of the date hereof, and we neither assume nor undertake any obligation to update, revise, supplement or restate this opinion to reflect any action taken or omitted, or any facts or circumstances or changes in law or in the interpretation thereof, that may hereafter arise or occur, or for any other reason.

The rights of the holders of the Bonds and the enforceability of the Bonds may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable, and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

LOCKE LORD LLP

**PROPOSED FORM OF
CONTINUING DISCLOSURE CERTIFICATE**

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the Town of Wellesley, Massachusetts (the “Issuer”) in connection with the issuance of its \$18,530,000 General Obligation Refunding Bonds dated May 21, 2020 (the “Bonds”). The Issuer covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the Owners of the Bonds and in order to assist the Participating Underwriters in complying with the Rule.

SECTION 2. Definitions. For purposes of this Disclosure Certificate the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“Listed Events” shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

“MSRB” shall mean the Municipal Securities Rulemaking Board as established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto or to the functions of the MSRB contemplated by this Disclosure Certificate. Filing information relating to the MSRB is set forth in Exhibit A attached hereto.

“Obligated Person” shall mean the Issuer.

“Owners of the Bonds” shall mean the registered owners, including beneficial owners, of the Bonds.

“Participating Underwriter” shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“Rule” shall mean Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

SECTION 3. Provision of Annual Reports.

(a) The Issuer shall, not later than 270 days after the end of each fiscal year, provide to the MSRB an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Issuer may be submitted when available separately from the balance of the Annual Report.

(b) If the Issuer is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the Issuer shall send a notice to the MSRB in a timely manner, in substantially the form attached as Exhibit B.

SECTION 4. Content of Annual Reports. The Issuer's Annual Report shall contain or incorporate by reference the following:

(a) quantitative information for the preceding fiscal year of the type presented in the Issuer's Official Statement dated May 5, 2020 relating to the Bonds regarding (i) the revenues and expenditures of the Issuer relating to its operating budget, (ii) capital expenditures, (iii) fund balances, (iv) property tax information, (v) outstanding indebtedness and overlapping debt of the Issuer, (vi) pension obligations of the Issuer, and (vii) other post-employment benefits liability of the Issuer, and

(b) the most recently available audited financial statements of the Issuer, prepared in accordance with generally accepted accounting principles, with certain exceptions permitted by the Massachusetts Uniform Municipal Accounting System promulgated by the Department of Revenue of the Commonwealth. If audited financial statements for the preceding fiscal year are not available when the Annual Report is submitted, the Annual Report will include unaudited financial statements for the preceding fiscal year and audited financial statements for such fiscal year shall be submitted when available.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the Issuer or related public entities, which (i) are available to the public on the MSRB internet website or (ii) have been filed with the Securities and Exchange Commission. The Issuer shall clearly identify each such other document so incorporated by reference.

SECTION 5. Reporting of Significant Events.

(a) The Issuer shall give notice, in accordance with the provisions of this Section 5, of the occurrence of any of the following events with respect to the Bonds:

1. Principal and interest payment delinquencies.
2. Non-payment related defaults, if material.
3. Unscheduled draws on debt service reserves reflecting financial difficulties.
4. Unscheduled draws on credit enhancements reflecting financial difficulties.
5. Substitution of credit or liquidity providers, or their failure to perform.
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds.

7. Modifications to rights of the Owners of the Bonds, if material.
 8. Bond calls, if material, and tender offers.
 9. Defeasances.
 10. Release, substitution or sale of property securing repayment of the Bonds, if material.
 11. Rating changes.
 12. Bankruptcy, insolvency, receivership or similar event of the Obligated Person.*
 13. The consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
 14. Appointment of a successor or additional trustee or the change of name of a trustee, if material.
 15. Incurrence of a financial obligation of the Obligated Person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Obligated Person, any of which affect Owners of the Bonds, if material.†
 16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Obligated Person, any of which reflect financial difficulties.†
- (b) Upon the occurrence of a Listed Event, the Issuer shall, in a timely manner not in excess of ten (10) business days after the occurrence of the event, file a notice of such occurrence with the MSRB.

* As noted in the Rule, this event is considered to occur when any of the following occur: (i) the appointment of a receiver, fiscal agent or similar officer for the Obligated Person in a proceeding under the U.S. Bankruptcy Code or in any proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Obligated Person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or (ii) the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Obligated Person.

† For purposes of event numbers 15 and 16 in Section 5(a) of this Disclosure Certificate, the term “financial obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “financial obligation” excludes municipal securities for which a final official statement has been provided to the MSRB consistent with the Rule.

SECTION 6. Transmission of Information and Notices. Unless otherwise required by law, all notices, documents and information provided to the MSRB shall be provided in electronic format as prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

SECTION 7. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Certificate shall terminate upon prior redemption or the payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination in the same manner as for a Listed Event under Section 5(b).

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate and any provision of this Disclosure Certificate may be waived if such amendment or waiver is permitted by the Rule, as evidenced by an opinion of counsel expert in federal securities law (which may include bond counsel to the Issuer), to the effect that such amendment or waiver would not cause the Disclosure Certificate to violate the Rule. The first Annual Report filed after enactment of any amendment to or waiver of this Disclosure Certificate shall explain, in narrative form, the reasons for the amendment or waiver and the impact of the change in the type of information being provided in the Annual Report.

If the amendment provides for a change in the accounting principles to be followed in preparing financial statements, the Annual Report for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information in order to provide information to investors to enable them to evaluate the ability of the Issuer to meet its obligations. To the extent reasonably feasible, the comparison shall also be quantitative. A notice of the change in the accounting principles shall be sent to the MSRB.

SECTION 9. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate any Owner of the Bonds may seek a court order for specific performance by the Issuer of its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not constitute a default with respect to the Bonds, and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action for specific performance of the Issuer's obligations hereunder and not for money damages in any amount.

SECTION 10. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Owners of the Bonds from time to time, and shall create no rights in any other person or entity.

Date: May 21, 2020

TOWN OF WELLESLEY,
MASSACHUSETTS

By: _____
Treasurer

Selectmen

[EXHIBIT A: Filing Information for the MSRB]
[EXHIBIT B: Form of Notice of Failure to File Annual Report]