



**TOWN OF WELLESLEY, MASSACHUSETTS**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED JUNE 30, 2020**

On the cover: Wellesley Town Hall during a cloudy fall day.



Wellesley received a grant from the Massachusetts Department of Transportation Shared Streets and Spaces Program to extend the sidewalk along Washington Street and install a public parklet next to Clocktower Park, offering expanded outdoor seating for businesses in Wellesley Hills. Photo courtesy of Town of Wellesley.

# **TOWN OF WELLESLEY, MASSACHUSETTS**

## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**For the Year Ended June 30, 2020**



**Prepared by:**

**The Finance Department of the Town of Wellesley, Massachusetts**

**TOWN OF WELLESLEY, MASSACHUSETTS**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**JUNE 30, 2020**

**TABLE OF CONTENTS**

<b>Introductory Section.....</b>	<b>1</b>
Letter of Transmittal.....	3
Certificate of Achievement for Excellence in Financial Reporting .....	8
Organization Chart.....	9
Principal Town Officials .....	10
<b>Financial Section .....</b>	<b>11</b>
Independent Auditor's Report.....	13
Management's Discussion and Analysis .....	16
Basic Financial Statements .....	30
Statement of Net Position .....	31
Statement of Activities.....	32
Governmental Funds – Balance Sheet.....	34
Reconciliation of the Governmental Funds Balance Sheet Total Fund Balances to the Statement of Net Position .....	35
Governmental Funds – Statement of Revenues, Expenditures and Changes in Fund Balances .....	36
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	37
Proprietary Funds – Statement of Net Position.....	38
Proprietary Funds – Statement of Revenues, Expenses and Changes in Net Position .....	39
Proprietary Funds – Statement of Cash Flows .....	40
Fiduciary Funds – Statement of Fiduciary Net Position.....	41
Fiduciary Funds – Statement of Changes in Fiduciary Net Position .....	42
Notes to Basic Financial Statements .....	43
Required Supplementary Information.....	87
General Fund Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual .....	89
Pension Plan Schedules – Retirement System .....	94
Schedule of the Changes in the Net Pension Liability and Related Ratios.....	95
Schedule of Contributions .....	96
Schedule of Investment Returns .....	97
Pension Plan Schedules – Town .....	98
Schedule of the Town's Proportionate Share of the Net Pension Liability .....	99

Schedule of Town's Contributions .....	100
Schedule of the Special Funding Amounts of the Net Pension Liability for the Massachusetts Teachers' Retirement System .....	101
Other Postemployment Benefit Plan Schedules .....	102
Schedule of Changes in the Town's OPEB Liability and Related Ratios .....	103
Schedule of Town's Contributions .....	104
Schedule of Investment Returns .....	105
Notes to Required Supplementary Information .....	106
Combining and Individual Fund Statements .....	110
Nonmajor Governmental Funds .....	111
Nonmajor Governmental Funds – Combining Balance Sheet .....	112
Nonmajor Governmental Funds – Combining Statement of Revenues, Expenditures, and Changes in Fund Balances .....	114
Internal Service Funds .....	116
Internal Service Funds – Combining Statement of Net Position .....	117
Internal Service Funds – Combining Statement of Revenues, Expenses, and Changes in Fund Net Position .....	118
Internal Service Funds – Combining Statement of Cash Flows .....	119
Fiduciary Funds .....	120
Agency Fund – Statement of Changes in Assets and Liabilities .....	121
<b>Statistical Section .....</b>	<b>123</b>
Net Position by Component .....	124
Changes in Net Position .....	125
Fund Balances, Governmental Funds .....	126
Changes in Fund Balances, Governmental Funds .....	127
Assessed Value and Actual Value of Taxable Property by Classification and Tax Rates .....	128
Principal Taxpayers .....	129
Property Tax Levies and Collections .....	130
Ratios of Outstanding Debt and General Bonded Debt .....	131
Direct and Overlapping Governmental Activities Debt .....	132
Computation of Legal Debt Margin .....	133
Demographic and Economic Statistics .....	134
Principal Employers .....	135
Operating Indicators by Function/Program .....	136
Full-time Equivalent Town Employees by Function .....	137
Capital Assets Statistics by Function/Program .....	138
Free Cash and Stabilization Fund Balances .....	139

# ***Introductory Section***



Through a grant from the Wellesley COVID-19 Relief Fund, the Wellesley Fire Department purchased and distributed 1,800 KN95 masks to senior citizens and medically vulnerable residents in the community. Photo courtesy of Beth Shedd Photography.

**Town of Wellesley, Massachusetts  
Comprehensive Annual Financial Report  
For the year ended June 30, 2020**

## ***Introductory Section***

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# Town of Wellesley

525 Washington Street  
Wellesley, MA 02482

## **Letter of Transmittal**

December 7, 2020

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

State law requires the Town of Wellesley (the Town) 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, 2020 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, 2020, 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, 2020, 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 Single Audit Report.

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**

During fiscal 2020 the Town continued to reflect stronger economic conditions than other communities within the Commonwealth, but Massachusetts' overall unemployment levels grew significantly with the sudden onset of the novel coronavirus, Covid19, in late February, 2020. The Commonwealth experienced some of the earliest impacts in the nation from the pandemic, which hit the service industry particularly hard. Wellesley's population is more educated and enjoys higher income levels than many communities within the Commonwealth, but was impacted nevertheless.

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 \$1,158,000 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, though slowed for several months, continue to contribute to steady permit fee revenue and taxable new growth. The Town benefitted from being 87% residential and able to rely upon collecting real estate and motor vehicle tax revenues and to generate more investment income, compared with other municipalities.

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 significant pay-as-you-go strategy proved especially helpful in providing financial flexibility in developing a strategic financial response to the pandemic.

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 fifteen years and the Town’s management has adopted a formal reserve policy to inform its recommendations in the annual Town-Wide Financial Plan (TWFP). During the initial stages of the pandemic, the Board of Selectmen instituted a temporary hiring freeze, and many departments also slowed their spending significantly. As a result of the slowed spending and steady revenues, fund balance (the total of the committed, assigned, and unassigned components of fund balance) in the general fund at year end grew to 17% of the total general fund expenditures, which is the same as the prior year ratio.

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. Given the global pandemic, it is clear that projecting revenues may be more complex for fiscal 2021 and beyond, but the Town has a longstanding practice of making the necessary adjustments to maintain its long-term financial health.

The annual pension contribution to the Wellesley Contributory Retirement System, a defined benefit pension plan administered by the Wellesley Contributory Retirement Board, represents 4.1% 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 75.62% 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 June 30, 2020 in accordance with GASB Statement No. 74, the funding status has improved to 59.40%. The Town currently appropriates 1.9% of its annual budget to fully fund this obligation by 2032.

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

Once balanced, the Board of Selectmen, with input from the Advisory Committee, present the annual budget to the Annual Town Meeting for authorization. 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 monitor 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**

The Federal Government approved significant pandemic relief to communities to address emergency spending needs from March 2020 through December 2020. Wellesley will apply for FEMA (Federal Emergency Management Agency) relief, and (combined with its Schools) has been allotted almost \$4 million of CARES funding. The FEMA funds will address the initial emergency response, including first responders, health agencies, personal protective gear, and sanitizing. The Town currently plans to apply the most significant portions of the CARES relief to school reopening and to addressing remote learning needs.

During fiscal 2020, 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, with design of the Massachusetts School Building Administration (MSBA) - supported project. (Hardy/Upham) are also underway. Hunnewell design funds were approved in December 2019. The School Building Committee (SBC) formally chose Hardy as the second site and will likely bring forward a proposal to construct the two schools at a cost of over \$135 million in the Fall of 2021. The projects will 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 has been approved under section 40R, which will 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 town has received an initial permitting fee of \$1.1 million. Construction has begun with an anticipated tax revenue impact in fiscal 2022 and 2023.

Other 40b projects include 44 units on Great Plain Avenue to be added to the tax roles in fiscal 2022, and unknown financial impact and timing for projects at Delanson Circle, Weston Road, and several other potential sites.

The significant and historic Town Hall Exterior Renovation has been completed after more than a year of construction. 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 in the Fall of 2022.

The Town continues to expand its health efforts, particularly in the mental health area, which has greatly felt the impact of the pandemic. Though the Town has been proactive in recognizing the need for additional nursing and inspection resources, this has been further highlighted by recent events.

### **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 sixteen 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.

Respectfully 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, 2019

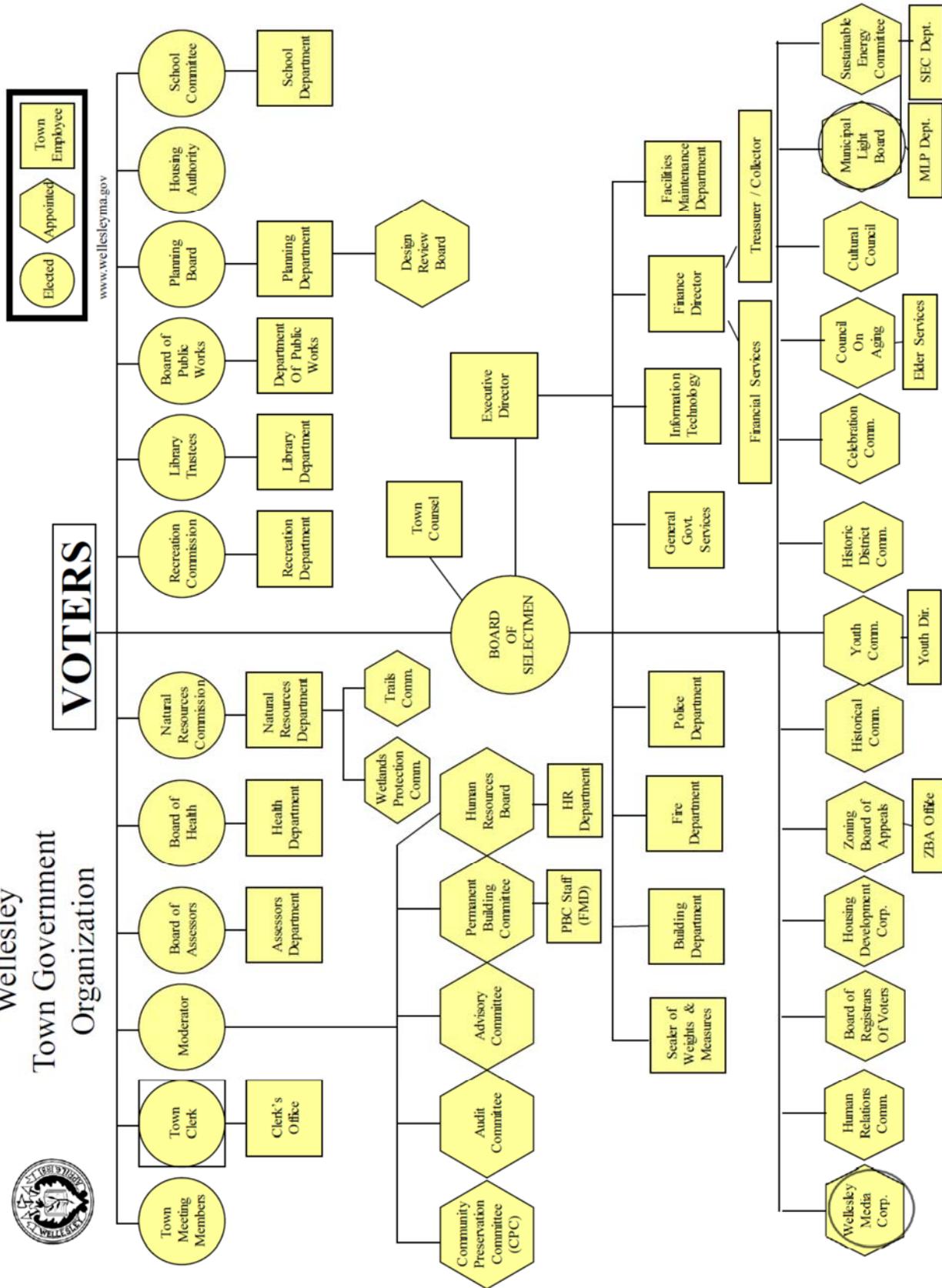
*Christopher P. Morill*

Executive Director/CEO



# Wellesley Town Government Organization

## VOTERS



## Principal Town Officials

<u>Elected Officials</u>		<u>Term Expires</u>
Board of Selectmen	Marjorie Freiman, Chairman Colette Aufranc Lise Olney Thomas H. Ulfelder Elizabeth Sullivan Woods	2021 2021 2022 2023 2023
Moderator Town Clerk	Mark Kaplan K.C. Kato	2021 2021
School Committee	Linda Chow, Chair Sharon Gray Melissa Martin Catherine Mirick James Roberti	2021 2021 2023 2023 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
Planning Director	Donald McCauley

### Other Officials

Town Counsel	Thomas J. Harrington Miyares and Harrington LLP
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# ***Financial Section***



Summer of COVID-19: Masked residents enjoy a beautiful day in the Wellesley Square business district on Central Street. Photo courtesy of Beth Shedd Photography.

**Town of Wellesley, Massachusetts  
Comprehensive Annual Financial Report  
For the year ended June 30, 2020**

## ***Financial Section***

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## 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 (the Town), as of and for the year ended June 30, 2020 (except for the Wellesley Contributory Retirement System which is as of and for the year ended December 31, 2019), 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, 2020 (except for the Wellesley Contributory Retirement System which is as of December 31, 2019), 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 December 7, 2020 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*

December 7, 2020

## ***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, 2020. 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, COVID-19, traffic and parking management, and interest. The business-type activities include the activities of the sewer, water, and municipal 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 two 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 municipal light 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 municipal light 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 \$129 million and \$97.3 million for governmental activities and business-type activities, respectively. The business-type activities include the activities of the sewer, water, and municipal light enterprise funds.
- At the close of the current year, the Town of Wellesley's general fund reported an ending fund balance of \$35 million, an increase of \$3.8 million over the prior year. Total fund balance represents 17% of total general fund expenditures, which management considers in expectations as compared to the Town's Financial Reserve Policy. Of this amount, \$26.9 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, \$8.1 million, are committed and assigned to fund special articles, carryover encumbrances, and the 2021 budget.
- The Town of Wellesley's total governmental long-term debt decreased by approximately \$11.7 million during the current year. The Town made scheduled principal payments of \$11 million and refunded \$21 million of outstanding bonds on the High School project through the issuance of \$18.5 million in refunding bonds with a \$2.9 million premium and a net present value savings of \$3.2 million.
- In 2020, the Town received \$500,000 and incurred approximately \$413,825 of expenses related to the COVID-19 Pandemic (see note 17).

## 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 \$226.3 million at the close of 2020.

Government-wide net position of \$251.1 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, \$13.9 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 \$38.6 million, which represents only 75% of the pension and OPEB liabilities.

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

**Governmental activities.** The governmental activities net position increased by \$16.7 million during the current year compared to an increase of \$584,000 in the prior year. Total revenues increased by \$7.8 million, while total expenses decreased by \$8.3 million.

	2020	2019 (As Restated)
<b>Assets:</b>		
Current assets.....	\$ 84,282,668	\$ 77,471,400
Capital assets, non-depreciable.....	59,640,118	60,458,214
Capital assets, net of accumulated depreciation....	221,204,680	221,605,567
<b>Total assets.....</b>	<b>365,127,466</b>	<b>359,535,181</b>
 <b>Deferred outflows of resources.....</b>	 <b>5,599,791</b>	 <b>14,658,875</b>
 <b>Liabilities:</b>		
Current liabilities (excluding debt).....	12,411,618	10,544,376
Noncurrent liabilities (excluding debt).....	87,343,329	106,424,470
Current debt.....	16,652,023	11,595,798
Noncurrent debt.....	108,057,646	119,033,257
<b>Total liabilities.....</b>	<b>224,464,616</b>	<b>247,597,901</b>
 <b>Deferred inflows of resources.....</b>	 <b>17,276,606</b>	 <b>14,261,908</b>
 <b>Net position:</b>		
Net investment in capital assets.....	162,479,778	162,153,159
Restricted.....	12,883,650	11,918,885
Unrestricted.....	(46,377,393)	(61,737,797)
 <b>Total net position.....</b>	 <b>\$ 128,986,035</b>	 <b>\$ 112,334,247</b>

Governmental capital assets decreased by \$1.2 million due to \$12.7 million of current year capital additions, offset by the recognition of \$13.9 million in depreciation. Current year capital additions included improvements to Town Hall, Middle School Improvements, elementary school feasibility studies and design, the Sprague school turf field and tennis courts, roadway infrastructure work, as well as the purchase of a number of new equipment and vehicles.

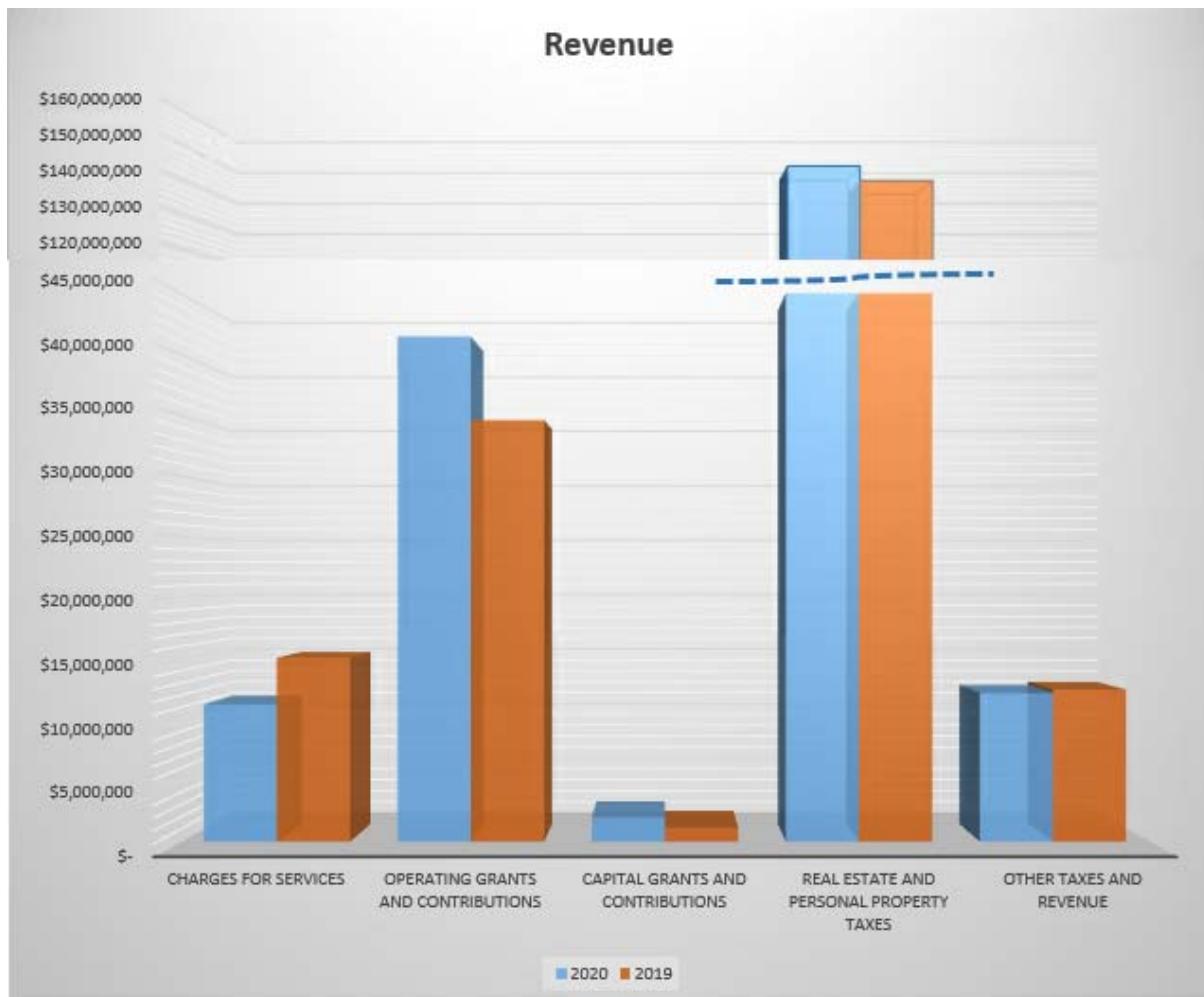
Noncurrent liabilities, excluding debt, consist mainly of the \$35.6 million net pension liability and the \$51.3 million net OPEB liability. The governmental share of the net pension liability decreased from \$51.9 million to \$35.6 million during fiscal year 2020. This is one of the reasons for the increase in the System's net position compared to fiscal year 2019.

Beginning net position has been restated to reflect a change in the measurement date for the Town's net OPEB liability. Accordingly, previously reported net position of \$114,857,860 has been restated to \$112,334,247 (see Note 16 for additional information).

	2020	2019 (As Restated)
<b>Program Revenues:</b>		
Charges for services.....	\$ 11,256,526	\$ 15,092,096
Operating grants and contributions.....	41,464,369	34,596,150
Capital grants and contributions.....	1,968,482	1,169,737
<b>General Revenues:</b>		
Real estate and personal property taxes, net of tax refunds payable.....	144,522,442	140,272,897
Tax liens.....	335,556	281,612
Motor vehicle and other excise taxes.....	5,650,461	5,919,710
Meals tax.....	611,589	684,631
Community preservation tax.....	1,341,104	1,301,988
Penalties and interest on taxes.....	234,393	387,824
Payments in lieu of taxes.....	76,442	76,443
Grants and contributions not restricted to specific programs.....	1,604,033	1,593,006
Unrestricted investment income.....	2,357,181	2,229,856
<b>Total revenues.....</b>	<b>211,422,578</b>	<b>203,605,950</b>
<b>Expenses:</b>		
General government.....	9,141,425	8,976,349
Facilities maintenance.....	12,484,919	13,992,663
Natural resources.....	578,406	650,341
Public safety.....	17,824,882	19,887,928
Public education.....	127,265,999	131,696,783
Public works.....	14,813,731	14,985,459
Health.....	1,292,687	1,212,242
Recreation.....	1,992,469	2,627,843
Library.....	4,582,627	4,492,512
Community preservation.....	331,855	357,988
COVID-19.....	413,825	-
Traffic and parking management.....	1,039,262	725,300
Interest.....	4,008,703	4,416,324
<b>Total expenses.....</b>	<b>195,770,790</b>	<b>204,021,732</b>
<b>Excess (Deficiency) before transfers.....</b>	<b>15,651,788</b>	<b>(415,782)</b>
<b>Transfers.....</b>	<b>1,000,000</b>	<b>1,000,000</b>
<b>Change in net position.....</b>	<b>16,651,788</b>	<b>584,218</b>
<b>Net position, beginning of year (as restated).....</b>	<b>112,334,247</b>	<b>111,750,029</b>
<b>Net position, end of year.....</b>	<b>\$ 128,986,035</b>	<b>\$ 112,334,247</b>

### 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 54 percent of the revenue increase from 2019 to 2020.



*Other financial notes related to governmental activities*

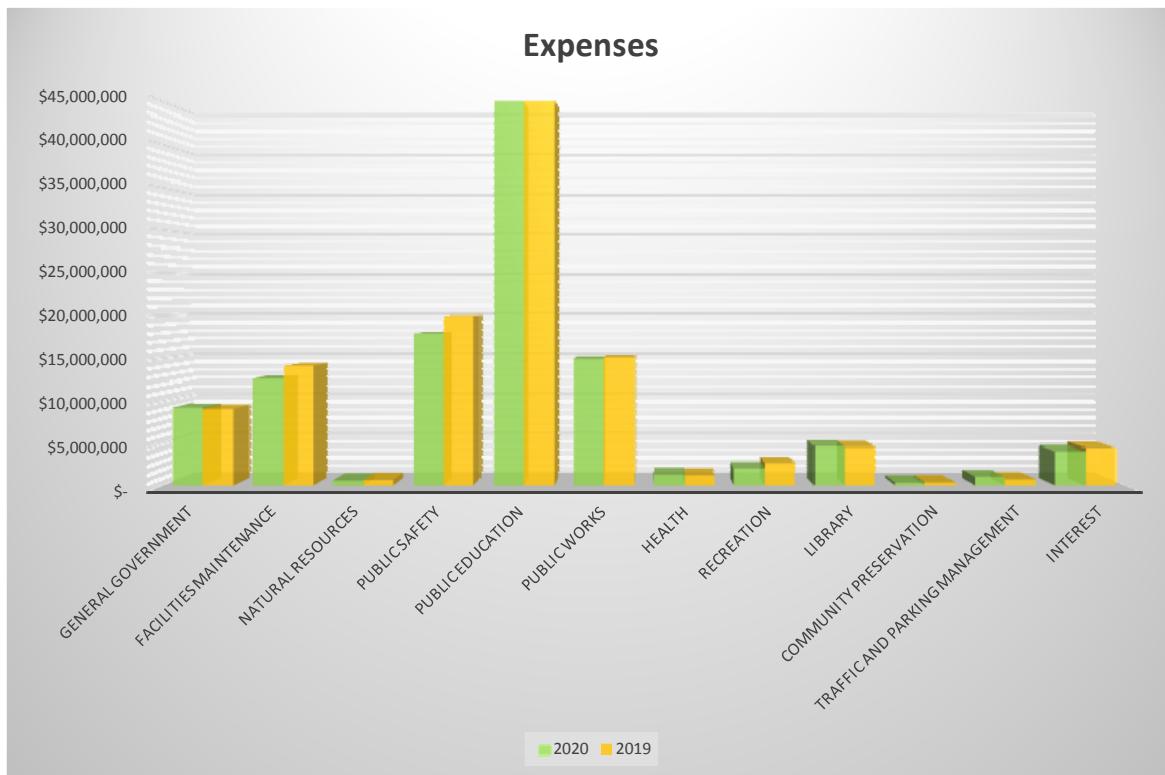
In addition to the 68% of total revenues that property taxes provide, the following is a brief description of the Town's other revenue sources.

- Operating grants and contributions accounted for 20% 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 \$6.8 million over the prior year primarily due to a \$4.9 million increase in MTRS revenue, a \$941,000 increase in public works revenues in relations to various projects and federal grants and a \$732,000 increase in general government revenues for various contributions received.
- Charges for services represented 5% 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 \$3.8 million over the prior year. The decrease was mainly attributed to the loss of revenue during the COVID-19 pandemic.
- 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 motor vehicle and other excise taxes, non-restricted grants and contributions, and investment earnings.

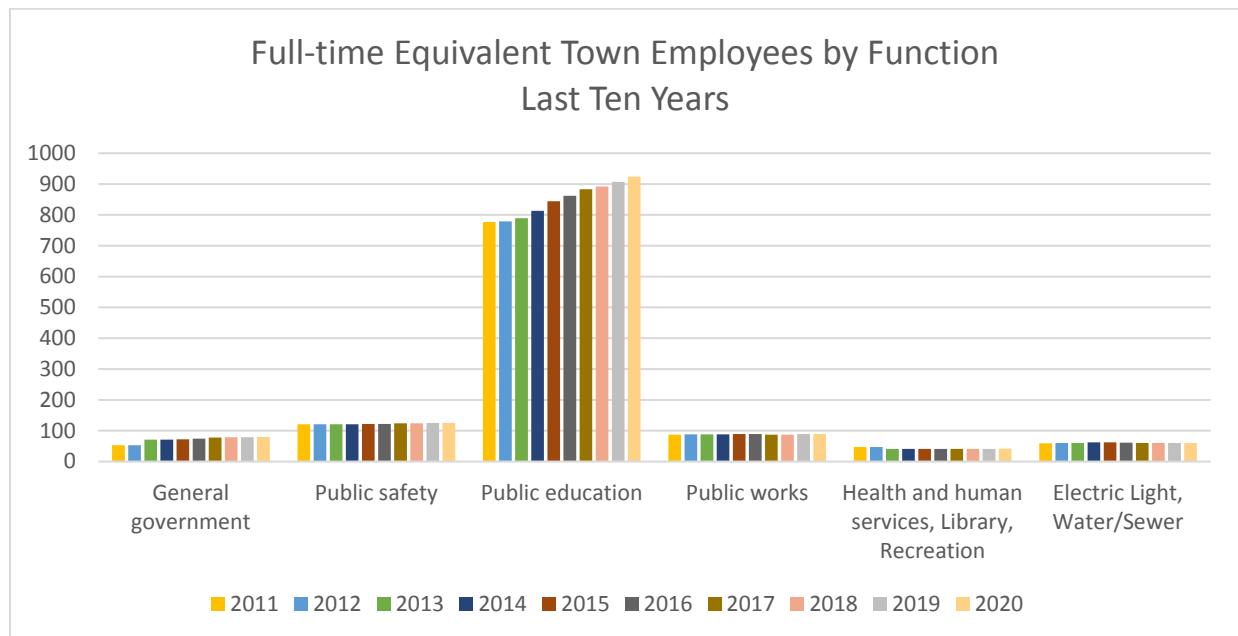
## Expenses

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 65% of the Town's total expenses. Approximately \$85 million in general revenues were needed to cover its 2020 operating expenses, net of related program revenues.
- Educational expense includes a pension contribution of approximately \$22.7 million (\$17.7 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 \$13.7 million and \$11.1 million, respectively, of general revenues were needed to cover their 2020 operating expenses, net of related program revenues. Facilities costs also include significant custodial costs relating to the schools.



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 increased the Town's net position by \$443,000 compared to a decrease of \$2.1 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 \$97.3 million at the close of 2020. 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 \$7.7 million (8%).

The municipal light fund experienced a \$1.2 million increase in net position. The decrease in both revenues and expenses in the municipal light fund were caused by the closing of schools due to COVID-19. The department has a net OPEB asset of \$1.1 million and a net pension liability of \$3.9 million. The net pension liability decreased by \$1.8 million during the year.

The water enterprise fund decreased by \$844,000. The water enterprise fund receives 94% of its revenue from charges for services. Operating revenue totaled \$7 million. Operating expenses included \$1.5 million in assessments for usage of water from the Massachusetts Water Resource Authority (MWRA); \$1 million in depreciation expense; and a total of \$5.3 million in administration, general, transmission, pumping, treatment and customer accounts.

The sewer enterprise fund net position increased by \$99,000. The sewer enterprise fund receives over 99% of operating revenue from charges for services. Operating revenue totaled \$7.8 million. Operating expenses included \$5.9 million in assessments from the MWRA; \$486,000 in depreciation expense; and a total of \$1.3 million in administration, general, pumping, treatment, collection and customer accounts.

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 \$5.4 million in 2020.

	2020	2019 (As Restated)
<b>Assets:</b>		
Current assets.....	\$ 22,716,145	\$ 24,015,843
Noncurrent assets (excluding capital).....	1,254,981	781,049
Capital assets, nondepreciable.....	1,138,396	736,266
Capital assets, net of accumulated depreciation.....	91,506,297	92,651,236
<b>Total assets.....</b>	<b>116,615,819</b>	<b>118,184,394</b>
 <b>Deferred outflows of resources.....</b>	 <b>913,544</b>	 <b>2,170,689</b>
 <b>Liabilities:</b>		
Current liabilities (excluding debt).....	4,268,876	4,616,702
Noncurrent liabilities (excluding debt).....	9,063,906	11,953,508
Current debt.....	762,232	772,381
Noncurrent debt.....	3,514,877	4,277,109
<b>Total liabilities.....</b>	<b>17,609,891</b>	<b>21,619,700</b>
 <b>Deferred inflows of resources.....</b>	 <b>2,599,914</b>	 <b>1,859,098</b>
 <b>Net position:</b>		
Net investment in capital assets.....	88,576,032	88,572,516
Restricted.....	1,000,000	1,000,000
Unrestricted.....	7,743,526	7,303,769
<b>Total net position.....</b>	<b>\$ 97,319,558</b>	<b>\$ 96,876,285</b>

Noncurrent liabilities (excluding debt) is primarily comprised of the \$6.3 million net pension liability, the \$1.1 million net OPEB liability and \$1.6 million of customer deposits and other liabilities of the municipal light department.

	2020	2019 (As Restated)
<b>Program Revenues:</b>		
Charges for services.....	\$ 50,520,887	\$ 52,357,797
Capital grants and contributions.....	541,559	771,777
<b>Total revenues.....</b>	<b>51,062,446</b>	<b>53,129,574</b>
 <b>Expenses:</b>		
Water.....	7,879,097	7,235,256
Sewer.....	7,725,163	7,784,577
Municipal Light.....	34,014,913	39,196,975
<b>Total expenses.....</b>	<b>49,619,173</b>	<b>54,216,808</b>
 <b>Excess (Deficiency) before transfers.....</b>	<b>1,443,273</b>	<b>(1,087,234)</b>
 <b>Transfers.....</b>	<b>(1,000,000)</b>	<b>(1,000,000)</b>
 <b>Change in net position.....</b>	<b>443,273</b>	<b>(2,087,234)</b>
 <b>Net position, beginning of year (as restated).....</b>	<b>96,876,285</b>	<b>98,963,519</b>
 <b>Net position, end of year.....</b>	<b>\$ 97,319,558</b>	<b>\$ 96,876,285</b>

Beginning net position has been restated to reflect a change in the measurement date for GASB Statement #75. Accordingly, previously reported net position of \$97,469,419, which was reported with a June 30, 2018 measurement date has been restated to \$96,876,285, with a June 30, 2019 measurement date (see note 16 for additional information).

## **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 \$58.1 million. Total fund balances decreased \$2.3 million from the prior year mainly due to \$4.2 million of bond proceeds being received in the prior year to permanently finance capital 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 \$26.9 million, while the total fund balance was \$35 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 13% of total general fund expenditures, while the total fund balance represents 17% of that same amount.

Fund balance of the General Fund increased \$3.8 million over the prior year as a result of better than expected revenue collections and from appropriation turnbacks in virtually all expenditure categories because of shutdowns related to the global pandemic.

### *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 education, public works, and library projects. At June 30, 2020, the ending fund balance was \$3.6 million, a decrease of \$6.5 million over the prior year due to \$4.2 million in bond proceeds being received in the prior year to permanently finance capital expenditures. These funds will be used for future capital outlays.

The nonmajor governmental funds experienced an increase of \$338,000 in the current year, which was due to timing differences between the receipt and expenditure of grant funds. Furthermore, in 2020 the Federal Government approved the Coronavirus Aid, Relief and Economic Security (CARES) Act which provides federal funding to assist communities in paying costs incurred between March 1, 2020 and December 31, 2020, that are directly related to the COVID-19 pandemic. The Commonwealth of Massachusetts was awarded \$2.7 billion, which is to be allocated amongst local governments based on population. The State has made a portion of these funds available as of June 30, 2020. As of June 30, 2020, the Town spent approximately \$414,000. The Town has received federal funding in 2020 totaling \$500,000. Therefore, unearned revenue totaling \$86,000 has been recorded on the Town's financial statements.

**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 2020 budget consisted of approximately \$178.2 million in appropriations and other amounts to be raised. Included in the original budget are approximately \$8.5 million in amounts carried over from previous years. During 2020, the Town approved approximately \$2.7 million of supplemental appropriations for capital improvement costs. These supplemental appropriations were financed through the use of free cash.

Revenues of the general fund were \$1.7 million higher than budget expectations and this is mainly due to higher than expected building permit and investment income revenues, prior to the pandemic. Total expenditures and carryovers were less than budget by approximately \$5.8 million (3%) because of turn backs in a number of appropriation line items, largely related to the slowing of operations caused by a singular focus on COVID-19.

## **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.

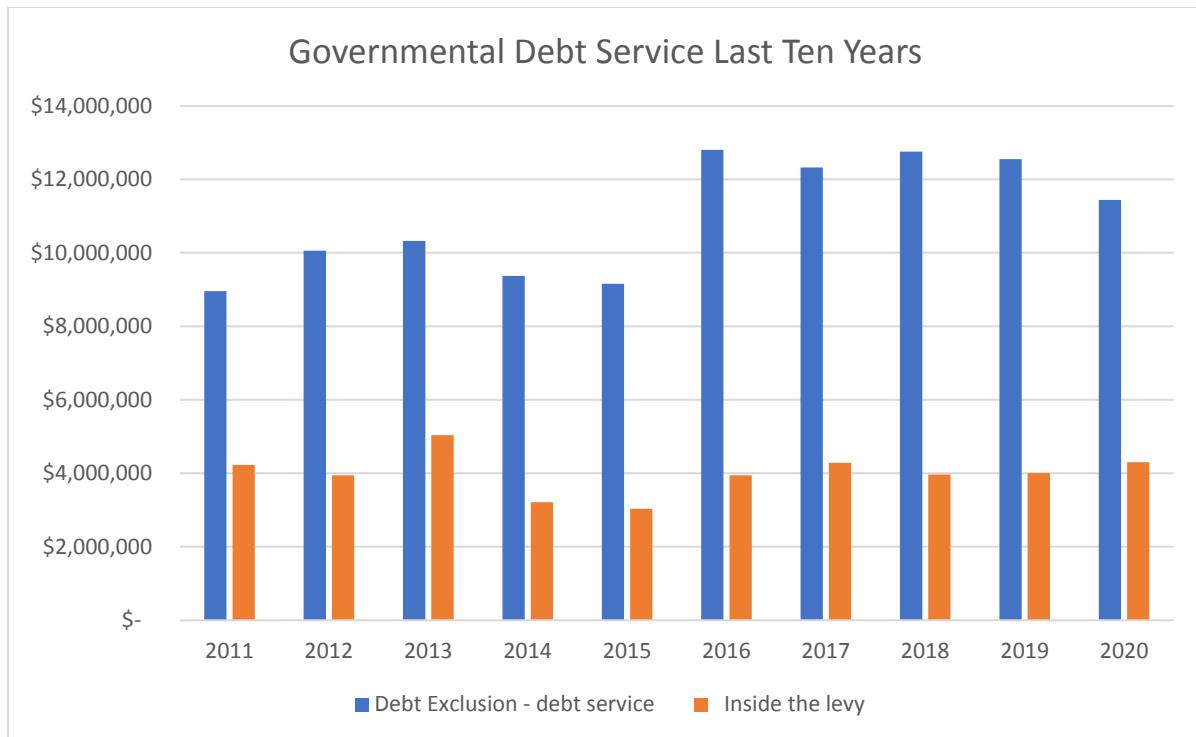
As part of the capital plan, the Town has historically financed the acquisition of a portion of its capital assets from current revenue. As noted earlier, this policy will continue to improve the financial position as net position will increase by the amount of acquisitions less the current depreciation.

Major capital assets are funded by the issuance of long-term debt. During the fiscal year, the Town incurred \$12.7 million of capitalized governmental expenditures and recognized depreciation expense of \$13.9 million. Current year additions consist of school improvements, Town hall improvements, improvements to the Sprague tennis courts and turf field, roadway improvements, and the purchase of vehicles for a number of departments.

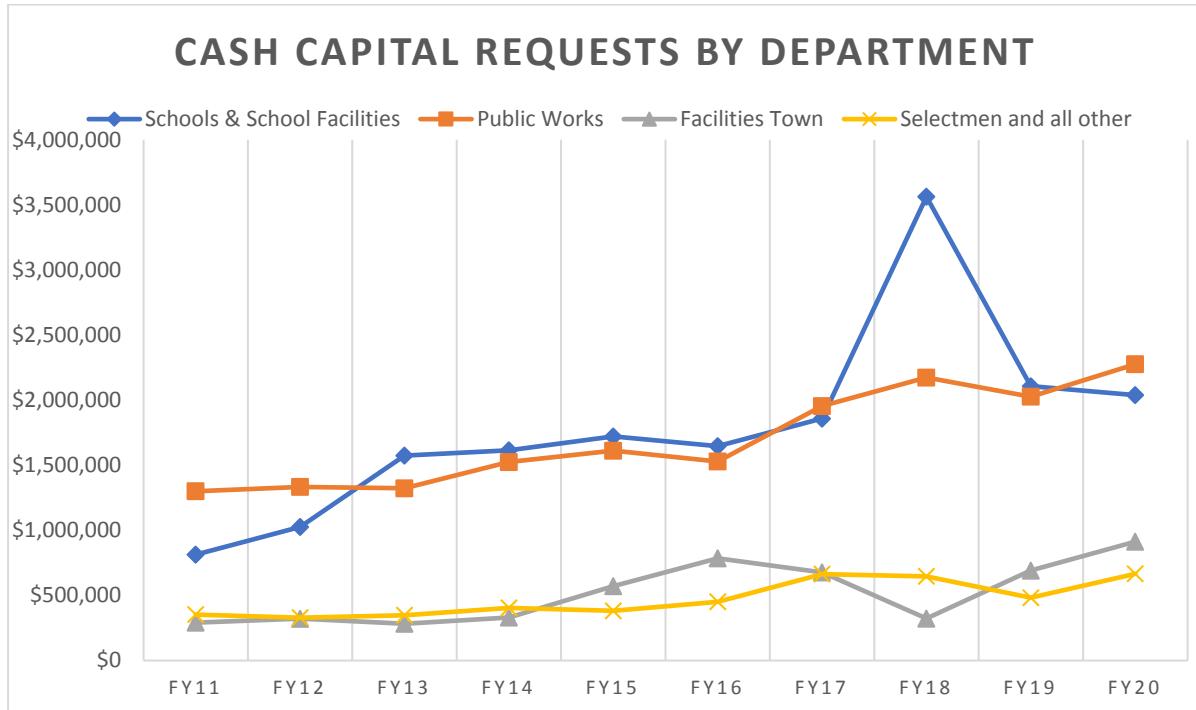
Outstanding long-term debt of the general government, as of June 30, 2020, totaled \$119 million. During 2020 the Town issued \$18.5 million of long-term refunding debt in the form of bond proceeds with a \$2.9 million related premium. This issuance financed expenditures for the High School Construction project. The refunding transaction resulted in a net present value savings of \$3.2 million.

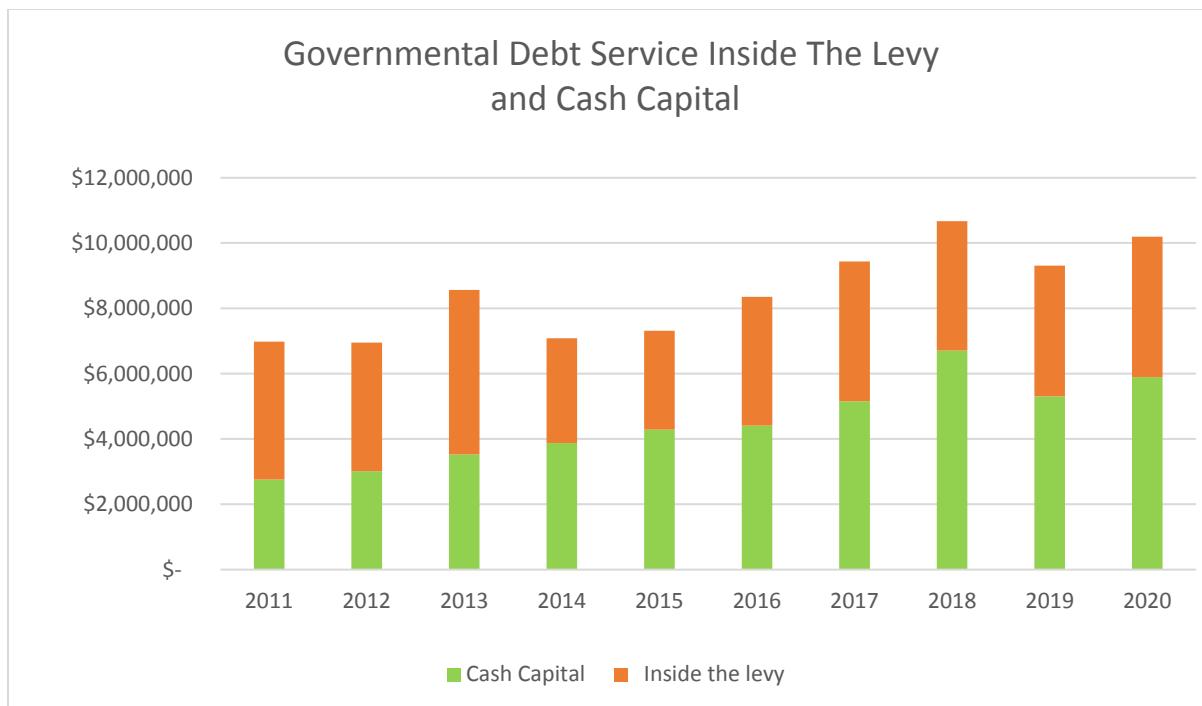
The business-type activities have \$2.7 million in water enterprise debt and \$1.6 million in sewer enterprise debt that is fully supported by the rates. The funds do not rely on a general fund subsidy. Capital assets, net of accumulated depreciation decreased by \$743,000 over the prior year. Current year business-type activities additions totaled \$4.6 million and were primarily for distribution plant improvements and construction in progress. Depreciation expense was \$5.4 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 to 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 gain of \$30 million for the calendar year ended December 31, 2019. The System paid out \$14.8 million of retirement benefits, administration costs and transfers to other systems. Total net position of the System amounted to \$216.8 million at December 31, 2019 and the System's Funded Ratio was 83.7%, an increase from 75.33% at December 31, 2018.

### **Other Postemployment Benefits**

As of June 30, 2020 the Town has recognized a net other postemployment benefits (OPEB) liability in the amount of \$52.4 million in accordance with the provisions of GASB Statement No.75. During 2020 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 \$75 million at year end. As of June 30, 2020, the ratio of the Plan's Fiduciary Net Position to the Total OPEB Liability (funded ratio) is 59.40% an improvement of 1.52% compared with the previous fiscal year.

### **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***

**STATEMENT OF NET POSITION**

JUNE 30, 2020

	<b>Primary Government</b>		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
<b>CURRENT:</b>			
Cash and cash equivalents.....	\$ 65,005,834	\$ 13,943,369	\$ 78,949,203
Restricted cash and cash equivalents.....	-	1,000,000	1,000,000
Investments.....	11,541,132	-	11,541,132
Receivables, net of allowance for uncollectibles:			
Real estate and personal property taxes.....	3,190,843	-	3,190,843
Tax liens.....	1,268,854	-	1,268,854
Community preservation fund surtax.....	9,005	-	9,005
Motor vehicle and other excise taxes.....	412,796	-	412,796
User charges.....	-	5,376,568	5,376,568
Departmental and other.....	290,978	-	290,978
Intergovernmental.....	2,563,226	-	2,563,226
Inventory.....	-	1,015,518	1,015,518
Working capital deposit.....	-	1,078,220	1,078,220
Purchased power advanced deposits.....	-	302,470	302,470
Total current assets.....	<u>84,282,668</u>	<u>22,716,145</u>	<u>106,998,813</u>
<b>NONCURRENT:</b>			
Net other postemployment benefits asset.....	-	1,104,981	1,104,981
Investment in Energy New England.....	-	150,000	150,000
Capital assets, nondepreciable.....	59,640,118	1,138,396	60,778,514
Capital assets, net of accumulated depreciation.....	<u>221,204,680</u>	<u>91,506,297</u>	<u>312,710,977</u>
Total noncurrent assets.....	<u>280,844,798</u>	<u>93,899,674</u>	<u>374,744,472</u>
<b>TOTAL ASSETS.....</b>	<b><u>365,127,466</u></b>	<b><u>116,615,819</u></b>	<b><u>481,743,285</u></b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows for refunding debt.....	565,627	208,448	774,075
Deferred outflows related to pensions.....	3,389,670	523,618	3,913,288
Deferred outflows related to other postemployment benefits.....	1,644,494	181,478	1,825,972
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES.....</b>	<b><u>5,599,791</u></b>	<b><u>913,544</u></b>	<b><u>6,513,335</u></b>
<b>LIABILITIES</b>			
<b>CURRENT:</b>			
Warrants payable.....	4,280,345	3,161,157	7,441,502
Accrued payroll.....	6,290,134	70,585	6,360,719
Tax refunds payable.....	689,904	-	689,904
Accrued interest.....	375,960	9,898	385,858
Other liabilities.....	-	979,823	979,823
Unearned revenue.....	86,175	-	86,175
Compensated absences.....	429,100	47,413	476,513
Workers' compensation.....	260,000	-	260,000
Notes payable.....	5,748,000	-	5,748,000
Bonds payable.....	<u>10,904,023</u>	<u>762,232</u>	<u>11,666,255</u>
Total current liabilities.....	<u>29,063,641</u>	<u>5,031,108</u>	<u>34,094,749</u>
<b>NONCURRENT:</b>			
Customer deposits.....	-	872,197	872,197
Other liabilities.....	-	727,742	727,742
Compensated absences.....	285,987	31,609	317,596
Workers' compensation.....	240,000	-	240,000
Net pension liability.....	35,557,231	6,311,403	41,868,634
Net other postemployment benefits liability.....	51,260,111	1,120,955	52,381,066
Bonds payable.....	<u>108,057,646</u>	<u>3,514,877</u>	<u>111,572,523</u>
Total noncurrent liabilities.....	<u>195,400,975</u>	<u>12,578,783</u>	<u>207,979,758</u>
<b>TOTAL LIABILITIES.....</b>	<b><u>224,464,616</u></b>	<b><u>17,609,891</u></b>	<b><u>242,074,507</u></b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Taxes paid in advance.....	524,860	-	524,860
Deferred inflows related to pensions.....	11,042,603	1,912,584	12,955,187
Deferred inflows related to other postemployment benefits.....	<u>5,709,143</u>	<u>687,330</u>	<u>6,396,473</u>
<b>TOTAL DEFERRED INFLOWS OF RESOURCES.....</b>	<b><u>17,276,606</u></b>	<b><u>2,599,914</u></b>	<b><u>19,876,520</u></b>
<b>NET POSITION</b>			
Net investment in capital assets.....	162,479,778	88,576,032	251,055,810
Restricted for:			
Depreciation.....	-	1,000,000	1,000,000
Permanent funds:			
Expendable.....	1,128,851	-	1,128,851
Nonexpendable.....	437,266	-	437,266
Gifts and grants.....	3,385,695	-	3,385,695
Community preservation.....	7,931,838	-	7,931,838
Unrestricted.....	<u>(46,377,393)</u>	<u>7,743,526</u>	<u>(38,633,867)</u>
<b>TOTAL NET POSITION.....</b>	<b><u>\$ 128,986,035</u></b>	<b><u>\$ 97,319,558</u></b>	<b><u>\$ 226,305,593</u></b>

See notes to basic financial statements.

**STATEMENT OF ACTIVITIES**

YEAR ENDED JUNE 30, 2020

<u>Functions/Programs</u>	<u>Program Revenues</u>				
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Net (Expense) Revenue</u>
<b>Primary Government:</b>					
<i>Governmental Activities:</i>					
General government.....	\$ 9,141,425	\$ 1,088,553	\$ 1,015,863	\$ -	\$ (7,037,009)
Facilities maintenance.....	12,484,919	-	4,674	-	(12,480,245)
Natural resources.....	578,406	22,139	6,200	-	(550,067)
Public safety.....	17,824,882	3,815,847	329,476	-	(13,679,559)
Public education.....	127,265,999	4,102,835	38,117,534	-	(85,045,630)
Public works.....	14,813,731	897,479	1,132,910	1,657,607	(11,125,735)
Health.....	1,292,687	80,735	110,738	-	(1,101,214)
Recreation.....	1,992,469	894,033	106,913	-	(991,523)
Library.....	4,582,627	87,145	226,236	-	(4,269,246)
Community preservation.....	331,855	-	-	310,875	(20,980)
COVID-19.....	413,825	-	413,825	-	-
Traffic and parking management.....	1,039,262	267,760	-	-	(771,502)
Interest.....	4,008,703	-	-	-	(4,008,703)
<b>Total Governmental Activities.....</b>	<b>195,770,790</b>	<b>11,256,526</b>	<b>41,464,369</b>	<b>1,968,482</b>	<b>(141,081,413)</b>
<i>Business-Type Activities:</i>					
Water.....	7,879,097	7,035,534	-	-	(843,563)
Sewer.....	7,725,163	7,823,886	-	-	98,723
Municipal Light.....	34,014,913	35,661,467	-	541,559	2,188,113
<b>Total Business-Type Activities.....</b>	<b>49,619,173</b>	<b>50,520,887</b>	<b>-</b>	<b>541,559</b>	<b>1,443,273</b>
<b>Total Primary Government.....</b>	<b>\$ 245,389,963</b>	<b>\$ 61,777,413</b>	<b>\$ 41,464,369</b>	<b>\$ 2,510,041</b>	<b>\$ (139,638,140)</b>

See notes to basic financial statements.

(Continued)

## STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2020

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>Changes in net position:</b>			
Net (expense) revenue from previous page.....	\$ (141,081,413)	\$ 1,443,273	\$ (139,638,140)
<i>General revenues:</i>			
Real estate and personal property taxes, net of tax refunds payable.....	144,522,442	-	144,522,442
Tax liens.....	335,556	-	335,556
Motor vehicle and other excise taxes.....	5,650,461	-	5,650,461
Meals tax.....	611,589	-	611,589
Community preservation tax.....	1,341,104	-	1,341,104
Penalties and interest on taxes.....	234,393	-	234,393
Payments in lieu of taxes.....	76,442	-	76,442
Grants and contributions not restricted to specific programs.....	1,604,033	-	1,604,033
Unrestricted investment income.....	2,357,181	-	2,357,181
Transfers, net.....	<u>1,000,000</u>	<u>(1,000,000)</u>	<u>-</u>
Total general revenues and transfers.....	<u>157,733,201</u>	<u>(1,000,000)</u>	<u>156,733,201</u>
Change in net position.....	16,651,788	443,273	17,095,061
<i>Net position:</i>			
Beginning of year (as restated).....	<u>112,334,247</u>	<u>96,876,285</u>	<u>209,210,532</u>
End of year.....	<u>\$ 128,986,035</u>	<u>\$ 97,319,558</u>	<u>\$ 226,305,593</u>

See notes to basic financial statements.

(Concluded)

**GOVERNMENTAL FUNDS**  
**BALANCE SHEET**

JUNE 30, 2020

	General	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents.....	\$ 36,849,506	\$ 9,814,373	\$ 17,999,965	\$ 64,663,844
Investments.....	7,909,549	-	1,131,407	9,040,956
Receivables, net of uncollectibles:				
Real estate and personal property taxes.....	3,190,843	-	-	3,190,843
Tax liens.....	1,268,854	-	-	1,268,854
Community preservation fund surtax.....	-	-	9,005	9,005
Motor vehicle and other excise taxes.....	412,796	-	-	412,796
Departmental and other.....	27,281	-	255,538	282,819
Intergovernmental.....	-	-	2,563,226	2,563,226
Due from other funds.....	219,930	-	-	219,930
<b>TOTAL ASSETS</b> .....	<b>\$ 49,878,759</b>	<b>\$ 9,814,373</b>	<b>\$ 21,959,141</b>	<b>\$ 81,652,273</b>
<b>LIABILITIES</b>				
Warrants payable.....	\$ 3,441,260	\$ 462,089	\$ 349,118	\$ 4,252,467
Accrued payroll.....	5,893,499	779	77,108	5,971,386
Tax refunds payable.....	689,904	-	-	689,904
Due to other funds.....	-	-	219,930	219,930
Unearned revenue.....	-	-	86,175	86,175
Notes payable.....	-	5,748,000	-	5,748,000
<b>TOTAL LIABILITIES</b> .....	<b>10,024,663</b>	<b>6,210,868</b>	<b>732,331</b>	<b>16,967,862</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Taxes paid in advance.....	514,553	-	10,307	524,860
Unavailable revenue.....	4,344,780	-	1,747,300	6,092,080
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b> .....	<b>4,859,333</b>	<b>-</b>	<b>1,757,607</b>	<b>6,616,940</b>
<b>FUND BALANCES</b>				
Nonspendable.....	-	-	437,266	437,266
Restricted.....	-	3,603,505	19,031,937	22,635,442
Committed.....	1,743,287	-	-	1,743,287
Assigned.....	6,332,723	-	-	6,332,723
Unassigned.....	26,918,753	-	-	26,918,753
<b>TOTAL FUND BALANCES</b> .....	<b>34,994,763</b>	<b>3,603,505</b>	<b>19,469,203</b>	<b>58,067,471</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b> .....	<b>\$ 49,878,759</b>	<b>\$ 9,814,373</b>	<b>\$ 21,959,141</b>	<b>\$ 81,652,273</b>

See notes to basic financial statements.

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

JUNE 30, 2020

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Total governmental fund balances.....	\$ 58,067,471
Capital assets (net) used in governmental activities are not financial resources and, therefore, are not reported in the funds.....	280,844,798
Accounts receivable are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.....	6,092,080
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.....	(11,151,955)
The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position.....	2,003,699
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.....	(375,960)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds: Bonds payable.....	(118,961,669)
Net pension liability.....	(35,557,231)
Net other postemployment benefits liability.....	(51,260,111)
Compensated absences.....	<u>(715,087)</u>
Net effect of reporting long-term liabilities.....	<u>(206,494,098)</u>
Net position of governmental activities.....	<u>\$ 128,986,035</u>

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2020

	General	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>				
Real estate and personal property taxes,				
net of tax refunds.....	\$ 144,112,058	\$ -	\$ -	\$ 144,112,058
Tax liens.....	335,556	- -	- -	335,556
Motor vehicle and other excise taxes.....	5,534,128	- -	- -	5,534,128
Meals tax.....	611,589	- -	- -	611,589
Charges for services.....	- -	- -	1,102,284	1,102,284
Parking meter receipts.....	- -	- -	730,184	730,184
Penalties and interest on taxes.....	234,393	- -	- -	234,393
Payments in lieu of taxes.....	76,442	- -	- -	76,442
Intergovernmental - Teachers Retirement.....	22,691,000	- -	- -	22,691,000
Intergovernmental.....	10,700,798	172,308	7,447,403	18,320,509
Intergovernmental - COVID-19 relief.....	- -	- -	413,825	413,825
Departmental and other.....	3,772,862	323,275	5,754,946	9,851,083
Community preservation taxes.....	- -	- -	1,341,104	1,341,104
Contributions and donations.....	- -	- -	2,308,620	2,308,620
Investment income.....	2,047,189	- -	152,773	2,199,962
<b>TOTAL REVENUES.....</b>	<b>190,116,015</b>	<b>495,583</b>	<b>19,251,139</b>	<b>209,862,737</b>
<b>EXPENDITURES:</b>				
Current:				
General government.....	5,102,355	1,936,233	317,999	7,356,587
Facilities maintenance.....	8,807,548	- 4,674	8,812,222	
Natural resources.....	390,783	- 25,150	415,933	
Public safety.....	12,638,973	- 1,542,827	14,181,800	
Public education.....	76,361,951	5,082,709	10,655,477	92,100,137
Public works.....	9,754,547	2,457,998	1,277,939	13,490,484
Health.....	935,382	- 61,624	997,006	
Recreation.....	361,053	76,143	1,303,434	1,740,630
Library.....	2,604,637	121,097	307,143	3,032,877
Community preservation.....	- -	- 331,855	331,855	
COVID-19.....	- -	- 413,825	413,825	
Pension benefits.....	7,487,909	- -	7,487,909	
Pension benefits - Teachers Retirement.....	22,691,000	- -	22,691,000	
Employee benefits.....	21,980,846	- -	- 21,980,846	
Traffic and parking management.....	- -	- 1,039,262	1,039,262	
State and county charges.....	1,263,722	- -	- 1,263,722	
Debt service:				
Principal.....	11,020,000	- -	- 11,020,000	
Principal payment on current refunding.....	21,000,000	- -	- 21,000,000	
Interest.....	5,235,696	- -	- 5,235,696	
<b>TOTAL EXPENDITURES.....</b>	<b>207,636,402</b>	<b>9,674,180</b>	<b>17,281,209</b>	<b>234,591,791</b>
<b>EXCESS (DEFICIENCY) OF REVENUES</b>				
OVER (UNDER) EXPENDITURES.....	(17,520,387)	(9,178,597)	1,969,930	(24,729,054)
<b>OTHER FINANCING SOURCES (USES):</b>				
Issuance of refunding bonds.....	18,530,000	- -	- 18,530,000	
Premium from issuance of refunding bonds.....	2,905,345	- -	- 2,905,345	
Transfers in.....	1,932,213	2,700,000	- 4,632,213	
Transfers out.....	(2,000,000)	- -	- (1,632,213)	(3,632,213)
<b>TOTAL OTHER FINANCING SOURCES (USES)...</b>	<b>21,367,558</b>	<b>2,700,000</b>	<b>(1,632,213)</b>	<b>22,435,345</b>
NET CHANGE IN FUND BALANCES.....	3,847,171	(6,478,597)	337,717	(2,293,709)
FUND BALANCES AT BEGINNING OF YEAR.....	31,147,592	10,082,102	19,131,486	60,361,180
FUND BALANCES AT END OF YEAR.....	\$ 34,994,763	\$ 3,603,505	\$ 19,469,203	\$ 58,067,471

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, 2020

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Net change in fund balances - total governmental funds.....	\$ (2,293,709)
 Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Capital outlay.....	12,669,833
Depreciation expense.....	<u>(13,888,816)</u>
Net effect of reporting capital assets.....	(1,218,983)
 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.....	
	1,402,622
 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.	
Issuance of refunding bonds.....	(18,530,000)
Premium from issuance of refunding bonds.....	(2,905,345)
Principal payment on current refunded debt.....	21,000,000
Net amortization of premium from issuance of bonds.....	1,082,731
Net change in deferred charge on refunding.....	(70,704)
Debt service principal payments.....	<u>11,020,000</u>
Net effect of reporting long-term debt.....	11,596,682
 Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	
Net change in compensated absences accrual.....	(289,874)
Net change in accrued interest on long-term debt.....	214,966
Net change in deferred outflow/(inflow) of resources related to pensions.....	<u>(14,162,645)</u>
Net change in net pension liability.....	16,310,178
Net change in deferred outflow/(inflow) of resources related to other postemployment benefits.....	5,716,907
Net change in net other postemployment benefits liability.....	<u>(529,963)</u>
Net effect of recording long-term liabilities.....	7,259,569
 The net activity of internal service funds is reported with Governmental Activities.....	
	<u>(94,393)</u>
Change in net position of governmental activities.....	<u>\$ 16,651,788</u>

See notes to basic financial statements.

**PROPRIETARY FUNDS**  
STATEMENT OF NET POSITION

JUNE 30, 2020

Business-type Activities - Enterprise Funds					
	Water	Sewer	Municipal Light	Total	Governmental Activities - Internal Service Fund
<b>ASSETS</b>					
<b>CURRENT:</b>					
Cash and cash equivalents.....	\$ 7,910,041	\$ 2,991,060	\$ 3,042,268	\$ 13,943,369	\$ 341,990
Restricted cash and cash equivalents.....	-	-	1,000,000	1,000,000	-
Investments.....	-	-	-	-	2,500,176
Receivables, net of allowance for uncollectibles:					
User charges.....	786,017	745,648	3,844,903	5,376,568	-
Departmental and other.....	-	-	-	-	8,159
Inventory.....	167,094	-	848,424	1,015,518	-
Working capital deposit.....	-	-	1,078,220	1,078,220	-
Purchased power advanced deposits.....	-	-	302,470	302,470	-
Total current assets.....	<u>8,863,152</u>	<u>3,736,708</u>	<u>10,116,285</u>	<u>22,716,145</u>	<u>2,850,325</u>
<b>NONCURRENT:</b>					
Net other postemployment benefits asset.....	-	-	1,104,981	1,104,981	-
Investment in Energy New England.....	-	-	150,000	150,000	-
Capital assets, nondepreciable.....	562,424	339,715	236,257	1,138,396	-
Capital assets, net of accumulated depreciation.....	15,334,323	15,506,988	60,664,986	91,506,297	-
Total noncurrent assets.....	<u>15,896,747</u>	<u>15,846,703</u>	<u>62,156,224</u>	<u>93,899,674</u>	<u>-</u>
<b>TOTAL ASSETS</b> .....	<u>24,759,899</u>	<u>19,583,411</u>	<u>72,272,509</u>	<u>116,615,819</u>	<u>2,850,325</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred loss on refunding.....	104,224	104,224	-	208,448	-
Deferred outflows related to pensions.....	117,629	50,412	355,577	523,618	-
Deferred outflows related to other postemployment benefits.....	25,173	10,789	145,516	181,478	-
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b> .....	<u>247,026</u>	<u>165,425</u>	<u>501,093</u>	<u>913,544</u>	<u>-</u>
<b>LIABILITIES</b>					
<b>CURRENT:</b>					
Warrants payable.....	41,717	149,500	2,952,440	3,143,657	27,878
Accrued payroll.....	31,807	7,492	48,786	88,085	318,748
Accrued interest.....	5,599	4,299	-	9,898	-
Other liabilities.....	34,445	2,075	943,303	979,823	-
Compensated absences.....	27,496	-	19,917	47,413	-
Workers' compensation.....	-	-	-	-	260,000
Bonds payable.....	481,318	280,914	-	762,232	-
Total current liabilities.....	<u>622,382</u>	<u>444,280</u>	<u>3,964,446</u>	<u>5,031,108</u>	<u>606,626</u>
<b>NONCURRENT:</b>					
Customer deposits.....	-	-	872,197	872,197	-
Other liabilities.....	-	-	727,742	727,742	-
Compensated absences.....	18,331	-	13,278	31,609	-
Workers' compensation.....	-	-	-	-	240,000
Net other postemployment benefits liability.....	784,669	336,286	-	1,120,955	-
Net pension liability.....	1,716,450	735,621	3,859,332	6,311,403	-
Bonds payable.....	2,222,916	1,291,961	-	3,514,877	-
Total noncurrent liabilities.....	<u>4,742,366</u>	<u>2,363,868</u>	<u>5,472,549</u>	<u>12,578,783</u>	<u>240,000</u>
<b>TOTAL LIABILITIES</b> .....	<u>5,364,748</u>	<u>2,808,148</u>	<u>9,436,995</u>	<u>17,609,891</u>	<u>846,626</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred inflows related to pensions.....	570,974	244,703	1,096,907	1,912,584	-
Deferred inflows related to other postemployment benefits.....	87,393	37,454	562,483	687,330	-
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b> .....	<u>658,367</u>	<u>282,157</u>	<u>1,659,390</u>	<u>2,599,914</u>	<u>-</u>
<b>NET POSITION</b>					
Net investment in capital assets.....	13,296,737	14,378,052	60,901,243	88,576,032	-
Restricted for:					
Depreciation.....	-	-	1,000,000	1,000,000	-
Unrestricted.....	5,687,073	2,280,479	(224,026)	7,743,526	2,003,699
<b>TOTAL NET POSITION</b> .....	<u>\$ 18,983,810</u>	<u>\$ 16,658,531</u>	<u>\$ 61,677,217</u>	<u>\$ 97,319,558</u>	<u>\$ 2,003,699</u>

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2020

Business-type Activities - Enterprise Funds					
	Water	Sewer	Municipal Light	Total	Governmental Activities - Internal Service Fund
<b>OPERATING REVENUES:</b>					
Employee contributions.....	\$ -	\$ -	\$ -	\$ -	\$ 10,326,331
Employer contributions.....	-	-	-	-	16,994,871
Charges for services.....	6,602,694	7,770,151	32,586,769	46,959,614	1,577,995
Contracted services.....	-	-	1,123,237	1,123,237	-
Other operating revenues.....	432,840	53,735	1,951,461	2,438,036	-
<b>TOTAL OPERATING REVENUES .....</b>	<b>7,035,534</b>	<b>7,823,886</b>	<b>35,661,467</b>	<b>50,520,887</b>	<b>28,899,197</b>
<b>OPERATING EXPENSES:</b>					
Administration and general.....	1,619,849	559,594	712,264	2,891,707	-
MWRA assessment.....	1,476,428	5,923,894	-	7,400,322	-
Purchased power.....	-	-	13,470,928	13,470,928	-
Transmission.....	2,493,133	-	13,417,786	15,910,919	-
Cost of contracted services.....	-	-	723,330	723,330	-
Cost associated with other revenue.....	-	-	605,543	605,543	-
Pumping and treatment.....	1,023,669	262,487	-	1,286,156	-
Distribution.....	-	-	367,040	367,040	-
Collection.....	-	386,305	-	386,305	-
Customer accounts.....	129,943	67,523	891,549	1,089,015	-
Depreciation.....	1,059,921	486,464	3,807,024	5,353,409	-
Employee benefits.....	-	-	-	-	27,951,838
Fleet maintenance.....	-	-	-	-	1,198,971
<b>TOTAL OPERATING EXPENSES.....</b>	<b>7,802,943</b>	<b>7,686,267</b>	<b>33,995,464</b>	<b>49,484,674</b>	<b>29,150,809</b>
<b>OPERATING INCOME (LOSS).....</b>	<b>(767,409)</b>	<b>137,619</b>	<b>1,666,003</b>	<b>1,036,213</b>	<b>(251,612)</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>					
Investment income.....	-	-	-	-	157,219
Interest expense.....	(76,154)	(38,896)	(19,449)	(134,499)	-
<b>TOTAL NONOPERATING REVENUES (EXPENSES), NET.....</b>	<b>(76,154)</b>	<b>(38,896)</b>	<b>(19,449)</b>	<b>(134,499)</b>	<b>157,219</b>
<b>INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS.....</b>	<b>(843,563)</b>	<b>98,723</b>	<b>1,646,554</b>	<b>901,714</b>	<b>(94,393)</b>
<b>CAPITAL CONTRIBUTIONS.....</b>	<b>-</b>	<b>-</b>	<b>541,559</b>	<b>541,559</b>	<b>-</b>
<b>TRANSFERS:</b>					
Transfers out.....	-	-	(1,000,000)	(1,000,000)	-
<b>CHANGE IN NET POSITION.....</b>	<b>(843,563)</b>	<b>98,723</b>	<b>1,188,113</b>	<b>443,273</b>	<b>(94,393)</b>
<b>NET POSITION AT BEGINNING OF YEAR (as restated).....</b>	<b>19,827,373</b>	<b>16,559,808</b>	<b>60,489,104</b>	<b>96,876,285</b>	<b>2,098,092</b>
<b>NET POSITION AT END OF YEAR.....</b>	<b>\$ 18,983,810</b>	<b>\$ 16,658,531</b>	<b>\$ 61,677,217</b>	<b>\$ 97,319,558</b>	<b>\$ 2,003,699</b>

See notes to basic financial statements.

**PROPRIETARY FUNDS**  
**STATEMENT OF CASH FLOWS**

YEAR ENDED JUNE 30, 2020

Business-type Activities - Enterprise Funds						Governmental Activities - Internal Service Fund
	Water	Sewer	Municipal Light	Total		
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>						
Receipts from customers and users.....	\$ 6,927,873	\$ 7,766,548	\$ 35,222,439	\$ 49,916,860	\$ 10,327,049	
Receipts from interfund services provided.....	-	-	-	-	-	18,572,866
Payments to vendors.....	(5,715,580)	(6,560,207)	(29,997,560)	(42,273,347)	-	
Payments to employees.....	(1,620,532)	(565,336)	(712,630)	(2,898,498)	-	
Payments for interfund services used.....	-	-	-	-	-	(29,153,479)
NET CASH FROM OPERATING ACTIVITIES.....	<u>(408,239)</u>	<u>641,005</u>	<u>4,512,249</u>	<u>4,745,015</u>	<u>(253,564)</u>	
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>						
Payment in lieu of taxes, Town of Wellesley.....	-	-	(1,000,000)	(1,000,000)	-	
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>						
Capital contributions.....	-	-	541,559	541,559	-	
Acquisition and construction of capital assets.....	(255,520)	(833,344)	(3,521,736)	(4,610,600)	-	
Principal payments on bonds and notes.....	(436,841)	(256,707)	-	(693,548)	-	
Interest expense.....	(114,611)	(54,061)	(19,449)	(188,121)	-	
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES.....	<u>(806,972)</u>	<u>(1,144,112)</u>	<u>(2,999,626)</u>	<u>(4,950,710)</u>	<u>-</u>	
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>						
Sale (purchase) of investments, net.....	-	-	-	-	-	365,284
Investment income.....	-	-	-	-	-	157,219
NET CASH FROM INVESTING ACTIVITIES.....	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>522,503</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS.....	<u>(1,215,211)</u>	<u>(503,107)</u>	<u>512,623</u>	<u>(1,205,695)</u>	<u>268,939</u>	
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR.....	<u>9,125,252</u>	<u>3,494,167</u>	<u>3,529,645</u>	<u>16,149,064</u>	<u>73,051</u>	
CASH AND CASH EQUIVALENTS AT END OF YEAR.....	<u>\$ 7,910,041</u>	<u>\$ 2,991,060</u>	<u>\$ 4,042,268</u>	<u>\$ 14,943,369</u>	<u>\$ 341,990</u>	
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES:</b>						
Operating income (loss).....	\$ (767,409)	\$ 137,619	\$ 1,666,003	\$ 1,036,213	\$ (251,612)	
Adjustments to reconcile operating income to net cash from operating activities:						
Depreciation.....	1,059,921	486,464	3,807,024	5,353,409	-	
Deferred (outflows)/inflows related to pensions.....	715,646	306,706	1,523,151	2,545,503	-	
Deferred (outflows)/inflows related to OPEB.....	(48,982)	(20,993)	(503,623)	(573,598)	-	
Changes in assets and liabilities:						
User charges.....	(107,661)	(57,338)	(406,088)	(571,087)	-	
Departmental and other.....	-	-	-	-	718	
Inventory.....	7,613	-	(57,832)	(50,219)	-	
Purchased power advanced deposits.....	-	-	715,309	715,309	-	
Warrants payable.....	(455,853)	141,790	(428,878)	(742,941)	660	
Accrued payroll.....	(20,739)	(5,742)	(4,833)	(31,314)	(51,330)	
Customer deposits.....	-	-	(32,940)	(32,940)	-	
Other liabilities.....	-	-	328,518	328,518	-	
Compensated absences.....	20,056	-	4,467	24,523	-	
Workers' compensation.....	-	-	-	-	48,000	
Net pension liability.....	(780,414)	(334,464)	(1,765,756)	(2,880,634)	-	
Net other postemployment benefits liability/asset.....	(30,417)	(13,037)	(332,273)	(375,727)	-	
Total adjustments.....	<u>359,170</u>	<u>503,386</u>	<u>2,846,246</u>	<u>3,708,802</u>	<u>(1,952)</u>	
NET CASH FROM OPERATING ACTIVITIES.....	<u>\$ (408,239)</u>	<u>\$ 641,005</u>	<u>\$ 4,512,249</u>	<u>\$ 4,745,015</u>	<u>\$ (253,564)</u>	
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:</b>						
Change in the deferred loss on debt refunding.....	\$ (13,028)	\$ (13,028)	\$ -	\$ (26,056)	\$ -	

See notes to basic financial statements.

**FIDUCIARY FUNDS**  
**STATEMENT OF FIDUCIARY NET POSITION**

JUNE 30, 2020

	Pension and Other			
	Employee Benefit Trust Funds (1)	Private Purpose Trust Funds	Agency Funds	
<b>ASSETS</b>				
Cash and cash equivalents.....	\$ 1,381,770	\$ -	\$ 1,288,175	
Investments:				
Investments in Pension Reserve Investment Trust.....	290,487,944	-	-	
Equity securities.....	-	484,646	-	
Receivables, net of allowance for uncollectibles:				
Departmental and other.....	522,061	-	-	
Other assets.....	1,824	-	-	
<b>TOTAL ASSETS</b> .....	<b>292,393,599</b>	<b>484,646</b>	<b>1,288,175</b>	
<b>LIABILITIES</b>				
Warrants payable.....	539,958	-	-	
Liabilities due depositors.....	-	-	1,288,175	
<b>TOTAL LIABILITIES</b> .....	<b>539,958</b>	<b>-</b>	<b>1,288,175</b>	
<b>NET POSITION</b>				
Restricted for pensions.....	216,829,339	-	-	
Restricted for other postemployment benefits.....	75,024,302	-	-	
Held in trust for other purposes.....	-	484,646	-	
<b>TOTAL NET POSITION</b> .....	<b>\$ 291,853,641</b>	<b>\$ 484,646</b>	<b>\$ -</b>	

(1) The Pension Trust Fund is as of December 31, 2019.

See notes to basic financial statements.

**FIDUCIARY FUNDS**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**

YEAR ENDED JUNE 30, 2020

	Pension and Other Employee Benefit Trust Funds (1)	Private Purpose Trust Funds
<b>ADDITIONS:</b>		
Contributions:		
Employer contributions.....	\$ 12,517,193	\$ -
Employer contributions for other postemployment benefit payments.....	5,088,867	-
Member contributions.....	3,869,218	-
Transfers from other systems.....	418,485	-
3(8)c contributions from other systems.....	458,829	-
Workers compensation settlements.....	14,288	-
Member makeup payments and redeposits.....	14,515	-
Private donations.....	-	2,612
Intergovernmental.....	75,006	-
 Total contributions.....	 22,456,401	 2,612
Net investment income:		
Investment income.....	32,811,847	9,805
Less: investment expense.....	(1,430,459)	-
 Net investment income (loss).....	 31,381,388	 9,805
 <b>TOTAL ADDITIONS.....</b>	 <b>53,837,789</b>	 <b>12,417</b>
<b>DEDUCTIONS:</b>		
Administration.....	255,811	-
Transfers to other systems.....	928,072	-
3(8)c transfer to other systems.....	473,291	-
Retirement benefits and refunds.....	13,170,170	-
Other postemployment benefit payments.....	5,088,867	-
Educational scholarships.....	-	67,064
 <b>TOTAL DEDUCTIONS.....</b>	 <b>19,916,211</b>	 <b>67,064</b>
NET INCREASE (DECREASE) IN NET POSITION.....	33,921,578	(54,647)
NET POSITION AT BEGINNING OF YEAR.....	257,932,063	539,293
NET POSITION AT END OF YEAR.....	\$ 291,853,641	\$ 484,646

(1) The Pension Trust Fund for the year ended December 31, 2019.

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 *capital projects 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.

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 *municipal 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, fleet maintenance and fuel charges.

**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 1<sup>st</sup> 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 1<sup>st</sup>, November 1<sup>st</sup>, February 1<sup>st</sup> and May 1<sup>st</sup> 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, as adopted, will allow the Town to assess property owners an additional 1% 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, streetlights, 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 municipal light department for the statutory reserve for funded depreciation. Pursuant to the provisions of the MGL, cash in an amount equivalent to the annual depreciation expense is required to be transferred from unrestricted funds to the depreciation fund. Interest earned on the balance of the fund must also remain in the fund. Such cash may be used for the cost of the plant. Nuclear decommissioning costs, the costs of contractual commitments, and deferred costs related to such commitments which the Commissioners determine are above market value.

“Permanent funds - expendable” represents the amount of realized and unrealized investment earnings of donor restricted trusts. The restrictions and trustee policies only allow 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 Systems' fiduciary net position have been determined on the same basis as they are reported by the Systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

#### 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 33 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 0.14 to 16.03 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 \$21,129,096 and the bank balances totaled \$21,925,421. Of the bank balance, \$14,815,202 was covered by FDIC insurance, \$62,222 was covered by DIF insurance, \$400,000 was collateralized, and \$6,647,997 was exposed to custodial credit risk because it was uninsured and uncollateralized.

At December 31, 2019, the carrying amount (book value) of the Retirement System's deposits totaled \$215,384 and the bank balance totaled \$429,390. The bank balance was fully covered by FDIC insurance.

As of June 30, 2020, the Town had the following investments:

Investment Type	Fair value	Maturities			Rating
		Under 1 Year	1-5 Years	6-10 Years	
<u>Debt securities:</u>					
U.S. treasury notes.....	\$ 4,649,658	\$ 2,224,822	\$ 1,700,713	\$ 724,123	AAA
Government sponsored enterprises (1).....	2,159,323	876,271	1,207,709	75,343	AAA
Corporate bonds (2).....	1,288,153	248,914	902,293	136,946	A+ - BBB
Total debt securities.....	8,097,134	\$ 3,350,007	\$ 3,810,715	\$ 936,412	
<u>Other investments:</u>					
Equity securities.....	2,698,004				
Fixed income.....	1,230,639				
Money market mutual funds.....	11,037,862				
Pension Reserve Investment Trust (PRIT)...	75,024,303				
MMDT - Cash portfolio.....	49,070,420				
Total investments.....	\$ 147,158,362				

- (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 5 separate ratings, which consist of \$209,989 of A+ rated bonds, \$413,602 of A rated bonds, \$316,152 of A- rated bonds, \$222,528 of BBB+ rated bonds, and \$125,882 of BBB rated bonds.

As of December 31, 2019, the Retirement System had investments in PRIT totaling \$215,463,642. The Retirement System also maintains a short-term investment portfolio with MMDT. At December 31, 2019, the Retirement System's investment with MMDT was \$1,166,386 which is classified as a cash equivalent.

The following table reconciles total cash and investments as of June 30, 2020, except for the Pension Trust Fund which is as of December 31, 2019:

	Cash and Cash Equivalents	Restricted Cash and Cash Equivalents	Investments	Total
<b>Primary Government:</b>				
Governmental Activities.....	\$ 65,005,834	\$ -	\$ 11,541,132	\$ 76,546,966
Business-Type Activities.....	13,943,369	1,000,000	-	14,943,369
<b>Fiduciary Funds:</b>				
Pension Trust Fund (as of December 31, 2019).....	1,381,770	-	215,463,642	216,845,412
Other Postemployment Benefit Trust Fund.....	-	-	75,024,302	75,024,302
Private Purpose Trust Fund.....	-	-	484,646	484,646
Agency Fund.....	1,288,175	-	-	1,288,175
<b>Totals.....</b>	<b>\$ 81,619,148</b>	<b>\$ 1,000,000</b>	<b>\$ 302,513,722</b>	<b>\$ 385,132,870</b>
<b>Carrying Value of Cash:</b>				
Primary Government.....	\$ 21,129,096			
Pension Trust Fund.....	215,384			
<b>Investments considered cash and cash equivalents:</b>				
Money market mutual funds.....	11,037,862			
MMDT held by Pension Trust Fund.....	1,166,386			
MMDT held by Town.....	49,070,420			
Cash and cash equivalents.....	<u>82,619,148</u>			
<b>Debt securities.....</b>	<b>8,097,134</b>			
<b>Equity securities.....</b>	<b>2,698,004</b>			
<b>Fixed income.....</b>	<b>1,230,639</b>			
<b>PRIT funds (OPEB).....</b>	<b>75,024,303</b>			
<b>PRIT funds (Pension).....</b>	<b>215,463,642</b>			
<b>Investments.....</b>	<b>302,513,722</b>			
<b>Total cash and cash equivalents.....</b>	<b>\$ 385,132,870</b>			

#### 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 \$4,857,327 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, 2019, the System's \$215,463,642 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, 2020, that the Town measures fair value on a recurring basis, by level, within the fair value hierarchy:

Investment Type	June 30, 2020	Fair Value Measurements Using			
		Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs (Level 3)	
<b>Investments measured at fair value:</b>					
<b>Debt securities:</b>					
U.S. treasury notes.....	\$ 4,649,658	\$ 4,649,658	\$ -	\$ -	
Government sponsored enterprises.....	2,159,323	2,159,323	-	-	
Corporate bonds.....	1,288,153	-	1,288,153	-	
Total debt securities.....	8,097,134	6,808,981	1,288,153	-	
<b>Other investments:</b>					
Equity securities.....	2,698,004	2,698,004	-	-	
Fixed income.....	1,230,639	1,230,639	-	-	
Money market mutual funds.....	11,037,862	11,037,862	-	-	
Total other investments.....	14,966,505	14,966,505	-	-	
Total investments measured at fair value.....	23,063,639	\$ 21,775,486	\$ 1,288,153	\$ -	
<b>Investments measured at amortized cost:</b>					
MMDT - Cash portfolio.....	49,070,420				
<b>Investments measured at net asset value:</b>					
Pension Reserve Investment Trust (PRIT).....	<u>75,024,303</u>				
Total investments.....	\$ <u>147,158,362</u>				

Equity securities, U.S. Treasury Notes, Government Sponsored Enterprises, Fixed Income, and Money Mutual Funds are classified in Level 1 of the fair value hierarchy using prices quoted in active markets for those securities. Corporate Bonds 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. 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.

### 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, 2019:

**Investments measured at amortized cost:**

MMDT - Cash portfolio.....	\$ 1,166,386
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**Investments measured at net asset value:**

Pension Reserve Investment Trust (PRIT).....	<u>215,463,642</u>
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Total investments.....	\$ <u>216,630,028</u>
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The System's investments in PRIT and MMDT are the same as the Town's investments described above.

### NOTE 3 – RECEIVABLES

At June 30, 2020, 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:

	<u>Gross Amount</u>	<u>Allowance for Uncollectibles</u>	<u>Net Amount</u>
<b>Receivables:</b>			
Real estate and personal property taxes.....	\$ 3,206,928	\$ (16,085)	\$ 3,190,843
Tax liens.....	1,268,854	-	1,268,854
Community preservation fund surtax.....	9,005	-	9,005
Motor vehicle and other excise taxes.....	706,727	(293,931)	412,796
Departmental and other.....	290,978	-	290,978
Intergovernmental.....	<u>2,563,226</u>	<u>-</u>	<u>2,563,226</u>
Total.....	<u>\$ 8,045,718</u>	<u>\$ (310,016)</u>	<u>\$ 7,735,702</u>

- (1) The allowance for uncollectible accounts of \$16,085 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, 2020, receivables for the sewer, water, and municipal light enterprise funds consist of the following:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<b>Receivables:</b>			
Water user charges.....	\$ 786,017	\$ -	\$ 786,017
Sewer user charges.....	745,648	-	745,648
Municipal light user charges.....	3,844,903	-	3,844,903
<b>Total.....</b>	<b>\$ 5,376,568</b>	<b>\$ -</b>	<b>\$ 5,376,568</b>

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
<b>Receivables:</b>			
Real estate and personal property taxes..	\$ 2,635,849	\$ -	\$ 2,635,849
Tax liens.....	1,268,854	-	1,268,854
Motor vehicle and other excise taxes.....	412,796	-	412,796
Departmental and other.....	27,281	249,696	276,977
Intergovernmental - state highway.....	-	1,272,502	1,272,502
Intergovernmental - other.....	-	225,102	225,102
<b>Total.....</b>	<b>\$ 4,344,780</b>	<b>\$ 1,747,300</b>	<b>\$ 6,092,080</b>

#### NOTE 4 – CAPITAL ASSETS

A summary of changes in capital asset activity for the year ended June 30, 2020, is as follows:

<b>Governmental Activities:</b>	Beginning Balance	Increases	Decreases	Ending Balance
<b>Capital assets not being depreciated:</b>				
Land.....	\$ 51,959,370	\$ -	\$ -	\$ 51,959,370
Construction in progress.....	8,498,844	9,839,938	(10,658,034)	7,680,748
<b>Total capital assets not being depreciated....</b>	<b>60,458,214</b>	<b>9,839,938</b>	<b>(10,658,034)</b>	<b>59,640,118</b>
<b>Capital assets being depreciated:</b>				
Improvements other than buildings.....	29,800,325	1,367,353	-	31,167,678
Buildings.....	273,762,881	6,806,237	-	280,569,118
Machinery and equipment.....	21,608,273	1,778,780	(303,830)	23,083,223
Public domain infrastructure.....	70,462,475	3,535,559	-	73,998,034
<b>Total capital assets being depreciated.....</b>	<b>395,633,954</b>	<b>13,487,929</b>	<b>(303,830)</b>	<b>408,818,053</b>
<b>Less accumulated depreciation for:</b>				
Improvements other than buildings.....	(18,469,765)	(1,548,804)	-	(20,018,569)
Buildings.....	(102,607,275)	(9,447,248)	-	(112,054,523)
Machinery and equipment.....	(14,025,053)	(1,029,127)	303,830	(14,750,350)
Public domain infrastructure.....	(38,926,294)	(1,863,637)	-	(40,789,931)
<b>Total accumulated depreciation.....</b>	<b>(174,028,387)</b>	<b>(13,888,816)</b>	<b>303,830</b>	<b>(187,613,373)</b>
<b>Total capital assets being depreciated, net.....</b>	<b>221,605,567</b>	<b>(400,887)</b>	<b>-</b>	<b>221,204,680</b>
<b>Total governmental activities capital assets, net.....</b>	<b>\$ 282,063,781</b>	<b>\$ 9,439,051</b>	<b>\$ (10,658,034)</b>	<b>\$ 280,844,798</b>

<b>Business-Type Activities:</b>	Beginning Balance	Increases	Decreases	Ending Balance
<u><b>Capital assets not being depreciated:</b></u>				
Land and land rights.....	\$ 267,946	\$ -	\$ -	\$ 267,946
Construction in progress.....	468,320	1,088,865	(686,735)	870,450
Total capital assets not being depreciated....	736,266	1,088,865	(686,735)	1,138,396
<u><b>Capital assets being depreciated:</b></u>				
Transmission Plant.....	12,869,045	18,019	-	12,887,064
Distribution plant.....	97,613,869	2,797,615	-	100,411,484
Other plant in service.....	59,741,033	611,238	-	60,352,271
Vehicles and other equipment.....	8,868,660	781,598	(153,261)	9,496,997
Total capital assets being depreciated.....	179,092,607	4,208,470	(153,261)	183,147,816
<u><b>Less accumulated depreciation for:</b></u>				
Transmission Plant.....	(10,308,595)	(334,850)	-	(10,643,445)
Distribution plant.....	(41,838,420)	(3,056,247)	-	(44,894,667)
Other plant in service.....	(29,552,645)	(1,291,810)	-	(30,844,455)
Vehicles and other equipment.....	(4,741,711)	(670,502)	153,261	(5,258,952)
Total accumulated depreciation.....	(86,441,371)	(5,353,409)	153,261	(91,641,519)
Total capital assets being depreciated, net.....	92,651,236	(1,144,939)	-	91,506,297
Total business-type activities capital assets, net.... \$	<u>93,387,502</u>	<u>\$ (56,074)</u>	<u>\$ (686,735)</u>	<u>\$ 92,644,693</u>

Depreciation expense was charged to Town functions as follows:

**Governmental Activities:**

General government.....	\$ 1,138,295
Public safety.....	971,524
Public education.....	7,759,473
Public works.....	2,974,734
Recreation.....	270,925
Library.....	773,865

Total depreciation expense - governmental activities..... \$ 13,888,816

**Business-Type Activities:**

Water.....	\$ 1,059,921
Sewer.....	486,464
Municipal Light.....	3,807,024

Total depreciation expense - business-type activities..... \$ 5,353,409

**NOTE 5 – INTERFUND TRANSFERS, RECEIVABLES AND PAYABLES**

At June 30, 2020, the Town had an interfund receivable/payable of \$219,930 between the general fund and the highway chapter 90 fund to meet temporary cash flow needs.

Interfund transfers for the year ended June 30, 2020, are summarized as follows:

Transfers Out:	Transfers In		
	General fund	Capital Projects	Total
General fund.....	\$ -	\$ 2,000,000	\$ 2,000,000 (1)
Nonmajor governmental funds.....	932,213	700,000	1,632,213 (2)
Municipal light fund.....	1,000,000	-	1,000,000 (3)
Total.....	\$ 1,932,213	\$ 2,700,000	\$ 4,632,213

- (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.
- (3) Transfers from the municipal light fund 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.

Detail related to the Town's short-term debt activity for the year ended June 30, 2020, is as follows:

Type	Purpose	Rate (%)	Due Date	Balance at June 30, 2019	Renewed/ Issued	Retired/ Redeemed	Balance at June 30, 2020
<b>Governmental Funds:</b>							
BAN	Bond Anticipation Note.....	1.04%	05/21/21	\$ -	\$ 5,748,000	\$ -	\$ 5,748,000

**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 prior lease ended on May 31, 2020, and the Town entered into a new lease agreement that runs through May 31, 2023. The lease agreement requires the Town to pay rent in the amount of \$8,000 per month. The amount due and payable for years 2021, 2022, and 2023 is \$96,000, \$96,000 and \$88,000, respectively.

**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 1/2 % exempt debt.

Details related to the Town's outstanding general obligation indebtedness at June 30, 2020, and the debt service requirements for the governmental activities are as follows.

Project	Maturities Through	Original	Interest	Outstanding			Outstanding at June 30, 2020
		Loan Amount	Rate (%)	at June 30, 2019	Issued	Redeemed	
<b>Inside Debt Limit</b>							
RDF Structure.....	2023	\$ 570,000	1.46	\$ 220,000	\$ -	\$ 55,000	\$ 165,000
Kingsbury Street.....	2023	620,000	1.46	240,000	-	60,000	180,000
Town Hall HVAC .....	2023	235,000	1.46	85,000	-	25,000	60,000
Bacon Street.....	2023	100,000	1.46	40,000	-	10,000	30,000
Fire Truck.....	2023	591,000	1.46	230,000	-	60,000	170,000
St. James Land.....	2045	5,000,000	3.38	4,500,000	-	135,000	4,365,000
Various Building Repairs.....	2035	2,290,000	3.48	1,840,000	-	115,000	1,725,000
Police & Fire HVAC.....	2025	1,265,000	3.48	750,000	-	125,000	625,000
School Auditorium Seats.....	2025	315,000	3.48	180,000	-	30,000	150,000
494 Washington Street.....	2035	1,305,000	3.48	1,040,000	-	65,000	975,000
Fuller Brook Park.....	2025	460,000	3.48	270,000	-	45,000	225,000
School Security.....	2020	330,000	3.48	65,000	-	65,000	-
DPW Park/ Highway Garage Construction....	2026	575,000	3.48	385,000	-	55,000	330,000
Police Station.....	2027	1,471,000	4.00	905,000	-	115,000	790,000
Turf Field High School Stadium.....	2027	947,000	4.00	755,000	-	95,000	660,000
Rt.9/Kingsbury Intersection.....	2028	501,000	5.00	450,000	-	50,000	400,000
Police Station Construction.....	2021	221,500	5.00	146,500	-	75,000	71,500
Town Hall Design.....	2033	820,000	5.00	770,000	-	55,000	715,000
Town Hall Construction.....	2033	4,742,500	5.00	4,425,000	-	320,000	4,105,000
Reconstruct Cliff Road.....	2028	1,772,000	5.00	1,592,000	-	180,000	1,412,000
Worcester Street - 3 Land Parcels.....	2038	3,241,000	5.00	3,080,000	-	165,000	2,915,000
WHS Fieldhouse.....	2023	163,000	5.00	128,000	-	35,000	93,000
Middle School Steam Design.....	2023	363,500	5.00	288,500	-	75,000	213,500
Middle School Pipes.....	2029	2,505,000	4.00	2,505,000	-	285,000	2,220,000
Hunnewell Feasibility Study.....	2024	1,000,000	4.00	1,000,000	-	200,000	800,000
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	-
<b>Subtotal Non Exempt.....</b>		<b>32,143,500</b>		<b>26,630,000</b>	<b>-</b>	<b>3,235,000</b>	<b>23,395,000</b>

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2019	Issued	Redeemed	Outstanding at June 30, 2020
<b>2 1/2 % Exempt Debt</b>							
Middle School (Refunding).....	2025	4,345,000	1.46	2,580,000	-	435,000	2,145,000
Middle School Construction (Refunding).....	2026	3,770,000	3.48	2,800,000	-	350,000	2,450,000
Middle School Construction .....	2023	13,825,000	3.49-4.00	2,660,000	-	675,000	1,985,000
High School Expansion-Seaver Street.....	2028	5,173,000	3.40-4.00	1,564,000	-	180,000	1,384,000
High School Planning.....	2029	1,159,500	3.40-4.00	362,500	-	40,000	322,500
High School Feasibility.....	2029	3,771,200	3.40-4.00	1,181,200	-	115,000	1,066,200
High School Project.....	2029	11,663,000	3.40-4.00	3,663,000	-	375,000	3,288,000
High School Construction .....	2035	35,000,000	3.68	22,400,000	-	22,400,000	-
High School Construction (refunding) .....	2035	18,350,000	2.25-5.00	-	18,530,000	-	18,530,000
High School Construction .....	2031	22,000,000	3.60	13,200,000	-	1,100,000	12,100,000
DPW Storm Water Drainage .....	2021	500,000	3.60	100,000	-	50,000	50,000
Surface Drainage.....	2018	415,000	1.46	80,000	-	20,000	60,000
Morse's Pond Drainage.....	2033	485,000	1.46	185,000	-	50,000	135,000
DPW Operations Building.....	2033	1,960,000	1.46	780,000	-	195,000	585,000
Schofield/Fiske Design .....	2035	2,045,000	3.48	1,625,000	-	105,000	1,520,000
Schofield/Fiske Construction.....	2035	13,345,000	3.48	10,665,000	-	670,000	9,995,000
Schofield and Fiske School.....	2021	2,795,000	3.48	1,115,000	-	560,000	555,000
Schofield and Fiske School.....	2021	1,397,000	4.00	710,000	-	355,000	355,000
Middle School Windows .....	2025	1,430,000	3.48	850,000	-	145,000	705,000
North 40 (CPC Offset).....	2045	9,850,000	3.38	9,065,000	-	215,000	8,850,000
North 40 Tax Exempt.....	2045	13,635,000	3.38	13,355,000	-	70,000	13,285,000
North 40 Taxable.....	2045	11,505,000	3.38	9,450,000	-	550,000	8,900,000
Tolles Parsons Senior Center Construction.	2031	1,950,000	3.48	1,525,000	-	130,000	1,395,000
<b>Subtotal 2 1/2 % Exempt Debt.....</b>		<b>180,368,700</b>		<b>99,915,700</b>	<b>18,530,000</b>	<b>28,785,000</b>	<b>89,660,700</b>
Total Bonds Payable.....		<b>\$ 212,512,200</b>		<b>126,545,700</b>	<b>18,530,000</b>	<b>32,020,000</b>	<b>113,055,700</b>
Add: Unamortized premium on bonds.....				<b>4,083,355</b>	<b>2,905,345</b>	<b>1,082,731</b>	<b>5,905,969</b>
<b>Total Bonds Payable, net.....</b>		<b>\$ 130,629,055</b>		<b>\$ 21,435,345</b>	<b>\$ 33,102,731</b>	<b>\$ 118,961,669</b>	

During fiscal year 2020, the Town refunded outstanding High School construction bonds totaling \$21 million through the issuance of \$18.53 million in current refunding bonds, with a premium of approximately \$2.7 million. The net present value of savings from the transaction totaled \$3.2 million.

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

Year	Principal	Interest	Total
2021.....	\$ 9,970,000	\$ 4,310,312	\$ 14,280,312
2022.....	8,980,000	3,877,299	12,857,299
2023.....	9,015,000	3,516,941	12,531,941
2024.....	7,850,000	3,152,814	11,002,814
2025.....	7,685,000	2,847,527	10,532,527
2026.....	6,985,000	2,544,690	9,529,690
2027.....	6,515,000	2,260,139	8,775,139
2028.....	6,345,700	1,989,724	8,335,424
2029.....	5,985,000	1,738,355	7,723,355
2030.....	5,290,000	1,512,932	6,802,932
2031.....	5,330,000	1,323,158	6,653,158
2032.....	4,145,000	1,142,291	5,287,291
2033.....	4,100,000	1,021,050	5,121,050
2034.....	3,655,000	898,036	4,553,036
2035.....	3,670,000	788,640	4,458,640
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.....	<u>2,010,000</u>	<u>80,400</u>	<u>2,090,400</u>
Total.....	<u>\$ 113,055,700</u>	<u>\$ 36,874,338</u>	<u>\$ 149,930,038</u>

Details related to the Town's outstanding water enterprise fund general obligation indebtedness at June 30, 2020, and the debt service requirements are as follows:

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2019		Issued	Redeemed	Outstanding at June 30, 2020
				2019				
Water General Obligation Bond.....	2023	\$ 1,300,000	2.00 - 4.00	\$ 520,000	\$ -	\$ 130,000	\$ 390,000	
Water Garage .....	2028	3,842,150	1.50 - 5.00	1,454,650	-	165,000		1,289,650
Water Meters.....	2028	<u>887,000</u>	5.00	<u>795,000</u>	-	<u>90,000</u>		<u>705,000</u>
Subtotal General Obligation Bonds Payable....		<u>6,029,150</u>		<u>2,769,650</u>	-	<u>385,000</u>		<u>2,384,650</u>
MWRA- Water Bond.....	2021	229,089	0.00	45,817	-	22,909		22,908
MWRA- Water Bond.....	2023	<u>289,323</u>	0.00	<u>115,730</u>	-	<u>28,932</u>		<u>86,798</u>
Subtotal Direct Borrowings Payable.....		<u>518,412</u>		<u>161,547</u>	-	<u>51,841</u>		<u>109,706</u>
Total Bonds Payable.....		<u>\$ 6,547,562</u>		<u>2,931,197</u>	-	<u>436,841</u>		<u>2,494,356</u>
Add: Unamortized premium on bonds.....				<u>260,724</u>	-	<u>50,846</u>		<u>209,878</u>
Total Bonds Payable, net.....				<u>\$ 3,191,921</u>	<u>\$ -</u>	<u>\$ 487,687</u>		<u>\$ 2,704,234</u>

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

Year	General Obligation Bonds:			Direct Borrowings:		Grand Total
	Principal	Interest	Total	Principal		
2021.....	\$ 382,500	\$ 102,436	\$ 484,936	\$ 51,841	\$ 536,777	
2022.....	382,500	86,236	468,736	28,932	497,668	
2023.....	382,498	70,036	452,534	28,935	481,469	
2024.....	252,500	53,836	306,336	-	306,336	
2025.....	250,000	42,836	292,836	-	292,836	
2026.....	245,000	31,936	276,936	-	276,936	
2027.....	245,000	21,286	266,286	-	266,286	
2028.....	<u>244,650</u>	<u>10,636</u>	<u>255,286</u>	-	<u>255,286</u>	
Total.....	<u>\$ 2,384,648</u>	<u>\$ 419,238</u>	<u>\$ 2,803,886</u>	<u>\$ 109,708</u>	<u>\$ 2,913,594</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 2020, \$684,399 of loans subject to repayment were received from this program. At June 30, 2020, the outstanding principal amount of these loans totaled \$109,708.

Details related to the Town's outstanding sewer enterprise fund general obligation indebtedness at June 30, 2020, and the debt service requirements are as follows:

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2019	Issued	Redeemed	Outstanding at June 30, 2020
Sewer Garage.....	2028	\$ 3,842,150	1.50 - 5.00	\$ 1,454,650	\$ -	\$ 165,000	\$ 1,289,650
Subtotal General Obligation Bonds Payable...		<u>3,842,150</u>		<u>1,454,650</u>	<u>-</u>	<u>165,000</u>	<u>1,289,650</u>
MWRA- Sewer Bond.....	2021	279,080	0.00	111,631	-	55,817	55,814
MWRA - Sewer Bond.....	2023	<u>179,454</u>	0.00	<u>143,564</u>	<u>-</u>	<u>35,890</u>	<u>107,674</u>
Subtotal Direct Borrowings Payable.....		<u>458,534</u>		<u>255,195</u>	<u>-</u>	<u>91,707</u>	<u>163,488</u>
Total Bonds Payable.....		<u>\$ 4,300,684</u>		<u>1,709,845</u>	<u>-</u>	<u>256,707</u>	<u>1,453,138</u>
Add: Unamortized premium on bonds.....				<u>147,724</u>	<u>-</u>	<u>27,987</u>	<u>119,737</u>
Total Bonds Payable, net.....				<u>\$ 1,857,569</u>	<u>\$ -</u>	<u>\$ 284,694</u>	<u>\$ 1,572,875</u>

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

Year	General Obligation Bonds:			Direct Borrowings:		Grand Total
	Principal	Interest	Total	Principal		
2021.....	\$ 162,500	\$ 51,586	\$ 214,086	\$ 91,708	\$	305,794
2022.....	162,500	45,086	207,586	35,890		243,476
2023.....	162,500	38,586	201,086	35,890		236,976
2024.....	162,500	32,086	194,586	-		194,586
2025.....	160,000	25,586	185,586	-		185,586
2026.....	160,000	19,186	179,186	-		179,186
2027.....	160,000	12,786	172,786	-		172,786
2028.....	<u>159,650</u>	<u>6,386</u>	<u>166,036</u>	<u>-</u>		<u>166,036</u>
Total.....	<u>\$ 1,289,650</u>	<u>\$ 231,288</u>	<u>\$ 1,520,938</u>	<u>\$ 163,488</u>	<u>\$</u>	<u>1,684,426</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 2020, \$458,534 of loans subject to repayment were received from this program. At June 30, 2020, the outstanding principal amount of these loans totaled \$163,488.

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, 2020, the Town had the following authorized and un-issued debt:

Purpose	Amount
Water and Sewer Projects.....	\$ 2,799,346
MSBA Feasibility.....	2,415,000
School Security Improvements.....	88,000
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
Hunnewell Design.....	2,680,000
Great Plain Ave.....	<u>1,421,000</u>
 Total.....	 <u>\$ 11,962,296</u>

### Changes in Long-term Liabilities

During the year ended June 30, 2020, 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
<b>Governmental Activities:</b>							
Long-term general obligation bonds payable.	\$ 126,545,700	\$ 18,530,000	\$ (32,020,000)	\$ -	\$ -	\$ 113,055,700	\$ 9,970,000
Add: Unamortized premium on bonds.....	4,083,355	2,905,345	(1,082,731)	-	-	5,905,969	934,023
Total bonds payable.....	130,629,055	21,435,345	(33,102,731)	-	-	118,961,669	10,904,023
Compensated absences.....	425,213	-	-	544,974	(255,100)	715,087	429,100
Workers' compensation.....	452,000	-	-	283,000	(235,000)	500,000	260,000
Net pension liability.....	51,867,409	-	-	4,465,786	(20,775,964)	35,557,231	-
Net OPEB liability.....	52,562,522	-	-	6,821,571	(8,123,982)	51,260,111	-
 Total governmental activity							
long-term liabilities.....	<u>\$ 235,936,199</u>	<u>\$ 21,435,345</u>	<u>\$ (33,102,731)</u>	<u>\$ 12,115,331</u>	<u>\$ (29,390,046)</u>	<u>\$ 206,994,098</u>	<u>\$ 11,593,123</u>
<b>Business-Type Activities:</b>							
Long-term general obligation bonds payable.	\$ 4,224,300	\$ -	\$ (550,000)	\$ -	\$ -	\$ 3,674,300	\$ 688,549
Long-term direct borrowing payable.....	416,742	-	(143,548)	-	-	273,194	143,549
Add: Unamortized premium on bonds.....	408,448	-	(78,833)	-	-	329,615	73,683
Total bonds payable.....	5,049,490	-	(772,381)	-	-	4,277,109	905,781
Compensated absences.....	54,499	-	-	57,223	(32,700)	79,022	47,413
Net pension liability.....	9,192,037	-	-	950,940	(3,831,574)	6,311,403	-
Net OPEB liability/(asset), net.....	(588,524)	-	-	1,217,063	(612,565)	15,974	-
 Total business-type activity							
long-term liabilities.....	<u>\$ 13,707,502</u>	<u>\$ -</u>	<u>\$ (772,381)</u>	<u>\$ 2,225,226</u>	<u>\$ (4,476,839)</u>	<u>\$ 10,683,508</u>	<u>\$ 953,194</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, \$447,000 of internal service funds accrued workers' compensation liability is included above. Except for the amounts related to the internal service funds, the governmental activities and business type activities long-term liabilities are generally liquidated by the general fund, and enterprise fund, respectively. 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 municipal light 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, 2020, \$3,555,097, \$593,257, \$789,808, and \$846,430 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
<b>Fund Balances:</b>				
Nonspendable:				
Permanent fund principal.....	\$ -	\$ -	\$ 437,266	\$ 437,266
Restricted for:				
Capital projects .....	-	3,603,505	-	3,603,505
School lunch.....	-	-	636,414	636,414
Community Preservation Fund.....	-	-	7,931,838	7,931,838
Grants.....	-	-	696,849	696,849
Receipts Reserved.....	-	-	2,075,409	2,075,409
Revolving.....	-	-	3,807,951	3,807,951
Recreation Revolving.....	-	-	65,779	65,779
Other Special Revenue.....	-	-	2,688,846	2,688,846
Permanent fund.....	-	-	1,128,851	1,128,851
Committed to:				
Articles and continuing appropriations:				
Information Technology.....	98,389	-	-	98,389
Council on Aging.....	14,394	-	-	14,394
Planning Board.....	27,500	-	-	27,500
Facilities Maintenance.....	873,431	-	-	873,431
Highway.....	331,819	-	-	331,819
Park.....	49,361	-	-	49,361
Recycling and Disposal.....	91,881	-	-	91,881
Public Works Management.....	26,184	-	-	26,184
Natural Resources Commission.....	116,125	-	-	116,125
Moses Pond.....	17,541	-	-	17,541
Wellesley Public Schools.....	96,662	-	-	96,662
Assigned to:				
Encumbrances:				
Executive Director's Office.....	291,345	-	-	291,345
Sustainable Energy.....	1,871	-	-	1,871
Board of Assessors.....	154	-	-	154
Information Technology.....	104,150	-	-	104,150
Treasurer/Collector.....	653	-	-	653
Town Clerk/Election and Registration.....	14,196	-	-	14,196
Council on Aging.....	14,228	-	-	14,228
Youth Commission.....	640	-	-	640
Central Administrative Services.....	2,800	-	-	2,800
Law.....	38,772	-	-	38,772
Risk Management.....	20,000	-	-	20,000
Planning Board.....	32,500	-	-	32,500
Human Resources Board.....	250	-	-	250
Facilities Maintenance.....	1,250,103	-	-	1,250,103
Police Department.....	52,020	-	-	52,020
Fire Department.....	16,167	-	-	16,167
Engineering.....	79,665	-	-	79,665
Highway.....	231,253	-	-	231,253
Park.....	153,039	-	-	153,039
Recycling and Disposal.....	185,921	-	-	185,921
Public Works Management.....	354,471	-	-	354,471
Library Trustees.....	38,911	-	-	38,911
Board of Health.....	2,565	-	-	2,565
Natural Resources Commission.....	63,962	-	-	63,962
Moses Pond.....	6,000	-	-	6,000
Wellesley Public Schools.....	613,021	-	-	613,021
Group Insurance.....	125,000	-	-	125,000
Subsequent year expenditures.....	2,639,066	-	-	2,639,066
Unassigned.....	26,918,753	-	-	26,918,753
Total Fund Balances.....	\$ 34,994,763	\$ 3,603,505	\$ 19,469,203	\$ 58,067,471

## 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 \$5.9 million at June 30, 2019, 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, 2020, 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			Current Portion
		Claims and Changes in Estimate	Claims Payments	Balance at Year-End	
2019.....	\$ 447,000	\$ 473,000	\$ (468,000)	\$ 452,000	\$ 235,000
2020.....	452,000	520,000	(472,000)	500,000	260,000

## 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, 2019. The Town's portion of the collective pension expense, contributed by the Commonwealth, of \$22,691,000 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 \$187,118,342 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, 2019, the WCRS membership consists of the following:

Active members.....	702
Inactive members.....	211
Retirees and beneficiaries currently receiving benefits.....	403
Total.....	1,316

### *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 actuarially determined contribution that is apportioned among the employers based on active current payroll. The total member unit's contribution for the year ended December 31, 2019, was an actuarially determined amount of \$8,851,507. 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 21.58% of covered payroll. The Town's proportionate share of the required contribution was \$8,844,772. The Town contributed \$8,862,249, \$17,477 in excess of the required amount.

### *Pension Liabilities*

The components of the net pension liability of the participating member units at December 31, 2019 were as follows:

	Total System	Town Share	Housing Authority Share
Total pension liability.....	\$ 259,023,700	\$ 256,848,788	\$ 2,174,912
Total pension plan's fiduciary net position.....	<u>(216,800,536)</u>	<u>(214,980,154)</u>	<u>(1,820,382)</u>
Total net pension liability.....	<u>\$ 42,223,164</u>	<u>\$ 41,868,634</u>	<u>\$ 354,530</u>
The pension plan's fiduciary net position as a percentage of the total pension liability.....	83.70%	83.70%	83.70%

At June 30, 2020, the Town reported a liability of \$41,868,634 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2019, 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, 2019, the Town's proportion was 99.23%, which increased from its proportion measured at December 31, 2018, of 99.22%.

### *Pension Expense*

For the year ended June 30, 2020, the Town recognized pension expense of \$6,317,714. At June 30, 2020, the Town reported deferred outflows and (inflows) of resources related to pensions of \$3,913,288 and (\$12,955,187), 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, 2020, consist of the following:

Deferred Category	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Differences between expected and actual experience.....	\$ 2,038,100	\$ (1,166,263)	\$ 871,837
Difference between projected and actual earnings, net.....	-	(10,621,073)	(10,621,073)
Changes in assumptions.....	698,896	-	698,896
Changes in proportion and proportionate share of contributions...	<u>1,176,292</u>	<u>(1,167,851)</u>	<u>8,441</u>
<b>Total deferred outflows/(inflows) of resources.....</b>	<b>\$ 3,913,288</b>	<b>\$ (12,955,187)</b>	<b>\$ (9,041,899)</b>

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

<u>Year ended June 30:</u>
2021..... \$ (3,360,740)
2022..... (3,173,967)
2023..... 444,400
2024..... (2,982,595)
2025..... <u>31,003</u>
 Total..... \$ <u>(9,041,899)</u>

*Actuarial Assumptions* – The total pension liability as of December 31, 2019, 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 for 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 \$15,000 increasing to \$16,000 effective July 1, 2018, \$17,000 effective July 1, 2019 and \$18,000 effective July 1, 2020.
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, 2019, and the target allocations as of December 31, 2019, are summarized in the following table:

Asset Class	Long-Term Expected Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity.....	21.00%	6.15%
International developed markets equity..	13.00%	6.78%
International emerging markets equity...	5.00%	8.65%
Core fixed income.....	15.00%	1.11%
High-yield bonds.....	8.00%	3.51%
Real estate.....	10.00%	4.33%
Commodities.....	4.00%	4.13%
Hedge fun, GTAA, Risk parity.....	11.00%	3.19%
Private equity.....	13.00%	9.99%
 Total.....	 100.00%	

The weighted average expected real rate of return is approximately 5.3%, 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, 2019, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 16.22%. 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:

	1% Decrease (5.625%)	Current Discount (6.625%)	1% Increase (7.625%)
The Town's proportionate share of the net pension liability.....	\$ 73,149,042	\$ 41,868,634	\$ 15,714,400
Total System's net pension liability.....	\$ 73,718,126	\$ 42,194,363	\$ 15,836,655

*Changes in Assumptions* – None.

*Changes in Plan Provisions* – None.

## **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 \$8,737,076 during 2020, 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, 2020, the Town's average contribution rate was 8.52% of covered payroll.

The Commonwealth of Massachusetts passed special legislation that has allowed the Town to establish the postemployment benefit trust fund and enabling the Town to raise taxes necessary to pre-fund its OPEB liabilities. During 2020, the Town pre-funded future OPEB liabilities in the amount of \$3,648,209 by contributing funds to the Other Postemployment Benefit Fund in excess of the pay-as-you-go required contribution. These funds are reported within the Fiduciary Fund financial statements. As of June 30, 2020, the net position of this fund totaled \$75 million.

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, 2020. The net asset has been blended with the Town's net OPEB liability in the following disclosures.

**Measurement Date** – The net OPEB liability was measured as of June 30, 2020, 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, 2020:

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

**Components of OPEB Liability** – The following table represents the components of the Plan's OPEB liability as of June 30, 2020:

Total OPEB liability.....	\$ 126,300,387
Less: OPEB plan's fiduciary net position.....	<u>(75,024,302)</u>
 Net OPEB liability.....	 <u>\$ 51,276,085</u>
 The OPEB plan's fiduciary net position as a percentage of the total OPEB liability.....	 59.40%

*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, 2020 to be in accordance with GASB #74 and GASB # 75 as follows:

Valuation date.....	Actuarially determined contribution for the fiscal year ending June 30, 2020 was determined with the December 31, 2018 actuarial valuation.
Actuarial cost method.....	Entry age normal - level percentage of payroll.
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, 2020, the annual money-weighted rate of return on investments, net of investment expense, was 1.93%. 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:

Asset Class	Long-Term Expected Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity.....	21.00%	6.15%
International developed markets equity..	13.00%	6.78%
International emerging markets equity...	5.00%	8.65%
Core fixed income.....	15.00%	1.11%
High yield fixed income.....	8.00%	3.51%
Real estate.....	10.00%	4.33%
Commodities.....	4.00%	4.13%
Hedge Fund, GTAA, Risk parity.....	11.00%	3.19%
Private equity.....	13.00%	9.99%
 Total.....	 100.00%	

*Discount Rate* – The discount rate used to measure the total OPEB liability was 6.625% as of June 30, 2020. 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.

	Current		
	1% Decrease (5.625%)	Discount Rate (6.625%)	1% Increase (7.625%)
Net OPEB liability.....	\$ <u>68,369,775</u>	\$ <u>51,276,085</u>	\$ <u>37,192,683</u>

*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 7%, 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.....	\$ <u>34,082,413</u>	\$ <u>51,276,085</u>	\$ <u>72,799,821</u>

*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 recognized benefit payments when due and payable in accordance with the benefit terms. Investments are reported at the 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.

*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, 2019.....	\$ 120,899,268	\$ 69,983,462	\$ 50,915,806
Changes for the year:			
Service cost.....	4,217,478	-	4,217,478
Interest.....	8,120,416	-	8,120,416
Contributions - employer.....	-	8,737,076	(8,737,076)
Net investment income.....	-	1,392,631	(1,392,631)
Changes in assumptions and other inputs.....	(1,847,908)	-	(1,847,908)
Changes of assumptions.....	(5,088,867)	(5,088,867)	-
Net change.....	5,401,119	5,040,840	360,279
Balances at June 30, 2020.....	\$ 126,300,387	\$ 75,024,302	\$ 51,276,085

*OPEB Expense and Deferred Outflows of Resources Related to OPEB* – For the financial reporting year ended June 30, 2020 the Town recognized OPEB expense of \$5,550,500 and reported deferred outflows/ (inflows) of resources related to OPEB from the following sources:

Deferred Category	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Differences between expected and actual experience.....	\$ -	\$ (2,666,250)	\$ (2,666,250)
Difference between projected and actual earnings, net.....	1,825,972	-	1,825,972
Changes in assumptions.....	-	(3,730,223)	(3,730,223)
Total deferred outflows/(inflows) of resources.....	\$ 1,825,972	\$ (6,396,473)	\$ (4,570,501)

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

<u>Year ended June 30:</u>
2021..... \$ (2,029,602)
2022..... (1,455,083)
2023..... (1,142,773)
2024..... 364,942
2025..... (307,985)
 Total..... \$ <u><u>(4,570,501)</u></u>

*Changes of Assumptions* – The impact of the excise tax on high cost health plans (part of the Patient Protection and Affordable Care Act) was removed, as the tax was repealed effective December 20, 2019.

*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, 2019)	Other Postemployment Benefit Trust Fund	Total Pension and Other Postemployment Benefit Trust Funds
<b>ASSETS</b>			
Cash and cash equivalents.....	\$ 1,381,770	\$ -	\$ 1,381,770
Investments:			
Investments in Pension Reserve Investment Trust.....	215,463,642	75,024,302	290,487,944
Receivables, net of allowance for uncollectibles:			
Departmental and other.....	522,061	-	522,061
Other assets.....	1,824	-	1,824
 TOTAL ASSETS.....	<u>217,369,297</u>	<u>75,024,302</u>	<u>292,393,599</u>
<b>LIABILITIES</b>			
Warrants payable.....	539,958	-	539,958
<b>NET POSITION</b>			
Restricted for pensions.....	216,829,339	-	216,829,339
Restricted for other postemployment benefits.....	-	75,024,302	75,024,302
 TOTAL NET POSITION.....	<u>\$ 216,829,339</u>	<u>\$ 75,024,302</u>	<u>\$ 291,853,641</u>

	Pension Trust Fund (as of December 31, 2019)	Other Postemployment Benefit Trust Fund	Total Pension and Other Postemployment Benefit Trust Funds
<b>ADDITIONS:</b>			
Contributions:			
Employer contributions.....	\$ 8,868,984	\$ 3,648,209	\$ 12,517,193
Employer contributions for OPEB payments..	-	5,088,867	5,088,867
Member contributions.....	3,869,218	-	3,869,218
Transfers from other systems.....	418,485	-	418,485
3(8)c contributions from other systems.....	458,829	-	458,829
Workers compensation settlements.....	14,288	-	14,288
Member makeup payments and redeposits...	14,515	-	14,515
Intergovernmental.....	75,006	-	75,006
 Total contributions.....	 13,719,325	 8,737,076	 22,456,401
Net investment income:			
Investment income.....	31,025,154	1,786,693	32,811,847
Less: investment expense.....	(1,036,397)	(394,062)	(1,430,459)
 Net investment income (loss).....	 29,988,757	 1,392,631	 31,381,388
 TOTAL ADDITIONS.....	 43,708,082	 10,129,707	 53,837,789
<b>DEDUCTIONS:</b>			
Administration.....	255,811	-	255,811
Transfers to other systems.....	928,072	-	928,072
3(8)c transfer to other systems.....	473,291	-	473,291
Retirement benefits and refunds.....	13,170,170	-	13,170,170
Other postemployment benefit payments.....	-	5,088,867	5,088,867
 TOTAL DEDUCTIONS.....	 14,827,344	 5,088,867	 19,916,211
NET INCREASE (DECREASE)			
IN NET POSITION.....	28,880,738	5,040,840	33,921,578
 NET POSITION AT BEGINNING OF YEAR.....	 187,948,601	 69,983,462	 257,932,063
 NET POSITION AT END OF YEAR.....	 \$ 216,829,339	 \$ 75,024,302	 \$ 291,853,641

#### NOTE 14 – COMMITMENTS

The Town is committed to completing various projects throughout the Town which will be funded with long-term debt totaling approximately \$12.0 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, 2020:

Energy Purchase Commitments Megawatt-Hour (MWH)				
Fiscal Year	Projected MWH's	Committed MWH's	Average	Total Commitments
			Cost Per MWH	
2021	261,837	241,941	\$ 55	\$ 13,374,478
2022	261,837	232,963	53	12,386,643
2023	261,837	223,597	53	11,897,596
2024	261,837	168,728	49	8,299,137
2025	261,837	106,142	54	5,715,998
	<u>1,309,185</u>	<u>973,371</u>		<u>\$ 51,673,852</u>

Amounts are based on Energy New England's analysis, through June 2025, 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 \$4.0 million above market prices as of June 30, 2020. 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, 2020, 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, 2020, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2020.

**NOTE 16 – RESTATEMENT OF NET POSITION PREVIOUSLY REPORTED**

Beginning net position of the governmental and business-type activities has been restated to reflect the change in beginning balance for GASB Statement #75 due to a change in the measurement date from June 30, 2018 to June 30, 2019. To reflect this change, the Town has restated the beginning balance as follows:

	06/30/2019 Previously Reported Balances	GASB # 75 Change of Measurement Date	06/30/2019 Restated Balances
<b>Government-Wide Financial Statements</b>			
Governmental activities.....	\$ 114,857,860	\$ (2,523,613)	\$ 112,334,247
Business-type activities.....	<u>97,469,419</u>	<u>(593,134)</u>	<u>96,876,285</u>
<b>Total.....</b>	<b>\$ 212,327,279</b>	<b>\$ (3,116,747)</b>	<b>\$ 209,210,532</b>
<b>Business-type Activities - Enterprise Funds</b>			
Water enterprise fund.....	\$ 20,326,072	\$ (498,699)	\$ 19,827,373
Sewer enterprise fund.....	<u>16,795,902</u>	<u>(236,094)</u>	<u>16,559,808</u>
Electric enterprise fund.....	<u>60,347,445</u>	<u>141,659</u>	<u>60,489,104</u>
<b>Total.....</b>	<b>\$ 97,469,419</b>	<b>\$ (593,134)</b>	<b>\$ 96,876,285</b>

**NOTE 17 – COVID-19**

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

A number of businesses have been forced to stop or significantly reduce operations, decreasing the Town's portion of certain revenue. The Town has also incurred unanticipated costs specifically related to the pandemic. During FY2020 the Town expended \$413,825 and received \$500,000 related to the COVID-19 pandemic.

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

The full extent of the financial impact cannot be determined as of the date of the financial statements.

**NOTE 18 – SUBSEQUENT EVENTS**

Management has evaluated subsequent events through December 7, 2020, which is the date the financial statements were available to be issued.

**NOTE 19 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS**

During 2020, the following GASB pronouncement was implemented:

- GASB Statement #95, Postponement of the Effective Dates of Certain Authoritative Guidance. This pronouncement postponed the effective dates of certain provisions in GASB Statements and Implementation Guides that first became effective or are scheduled to be effective for periods beginning after June 15, 2018 or later.

The following GASB pronouncements will be implemented in the future:

- The GASB issued Statement #84, Fiduciary Activities, which is required to be implemented in 2021.
- The GASB issued Statement #87, Leases, which is required to be implemented in 2022.
- The GASB issued Statement #89, Accounting for Interest Cost Incurred before the End of a Construction Period, which is required to be implemented in 2022.
- The GASB issued Statement #90, Majority Equity Interests – an amendment of GASB Statements #14 and #61, which is required to be implemented in 2021.
- The GASB issued Statement #91, Conduit Debt Obligations, which is required to be implemented in 2023.
- The GASB issued Statement #92, Omnibus 2020, which is required to be implemented in 2022.
- The GASB issued Statement #93, Replacement of Interbank Offered Rates, which is required to be implemented in 2022.
- The GASB issued Statement #94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, which is required to be implemented in 2023.
- The GASB issued Statement #96, Subscription-Based Information Technology Arrangements, which is required to be implemented in 2023.
- The GASB Issued Statement #97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32, in which certain paragraphs are required to be implemented in 2021 and 2022.

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

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## ***Required Supplementary Information***

# ***General Fund 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, 2020

	Budgeted Amounts		Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Original Budget	Final Budget			
<b>REVENUES:</b>					
Real estate and personnel property taxes,					
net of tax refunds.....	\$ 144,146,905	\$ 144,146,905	\$ 143,890,916	\$ -	\$ (255,989)
Tax liens.....	-	-	335,556	-	335,556
Motor vehicle and other excise taxes.....	5,245,524	5,245,524	5,534,128	-	288,604
Meals tax.....	663,000	663,000	611,589	-	(51,411)
Penalties and interest on taxes.....	250,000	250,000	234,393	-	(15,607)
Payments in lieu of taxes.....	76,000	76,000	76,442	-	442
Intergovernmental.....	10,714,574	10,714,574	10,700,798	-	(13,776)
Departmental and other.....	3,553,431	3,553,431	3,772,862	-	219,431
Investment income.....	560,431	560,431	1,761,606	-	1,201,175
<b>TOTAL REVENUES.....</b>	<b>165,209,865</b>	<b>165,209,865</b>	<b>166,918,290</b>	<b>-</b>	<b>1,708,425</b>
<b>EXPENDITURES:</b>					
GENERAL GOVERNMENT:					
Executive Director's Office:					
Personnel Services.....	548,016	416,622	383,189	-	33,433
Expenses.....	40,800	28,800	22,421	201	6,178
Capital Outlay.....	91,194	355,194	64,050	291,144	-
	<u>680,010</u>	<u>800,616</u>	<u>469,660</u>	<u>291,345</u>	<u>39,611</u>
Sustainable Energy:					
Personnel Services.....	34,925	42,204	39,147	-	3,057
Expenses.....	3,295	3,295	89	1,871	1,335
	<u>38,220</u>	<u>45,499</u>	<u>39,236</u>	<u>1,871</u>	<u>4,392</u>
Central Administrative Services:					
Expenses.....	32,700	32,700	19,122	2,800	10,778
Finance Department:					
Personnel Services.....	460,724	465,036	458,550	-	6,486
Expenses.....	10,703	10,703	3,108	-	7,595
	<u>471,427</u>	<u>475,739</u>	<u>461,658</u>	<u>-</u>	<u>14,081</u>
Information Technology:					
Personnel Services.....	677,584	691,763	555,745	6,300	129,718
Expenses.....	595,934	595,934	447,319	97,850	50,765
Capital Outlay.....	98,389	98,389	-	98,389	-
	<u>1,371,907</u>	<u>1,386,086</u>	<u>1,003,064</u>	<u>202,539</u>	<u>180,483</u>
Treasurer/Collector:					
Personnel Services.....	343,927	347,898	337,032	-	10,866
Expenses.....	107,922	107,922	106,008	653	1,261
	<u>451,849</u>	<u>455,820</u>	<u>443,040</u>	<u>653</u>	<u>12,127</u>
Town Report:					
Expenses.....	4,000	4,000	2,046	-	1,954
Council on Aging:					
Personnel Services.....	384,829	387,241	313,787	1,552	71,902
Expenses.....	59,300	59,300	32,111	2,677	24,512
Capital Outlay.....	25,024	25,024	-	24,394	630
	<u>469,153</u>	<u>471,565</u>	<u>345,898</u>	<u>28,623</u>	<u>97,044</u>
Veterans' Services:					
Expenses.....	70,502	70,502	70,502	-	-

(Continued)

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

YEAR ENDED JUNE 30, 2020

	<u>Budgeted Amounts</u>		Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Original Budget	Final Budget			
Youth Commission:					
Personnel Services.....	85,436	87,370	81,146	-	6,224
Expenses.....	17,090	17,090	11,702	640	4,748
	<u>102,526</u>	<u>104,460</u>	<u>92,848</u>	<u>640</u>	<u>10,972</u>
Housing Development Corporation:					
Expenses.....	6,500	6,500	125	-	6,375
Historical Commission:					
Expenses.....	750	750	728	-	22
Memorial Day:					
Expenses.....	5,000	5,000	3,381	-	1,619
Celebrations Committee:					
Expenses.....	4,700	4,700	373	-	4,327
Zoning Board of Appeals:					
Personnel Services.....	77,162	78,279	78,115	-	164
Expenses.....	7,490	7,490	4,059	-	3,431
	<u>84,652</u>	<u>85,769</u>	<u>82,174</u>	<u>-</u>	<u>3,595</u>
Law:					
Expenses.....	345,000	457,000	416,007	38,772	2,221
Risk Management:					
Expenses.....	469,707	469,707	423,520	20,000	26,187
Audit Committee:					
Expenses.....	58,850	58,850	58,630	-	220
Street Lighting:					
Expenses.....	140,000	140,000	140,000	-	-
Town Clerk/Election and Registration:					
Personnel Services.....	272,097	278,109	257,003	-	21,106
Expenses.....	54,750	69,750	45,343	14,196	10,211
	<u>326,847</u>	<u>347,859</u>	<u>302,346</u>	<u>14,196</u>	<u>31,317</u>
Board of Assessors:					
Personnel Services.....	286,263	289,572	285,623	-	3,949
Expenses.....	101,800	101,800	91,265	154	10,381
	<u>388,063</u>	<u>391,372</u>	<u>376,888</u>	<u>154</u>	<u>14,330</u>
Planning Board:					
Personnel Services.....	285,246	285,246	210,351	-	74,895
Expenses.....	73,000	73,000	13,767	32,500	26,733
Capital Outlay.....	28,200	28,200	675	27,500	25
	<u>386,446</u>	<u>386,446</u>	<u>224,793</u>	<u>60,000</u>	<u>101,653</u>
Human Resources Board:					
Personnel Services.....	317,688	322,940	322,940	-	-
Expenses.....	38,405	38,396	36,233	250	1,913
Capital Outlay.....	-	39,182	-	-	39,182
	<u>356,093</u>	<u>400,518</u>	<u>359,173</u>	<u>250</u>	<u>41,095</u>
Advisory Committee:					
Personnel Services.....	10,000	10,000	6,092	-	3,908
Expenses.....	22,000	22,000	12,366	-	9,634
	<u>32,000</u>	<u>32,000</u>	<u>18,458</u>	<u>-</u>	<u>13,542</u>

(Continued)

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

YEAR ENDED JUNE 30, 2020

	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	160,000	-	-	160,000
<b>TOTAL GENERAL GOVERNMENT</b> .....	<b>6,471,902</b>	<b>6,793,458</b>	<b>5,353,670</b>	<b>661,843</b>	<b>777,945</b>
FACILITIES MAINTENANCE:					
Personnel Services.....	4,716,227	4,735,170	4,568,670	-	166,500
Expenses.....	3,531,576	3,531,576	3,011,756	58,530	461,290
Capital Outlay.....	3,349,996	3,349,996	1,227,122	2,065,004	57,870
<b>TOTAL FACILITIES MAINTENANCE</b> .....	<b>11,597,799</b>	<b>11,616,742</b>	<b>8,807,548</b>	<b>2,123,534</b>	<b>685,660</b>
PUBLIC SAFETY:					
Police Department:					
Personnel Services.....	5,887,143	5,888,463	5,627,596	-	260,867
Expenses.....	674,910	674,910	632,955	33,111	8,844
Capital Outlay.....	119,089	119,089	100,180	18,909	-
	<b>6,681,142</b>	<b>6,682,462</b>	<b>6,360,731</b>	<b>52,020</b>	<b>269,711</b>
Special School Police:					
Personnel Services.....	129,254	129,254	65,769	-	63,485
Expenses.....	4,441	4,441	4,413	-	28
	<b>133,695</b>	<b>133,695</b>	<b>70,182</b>	<b>-</b>	<b>63,513</b>
Fire Department:					
Personnel Services.....	5,361,153	5,361,153	5,240,739	-	120,414
Expenses.....	263,007	263,007	250,076	5,440	7,491
Capital Outlay.....	210,134	210,134	153,922	10,727	45,485
	<b>5,834,294</b>	<b>5,834,294</b>	<b>5,644,737</b>	<b>16,167</b>	<b>173,390</b>
Building Department:					
Personnel Services.....	533,474	541,711	529,978	-	11,733
Expenses.....	41,000	41,000	18,974	-	22,026
	<b>574,474</b>	<b>582,711</b>	<b>548,952</b>	<b>-</b>	<b>33,759</b>
Sealer of Weights and Measurers:					
Personnel Services.....	15,000	15,000	12,257	-	2,743
Expenses.....	2,700	2,700	2,114	-	586
	<b>17,700</b>	<b>17,700</b>	<b>14,371</b>	<b>-</b>	<b>3,329</b>
<b>TOTAL PUBLIC SAFETY</b> .....	<b>13,241,305</b>	<b>13,250,862</b>	<b>12,638,973</b>	<b>68,187</b>	<b>543,702</b>
PUBLIC WORKS:					
Engineering:					
Personnel Services.....	535,847	545,122	532,209	-	12,913
Expenses.....	80,253	90,253	73,635	4,665	11,953
Capital Outlay.....	75,000	75,000	-	75,000	-
	<b>691,100</b>	<b>710,375</b>	<b>605,844</b>	<b>79,665</b>	<b>24,866</b>
Highway:					
Personnel Services.....	1,093,825	1,137,837	1,134,766	-	3,071
Expenses.....	470,450	490,450	462,038	17,804	10,608
Capital Outlay.....	1,657,341	1,666,341	1,121,055	545,268	18
	<b>3,221,616</b>	<b>3,294,628</b>	<b>2,717,859</b>	<b>563,072</b>	<b>13,697</b>
Fleet Maintenance:					
Personnel Services.....	165,000	165,000	165,000	-	-
Expenses.....	43,462	43,462	41,555	-	1,907
	<b>208,462</b>	<b>208,462</b>	<b>206,555</b>	<b>-</b>	<b>1,907</b>

(Continued)

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

YEAR ENDED JUNE 30, 2020

	Budgeted Amounts		Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Original Budget	Final Budget			
<b>Park:</b>					
Personnel Services.....	1,266,331	1,269,377	1,230,905	-	38,472
Expenses.....	377,829	377,829	313,484	16,550	47,795
Capital Outlay.....	<u>678,624</u>	<u>678,624</u>	<u>492,774</u>	<u>185,850</u>	-
	<u>2,322,784</u>	<u>2,325,830</u>	<u>2,037,163</u>	<u>202,400</u>	<u>86,267</u>
<b>Recycling and Disposal:</b>					
Personnel Services.....	1,103,530	1,066,742	997,812	-	68,930
Expenses.....	1,397,857	1,367,857	1,137,612	130,921	99,324
Capital Outlay.....	<u>153,091</u>	<u>153,091</u>	<u>6,210</u>	<u>146,881</u>	-
	<u>2,654,478</u>	<u>2,587,690</u>	<u>2,141,634</u>	<u>277,802</u>	<u>168,254</u>
<b>Management:</b>					
Personnel Services.....	369,730	382,958	354,479	-	28,479
Expenses.....	26,496	26,496	21,890	2,895	1,711
Capital Outlay.....	<u>1,373,863</u>	<u>1,373,863</u>	<u>996,103</u>	<u>377,760</u>	-
	<u>1,770,089</u>	<u>1,783,317</u>	<u>1,372,472</u>	<u>380,655</u>	<u>30,190</u>
<b>Winter Maintenance:</b>					
Expenses.....	366,355	666,355	533,020	-	133,335
<b>TOTAL PUBLIC WORKS.....</b>	<b><u>11,234,884</u></b>	<b><u>11,576,657</u></b>	<b><u>9,614,547</u></b>	<b><u>1,503,594</u></b>	<b><u>458,516</u></b>
<b>WELLESLEY FREE LIBRARY:</b>					
Library Trustees:					
Personnel Services.....	2,025,452	2,032,158	1,947,334	-	84,824
Expenses.....	570,015	570,015	569,248	44	723
Capital Outlay.....	<u>127,005</u>	<u>127,005</u>	<u>88,055</u>	<u>38,868</u>	<u>82</u>
<b>TOTAL WELLESLEY FREE LIBRARY.....</b>	<b><u>2,722,472</u></b>	<b><u>2,729,178</u></b>	<b><u>2,604,637</u></b>	<b><u>38,912</u></b>	<b><u>85,629</u></b>
<b>RECREATION:</b>					
Recreation Commission:					
Personnel Services.....	343,418	354,626	337,301	-	17,325
Expenses.....	<u>28,741</u>	<u>28,741</u>	<u>23,752</u>	-	4,989
<b>TOTAL RECREATION.....</b>	<b><u>372,159</u></b>	<b><u>383,367</u></b>	<b><u>361,053</u></b>	-	<b><u>22,314</u></b>
<b>HEALTH:</b>					
Board of Health:					
Personnel Services.....	630,181	623,040	563,482	-	59,558
Expenses.....	<u>84,185</u>	<u>99,185</u>	<u>68,779</u>	<u>2,565</u>	<u>27,841</u>
	<u>714,366</u>	<u>722,225</u>	<u>632,261</u>	<u>2,565</u>	<u>87,399</u>
Mental Health Services:					
Expenses.....	309,658	309,658	303,121	-	6,537
<b>TOTAL HEALTH.....</b>	<b><u>1,024,024</u></b>	<b><u>1,031,883</u></b>	<b><u>935,382</u></b>	<b><u>2,565</u></b>	<b><u>93,936</u></b>
<b>NATURAL RESOURCES:</b>					
Natural Resources Commission:					
Personnel Services.....	227,108	233,622	208,631	-	24,991
Expenses.....	25,162	25,162	14,099	71	10,992
Capital Outlay.....	<u>248,297</u>	<u>248,297</u>	<u>23,439</u>	<u>180,016</u>	<u>44,842</u>
	<u>500,567</u>	<u>507,081</u>	<u>246,169</u>	<u>180,087</u>	<u>80,825</u>
Morses Pond:					
Expenses.....	145,250	145,250	98,092	6,000	41,158
Capital Outlay.....	<u>78,780</u>	<u>78,780</u>	<u>46,522</u>	<u>17,541</u>	<u>14,717</u>
	<u>224,030</u>	<u>224,030</u>	<u>144,614</u>	<u>23,541</u>	<u>55,875</u>
<b>TOTAL NATURAL RESOURCES.....</b>	<b><u>724,597</u></b>	<b><u>731,111</u></b>	<b><u>390,783</u></b>	<b><u>203,628</u></b>	<b><u>136,700</u></b>

(Continued)

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

YEAR ENDED JUNE 30, 2020

	Budgeted Amounts		Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Original Budget	Final Budget			
WELLESLEY PUBLIC SCHOOLS.....	82,574,142	82,574,142	76,120,284	5,100,481	1,353,377
<b>EMPLOYEE BENEFITS:</b>					
Group Insurance:					
Expenses.....	19,665,390	19,665,390	18,001,684	125,000	1,538,706
Medical - Police & Fire:					
Expenses.....	100,000	100,000	54,725	-	45,275
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.....	7,487,909	7,487,909	7,487,909	-	-
Unemployment Compensation:					
Expenses.....	100,000	100,000	100,000	-	-
Compensated Absences:					
Expenses.....	120,000	120,000	104,737	-	15,263
<b>TOTAL EMPLOYEE BENEFITS.....</b>	<b>31,192,999</b>	<b>31,192,999</b>	<b>29,468,755</b>	<b>125,000</b>	<b>1,599,244</b>
State and County Charges.....	1,262,442	1,262,442	1,263,722	-	(1,280)
Debt service:					
Principal.....	10,973,123	11,035,523	11,032,000	-	3,523
Interest.....	4,767,329	4,979,704	4,979,704	-	-
Total debt service.....	15,740,452	16,015,227	16,011,704	-	3,523
<b>TOTAL EXPENDITURES.....</b>	<b>178,159,177</b>	<b>179,158,068</b>	<b>163,571,058</b>	<b>9,827,744</b>	<b>5,759,266</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....</b>					
	(12,949,312)	(13,948,203)	3,347,232	(9,827,744)	7,467,691
<b>OTHER FINANCING SOURCES (USES):</b>					
Use of prior year fund balance to fund carryovers.....	8,536,003	8,536,003	-	-	(8,536,003)
Use of prior year reserve of premium.....	-	274,775	-	-	(274,775)
Free cash voted to reduce tax rate for fiscal year 2020.....	2,340,000	2,340,000	-	-	(2,340,000)
Free cash voted to fund fiscal year 2020 budget.....	-	2,724,116	-	-	(2,724,116)
Transfers in.....	2,073,309	2,073,309	2,239,269	-	165,960
Transfers out.....	-	(2,000,000)	(2,000,000)	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES).....</b>	<b>12,949,312</b>	<b>13,948,203</b>	<b>239,269</b>	<b>-</b>	<b>(13,708,934)</b>
<b>NET CHANGE IN FUND BALANCE.....</b>	<b>-</b>	<b>-</b>	<b>3,586,501</b>	<b>(9,827,744)</b>	<b>(6,241,243)</b>
<b>BUDGETARY FUND BALANCE, Beginning of year.....</b>	<b>30,149,373</b>	<b>30,149,373</b>	<b>30,149,373</b>	<b>-</b>	<b>-</b>
<b>BUDGETARY FUND BALANCE, End of year.....</b>	<b>\$ 30,149,373</b>	<b>\$ 30,149,373</b>	<b>\$ 33,735,874</b>	<b>\$ (9,827,744)</b>	<b>\$ (6,241,243)</b>

See notes to required supplementary information.

(Concluded)

# **Pension Plan Schedules – Retirement System**

The Pension Plan's Schedule of Changes in Net Pension Liability and Related Ratios 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 Returns 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	December 31, 2019
<b>Total pension liability:</b>						
Service cost.....	\$ 5,067,998	\$ 5,629,329	\$ 5,835,095	\$ 6,056,541	\$ 6,304,678	\$ 6,466,006
Interest.....	13,553,363	14,040,337	14,622,378	14,872,702	15,690,721	16,505,745
Differences between expected and actual experience.....	(4,690,325)	-	(3,526,008)	-	2,850,684	184,200
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>	<u>(13,619,213)</u>
Net change in total pension liability.....	14,208,385	8,564,521	7,644,408	12,294,675	13,055,121	9,536,738
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>	<u>249,486,962</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>	<u>\$ 259,023,700</u>
<b>Plan fiduciary net position:</b>						
Employer contributions.....	\$ 7,070,467	\$ 7,304,832	\$ 7,562,273	\$ 7,835,775	\$ 8,371,229	\$ 8,868,984
Member contributions.....	3,393,034	3,478,496	3,608,960	3,783,992	3,918,951	3,869,218
Net investment income (loss).....	10,717,718	1,152,712	11,291,223	27,868,069	(4,523,402)	29,988,757
Administrative expenses.....	(226,954)	(250,722)	(245,349)	(243,555)	(224,469)	(255,811)
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>	<u>(13,619,213)</u>
Net increase (decrease) in fiduciary net position.....	10,617,502	580,173	10,817,053	27,844,105	(4,248,653)	28,851,935
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>	<u>187,948,601</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>	<u>\$ 216,800,536</u>
<b>Net pension liability - ending (a)-(b).....</b>	<b>\$ 54,972,314</b>	<b>\$ 62,956,662</b>	<b>\$ 59,784,017</b>	<b>\$ 44,234,587</b>	<b>\$ 61,538,361</b>	<b>\$ 42,223,164</b>
Plan fiduciary net position as a percentage of the total pension liability.....	73.56%	70.92%	73.33%	81.29%	75.33%	83.70%
Covered payroll.....	\$ 35,228,283	\$ 35,959,727	\$ 36,836,364	\$ 38,226,711	\$ 39,169,350	\$ 40,682,134
Net pension liability as a percentage of covered payroll.....	156.05%	175.08%	162.30%	115.72%	157.11%	103.79%
Discount rate.....	7.000%	6.750%	6.750%	6.625%	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**

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Year	Actuarially determined contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
December 31, 2019.....	\$ 8,851,507	\$ (8,868,984)	\$ (17,477)	\$ 40,682,134	21.80%
December 31, 2018.....	8,349,999	(8,371,229)	(21,230)	39,169,350	21.37%
December 31, 2017.....	7,835,775	(7,874,297)	(38,522)	38,226,711	20.60%
December 31, 2016.....	7,562,273	(7,562,273)	-	36,836,364	20.53%
December 31, 2015.....	7,285,897	(7,304,832)	(18,935)	35,959,727	20.31%
December 31, 2014.....	7,040,036	(7,070,467)	(30,431)	35,228,283	20.07%

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**

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Year	Annual money-weighted rate of return, net of investment expense
December 31, 2019.....	16.22%
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**

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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, 2019.....	99.23%	\$ 41,868,634	\$ 40,682,134	102.92%	83.70%
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'S CONTRIBUTIONS**  
**WELLESLEY CONTRIBUTORY RETIREMENT SYSTEM**

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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, 2020.....	\$ 8,844,772	\$ (8,862,249)	\$ (17,477)	\$ 41,088,955	21.57%
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**

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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
2020.....	\$ 187,118,342	\$ 22,691,000	53.95%
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 Returns 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	June 30, 2020
<b>Total OPEB Liability</b>				
Service Cost.....	\$ 3,695,446	\$ 3,793,326	\$ 4,018,416	\$ 4,217,478
Interest.....	7,545,735	7,990,117	8,431,566	8,120,416
Changes of benefit terms.....	-	-	-	-
Differences between expected and actual experience.....	-	(5,332,500)	-	-
Changes of assumptions.....	-	(4,380,595)	-	(1,847,908)
Benefit payments.....	<u>(4,614,800)</u>	<u>(5,078,148)</u>	<u>(5,619,307)</u>	<u>(5,088,867)</u>
Net change in total OPEB liability.....	6,626,381	(3,007,800)	6,830,675	5,401,119
Total OPEB liability - beginning.....	<u>110,450,012</u>	<u>117,076,393</u>	<u>114,068,593</u>	<u>120,899,268</u>
Total OPEB liability - ending (a).....	<u>\$ 117,076,393</u>	<u>\$ 114,068,593</u>	<u>\$ 120,899,268</u>	<u>\$ 126,300,387</u>
<b>Plan fiduciary net position</b>				
Employer contributions.....	\$ 3,464,970	\$ 3,646,371	\$ 3,645,843	\$ 3,648,209
Employer contributions for OPEB payments.....	4,614,800	5,078,148	5,619,307	5,088,867
Net investment income.....	5,975,037	5,307,352	3,713,928	1,392,631
Benefit payments.....	<u>(4,614,800)</u>	<u>(5,078,148)</u>	<u>(5,619,307)</u>	<u>(5,088,867)</u>
Net change in plan fiduciary net position.....	9,440,007	8,953,723	7,359,771	5,040,840
Plan fiduciary net position - beginning of year.....	<u>44,229,961</u>	<u>53,669,968</u>	<u>62,623,691</u>	<u>69,983,462</u>
Plan fiduciary net position - end of year (b).....	<u>\$ 53,669,968</u>	<u>\$ 62,623,691</u>	<u>\$ 69,983,462</u>	<u>\$ 75,024,302</u>
<b>Net OPEB liability - ending (a)-(b).....</b>	<b><u>\$ 63,406,425</u></b>	<b><u>\$ 51,444,902</u></b>	<b><u>\$ 50,915,806</u></b>	<b><u>\$ 51,276,085</u></b>
Plan fiduciary net position as a percentage of the total OPEB liability.....	45.84%	54.90%	57.89%	59.40%
Covered-employee payroll.....	\$ 96,595,069	\$ 98,526,970	\$ 100,497,509	\$ 102,507,459
Net OPEB liability as a percentage of covered-employee payroll.....	65.64%	52.21%	50.66%	50.02%
Discount rate.....	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 THE TOWN'S CONTRIBUTIONS  
OTHER POSTEMPLOYMENT BENEFIT PLAN**

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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, 2020.....	\$ 8,041,954	\$ (8,737,076)	\$ (695,122)	\$ 102,507,459	8.52%
June 30, 2019.....	7,825,463	(9,265,150)	(1,439,687)	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**

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Year	Annual money-weighted rate of return, net of investment expense
June 30, 2020.....	1.93%
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

### 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 2020 budget included \$178.2 million in appropriations and other amounts to be raised and \$8.5 million in amounts carried over from previous years. During 2020, the Town approved \$2.7 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.

### 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, 2020, is presented below:

Net change in fund balance - budgetary basis.....	\$ 3,586,501
<u>Perspective differences:</u>	
Activity of the stabilization fund recorded in the general fund for GAAP .....	281,195
<u>Basis of accounting differences:</u>	
Net change in recording tax refunds payable.....	2,142
Net change in recording 60 day receipts.....	219,000
Net change in recording accrued expenditures.....	(241,667)
Recognition of revenue for on-behalf payments.....	22,691,000
Recognition of expenditures for on-behalf payments.....	(22,691,000)
Net change in fund balance - GAAP basis.....	<u>\$ 3,847,171</u>

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

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

**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.

**Schedule of Investment Returns**

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

***Pension Plan Schedules - Town*****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.

**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.

**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: None.

Changes in Plan Provisions: None.

## **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, 2020 was determined with the December 31, 2018 actuarial valuation.
Actuarial cost method.....	Entry age normal - level percentage of payroll.
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 Returns

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

Changes of Assumptions

The impact of the excise tax high cost health plans (part of the Patient Protections and Affordable Care Act) was removed, as the tax was repealed effective December 20, 2019.

Changes in Plan Provisions

None.

## ***Combining and Individual Fund Statements***

# **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.

**Highway Chapter 90** – This fund accounts for activities associated with on-going road and sidewalk projects that are funded with grants from the Commonwealth.

## **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, 2020

<b>Special Revenue Funds</b>						
	School Lunch	Community Preservation	Grants	Receipts Reserved	Revolving	
<b>ASSETS</b>						
Cash and cash equivalents.....	\$ 645,770	\$ 7,924,067	\$ 68,894	\$ 2,089,620	\$ 3,944,715	
Investments.....	-	-	-	-	-	
Community preservation fund surtax.....	-	9,005	-	-	-	
Departmental and other.....	5,842	-	-	-	249,696	
Intergovernmental.....	-	237,375	833,419	-	-	
TOTAL ASSETS.....	<u>651,612</u>	<u>8,170,447</u>	<u>902,313</u>	<u>2,089,620</u>	<u>4,194,411</u>	
<b>LIABILITIES</b>						
Warrants payable.....	\$ 15,198	\$ 3,200	\$ 112,715	\$ 12,179	\$ 78,833	
Accrued payroll.....	-	-	6,574	2,032	57,931	
Due to other funds.....	-	-	-	-	-	
Unearned revenue.....	-	-	86,175	-	-	
TOTAL LIABILITIES.....	<u>15,198</u>	<u>3,200</u>	<u>205,464</u>	<u>14,211</u>	<u>136,764</u>	
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Taxes paid in advance.....	-	10,307	-	-	-	
Unavailable revenue.....	-	225,102	-	-	249,696	
TOTAL DEFERRED INFLOWS OF RESOURCES.....	<u>-</u>	<u>235,409</u>	<u>-</u>	<u>-</u>	<u>249,696</u>	
<b>FUND BALANCES</b>						
Nonspendable.....	-	-	-	-	-	
Restricted.....	<u>636,414</u>	<u>7,931,838</u>	<u>696,849</u>	<u>2,075,409</u>	<u>3,807,951</u>	
TOTAL FUND BALANCES.....	<u>636,414</u>	<u>7,931,838</u>	<u>696,849</u>	<u>2,075,409</u>	<u>3,807,951</u>	
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES.....	<u>\$ 651,612</u>	<u>\$ 8,170,447</u>	<u>\$ 902,313</u>	<u>\$ 2,089,620</u>	<u>\$ 4,194,411</u>	



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

YEAR ENDED JUNE 30, 2020

	<b>Special Revenue Funds</b>				
	School Lunch	Community Preservation	Grants	Receipts Reserved	Revolving
<b>REVENUES:</b>					
Charges for services.....	\$ 1,093,734	\$ -	\$ -	\$ -	\$ -
Parking meter receipts.....	- -	- -	- -	730,184	- -
Intergovernmental.....	142,384	310,875	3,002,608	- -	49,977
Intergovernmental - COVID-19 relief.....	- -	- -	413,825	- -	- -
Departmental and other.....	- -	- -	- -	- -	4,817,352
Community preservation taxes.....	- -	1,341,104	- -	- -	- -
Contributions and donations.....	- -	- -	- -	- -	425,262
Investment income.....	- -	122,995	53	- -	- -
<b>TOTAL REVENUES.....</b>	<b>1,236,118</b>	<b>1,774,974</b>	<b>3,416,486</b>	<b>730,184</b>	<b>5,292,591</b>
<b>EXPENDITURES:</b>					
Current:					
General government.....	- -	- -	181,526	- -	113,155
Facilities maintenance.....	- -	- -	- -	- -	4,674
Natural resources.....	- -	- -	25,000	- -	- -
Public safety.....	- -	- -	92,135	- -	1,432,930
Public education.....	1,279,004	- -	2,375,437	- -	3,067,836
Public works.....	- -	- -	34,650	- -	319,313
Health.....	- -	- -	7,163	- -	- -
Recreation.....	- -	- -	2,400	- -	- -
Library.....	- -	- -	20,353	- -	40,865
Community preservation.....	- -	331,855	- -	- -	- -
COVID-19.....	- -	- -	413,825	- -	- -
Traffic and parking management.....	- -	- -	- -	1,039,262	- -
<b>TOTAL EXPENDITURES.....</b>	<b>1,279,004</b>	<b>331,855</b>	<b>3,152,489</b>	<b>1,039,262</b>	<b>4,978,773</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....</b>	<b>(42,886)</b>	<b>1,443,119</b>	<b>263,997</b>	<b>(309,078)</b>	<b>313,818</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers out.....	- -	(1,052,044)	(189,939)	(36,085)	(154,145)
<b>NET CHANGE IN FUND BALANCES.....</b>	<b>(42,886)</b>	<b>391,075</b>	<b>74,058</b>	<b>(345,163)</b>	<b>159,673</b>
<b>FUND BALANCES AT BEGINNING OF YEAR.....</b>	<b>679,300</b>	<b>7,540,763</b>	<b>622,791</b>	<b>2,420,572</b>	<b>3,648,278</b>
<b>FUND BALANCES AT END OF YEAR.....</b>	<b>\$ 636,414</b>	<b>\$ 7,931,838</b>	<b>\$ 696,849</b>	<b>\$ 2,075,409</b>	<b>\$ 3,807,951</b>

**Special Revenue Funds**

Recreation Revolving		Other	Highway Chapter 90	Subtotal	Permanent Funds	Total Nonmajor Governmental Funds
\$		\$	\$	\$	\$	\$
-	8,550	-	-	1,102,284	-	1,102,284
-	-	-	-	730,184	-	730,184
-	3,029,857	-	911,702	7,447,403	-	7,447,403
-	-	-	-	413,825	-	413,825
885,483	52,111	-	-	5,754,946	-	5,754,946
-	-	-	-	1,341,104	-	1,341,104
-	1,530,115	-	-	1,955,377	353,243	2,308,620
-	-	-	-	123,048	29,725	152,773
<b>885,483</b>	<b>4,620,633</b>		<b>911,702</b>	<b>18,868,171</b>	<b>382,968</b>	<b>19,251,139</b>
-	23,318	-	-	317,999	-	317,999
-	-	-	-	4,674	-	4,674
-	150	-	-	25,150	-	25,150
-	17,762	-	-	1,542,827	-	1,542,827
-	3,925,440	-	-	10,647,717	7,760	10,655,477
-	12,274	911,702	-	1,277,939	-	1,277,939
-	54,461	-	-	61,624	-	61,624
1,284,155	16,879	-	-	1,303,434	-	1,303,434
-	245,925	-	-	307,143	-	307,143
-	-	-	-	331,855	-	331,855
-	-	-	-	413,825	-	413,825
-	-	-	-	1,039,262	-	1,039,262
<b>1,284,155</b>	<b>4,296,209</b>		<b>911,702</b>	<b>17,273,449</b>	<b>7,760</b>	<b>17,281,209</b>
<b>(398,672)</b>	<b>324,424</b>		<b>-</b>	<b>1,594,722</b>	<b>375,208</b>	<b>1,969,930</b>
<b>-</b>	<b>(200,000)</b>		<b>-</b>	<b>(1,632,213)</b>	<b>-</b>	<b>(1,632,213)</b>
<b>(398,672)</b>	<b>124,424</b>		<b>-</b>	<b>(37,491)</b>	<b>375,208</b>	<b>337,717</b>
<b>464,451</b>	<b>2,564,422</b>		<b>-</b>	<b>17,940,577</b>	<b>1,190,909</b>	<b>19,131,486</b>
<b>\$ 65,779</b>	<b>\$ 2,688,846</b>		<b>\$ -</b>	<b>\$ 17,903,086</b>	<b>\$ 1,566,117</b>	<b>\$ 19,469,203</b>

## ***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, 2020

	Fleet Maintenance	Health Insurance	Unemployment	Worker's Compensation	Total Internal Service Funds
<b>ASSETS</b>					
CURRENT:					
Cash and cash equivalents.....	\$ 47,551	\$ 215,306	\$ 79,133	\$ -	\$ 341,990
Investments.....	-	84,024	998,646	1,417,506	2,500,176
Receivables, net of allowance for uncollectibles:					
Departmental and other.....	-	8,159	-	-	8,159
<b>TOTAL ASSETS</b> .....	<b>47,551</b>	<b>307,489</b>	<b>1,077,779</b>	<b>1,417,506</b>	<b>2,850,325</b>
<b>LIABILITIES</b>					
CURRENT:					
Warrants payable.....	27,878	-	-	-	27,878
Accrued payroll.....	8,626	307,797	-	2,325	318,748
Workers' compensation.....	-	-	-	260,000	260,000
Total current liabilities.....	36,504	307,797	-	262,325	606,626
NONCURRENT:					
Workers' compensation.....	-	-	-	240,000	240,000
<b>TOTAL LIABILITIES</b> .....	<b>36,504</b>	<b>307,797</b>	<b>-</b>	<b>502,325</b>	<b>846,626</b>
<b>NET POSITION</b>					
Unrestricted.....	\$ 11,047	\$ (308)	\$ 1,077,779	\$ 915,181	\$ 2,003,699

**INTERNAL SERVICE FUNDS**  
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

YEAR ENDED JUNE 30, 2020

	Fleet Maintenance	Health Insurance	Unemployment	Worker's Compensation	Total Internal Service Funds
<b>OPERATING REVENUES:</b>					
Employee contributions.....	\$ -	\$ 10,326,331	\$ -	\$ -	\$ 10,326,331
Employer contributions.....	-	16,994,871	-	-	16,994,871
Charges for services.....	<u>1,177,995</u>	-	100,000	300,000	<u>1,577,995</u>
<b>TOTAL OPERATING REVENUES</b> .....	<b><u>1,177,995</u></b>	<b><u>27,321,202</u></b>	<b><u>100,000</u></b>	<b><u>300,000</u></b>	<b><u>28,899,197</u></b>
<b>OPERATING EXPENSES:</b>					
Employee benefits.....	-	27,441,990	38,304	471,544	27,951,838
Fleet maintenance.....	<u>1,198,971</u>	-	-	-	<u>1,198,971</u>
<b>TOTAL OPERATING EXPENSES</b> .....	<b><u>1,198,971</u></b>	<b><u>27,441,990</u></b>	<b><u>38,304</u></b>	<b><u>471,544</u></b>	<b><u>29,150,809</u></b>
<b>OPERATING INCOME</b> .....	<b><u>(20,976)</u></b>	<b><u>(120,788)</u></b>	<b><u>61,696</u></b>	<b><u>(171,544)</u></b>	<b><u>(251,612)</u></b>
<b>NONOPERATING REVENUES (EXPENSES):</b>					
Investment income.....	-	30,084	45,900	81,235	157,219
CHANGE IN NET POSITION.....	<u>(20,976)</u>	<u>(90,704)</u>	<u>107,596</u>	<u>(90,309)</u>	<u>(94,393)</u>
NET POSITION AT BEGINNING OF YEAR.....	<u>32,023</u>	<u>90,396</u>	<u>970,183</u>	<u>1,005,490</u>	<u>2,098,092</u>
<b>NET POSITION AT END OF YEAR</b> .....	<b><u>\$ 11,047</u></b>	<b><u>\$ (308)</u></b>	<b><u>\$ 1,077,779</u></b>	<b><u>\$ 915,181</u></b>	<b><u>\$ 2,003,699</u></b>

**INTERNAL SERVICE FUNDS**  
COMBINING STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2020

	Fleet Maintenance	Health Insurance	Unemployment	Worker's Compensation	Total Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>					
Receipts from customers and users.....	\$ -	\$ 10,327,049	\$ -	\$ -	\$ 10,327,049
Receipts from interfund services provided.....	1,177,995	16,994,871	100,000	300,000	18,572,866
Payments for interfund services used.....	<u>(1,191,550)</u>	<u>(27,498,068)</u>	<u>(38,304)</u>	<u>(425,557)</u>	<u>(29,153,479)</u>
NET CASH FROM OPERATING ACTIVITIES.....	<u>(13,555)</u>	<u>(176,148)</u>	<u>61,696</u>	<u>(125,557)</u>	<u>(253,564)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>					
Sale (purchase) of investments.....	-	349,425	(28,463)	44,322	365,284
Investment income.....	-	30,084	45,900	81,235	157,219
NET CASH FROM INVESTING ACTIVITIES.....	<u>-</u>	<u>379,509</u>	<u>17,437</u>	<u>125,557</u>	<u>522,503</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS.....	<u>(13,555)</u>	<u>203,361</u>	<u>79,133</u>	<u>-</u>	<u>268,939</u>
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR.....	<u>61,106</u>	<u>11,945</u>	<u>-</u>	<u>-</u>	<u>73,051</u>
CASH AND CASH EQUIVALENTS, END OF YEAR.....	<u>\$ 47,551</u>	<u>\$ 215,306</u>	<u>\$ 79,133</u>	<u>\$ -</u>	<u>\$ 341,990</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES:</b>					
Operating income (loss).....	\$ (20,976)	\$ (120,788)	\$ 61,696	\$ (171,544)	\$ (251,612)
Adjustments to reconcile operating income (loss) to net cash from operating activities:					
Changes in assets and liabilities:					
Departmental and other.....	-	718	-	-	718
Warrants payable.....	11,255	(10,595)	-	-	660
Accrued payroll.....	(3,834)	(45,483)	-	(2,013)	(51,330)
Workers' compensation.....	-	-	-	48,000	48,000
Total adjustments.....	<u>7,421</u>	<u>(55,360)</u>	<u>-</u>	<u>45,987</u>	<u>(1,952)</u>
NET CASH FROM OPERATING ACTIVITIES.....	<u>\$ (13,555)</u>	<u>\$ (176,148)</u>	<u>\$ 61,696</u>	<u>\$ (125,557)</u>	<u>\$ (253,564)</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, 2020

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	June 30, 2019	Additions	Deletions	June 30, 2020
<b>ASSETS</b>				
CURRENT:				
Cash and cash equivalents.....	\$ 1,772,272	\$ 604,588	\$ (1,088,685)	\$ 1,288,175
<b>LIABILITIES</b>				
Liabilities due depositors.....	\$ 1,772,272	\$ 604,588	\$ (1,088,685)	\$ 1,288,175

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# **Statistical Section**

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



Local artist Julia Blake was one of seven contest winners who received a commission from the Wellesley Police Department to beautify traffic signal utility boxes in Wellesley. Photo courtesy of Beth Shedd Photography.

**Town of Wellesley, Massachusetts  
Comprehensive Annual Financial Report  
For the year ended June 30, 2020**

# **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**

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Governmental activities</b>										
Net investment in capital assets.....	\$ 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	\$ 162,479,778
Restricted.....	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	12,883,650
Unrestricted.....	37,090,605	41,155,077	40,250,651	(1,146,424)	(1,065,091)	(126,380)	(60,532,686)	(56,118,900)	(61,737,797)	(46,377,393)
<b>Total governmental activities net position.....</b>	<b>\$ 171,754,734</b>	<b>\$ 185,445,155</b>	<b>\$ 190,076,348</b>	<b>\$ 149,433,838</b>	<b>\$ 150,487,961</b>	<b>\$ 159,264,419</b>	<b>\$ 104,836,281</b>	<b>\$ 111,750,029</b>	<b>\$ 112,334,247</b>	<b>\$ 128,986,035</b>
<b>Business-type activities</b>										
Net investment in capital assets.....	\$ 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	\$ 88,576,032
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	1,000,000
Unrestricted.....	13,714,674	13,935,227	14,212,650	7,139,890	7,808,653	12,792,675	11,907,658	9,481,231	7,303,769	7,743,526
<b>Total business-type activities net position.....</b>	<b>\$ 89,937,655</b>	<b>\$ 95,551,408</b>	<b>\$ 98,885,113</b>	<b>\$ 92,749,497</b>	<b>\$ 94,512,332</b>	<b>\$ 100,386,986</b>	<b>\$ 101,267,199</b>	<b>\$ 98,963,519</b>	<b>\$ 96,876,285</b>	<b>\$ 97,319,558</b>
<b>Primary government</b>										
Net investment in capital assets.....	\$ 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	\$ 251,055,810
Restricted.....	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	13,883,650
Unrestricted.....	50,805,279	55,090,304	54,463,301	5,993,466	6,743,562	12,666,295	(48,625,028)	(46,637,669)	(54,434,028)	(38,633,867)
<b>Total primary government net position.....</b>	<b>\$ 261,692,389</b>	<b>\$ 280,996,563</b>	<b>\$ 288,961,461</b>	<b>\$ 242,183,335</b>	<b>\$ 245,000,293</b>	<b>\$ 259,651,405</b>	<b>\$ 206,103,480</b>	<b>\$ 210,713,548</b>	<b>\$ 209,210,532</b>	<b>\$ 226,305,593</b>

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.

The 2019 column reflects the change in measurement date for GASB Statement #75.

**Changes in Net Position**  
Last Ten Years

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Expenses</b>										
Governmental activities:										
General government.....	\$ 8,039,353	\$ 9,670,731	\$ 12,874,364	\$ 14,414,151	\$ 14,818,677	\$ 16,065,450	\$ 8,805,331	\$ 8,814,934	\$ 9,704,821	\$ 9,141,425
Facilities maintenance.....	-	-	-	-	-	-	11,880,224	12,350,521	13,992,663	12,484,919
Natural resources.....	-	-	-	-	-	-	636,909	725,662	650,341	578,406
Public safety.....	14,807,588	16,064,398	16,973,654	17,710,263	18,190,686	19,814,209	17,132,944	17,548,998	19,887,928	17,824,882
Public education.....	90,309,800	99,679,399	99,210,900	102,344,740	107,336,897	111,214,742	118,927,884	122,811,840	130,968,311	127,265,999
Public works.....	10,574,130	10,315,238	9,709,246	10,865,268	11,612,335	11,467,571	14,112,079	13,920,456	14,985,459	14,813,731
Health.....	1,481,237	1,558,985	1,597,225	1,683,576	1,771,888	1,762,755	1,103,030	1,001,200	1,212,242	1,292,687
Library.....	3,639,739	3,907,255	3,853,620	4,004,455	4,092,547	4,509,513	4,251,592	4,420,548	4,492,512	4,582,627
Recreation.....	2,535,659	2,548,867	2,456,850	2,717,234	2,861,127	2,798,705	3,176,831	2,607,564	2,627,843	1,992,469
Traffic and parking management.....	523,460	541,165	598,789	659,832	651,374	761,292	832,610	789,994	725,300	1,039,262
Community preservation.....	669,739	789,270	105,345	19,992	35,941	75,855	187,011	687,669	357,988	331,855
COVID-19.....	-	-	-	-	-	-	-	-	-	413,825
Interest.....	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	4,008,703
Total government activities expenses.....	<u>136,371,184</u>	<u>149,175,545</u>	<u>151,196,578</u>	<u>157,862,235</u>	<u>164,452,304</u>	<u>173,689,969</u>	<u>185,876,863</u>	<u>190,070,839</u>	<u>204,021,732</u>	<u>195,770,790</u>
Business-type activities:										
Sewer.....	6,494,844	6,798,842	6,799,922	7,010,402	7,183,205	7,065,470	7,403,979	7,452,341	7,784,577	7,725,163
Water.....	5,341,473	5,414,502	5,189,293	5,938,980	6,293,253	5,741,906	6,100,706	6,707,078	7,235,256	7,879,097
Municipal light.....	30,330,724	28,865,770	31,253,122	32,845,603	33,471,296	31,752,049	33,237,686	38,605,006	39,196,975	34,014,913
Total business-type activities expenses.....	<u>42,167,041</u>	<u>41,079,114</u>	<u>43,242,337</u>	<u>45,794,985</u>	<u>46,947,754</u>	<u>44,559,425</u>	<u>46,742,371</u>	<u>52,764,425</u>	<u>54,216,808</u>	<u>49,619,173</u>
Total primary government expenses.....	<u>\$ 178,538,225</u>	<u>\$ 190,254,659</u>	<u>\$ 194,438,915</u>	<u>\$ 203,657,220</u>	<u>\$ 211,400,058</u>	<u>\$ 218,249,394</u>	<u>\$ 232,619,234</u>	<u>\$ 242,835,264</u>	<u>\$ 258,238,540</u>	<u>\$ 245,389,963</u>
<b>Program Revenues</b>										
Governmental activities:										
Education charges for services.....	\$ 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	\$ 4,102,835
Public safety charges for services.....	3,139,731	3,083,319	2,894,844	3,991,467	4,095,532	4,272,574	3,852,917	5,677,435	5,600,029	3,815,847
Other charges for services.....	4,145,090	3,816,824	3,640,168	3,793,602	3,739,907	4,044,264	4,804,745	4,061,182	4,249,760	3,337,844
Education operating grants and contributions.....	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	38,117,534
Other operating grants and contributions.....	1,306,643	973,067	1,391,765	1,083,745	752,440	1,358,563	872,209	1,063,246	1,493,174	3,346,835
Education capital grant and contributions.....	16,833,405	13,255,854	1,258,294	2,345,265	990,827	1,950,446	2,446,151	1,028,260	580,951	1,169,737
Other capital grant and contributions.....	1,048,294	258,148	2,345,265	990,827	1,950,446	2,446,151	1,028,260	580,951	1,169,737	1,968,482
Total government activities program revenues.....	<u>52,658,913</u>	<u>48,863,536</u>	<u>37,758,052</u>	<u>38,830,800</u>	<u>35,699,464</u>	<u>44,004,632</u>	<u>49,418,817</u>	<u>49,456,312</u>	<u>50,857,983</u>	<u>54,689,377</u>
Business-type activities:										
Municipal light charges for services.....	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	35,661,467
Sewer and water charges for services.....	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	14,859,420
Municipal light capital grant and contributions.....	1,110,888	550,447	441,013	602,671	1,151,012	1,636,744	663,708	880,585	771,777	541,559
Other capital grant and contributions.....	188,010	117,567	-	-	-	228,337	-	146,826	-	-
Total business-type activities program revenues.....	<u>48,358,240</u>	<u>47,692,667</u>	<u>47,576,042</u>	<u>48,249,942</u>	<u>49,710,589</u>	<u>51,434,079</u>	<u>51,093,178</u>	<u>51,460,745</u>	<u>53,129,574</u>	<u>51,062,446</u>
Total primary government program revenues.....	<u>\$ 101,017,153</u>	<u>\$ 96,556,403</u>	<u>\$ 85,334,094</u>	<u>\$ 87,080,742</u>	<u>\$ 85,410,053</u>	<u>\$ 95,438,711</u>	<u>\$ 100,511,995</u>	<u>\$ 100,917,057</u>	<u>\$ 103,987,557</u>	<u>\$ 105,751,823</u>
<b>Net (Expense)/Revenue</b>										
Governmental activities.....	\$ (83,712,271)	\$ (100,312,009)	\$ (113,438,526)	\$ (119,031,435)	\$ (128,752,840)	\$ (129,685,337)	\$ (136,458,046)	\$ (140,614,527)	\$ (153,163,749)	\$ (141,081,413)
Business-type activities.....	6,191,199	6,613,753	4,333,705	2,454,957	2,762,835	6,874,654	4,350,807	(1,303,680)	(1,087,234)	1,443,273
Total primary government net expense.....	<u>\$ (77,521,072)</u>	<u>\$ (93,698,256)</u>	<u>\$ (109,104,821)</u>	<u>\$ (116,576,478)</u>	<u>\$ (125,990,005)</u>	<u>\$ (122,810,683)</u>	<u>\$ (132,107,239)</u>	<u>\$ (141,918,207)</u>	<u>\$ (154,250,983)</u>	<u>\$ (139,638,140)</u>
<b>General Revenues and other Changes in Net Position</b>										
Governmental activities:										
Real estate and personal property taxes, net of tax refunds payable.....	\$ 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	\$ 144,857,998
Community preservation tax.....	897,294	944,740	982,069	1,019,365	1,084,562	1,153,629	1,201,441	1,247,964	1,301,988	1,341,104
Motor vehicle and other excise taxes.....	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	5,650,461
Meals tax.....	473,820	510,083	527,124	547,618	583,551	620,369	637,046	658,814	684,631	611,589
Nonrestricted grants, contributions, and other.....	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	1,914,668
Unrestricted investment income.....	738,342	469,826	342,128	297,426	262,241	627,934	582,309	1,041,214	2,229,856	2,357,181
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.....	<u>109,037,262</u>	<u>114,002,430</u>	<u>118,069,719</u>	<u>121,763,570</u>	<u>129,806,961</u>	<u>138,461,795</u>	<u>141,935,549</u>	<u>147,528,275</u>	<u>153,747,967</u>	<u>157,733,201</u>
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.....	<u>\$ 108,037,262</u>	<u>\$ 113,002,430</u>	<u>\$ 117,069,719</u>	<u>\$ 120,763</u>						

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>General Fund</b>										
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	\$ 1,743,287
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	6,332,723
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	26,918,753
<b>Total general fund.....</b>	<b>\$ 21,745,966</b>	<b>\$ 21,732,481</b>	<b>\$ 21,762,495</b>	<b>\$ 22,336,248</b>	<b>\$ 22,489,005</b>	<b>\$ 24,916,472</b>	<b>\$ 28,466,502</b>	<b>\$ 29,348,153</b>	<b>\$ 31,147,592</b>	<b>\$ 34,994,763</b>
<b>All Other Governmental Funds</b>										
Nonspendable.....	\$ 210,612	\$ 210,612	\$ 210,612	\$ 357,953	\$ 357,953	\$ 357,953	\$ 357,953	\$ 357,952	\$ 474,055	\$ 437,266
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	22,635,442
Unassigned.....	-	-	(41,158)	(807,356)	-	-	-	-	-	-
<b>Total all other governmental funds....</b>	<b>\$ 43,495,570</b>	<b>\$ 24,460,440</b>	<b>\$ 21,321,026</b>	<b>\$ 17,798,858</b>	<b>\$ 34,986,556</b>	<b>\$ 30,094,547</b>	<b>\$ 21,065,640</b>	<b>\$ 26,921,952</b>	<b>\$ 29,213,588</b>	<b>\$ 23,072,708</b>

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

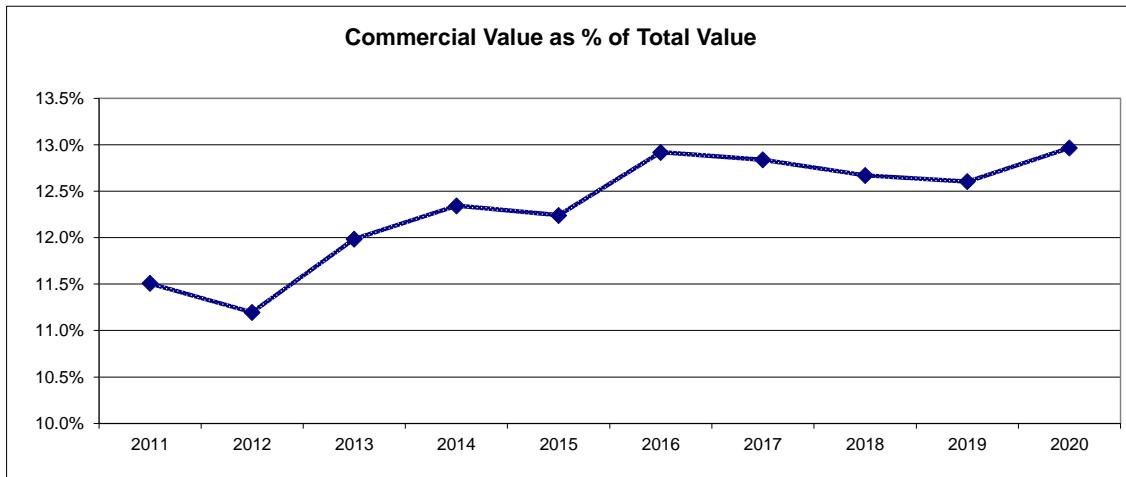
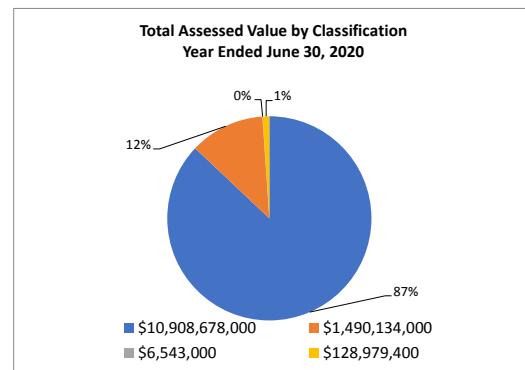
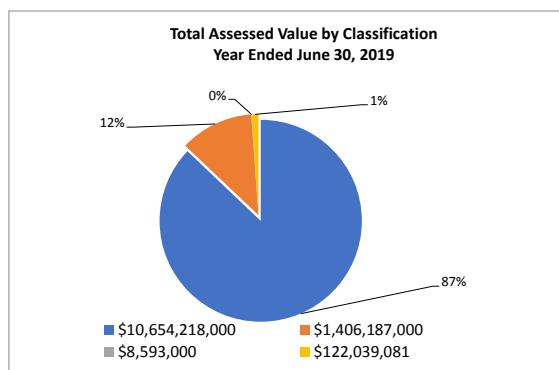
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Revenues:</b>										
Real estate and personal property taxes, net of tax refunds.....	\$ 99,818,198	\$ 104,226,073	\$ 108,739,508	\$ 112,573,209	\$ 119,526,163	\$ 127,955,497	\$ 131,692,216	\$ 135,032,080	\$ 140,561,739	\$ 144,447,614
Motor vehicle and other excise taxes.....	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	5,534,128
Meals tax.....	473,820	510,083	527,124	547,618	583,551	620,369	637,046	658,814	684,631	611,589
Community preservation taxes.....	897,294	944,740	982,069	1,019,365	1,084,562	1,153,629	1,201,441	1,247,964	1,301,988	1,341,104
Charges for service.....	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	1,102,284
Intergovernmental.....	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	41,425,334
Departmental and other.....	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	15,400,684
<b>Total Revenue.....</b>	<b>161,046,279</b>	<b>162,477,225</b>	<b>155,249,435</b>	<b>160,195,966</b>	<b>164,227,305</b>	<b>183,060,249</b>	<b>191,901,152</b>	<b>195,586,601</b>	<b>204,036,023</b>	<b>209,862,737</b>
<b>Expenditures:</b>										
General government.....	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	5,164,269
Facilities maintenance.....	-	-	-	-	-	-	8,539,854	8,692,135	9,858,158	8,812,222
Natural resources.....	-	-	-	-	-	-	440,230	510,259	465,353	415,933
Public safety.....	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	13,892,751
Public education.....	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	87,167,344
Public works.....	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	8,355,908
Health.....	1,267,769	1,268,209	1,273,950	1,116,404	1,182,446	1,127,921	707,180	754,201	828,863	997,006
Recreation.....	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	1,740,630
Library.....	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	2,911,780
Pension benefits - Teachers Retirement.....	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	22,691,000
Pension benefits.....	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	7,487,909
Employee benefits and insurances.....	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	21,980,846
Capital outlay .....	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	12,669,833
Community preservation.....	669,739	789,270	105,345	19,993	35,941	75,855	187,011	687,669	357,988	331,855
COVID-19.....	-	-	-	-	-	-	-	-	-	413,825
State and county charges.....	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	1,263,722
Other.....	523,460	541,165	598,789	659,832	651,374	761,292	832,610	789,994	725,300	1,039,262
Debt service.....										
Principal.....	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	11,020,000
Principal payment on current refunding.....	-	-	-	-	-	-	-	-	-	21,000,000
Interest.....	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	5,235,696
<b>Total Expenditures.....</b>	<b>187,186,312</b>	<b>182,548,975</b>	<b>164,856,667</b>	<b>163,596,763</b>	<b>215,384,039</b>	<b>193,444,791</b>	<b>203,057,880</b>	<b>203,367,868</b>	<b>205,488,324</b>	<b>234,591,791</b>
<b>Excess (Deficiency) of revenues over (under) expenditures.....</b>	<b>(26,140,033)</b>	<b>(20,071,750)</b>	<b>(9,607,232)</b>	<b>(3,400,797)</b>	<b>(51,156,734)</b>	<b>(10,384,542)</b>	<b>(11,156,728)</b>	<b>(7,781,267)</b>	<b>(1,452,301)</b>	<b>(24,729,054)</b>
<b>Other Financing Sources (Uses)</b>										
Issuance of bonds and notes.....	22,610,000	-	10,505,000	-	68,840,000	15,445,700	5,860,000	12,443,000	4,245,000	18,530,000
Premium from issuance of bonds.....	347,144	23,135	1,344,535	-	1,973,541	1,612,743	392,000	1,076,230	298,376	2,905,345
Payments to refunded bond escrow agent.....	-	-	(6,351,703)	-	(4,274,541)	(11,738,443)	-	-	-	-
Transfers in.....	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	4,632,213
Transfers out.....	(596,641)	(4,135,568)	(1,512,416)	(538,218)	(8,839,156)	(4,923,635)	(1,869,135)	(906,337)	(3,694,134)	(3,632,213)
<b>Total other financing sources (uses).....</b>	<b>23,957,144</b>	<b>1,023,135</b>	<b>6,497,832</b>	<b>1,000,000</b>	<b>68,497,189</b>	<b>7,920,000</b>	<b>6,235,758</b>	<b>14,519,230</b>	<b>5,543,376</b>	<b>22,435,345</b>
<b>Net change in fund balance.....</b>	<b>\$ (2,182,889)</b>	<b>\$ (19,048,615)</b>	<b>\$ (3,109,400)</b>	<b>\$ (2,400,797)</b>	<b>\$ 17,340,455</b>	<b>\$ (2,464,542)</b>	<b>\$ (4,920,970)</b>	<b>\$ 6,737,963</b>	<b>\$ 4,091,075</b>	<b>\$ (2,293,709)</b>
Debt service as a percentage of noncapital expenditures.....	9.57%	9.49%	10.08%	8.04%	7.48%	9.67%	9.20%	8.76%	8.55%	7.32%

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
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
2020	\$10,908,678,000	11.56	87.03%	\$1,490,134,000	\$6,543,000	\$128,979,400	\$1,625,656,400	11.56	12.97%	\$12,534,334,400



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**

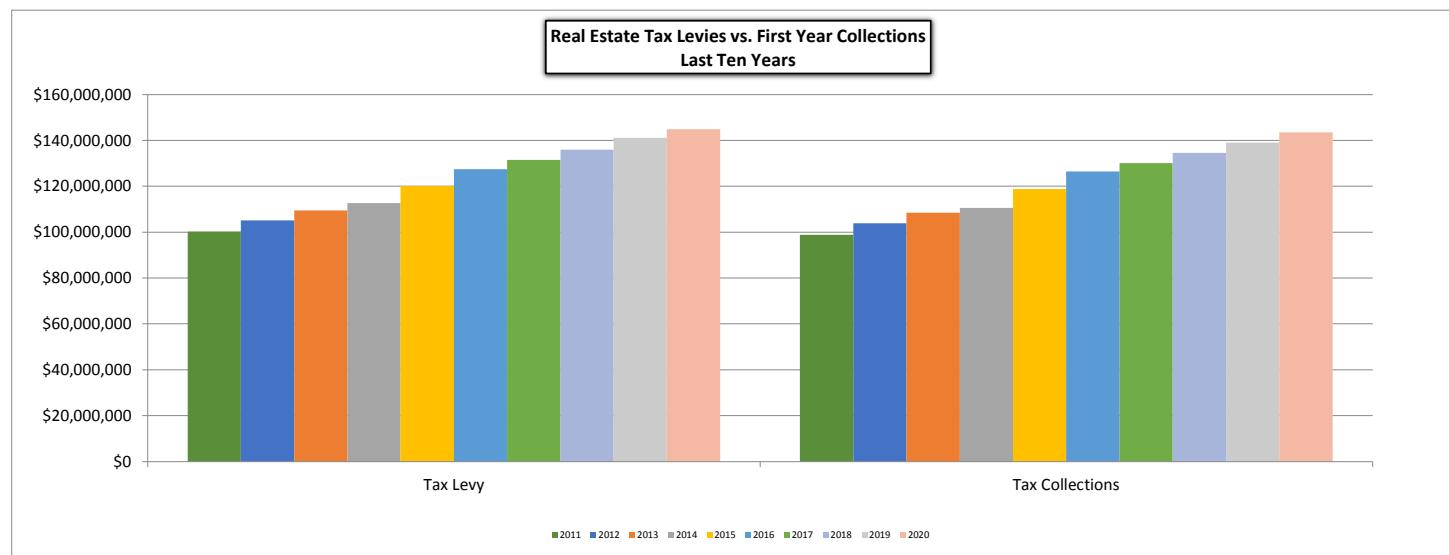
Name	Nature of Business	2020			2011		
		Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value	Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value
John Hancock	Insurance and Financial Services	\$ 236,277,000	1	2.08%	126,080,000	2	1.34%
Haynes Management	Office Buildings/Real Estate	192,578,000	2	1.69%	132,920,000	1	1.41%
Eastern Development/FR Linden Square	Retail/Real Estate	192,369,000	3	1.69%	87,925,000	3	0.93%
Sun Life Assurance	Insurance and Financial Services	127,925,000	4	1.12%	76,506,000	4	0.81%
Wellesley Gateway	Higher Education	97,444,000	5	0.86%	67,528,000	5	0.72%
Wellesley College	Real Estate	96,899,000	6	0.85%	-	N/A	N/A
Linear Realty	Senior Living	42,195,000	7	0.37%	-	N/A	N/A
Wellesley Washington Street / Waterstone	Senior Living	40,250,000	8	0.35%	29,729,000	8	0.32%
Hunnewell Family	Residential	38,931,000	9	0.34%	25,674,000	9	0.27%
Newton Wellesley Executive Office Park	Office Buildings	37,633,000	10	0.33%	-	N/A	N/A
Harvard Pilgrim Health	Office Buildings	-	N/A	N/A	54,270,000	6	0.58%
GPT Realty	Residential	-	N/A	N/A	30,040,000	7	0.32%
Grignaffini & Sons	Real Estate Development	-	N/A	N/A	19,494,100	10	0.21%
		<b>Totals</b>	<b>\$ 1,102,501,000</b>	<b>9.69%</b>	<b>\$ 650,166,100</b>		<b>6.90%</b>

Source: Board of Assessors

N/A = Value not included because not in the Top 10 taxpayers.

**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
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%	\$574,976	\$139,559,414	99.28%
2020	\$144,896,906	\$464,738	\$144,432,168	\$143,428,814	99.3%	\$0	\$143,428,814	99.31%



Source: Assessor's Department, Town of Wellesley

(1) Includes tax liens.

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

Year	Governmental Activities Debt						
	U. S. Census Population (1)	Personal Income	Assessed Value	General Obligation Bonds	Per Capita	Percentage of Personal Income	Percentage of Assessed Value
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	\$130,629,055	\$4,668	5.84%	1.07%
2020	27,982	\$2,327,067,066	\$12,534,334,400	\$118,961,669	\$4,251	5.11%	0.95%

Year	Total Primary Government				
	General Obligation Bonds	Total Debt Outstanding	Per Capita	Percentage of Personal Income	Percentage of Assessed Value
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	\$7,430,628	\$155,560,135	\$5,559	7.72%	1.50%
2016	\$7,145,662	\$149,946,442	\$5,359	7.47%	1.39%
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	\$5,049,490	\$135,678,545	\$4,849	6.07%	1.11%
2020	\$4,277,109	\$123,238,778	\$4,404	5.30%	0.98%

(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, 2020**

<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.....	\$ 16,130,000	8.17%	\$ 1,317,821
Town direct debt.....	<u>118,961,669</u>		<u>118,961,669</u>
Total direct and overlapping debt.....	\$ <u>135,091,669</u>		\$ <u>120,279,490</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 FY20 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>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>	<u>2020</u>
Equalized Valuation.....	\$ 10,032,866,400	\$ 9,773,806,800	\$ 9,773,806,800	\$ 10,212,968,600	\$ 10,212,968,600	\$ 11,749,686,900	\$ 11,749,686,900	\$ 11,377,539,600	\$ 11,377,539,600	\$ 13,524,019,800
Debt Limit -5% of Equalized Valuation.....	\$ 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	\$ 676,200,990
Less:										
Outstanding debt applicable to limit.....	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	118,961,669
Authorized and unissued debt.....	25,450,146	27,406,452	22,360,581	40,499,698	13,269,526	18,282,590	13,856,229	8,125,350	11,938,021	11,962,297
Legal debt margin.....	\$ 361,178,174	\$ 356,008,888	\$ 368,659,759	\$ 379,294,942	\$ 351,828,904	\$ 430,341,055	\$ 436,395,564	\$ 422,386,441	\$ 430,393,259	\$ 545,277,024
Total debt applicable to the limit as a percentage of debt limit.....	28.00%	27.15%	24.56%	25.72%	31.10%	26.75%	25.72%	25.75%	24.34%	19.36%

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
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%
2020	27,982	\$2,327,067,066	\$83,163	38.2	4,758	9.4% *

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

\* COVID - 19

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

Employer	Nature of Business	2020			2011		
		Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
Wellesley College	Higher Education	1,080	1	8.69%	1,200	2	9.04%
Sun Life Financial	Insurance Company	1,012	2	8.14%	1,661	1	12.51%
Babson College	Higher Education	900	3	7.24%	850	3	6.40%
Harvard Pilgrim Health Care	Insurance Company	442	4	3.55%	490	4	3.69%
Roche Brothers	Grocery	332	5	2.67%	330	5	2.49%
Harvard Vanguard Medical Associates	Healthcare	327	6	2.63%	N/A	N/A	N/A
Mass Bay Community College	Higher Education	287	7	2.31%	250	6	1.88%
Dana Hall School	Private School	260	8	2.09%	220	8	1.66%
Whole Foods	Grocery	250	9	2.01%	N/A	N/A	N/A
Wellesley Country Club	Private Recreation Club	174	10	1.40%	250	7	1.88%
Biogen IDEC	Bio-pharmaceutical	N/A	N/A	N/A	210	9	1.58%
Towers Watson	Actuary	N/A	N/A	N/A	200	10	1.51%
		<u>5,064</u>		<u>40.72%</u>	<u>5,661</u>		<u>42.63%</u>

According to the Massachusetts Workforce Development Data, in June 2020 Wellesley had a total labor force of 12,435, of whom 11,263 were employed and 1,172 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**

<b>Function/Program</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
General Government										
Facilities maintenance work orders.....	unavailable	unavailable	1,353	1,254	1,371	1,102	1,006	1,763	1,525	1,329
Building										
New home building permits.....	33	61	71	67	69	69	79	37	45	49
Residential Additions.....	91	103	84	104	119	108	100	83	97	68
Residential Alterations.....	352	326	331	352	425	419	348	332	348	300
Residential Demolition.....	38	59	71	64	65	104	89	36	45	44
Commercial Alterations.....	141	133	189	96	103	121	104	120	143	57
Police										
Physical arrests.....	234	190	190	199	206	167	169	140	189	146
Motor vehicle violations.....	7,541	7,524	6,984	8,596	8,460	7,681	6,723	7,041	5,717	5,046
Police personnel and officers.....	57	56	56	57	58	58	59	60	60	60
Fire										
Inspections.....	1,864	2,076	2,160	2,024	2,469	2,222	1,967	2,130	2,158	1,150
Emergency responses.....	3,894	3,924	3,881	3,924	4,140	4,233	4,221	4,311	4,226	3,878
Fire personnel and officers.....	58	55	55	58	57	57	58	58	57	57
Education										
Number of public school students.....	4,892	4,986	4,857	4,940	4,970	4,923	4,917	4,908	4,863	4,758
Health services										
Number of vaccinations.....	1,716	1,162	942	771	680	669	946	712	1,040	1,045
Reported Disease Investigations.....	82	120	173	188	197	174	283	283	194	581
Library										
Volumes in circulation.....	672,094	730,474	741,704	758,179	743,337	739,316	760,434	774,617	782,598	628,787
eBook Collection (1).....	3,640	8,649	15,816	20,334	66,894	171,292	85,824	90,966	60,153	62,856
Reference Questions Answered.....	64,680	102,432	93,024	96,876	110,256	86,184	106,089	110,760	133,368	126,684
Recreation										
Total program revenue.....	\$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	\$1,265,017
Programs Ran.....	unavailable	unavailable	541	530	605	610	702	1,021	774	749
Program Participants.....	unavailable	unavailable	10,343	7,592	6,920	9,551	7,267	7,241	9,624	9,280
Morses Pond Attendance.....	27,736	36,260	41,782	17,893	24,170	24,263	28,387	23,367	18,199	21,619
Traffic and parking management										
Total parking revenue.....	\$647,623	\$784,911	\$882,648	\$835,971	\$832,488	\$905,227	\$881,374	\$874,404	\$950,212	\$730,185
Meters Repaired.....	unavailable	unavailable	unavailable	unavailable	659	302	unavailable	212	88	33
Sewer										
Number of accounts.....	8,125	8,126	8,122	8,130	8,093	8,181	8,129	8,173	8,059	8,188
Feet rodded/flushed.....	305,337	398,951	275,776	327,635	293,000	254,755	303,770	233,573	158,144	111,070
Water										
Number of accounts.....	12,006	12,041	12,100	12,188	8,296	8,388	8,373	8,357	8,250	8,381
Consumption in gallons (millions).....	871	847	864	1,036	919	942	973	915	849	897
Daily consumption (millions).....	2.39	2.21	2.11	2.84	2.52	2.57	3.00	2.50	2.33	2.45
Municipal Light										
Total kilowatt hour sales.....	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	237,580,900
Municipal kilowatt hour usage.....	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	9,875,581
Streetlight kilowatt hour usage (2).....	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	925,581

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**

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Function</b>										
General government.....	53	53	71	71	72	74	78	79	79	80
Public safety.....	121	121	121	121	122	122	124	124	125	125
School custodians.....	35	35	40	40	40	40	40	39	39	39
* Public education.....	742	744	749	773	804	822	843	853	868	885
Public works.....	87	88	88	88	89	89	87	87	89	89
Health services.....	6	6	5	5	5	5	5	5	5	6
* Library.....	34	34	31	31	31	31	31	31	31	31
Recreation.....	7	7	5	5	5	5	5	5	5	5
Water/Sewer.....	25	28	28	29	29	29	28	28	28	28
Municipal light.....	34	32	32	33	33	32	32	32	32	32
<b>Total .....</b>	<b>1,144</b>	<b>1,148</b>	<b>1,170</b>	<b>1,196</b>	<b>1,230</b>	<b>1,249</b>	<b>1,273</b>	<b>1,283</b>	<b>1,301</b>	<b>1,320</b>

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**

<b>Function/Program</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
General Government										
Number of buildings.....	4	4	4	4	4	4	5	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
2020.....(A)	\$ 18,200,000	3,555,097	\$ 846,430	\$ 593,257	\$ 789,808
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	-	-	-

Source: Town Records

(A) = Estimated Free Cash as of June 30, 2020

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

IOD Fund = Injured on Duty stabilization fund

SPED Fund = Special Education stabilization fund