



TOWN OF WELLESLEY, MASSACHUSETTS

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2022

On the cover: Ariel view of Wellesley Town Hall.



Demolition in preparation for the construction of the new Hunnewell Elementary School.
Photo courtesy of Town of Wellesley.

TOWN OF WELLESLEY, MASSACHUSETTS

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Year Ended June 30, 2022



Prepared by:

The Finance Department of the Town of Wellesley, Massachusetts

TOWN OF WELLESLEY, MASSACHUSETTS
ANNUAL COMPREHENSIVE FINANCIAL REPORT

JUNE 30, 2022

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Introductory Section



Grant funded covered bike racks at the Middle School.
Photo courtesy of Town of Wellesley

Town of Wellesley, Massachusetts
Annual Comprehensive Financial Report
For the year ended June 30, 2022

Introductory Section

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Town of Wellesley

525 Washington Street
Wellesley, MA 02482

Letter of Transmittal

December 6, 2022

To the Honorable Select Board 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 Annual Comprehensive Financial Report (ACFR) of the Town of Wellesley, Massachusetts, for the year ending June 30, 2022 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, 2022, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based 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, 2022, 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.

Included within this comprehensive report is the Statistical section which provides detailed information as a context for understanding what the information in the financial statements, notes disclosures, and required supplementary information say about the Town's overall financial health.

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, for the 2010 and 2020 U.S. Census records, had a population of 27,982 and 29,550 persons, respectively.

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 Select Board, with the assistance of an Executive Director of General Government Services.

The Town's form of government is significantly decentralized. In addition to public safety, legal, financial and budgetary management, facilities management, and building administration by the five-member Select Board; 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 Select Board; and library affairs are administered by a six-member Board of Library Trustees. Many smaller departments are also managed by elected boards.

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

As the pandemic winds down, The Town's economy and employment levels continue to improve. Wellesley remains attractive to educated 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 (\$213,684) is among the highest in the Commonwealth and more than three times the State average. The relative wealth is also seen in the owner- occupied median housing value, which, at \$1,223,000 is more than three times that of the State. The Town is densely populated and land is increasingly valuable. Tear downs and residential improvements continue to contribute to steady permit fee revenue and taxable new growth. The Town benefits 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, as non-emergency capital spending could be temporarily slowed. Financial reserves have remained strong post- pandemic, and the Town has been able to fund some capital projects previously requested using some of these reserves.

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 Select Board instituted a temporary hiring freeze, and many departments also slowed their operational spending significantly. Federal and State governments created a variety of supportive grant opportunities. As a result of the slowed spending and improving revenues, fund balance (the total of the committed, assigned, and unassigned components of fund balance) in the general fund at year end grew to 26.4% of the total general fund expenditures.

The Select Board (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 Board establishes current year budget guidelines, cognizant of reserve implications, and works with the other 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. Though the economy has rebounded somewhat, it is clear that projecting revenues may be more complex for 2023 and beyond. The Town has a longstanding practice of making the necessary adjustments to maintain its long-term financial health and will continue to monitor evolving conditions.

The annual pension contribution to the Wellesley Contributory Retirement System, a defined benefit pension plan administered by the Wellesley Contributory Retirement Board, represents 4.12% 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 as of December 31, 2021, was 97.73% as reflected in the actuarial valuation performed as of January 1, 2021, with full funding expected by 2030. The Retirement Board approved the assumed actuarial rate of return on investments of 6.0%. 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. The prior actuarial valuation, completed as of June 30, 2021, in accordance with GASB Statement No. 75, the funding status percentage was 72.47%. This valuation as of June 30, 2022 resulted in a funding ratio of 65.44%. This decrease

was mainly the result of market losses. The Town currently appropriates 1.9% of its annual budget to fully fund this obligation by 2030.

We refer you to the notes to the basic financial statements for more information on the above two matters. Once balanced, the Select Board, with input from the Advisory Committee, present the 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/CFO 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 and investment controls, 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 Town received Coronavirus State and Local Fiscal Recovery Funds (SLFRF) from the United States Treasury as well as Norfolk County through the American Rescue Plan Act (ARPA). The Town used the funds received from the United States Treasury as eligible revenue replacement to offset public safety salaries. The Town continues its process of formulating a spending plan for the Norfolk County portion of SLFRF, and in 2022 a portion was used to offset costs incurred for remediation efforts related to Per-and Polyfluoroalkyl Substances (PFAS).

The Town is in the process of conducting vigorous research regarding the extent and remediation of PFAS contamination in the Town's water supply. As previously indicated, in 2022, the Town used federal grant funding from the SLFRF to offset costs incurred for PFAS remediation efforts. It is possible that the Town may be responsible for additional costs associated with PFAS remediation, and these future costs may be significant.

The Town has studied its long-term elementary school needs over the last decade and has included estimated costs in its long-term capital plan for many years. During 2022, the Town approved the Hardy and Hunnewell school building projects and issued \$76.8 million in long-term obligations to fund the projects. In addition to the issuance of long-term debt for the projects, the Town has been approved funding from the Massachusetts School Building Authority (MSBA), at a reimbursement rate of 34.90%.

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 approved affordable MGL section 40R housing project will construct 350 rental units at the Wellesley Office Park and is well underway. All of the units will 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 a tax revenue impact in 2022 and an anticipated tax revenue impact in 2023.

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 a large Fall 2022 (fiscal 2023) appropriation request and borrowing authorization.

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.

Climate action planning continues to gain increased budgetary resources, and current events have inspired the formation of a Diversity, Equity and Inclusion initiative, as well as Civil discourse discussions.

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 Annual Comprehensive Financial Reports (ACFR) for the last eighteen 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 Annual Comprehensive 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 Select Board 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/CFO



Government Finance Officers Association

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

Presented to

**Town of Wellesley
Massachusetts**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

Christopher P. Morill

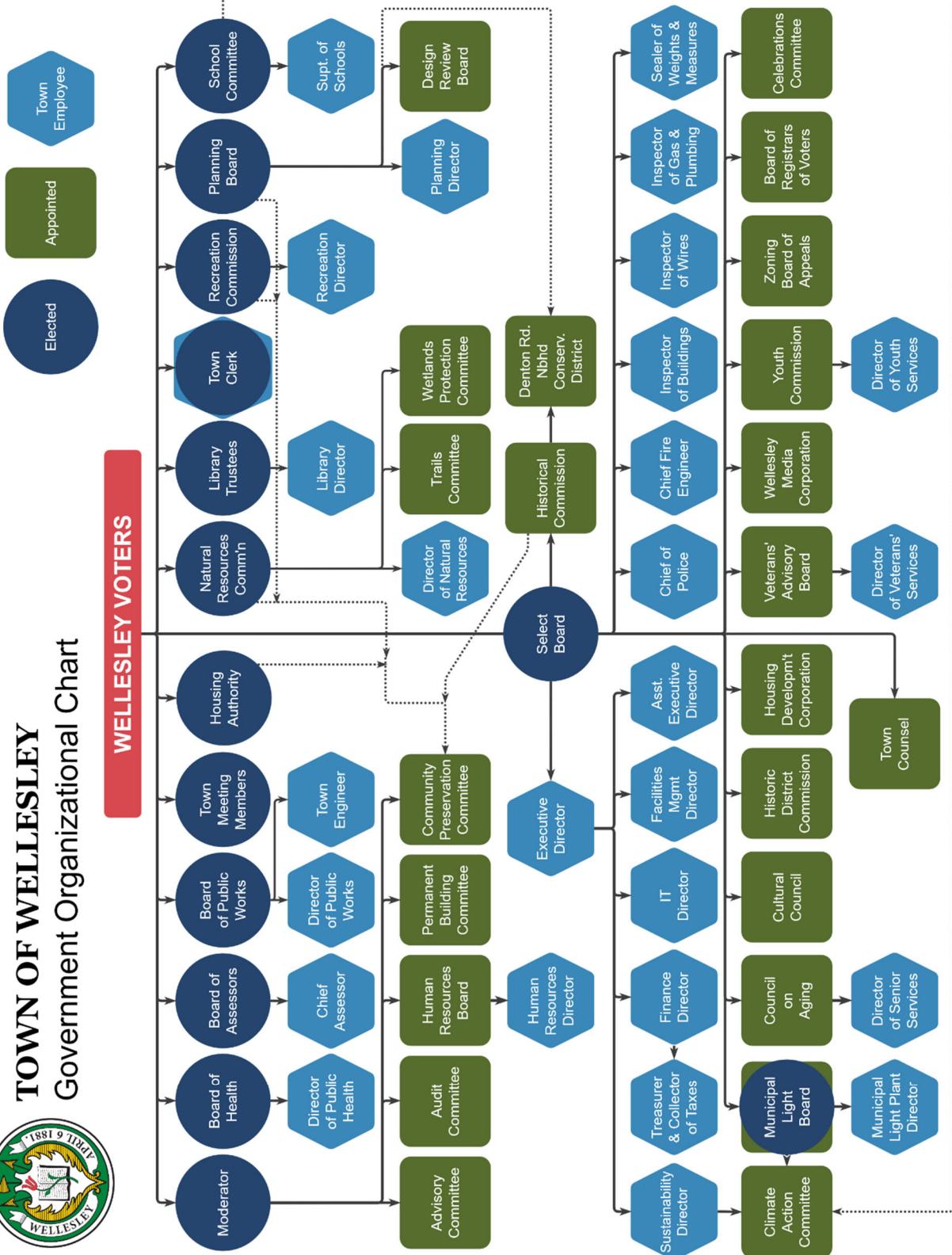
Executive Director/CEO



TOWN OF WELLESLEY

Government Organizational Chart

WELLESLEY VOTERS



Principal Town Officials (As of June 30, 2022)

<u>Elected Officials</u>		<u>Term Expires</u>
Select Board	Lise Olney, Chair Thomas H. Ulfelder, Vice Chair Elizabeth Sullivan Woods Colette Aufranc Ann-Mara S. Lanza	2025 2023 2023 2024 2024
Moderator Town Clerk	Mark Kaplan K.C. Kato	2023 2024
School Committee	Leda Murcia Eizenberg, Chair Catherine C. Mirick Linda Chow Melissa Martin Craig Edward Mack	2024 2023 2024 2023 2025

Appointed Officials

Executive Director of General Government Services	Meghan C. Jop
Superintendent of Public Schools	Dr. David F. Lussier
Finance Director/CFO	Sheryl Strother
Chief Assessor	Ellen M. Muller
Treasurer/Collector	Maura O'Connor
Fire Chief	Richard DeLorie
Police Chief	Jack Pilecki
Human Resources Director	Scott Szczebak
Library Director	Jamie Jurgensen
Public Works Director	David Cohen
Director of Municipal Light Plant	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



Temporary outdoor gathering “Parklet” on Central Street
Photo courtesy of Town of Wellesley

**Town of Wellesley, Massachusetts
Annual Comprehensive Financial Report
For the year ended June 30, 2022**

Financial Section

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Independent Auditor's Report

To the Honorable Select Board
and the Audit Committee
Town of Wellesley, Massachusetts

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Wellesley, Massachusetts, as of and for the year ended June 30, 2022 (except for the Wellesley Contributory Retirement System which is as of and for the year ended December 31, 2021), and the related notes to the financial statements, which collectively comprise the Town of Wellesley, Massachusetts' basic financial statements as listed in the table of contents.

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, 2022 (except for the Wellesley Contributory Retirement System which is as of and for the year ended December 31, 2021), and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not

express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2022, 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, Massachusetts' 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, Massachusetts' internal control over financial reporting and compliance.

Powers & Sullivan LLC

December 6, 2022

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, 2022. We encourage readers to consider the information presented in this report in conjunction with additional information that we have furnished in our letter of transmittal.

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

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

Overview of the Financial Statements

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

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

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

The statement of activities presents information showing how the Town's net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing or the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities include general government, facilities maintenance, natural resources, public safety, public education, public works, health, recreation, library, community preservation, traffic and parking management, and interest. The business-type activities include the activities of the sewer, water, and 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. 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.

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.

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 \$177.1 million and \$105.1 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's general fund reported an ending fund balance of \$48.3 million, an increase of \$6.5 million over the prior year. Total fund balance represents 26.4% of total general fund expenditures, which management considers adequate and within expectations as compared to the Town's Financial Reserve Policy. Of this amount, \$39.9 million or 21.8% of general fund expenditures is unassigned and available for appropriation at the Town's discretion. The remaining portions of the general fund balance, \$8.4 million, are committed and assigned to fund special articles, carryover encumbrances, and the 2023 budget.
- The Town's total governmental long-term debt, inclusive of unamortized bond premiums, increased by approximately \$76.5 million during the current year. The Town issued \$81.8 million in long-term debt and made scheduled principal payments of \$10.8 million. The large issuance of long-term debt in the current year mainly relates to the Hunnewell and Hardy elementary school building projects.
- In 2022, the Town used approximately \$1.5 million of funds received from the United States Treasury through the American Rescue Plan Act (ARPA) to offset public safety salary expenditures through the revenue replacement category of eligible uses of ARPA funding. Additional revenue was received in 2021 and 2022 for the Town's share of ARPA funding passed through Norfolk County. Project costs incurred in 2022 for this portion of funding totaled \$511,000.
- In 2022, the Town's total net pension liability decreased by \$36.1 million. The large decrease in the net liability is mainly the result of a 19.84% annual money-weighted rate of return on the assets held in the Wellesley Contributory Retirement System's trust fund. The differences between projected and actual earnings on plan investments are recorded as deferred outflows/(inflows) of resources and are amortized over approximately five years.

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 \$282.2 million at the close of 2022.

Government-wide net position of \$266.9 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, \$18.2 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 \$2.9 million, the deficit is attributable to the Town's combined \$59.9 million net pension liability and net OPEB liability/(asset).

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

Governmental activities. The governmental activities net position increased by \$28.3 million during the current year compared to an increase of \$18.6 million in the prior year. Total revenues decreased by \$1.3 million, while total expenses decreased by \$11.0 million.

	Summary Statement of Net Position	
	2022	2021
Assets:		
Current assets.....	\$ 181,255,998	\$ 103,352,373
Capital assets, non-depreciable.....	65,558,036	64,350,374
Capital assets, net of accumulated depreciation.....	222,648,221	216,529,867
Total assets.....	469,462,255	384,232,614
 Deferred outflows of resources.....	 23,452,898	 23,550,279
 Liabilities:		
Current liabilities (excluding debt).....	15,332,109	17,271,750
Noncurrent liabilities (excluding debt).....	59,436,008	77,214,920
Current debt.....	16,493,133	15,911,462
Noncurrent debt.....	185,382,299	113,573,664
Total liabilities.....	276,643,549	223,971,796
 Deferred inflows of resources.....	 39,135,140	 34,933,657
 Net position:		
Net investment in capital assets.....	173,603,803	166,963,845
Restricted.....	17,161,426	13,494,223
Unrestricted.....	(13,628,765)	(31,580,628)
 Total net position.....	 \$ 177,136,464	 \$ 148,877,440

Governmental capital assets increased by \$7.3 million due to \$22.9 million of current year capital additions, offset by the recognition of \$15.5 million in depreciation. Current year capital projects include improvements to Middle School Systems, construction of new Hunnewell and Hardy Elementary Schools, roadway infrastructure work, refreshing the main library, town hall modifications, and the purchase on new equipment and vehicles.

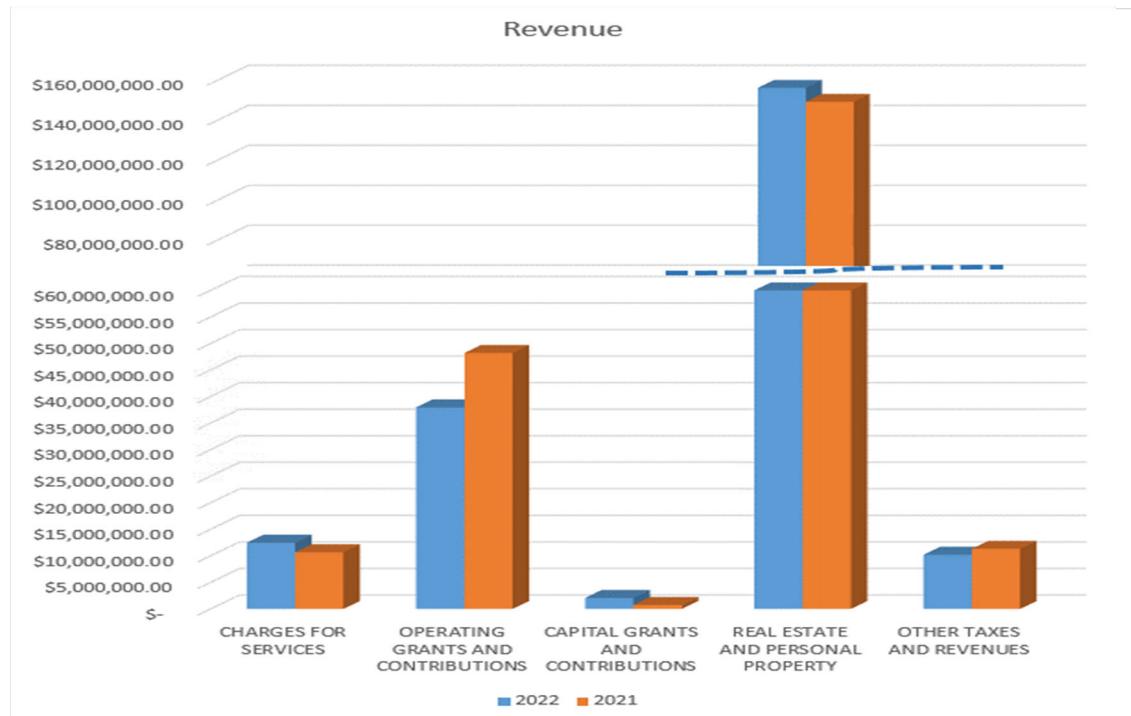
Noncurrent liabilities, excluding debt, consist mainly of the \$5.8 million net pension liability and the \$53.1 million net other postemployment benefit liability (OPEB). The governmental share of the net pension liability decreased by \$31.2 million during 2022, which is mostly due to high investment returns. The Town's net OPEB liability related to governmental activities increased by \$13.4 million, mostly due to net investment losses. In accordance with GASB standards, the differences between projected and actual earnings on plan investments are recorded as deferred outflows/(inflows) of resources and are amortized over approximately five years in an effort to smooth out the effects of these changes.

	Summary Statement of Activities	
	2022	2021
Program Revenues:		
Charges for services.....	\$ 12,464,379	\$ 10,673,190
Operating grants and contributions.....	37,963,291	48,213,666
Capital grants and contributions.....	2,076,761	748,470
General Revenues:		
Real estate and personal property taxes, net of tax refunds payable.....	155,625,322	148,693,188
Tax liens.....	303,064	464,519
Motor vehicle and other excise taxes.....	5,716,542	5,622,515
Meals tax.....	653,495	470,833
Community preservation surcharge.....	1,416,834	1,383,742
Penalties and interest on taxes.....	421,022	597,075
Payments in lieu of taxes.....	76,456	76,465
Grants and contributions not restricted to specific programs.....	1,701,985	1,784,270
Unrestricted investment income (loss).....	(86,198)	915,098
Total revenues.....	218,332,953	219,643,031
Expenses:		
General government.....	10,958,616	10,467,922
Facilities maintenance.....	11,941,920	13,141,670
Natural resources.....	676,064	685,339
Public safety.....	14,950,639	16,528,319
Public education.....	125,111,284	134,824,373
Public works.....	15,541,723	15,186,863
Health.....	1,284,722	1,372,574
Recreation.....	1,654,409	981,190
Library.....	4,010,995	4,206,811
Community preservation.....	153,550	240,468
Traffic and parking management.....	632,053	663,265
Interest.....	4,157,954	3,752,244
Total expenses.....	191,073,929	202,051,038
Excess (Deficiency) before transfers.....	27,259,024	17,591,993
Transfers.....	1,000,000	1,000,000
Change in net position.....	28,259,024	18,591,993
Net position, beginning of year.....	148,877,440	130,285,447
Net position, end of year.....	\$ 177,136,464	\$ 148,877,440

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 the global pandemic because of the Town's educational reputation and its proximity to Boston.



Other financial notes related to governmental activities

In addition to the 71.28% of total revenues that property taxes provide, the following is a brief description of the Town's other revenue sources.

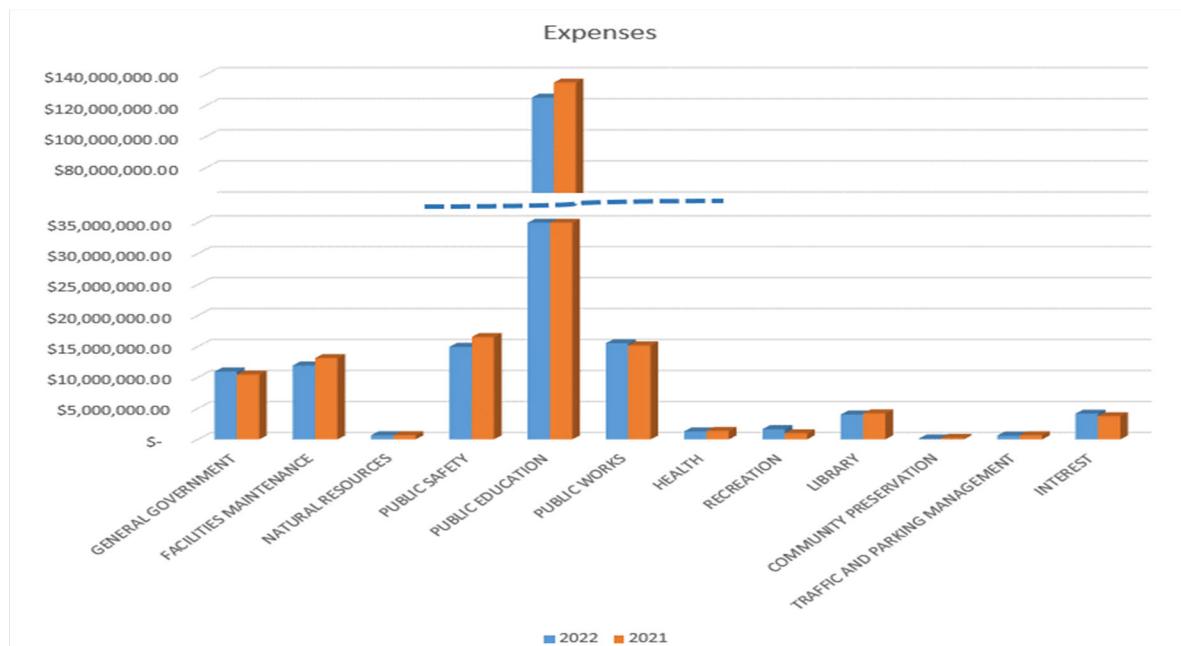
- Operating grants and contributions accounted for 17.39% of total governmental revenues. Most of these resources apply to educational operations. These resources offset costs within the school department and supplement their general fund operating budget. This category decreased by \$10.3 million over the prior year. This was primarily due to a \$13.8 million decrease in public education operating grants, as described in the bullet below, offset with increases of \$1.7 million and \$649,000 in public safety and general government operating grants. The large increase in public safety and general government is related to grants received from the federal government to offset costs associated with the Coronavirus Pandemic.
- As more fully described in Note 10, Massachusetts pension laws requires the State to assume 100% of the liability and payment of pensions earned by all public-school teachers in the Commonwealth. Therefore, the Town is 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 to the Massachusetts Teachers Retirement System (MTRS). The Town's portion of the collective pension expense, contributed by the Commonwealth, of \$13,886,186 is reported in the general fund as intergovernmental revenue and pension benefits in the current fiscal year. The amount reported as expense is approximately ½ of the \$26,216,317 expense reported last year. The major reason for the decrease is a direct result of the significant investment income gains made in recent years which increased the funding percentage of the System from 50.67% last year to 62.03% this year.

- Charges for services represented 5.71% 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 increased by roughly \$1.8 million over the prior year. The increase was mostly due to public education charges for services increasing by \$2.0 million post Coronavirus Pandemic.
- Capital grants and contributions represent 0.95% of total governmental revenues. These are comprised of the state match for the community preservation program, the state's chapter 90 roadway funds, and the revenue received from the Massachusetts School Building Authority related to the new elementary school project.
- Other taxes and other revenues also comprised a total of 4.67% percent of the governmental revenues. These primarily include motor vehicle and other excise taxes, non-restricted grants and contributions, and investment earnings.

Expenses

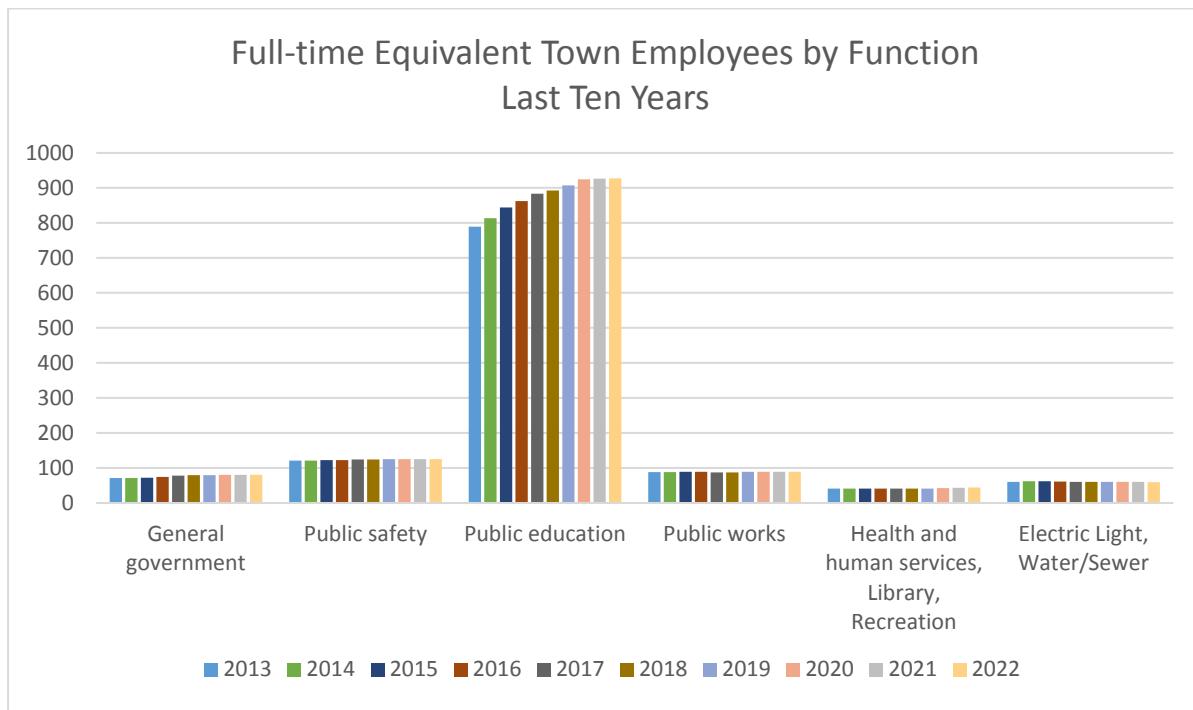
The Town's highest priority is the quality of education provided to its students.

- The chart below demonstrates comparative expenses by function from page 21.
- Education is by far the largest governmental activity of the Town, comprising 65.5% of the Town's total expenses. Approximately \$88.5 million in general revenues were needed to cover its 2022 operating expenses, net of related program revenues.
- Educational expense includes a pension contribution of approximately \$13.9 million (\$26.2 million in the prior year) made by the state on-behalf of Wellesley teachers, which is more fully described above as well as in Note 10. Operating grants and educational expenses are grossed-up by recording this contribution.
- Public works and public safety are the second and third largest activities of the Town. As shown on the Statement of Activities, on page 32, approximately \$12.3 million and \$8.1 million, respectively, of general revenues were needed to cover their 2022 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:** Continued economic downturn might affect the community less significantly than other communities within the Commonwealth because of significant investment in capital assets. 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 significant reductions were necessary.



Business-type activities. Business-type activities increased the Town's net position by \$3.6 million compared to an increase of \$4.1 million during the previous year. The results of all three enterprise funds were consistent with management's expectations.

Business-type activities assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$105.1 million at the close of 2022. Net investment in capital assets totaled \$93.3 million (88.84%), net position is restricted for depreciation in the amount of \$1.0 million (0.95%), and unrestricted net position totaled \$10.7 million (10.21%).

The municipal light fund (Plant) experienced a \$3.5 million increase in net position. A primary reason for the increase in revenues from the prior year is a result of \$1.6 million in contributions in aid of construction as well as \$426,000 increase in the Plant's net other postemployment benefit asset, net of deferred inflows and outflows and a decrease of \$1.2 million in the Plant's net pension liability, net of deferred inflows and outflows. The department has a net OPEB asset of \$1.4 million and a net pension liability of \$633,000. The net pension liability decreased by \$3.4 million during the year.

In 2022, the Plant established the WECARE program. The WECARE program is an opt-out voluntary program where participants, both residential and commercial, are charged an additional 4% on their monthly electric bills to fund projects intended to reduce dependence on fossil fuels, increase energy stability, and preserve the planet. These additional fees collected from the program will fund local renewable energy projects chosen by the Plant

for their impact on greenhouse gas emissions reduction including; community solar generation facilities; power storage for peak electric use times; and infrastructure such as public charging stations for electric vehicles, and other similar programs. In 2022, collections from the program totaled approximately \$872,000 and the Plant spent \$86,000 of program funds on energy initiatives.

The WECARE program also offers a 100% option, which is an opt-in voluntary program where participants that opt-in, both residential and commercial, are charged an increased rate on their electric bills to purchase 100% of their energy from renewable resources. In 2022, the Plant had approximately 331 users who selected this 100% option, all of which are residential. This program's collections were \$166,000 in 2022 and expenses were \$83,000.

The water enterprise fund decreased by \$253,000. The water enterprise fund receives 93.8% of its revenue from charges for services. Operating revenue totaled \$6.9 million. Operating expenses included \$2.3 million in assessments for usage of water from the Massachusetts Water Resource Authority (MWRA); \$1.1 million in depreciation expense; and a total of \$3.7 million in administration, general, transmission, pumping, treatment and customer accounts.

The sewer enterprise fund net position increased by \$300,000. The sewer enterprise fund receives over 99.2% of operating revenue from charges for services. Operating revenue totaled \$8.2 million. Operating expenses included \$6.1 million in assessments from the MWRA; \$481,000 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.

	Summary Statement of Net Position	
	2022	2021
Assets:		
Current assets.....	\$ 23,138,549	\$ 24,377,436
Noncurrent assets (excluding capital).....	1,533,182	2,261,026
Capital assets, nondepreciable.....	352,874	1,235,143
Capital assets, net of accumulated depreciation....	95,948,028	93,537,912
Total assets.....	120,972,633	121,411,517
Deferred outflows of resources.....	3,191,543	3,586,049
Liabilities:		
Current liabilities (excluding debt).....	5,946,615	6,285,066
Noncurrent liabilities (excluding debt).....	3,783,961	8,157,189
Current debt.....	733,960	743,278
Noncurrent debt.....	2,383,097	3,117,058
Total liabilities.....	12,847,633	18,302,591
Deferred inflows of resources.....	6,253,761	5,226,348
Net position:		
Net investment in capital assets.....	93,340,179	91,095,111
Restricted.....	1,000,000	1,000,000
Unrestricted.....	10,722,603	9,373,516
Total net position.....	\$ 105,062,782	\$ 101,468,627

	Summary Statement of Activities	
	2022	2021
Program Revenues:		
Charges for services.....	\$ 52,801,399	\$ 53,503,766
Capital grants and contributions.....	1,640,052	1,266,286
Total revenues.....	54,441,451	54,770,052
Expenses:		
Water.....	7,174,603	7,633,496
Sewer.....	7,916,278	7,691,315
Municipal Light.....	34,756,415	34,296,172
Total expenses.....	49,847,296	49,620,983
Excess (Deficiency) before transfers.....	4,594,155	5,149,069
Transfers.....	(1,000,000)	(1,000,000)
Change in net position.....	3,594,155	4,149,069
Net position, beginning of year.....	101,468,627	97,319,558
Net position, end of year.....	\$ 105,062,782	\$ 101,468,627

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 \$160.1 million. Total fund balances increased \$84.8 million from the prior year mainly due to \$81.8 million in bond proceeds received in the current 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 \$39.9 million, while the total fund balance was \$48.3 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 21.8% of total general fund expenditures, while the total fund balance represents 26.4% of that same amount.

Fund balance of the General Fund increased \$6.5 million over the prior year mainly as a result of better than expected revenue collections and from appropriation turn-backs exceeding voted uses of fund balance. Real estate and personal property taxes increased by \$6.5 million dollars in accordance with State law that allows for the assessment to increase by 2.5% plus new growth. Decreases in Teachers Retirement revenue and expenditures are more fully explained on page 22 and Note 10 as the amounts offset due to the special funding situation for teachers pensions. All other revenues and expenditures are in line with the prior year and the budgeted amount for the current fiscal year.

Capital Projects 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 safety, public education, public works, recreation, and library projects. At June 30, 2022, the ending fund balance was \$87.1 million, an increase of \$73.3 million over the prior year due to \$81.8 million in bond proceeds received in the current year to permanently finance capital expenditures, primarily the two elementary schools.

Nonmajor Governmental Funds

The nonmajor governmental funds experienced an increase of \$5.0 million in the current year, which was primarily due the increases in charges for services, intergovernmental, and departmental and other revenue.

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 2022 budget consisted of approximately \$189.6 million in appropriations and other amounts to be raised. Included in the original budget are approximately \$8.6 million in amounts carried over from previous years. During 2022, the Town approved approximately \$4.2 million of supplemental appropriations, which was mainly related to \$2.8 million for the Hunnewell School project and \$700,000 related to snow and ice, financed through the use of Unassigned Fund Balance.

Revenues of the general fund were \$4.5 million higher than budget expectations and this is mainly due to higher than expected motor vehicle and excise tax collections, meals tax collections, permits. Total expenditures and carryovers were less than budget by approximately \$7.7 million (4.12%). This was mainly due to turn backs in employee benefits, the school department, and public safety expenditures. The turn back in public safety salary expenditures relates to the use of grant funding from the American Rescue Plan Act through the eligible category of revenue replacement totaling approximately \$1.5 million for these governmental services.

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 \$22.9 million of capitalized governmental expenditures and recognized depreciation expense of \$15.5 million. Current year additions consist mainly of school building improvements and public domain infrastructure costs.

Outstanding long-term debt of the general government, as of June 30, 2022, totaled \$201.9 million. During 2022 The Town issued \$81.8 million of new long-term bonds, which were mainly related to financing the major elementary school project.

The business-type activities have \$1.8 million in water enterprise debt and \$1.3 million in sewer enterprise debt that is fully supported by the rates. The funds do not rely on a general fund subsidy. Capital assets, net of accumulated depreciation increased by \$1.5 million over the prior year. Current year business-type activities additions totaled \$7.0 million and were primarily for distribution plant improvements and other plant in service. Depreciation expense totaled \$5.5 million.

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 7 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 \$47.5 million for the calendar year ended December 31, 2021. The System paid out \$15.7 million of retirement benefits, administration costs and transfers to other systems. Total net position of the System amounted to \$290.1 million at December 31, 2021, and the System's Funded Ratio was 97.73%, an increase from 84.93% at December 31, 2020.

Other Postemployment Benefits

As of June 30, 2022 the Town has recognized a net other postemployment benefits (OPEB) liability/(asset) in the amount of \$53.2 million in accordance with the provisions of GASB Statement No.75. During 2022 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 \$100.8 million at year end. As of June 30, 2022, the ratio of the Plan's Fiduciary Net Position to the Total OPEB Liability (funded ratio) is 65.44%, a decrease from 72.47% compared with the previous 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.

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Basic Financial Statements

STATEMENT OF NET POSITION

JUNE 30, 2022

	<i>Primary Government</i>		
	Governmental Activities	Business-type Activities	Total
ASSETS			
CURRENT:			
Cash and cash equivalents.....	\$ 159,246,607	\$ 14,228,312	\$ 173,474,919
Restricted cash and cash equivalents.....	-	1,000,000	1,000,000
Investments.....	15,981,408	-	15,981,408
Receivables, net of allowance for uncollectibles:			
Real estate and personal property taxes.....	3,194,122	-	3,194,122
Tax liens.....	1,106,819	-	1,106,819
Community preservation fund surcharge.....	9,019	-	9,019
Motor vehicle excise taxes.....	430,408	-	430,408
User charges.....	-	5,250,240	5,250,240
Departmental and other.....	146,798	-	146,798
Intergovernmental.....	1,140,817	-	1,140,817
Inventory.....	-	1,461,110	1,461,110
Working capital deposit.....	-	1,078,220	1,078,220
Purchased power advanced deposits.....	-	120,667	120,667
Total current assets.....	<u>181,255,998</u>	<u>23,138,549</u>	<u>204,394,547</u>
NONCURRENT:			
Net other postemployment benefits asset.....	-	1,383,182	1,383,182
Investment in Energy New England.....	-	150,000	150,000
Capital assets, nondepreciable.....	65,558,036	352,874	65,910,910
Capital assets, net of accumulated depreciation.....	222,648,221	95,948,028	318,596,249
Total noncurrent assets.....	<u>288,206,257</u>	<u>97,834,084</u>	<u>386,040,341</u>
TOTAL ASSETS	<u>469,462,255</u>	<u>120,972,633</u>	<u>590,434,888</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows for refunding debt.....	424,219	156,334	580,553
Deferred outflows related to pensions.....	13,827,059	2,124,389	15,951,448
Deferred outflows related to other postemployment benefits.....	9,201,620	910,820	10,112,440
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>23,452,898</u>	<u>3,191,543</u>	<u>26,644,441</u>
LIABILITIES			
CURRENT:			
Warrants payable.....	4,632,260	3,845,671	8,477,931
Accrued payroll.....	7,714,490	118,075	7,832,565
Tax refunds payable.....	433,092	-	433,092
Accrued interest.....	877,219	8,003	885,222
Other liabilities.....	-	1,071,417	1,071,417
Unearned revenue.....	989,048	868,702	1,857,750
Compensated absences.....	415,000	34,747	449,747
Workers' compensation.....	271,000	-	271,000
Bonds payable.....	16,493,133	733,960	17,227,093
Total current liabilities.....	<u>31,825,242</u>	<u>6,680,575</u>	<u>38,505,817</u>
NONCURRENT:			
Customer deposits.....	-	815,744	815,744
Other liabilities.....	-	559,656	559,656
Compensated absences.....	276,669	23,165	299,834
Workers' compensation.....	250,000	-	250,000
Net pension liability.....	5,794,688	884,079	6,678,767
Net other postemployment benefits liability.....	53,114,651	1,501,317	54,615,968
Bonds payable.....	185,382,299	2,383,097	187,765,396
Total noncurrent liabilities.....	<u>244,818,307</u>	<u>6,167,058</u>	<u>250,985,365</u>
TOTAL LIABILITIES	<u>276,643,549</u>	<u>12,847,633</u>	<u>289,491,182</u>
DEFERRED INFLOWS OF RESOURCES			
Taxes paid in advance.....	589,263	-	589,263
Deferred inflows related to pensions.....	34,876,682	5,848,886	40,725,568
Deferred inflows related to other postemployment benefits.....	3,669,195	404,875	4,074,070
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>39,135,140</u>	<u>6,253,761</u>	<u>45,388,901</u>
NET POSITION			
Net investment in capital assets.....	173,603,803	93,340,179	266,943,982
Restricted for:			
Depreciation.....	-	1,000,000	1,000,000
Permanent funds:			
Expendable.....	1,282,689	-	1,282,689
Nonexpendable.....	386,023	-	386,023
Gifts and grants.....	6,545,714	-	6,545,714
Community preservation.....	8,947,000	-	8,947,000
Unrestricted.....	(13,628,765)	10,722,603	(2,906,162)
TOTAL NET POSITION	<u>\$ 177,136,464</u>	<u>\$ 105,062,782</u>	<u>\$ 282,199,246</u>

See notes to basic financial statements.

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2022

<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>
Primary Government:					
<i>Governmental Activities:</i>					
General government.....	\$ 10,958,616	\$ 1,049,635	\$ 2,167,760	\$ -	\$ (7,741,221)
Facilities maintenance.....	11,941,920	-	33,469	-	(11,908,451)
Natural resources.....	676,064	16,045	5,481	-	(654,538)
Public safety.....	14,950,639	4,844,361	1,965,497	-	(8,140,781)
Public education.....	125,111,284	3,879,929	32,119,179	592,026	(88,520,150)
Public works.....	15,541,723	1,261,940	1,079,111	881,164	(12,319,508)
Health.....	1,284,722	99,390	202,707	-	(982,625)
Recreation.....	1,654,409	1,229,511	104,400	-	(320,498)
Library.....	4,010,995	27,957	285,687	-	(3,697,351)
Community preservation.....	153,550	-	-	603,571	450,021
Traffic and parking management.....	632,053	55,611	-	-	(576,442)
Interest.....	4,157,954	-	-	-	(4,157,954)
Total Governmental Activities.....	191,073,929	12,464,379	37,963,291	2,076,761	(138,569,498)
<i>Business-Type Activities:</i>					
Water.....	7,174,603	6,921,745	-	-	(252,858)
Sewer.....	7,916,278	8,216,549	-	-	300,271
Municipal Light.....	34,756,415	37,663,105	-	1,640,052	4,546,742
Total Business-Type Activities.....	49,847,296	52,801,399	-	1,640,052	4,594,155
Total Primary Government.....	\$ 240,921,225	\$ 65,265,778	\$ 37,963,291	\$ 3,716,813	\$ (133,975,343)

See notes to basic financial statements.

(Continued)

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2022

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Changes in net position:			
Net (expense) revenue from previous page.....	\$ (138,569,498)	\$ 4,594,155	\$ (133,975,343)
<i>General revenues:</i>			
Real estate and personal property taxes, net of tax refunds payable.....	155,625,322	-	155,625,322
Tax liens.....	303,064	-	303,064
Motor vehicle and other excise taxes.....	5,716,542	-	5,716,542
Meals tax.....	653,495	-	653,495
Community preservation surcharge.....	1,416,834	-	1,416,834
Penalties and interest on taxes.....	421,022	-	421,022
Payments in lieu of taxes.....	76,456	-	76,456
Grants and contributions not restricted to specific programs.....	1,701,985	-	1,701,985
Unrestricted investment income (loss).....	(86,198)	-	(86,198)
<i>Transfers, net</i>	<u>1,000,000</u>	<u>(1,000,000)</u>	<u>-</u>
Total general revenues and transfers.....	<u>166,828,522</u>	<u>(1,000,000)</u>	<u>165,828,522</u>
Change in net position.....	28,259,024	3,594,155	31,853,179
<i>Net position:</i>			
Beginning of year.....	<u>148,877,440</u>	<u>101,468,627</u>	<u>250,346,067</u>
End of year.....	<u>\$ 177,136,464</u>	<u>\$ 105,062,782</u>	<u>\$ 282,199,246</u>

See notes to basic financial statements.

(Concluded)

GOVERNMENTAL FUNDS
BALANCE SHEET

JUNE 30, 2022

	General	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents.....	\$ 45,083,262	\$ 88,613,675	\$ 25,242,057	\$ 158,938,994
Investments.....	12,633,576	-	1,523,605	14,157,181
Receivables, net of uncollectibles:				
Real estate and personal property taxes.....	3,194,122	-	-	3,194,122
Tax liens.....	1,106,819	-	-	1,106,819
Community preservation fund surcharge.....	-	-	9,019	9,019
Motor vehicle excise taxes.....	430,408	-	-	430,408
Departmental and other.....	49,145	-	88,897	138,042
Intergovernmental.....	-	258,274	882,543	1,140,817
TOTAL ASSETS	\$ 62,497,332	\$ 88,871,949	\$ 27,746,121	\$ 179,115,402
LIABILITIES				
Warrants payable.....	\$ 1,755,229	\$ 1,763,374	\$ 1,092,071	\$ 4,610,674
Accrued payroll.....	7,281,673	1,541	55,774	7,338,988
Tax refunds payable.....	433,092	-	-	433,092
Unearned revenue.....	-	-	989,048	989,048
TOTAL LIABILITIES	9,469,994	1,764,915	2,136,893	13,371,802
DEFERRED INFLOWS OF RESOURCES				
Taxes paid in advance.....	577,688	-	11,575	589,263
Unavailable revenue.....	4,133,494	-	923,036	5,056,530
TOTAL DEFERRED INFLOWS OF RESOURCES	4,711,182	-	934,611	5,645,793
FUND BALANCES				
Nonspendable.....	-	-	386,023	386,023
Restricted.....	-	87,107,034	24,288,594	111,395,628
Committed.....	4,433,910	-	-	4,433,910
Assigned.....	4,011,368	-	-	4,011,368
Unassigned.....	39,870,878	-	-	39,870,878
TOTAL FUND BALANCES	48,316,156	87,107,034	24,674,617	160,097,807
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 62,497,332	\$ 88,871,949	\$ 27,746,121	\$ 179,115,402

See notes to basic financial statements.

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

JUNE 30, 2022

Total governmental fund balances.....	\$ 160,097,807
Capital assets (net) used in governmental activities are not financial resources and, therefore, are not reported in the funds.....	288,206,257
Accounts receivable are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.....	5,056,530
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.....	(15,092,979)
The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position.....	1,222,508
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.....	(877,219)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds: Bonds payable.....	(201,875,432)
Net pension liability.....	(5,794,688)
Net other postemployment benefits liability.....	(53,114,651)
Compensated absences.....	<u>(691,669)</u>
Net effect of reporting long-term liabilities.....	<u>(261,476,440)</u>
Net position of governmental activities.....	<u>\$ 177,136,464</u>

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2022

	General	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:				
Real estate and personal property taxes,				
net of tax refunds.....	\$ 155,540,090	\$ -	\$ -	\$ 155,540,090
Tax liens.....	303,064	-	-	303,064
Motor vehicle and other excise taxes.....	5,738,573	-	-	5,738,573
Meals tax.....	653,495	-	-	653,495
Charges for services.....	-	-	778,871	778,871
Parking meter receipts.....	-	-	420,885	420,885
Penalties and interest on taxes.....	421,022	-	-	421,022
Payments in lieu of taxes.....	76,456	-	-	76,456
Intergovernmental - Teachers Retirement.....	13,886,186	-	-	13,886,186
Intergovernmental.....	10,755,146	592,026	13,560,056	24,907,228
Departmental and other.....	6,234,218	-	6,307,869	12,542,087
Community preservation surcharge.....	-	-	1,416,834	1,416,834
Contributions and donations.....	-	-	1,544,417	1,544,417
Investment income (loss).....	(97,058)	-	103,519	6,461
 TOTAL REVENUES.....	 193,511,192	 592,026	 24,132,451	 218,235,669
 EXPENDITURES:				
Current:				
General government.....	6,133,552	984,509	450,974	7,569,035
Facilities maintenance.....	8,348,306	-	48,217	8,396,523
Natural resources.....	473,169	-	3,207	476,376
Public safety.....	12,113,488	1,150,909	2,798,210	16,062,607
Public education.....	81,409,042	13,911,361	10,851,560	106,171,963
Public works.....	9,373,261	3,153,522	1,810,039	14,336,822
Health.....	1,098,961	-	99,327	1,198,288
Recreation.....	397,771	48,234	1,102,883	1,548,888
Library.....	2,806,758	1,752,255	297,148	4,856,161
Community preservation.....	-	-	344,800	344,800
Pension benefits.....	8,234,817	-	-	8,234,817
Pension benefits - Teachers Retirement.....	13,886,186	-	-	13,886,186
Employee benefits.....	22,208,024	-	-	22,208,024
Traffic and parking management.....	-	-	632,053	632,053
State and county charges.....	1,286,137	-	-	1,286,137
Debt service:				
Principal.....	10,820,000	-	-	10,820,000
Interest.....	4,713,529	-	-	4,713,529
 TOTAL EXPENDITURES.....	 183,303,001	 21,000,790	 18,438,418	 222,742,209
 EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....				
	10,208,191	(20,408,764)	5,694,033	(4,506,540)
 OTHER FINANCING SOURCES (USES):				
Issuance of bonds.....	-	81,785,000	-	81,785,000
Premium from issuance of bonds.....	-	6,516,768	-	6,516,768
Transfers in.....	1,934,014	5,383,000	974,685	8,291,699
Transfers out.....	(5,595,685)	-	(1,696,014)	(7,291,699)
 TOTAL OTHER FINANCING SOURCES (USES).....	 (3,661,671)	 93,684,768	 (721,329)	 89,301,768
 NET CHANGE IN FUND BALANCES.....	 6,546,520	 73,276,004	 4,972,704	 84,795,228
 FUND BALANCES AT BEGINNING OF YEAR.....	 41,769,636	 13,831,030	 19,701,913	 75,302,579
 FUND BALANCES AT END OF YEAR.....	 \$ 48,316,156	 \$ 87,107,034	 \$ 24,674,617	 \$ 160,097,807

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, 2022

Net change in fund balances - total governmental funds.....	\$ 84,795,228
 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.....	22,870,687
Depreciation expense.....	<u>(15,544,671)</u>
Net effect of reporting capital assets.....	7,326,016
 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.....	
	190,036
 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 bonds.....	(81,785,000)
Premium from issuance of bonds.....	(6,516,768)
Net amortization of premium from issuance of bonds.....	956,462
Net change in deferred charge on refunding.....	(70,704)
Debt service principal payments.....	<u>10,820,000</u>
Net effect of reporting long-term debt.....	(76,596,010)
 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.....	37,360
Net change in accrued interest on long-term debt.....	(330,183)
Net change in deferred outflow/(inflow) of resources related to pensions.....	(20,377,769)
Net change in net pension liability.....	31,167,733
Net change in deferred outflow/(inflow) of resources related to other postemployment benefits.....	16,000,121
Net change in net other postemployment benefits liability.....	<u>(13,398,781)</u>
Net effect of recording long-term liabilities.....	13,098,481
The net activity of internal service funds is reported with Governmental Activities.....	<u>(554,727)</u>
Change in net position of governmental activities.....	\$ <u>28,259,024</u>

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF NET POSITION

JUNE 30, 2022

Business-type Activities - Enterprise Funds					
	Water	Sewer	Municipal Light	Total	Governmental Activities - Internal Service Funds
ASSETS					
CURRENT:					
Cash and cash equivalents.....	\$ 5,732,355	\$ 3,721,408	\$ 4,774,549	\$ 14,228,312	\$ 307,613
Restricted cash and cash equivalents.....	-	-	1,000,000	1,000,000	-
Investments.....	-	-	-	-	1,824,227
Receivables, net of allowance for uncollectibles:					
User charges.....	865,492	710,659	3,674,089	5,250,240	-
Departmental and other.....	-	-	-	-	8,756
Inventory.....	264,189	-	1,196,921	1,461,110	-
Working capital deposit.....	-	-	1,078,220	1,078,220	-
Purchased power advanced deposits.....	-	-	120,667	120,667	-
Total current assets.....	<u>6,862,036</u>	<u>4,432,067</u>	<u>11,844,446</u>	<u>23,138,549</u>	<u>2,140,596</u>
NONCURRENT:					
Net other postemployment benefits asset.....	-	-	1,383,182	1,383,182	-
Investment in Energy New England.....	-	-	150,000	150,000	-
Capital assets, nondepreciable.....	130,176	-	222,698	352,874	-
Capital assets, net of accumulated depreciation.....	16,094,684	16,560,295	63,293,049	95,948,028	-
Total noncurrent assets.....	<u>16,224,860</u>	<u>16,560,295</u>	<u>65,048,929</u>	<u>97,834,084</u>	<u>-</u>
TOTAL ASSETS.....	<u>23,086,896</u>	<u>20,992,362</u>	<u>76,893,375</u>	<u>120,972,633</u>	<u>2,140,596</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred loss on refunding.....	78,167	78,167	-	156,334	-
Deferred outflows related to pensions.....	389,383	166,878	1,568,128	2,124,389	-
Deferred outflows related to other postemployment benefits.....	195,434	83,758	631,628	910,820	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES.....	<u>662,984</u>	<u>328,803</u>	<u>2,199,756</u>	<u>3,191,543</u>	<u>-</u>
LIABILITIES					
CURRENT:					
Warrants payable.....	339,212	139,002	3,367,457	3,845,671	21,586
Accrued payroll.....	53,529	8,311	56,235	118,075	375,502
Accrued interest.....	4,765	3,238	-	8,003	-
Other liabilities.....	34,445	2,075	1,034,897	1,071,417	-
Unearned revenue - WECARE 4% program.....	-	-	785,977	785,977	-
Unearned revenue - WECARE 100% program.....	-	-	82,725	82,725	-
Compensated absences.....	13,145	-	21,602	34,747	-
Workers' compensation.....	-	-	-	-	271,000
Bonds payable.....	446,503	287,457	-	733,960	-
Total current liabilities.....	<u>891,599</u>	<u>440,083</u>	<u>5,348,893</u>	<u>6,680,575</u>	<u>668,088</u>
NONCURRENT:					
Customer deposits.....	-	-	815,744	815,744	-
Other liabilities.....	-	-	559,656	559,656	-
Compensated absences.....	8,763	-	14,402	23,165	-
Workers' compensation.....	-	-	-	-	250,000
Net other postemployment benefits liability.....	1,073,954	427,363	-	1,501,317	-
Net pension liability.....	176,040	75,446	632,593	884,079	-
Bonds payable.....	1,323,957	1,059,140	-	2,383,097	-
Total noncurrent liabilities.....	<u>2,582,714</u>	<u>1,561,949</u>	<u>2,022,395</u>	<u>6,167,058</u>	<u>250,000</u>
TOTAL LIABILITIES.....	<u>3,474,313</u>	<u>2,002,032</u>	<u>7,371,288</u>	<u>12,847,633</u>	<u>918,088</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows related to pensions.....	1,471,657	630,710	3,746,519	5,848,886	-
Deferred inflows related to other postemployment benefits.....	77,930	33,399	293,546	404,875	-
TOTAL DEFERRED INFLOWS OF RESOURCES.....	<u>1,549,587</u>	<u>664,109</u>	<u>4,040,065</u>	<u>6,253,761</u>	<u>-</u>
NET POSITION					
Net investment in capital assets.....	14,532,567	15,291,865	63,515,747	93,340,179	-
Restricted for:					
Depreciation.....	-	-	1,000,000	1,000,000	-
Unrestricted.....	4,193,413	3,363,159	3,166,031	10,722,603	1,222,508
TOTAL NET POSITION.....	<u>\$ 18,725,980</u>	<u>\$ 18,655,024</u>	<u>\$ 67,681,778</u>	<u>\$ 105,062,782</u>	<u>\$ 1,222,508</u>

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2022

Business-type Activities - Enterprise Funds					
	Water	Sewer	Municipal Light	Total	Governmental Activities - Internal Service Funds
OPERATING REVENUES:					
Employee contributions.....	\$ -	\$ -	\$ -	\$ -	\$ 11,860,642
Employer contributions.....	-	-	-	-	17,781,494
Charges for services.....	6,489,466	8,146,925	33,204,115	47,840,506	1,830,278
Contracted services.....	-	-	1,889,098	1,889,098	-
Other operating revenues.....	432,279	69,624	2,400,506	2,902,409	-
TOTAL OPERATING REVENUES	6,921,745	8,216,549	37,493,719	52,632,013	31,472,414
OPERATING EXPENSES:					
Administration and general.....	1,249,803	532,299	(866,380) (A)	915,722	-
MWRA assessment.....	2,301,721	6,082,193	-	8,383,914	-
Purchased power.....	-	-	15,010,852	15,010,852	-
Transmission.....	1,258,858	-	12,065,656	13,324,514	-
Cost of contracted services.....	-	-	1,540,288	1,540,288	-
Cost associated with other revenue.....	-	-	825,622	825,622	-
Pumping and treatment.....	1,002,542	284,109	-	1,286,651	-
Distribution.....	-	-	1,043,805	1,043,805	-
Collection.....	-	374,570	-	374,570	-
Customer accounts.....	229,762	127,786	1,022,177	1,379,725	-
Depreciation.....	1,073,535	481,066	3,942,057	5,496,658	-
Employee benefits.....	-	-	-	-	30,526,513
Fleet maintenance.....	-	-	-	-	1,407,969
TOTAL OPERATING EXPENSES.....	7,116,221	7,882,023	34,584,077	49,582,321	31,934,482
OPERATING INCOME (LOSS).....	(194,476)	334,526	2,909,642	3,049,692	(462,068)
NONOPERATING REVENUES (EXPENSES):					
Investment income (loss).....	-	-	-	-	(92,659)
Interest expense.....	(58,382)	(34,255)	(2,952)	(95,589)	-
WECARE revenues - 4% program.....	-	-	85,916	85,916	-
WECARE expense - 4% program.....	-	-	(85,916)	(85,916)	-
WECARE revenues - 100% program.....	-	-	83,470	83,470	-
WECARE expense - 100% program.....	-	-	(83,470)	(83,470)	-
TOTAL NONOPERATING REVENUES (EXPENSES), NET.....	(58,382)	(34,255)	(2,952)	(95,589)	(92,659)
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS.....	(252,858)	300,271	2,906,690	2,954,103	(554,727)
CAPITAL CONTRIBUTIONS.....	-	-	1,640,052	1,640,052	-
TRANSFERS:					
Transfers out.....	-	-	(1,000,000)	(1,000,000)	-
CHANGE IN NET POSITION.....	(252,858)	300,271	3,546,742	3,594,155	(554,727)
NET POSITION AT BEGINNING OF YEAR.....	18,978,838	18,354,753	64,135,036	101,468,627	1,777,235
NET POSITION AT END OF YEAR.....	\$ 18,725,980	\$ 18,655,024	\$ 67,681,778	\$ 105,062,782	\$ 1,222,508

(A) Represents a decrease in the Plant's net pension liability and an increase in the Plant's net other postemployment benefit asset, net of related deferred inflows and deferred outflows.

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2022

Business-type Activities - Enterprise Funds						
	Water	Sewer	Municipal Light	Total	Governmental Activities - Internal Service Funds	
CASH FLOWS FROM OPERATING ACTIVITIES:						
Receipts from customers and users.....	\$ 6,899,192	\$ 8,215,825	\$ 37,458,509	\$ 52,573,526	\$ 11,861,113	
Receipts from interfund services provided.....	-	-	-	-	-	19,611,772
Payments to vendors.....	(5,226,555)	(7,005,023)	(31,190,415)	(43,421,993)	-	
Payments to employees.....	(1,244,291)	(533,877)	(1,326,123)	(3,104,291)	-	
Payments for interfund services used.....	-	-	-	-	-	(31,956,399)
NET CASH FROM OPERATING ACTIVITIES.....	<u>428,346</u>	<u>676,925</u>	<u>4,941,971</u>	<u>6,047,242</u>	<u>(483,514)</u>	
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:						
Payment in lieu of taxes, Town of Wellesley.....	-	-	(1,000,000)	(1,000,000)	-	
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:						
Capital contributions.....	-	-	1,640,052	1,640,052	-	
Acquisition and construction of capital assets.....	(1,605,301)	(1,124,091)	(4,295,113)	(7,024,505)	-	
Principal payments on bonds and notes.....	(411,432)	(267,481)	-	(678,913)	-	
Interest expense.....	(86,236)	(45,087)	(2,952)	(134,275)	-	
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES.....	<u>(2,102,969)</u>	<u>(1,436,659)</u>	<u>(2,658,013)</u>	<u>(6,197,641)</u>	<u>-</u>	
CASH FLOWS FROM INVESTING ACTIVITIES:						
Sale (purchase) of investments, net.....	-	-	-	-	-	590,401
Investment income (loss).....	-	-	-	-	-	(92,659)
NET CASH FROM INVESTING ACTIVITIES.....	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>497,742</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS.....	<u>(1,674,623)</u>	<u>(759,734)</u>	<u>1,283,958</u>	<u>(1,150,399)</u>	<u>14,228</u>	
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR.....	<u>7,406,978</u>	<u>4,481,142</u>	<u>4,490,591</u>	<u>16,378,711</u>	<u>293,385</u>	
CASH AND CASH EQUIVALENTS AT END OF YEAR.....	<u>\$ 5,732,355</u>	<u>\$ 3,721,408</u>	<u>\$ 5,774,549</u>	<u>\$ 15,228,312</u>	<u>\$ 307,613</u>	
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES:						
Operating income (loss).....	\$ (194,476)	\$ 334,526	\$ 2,909,642	\$ 3,049,692	\$ (462,068)	
Adjustments to reconcile operating income to net cash from operating activities:						
Depreciation.....	1,073,535	481,066	3,942,057	5,496,658	-	
Deferred (outflows)/inflows related to pensions.....	499,683	214,150	2,232,513	2,946,346	-	
Deferred (outflows)/inflows related to OPEB.....	(277,739)	(119,031)	(1,153,715)	(1,550,485)	-	
Changes in assets and liabilities:						
User charges.....	(22,553)	8,799	207,880	194,126	-	
Departmental and other.....	-	-	-	-	471	
Inventory.....	(75,070)	-	(248,626)	(323,696)	-	
Purchased power advanced deposits.....	-	-	218,058	218,058	-	
Warrants payable.....	(4,140)	48,450	(463,915)	(419,605)	(73,352)	
Accrued payroll.....	14,587	(1,578)	(4,174)	8,835	40,435	
Fees collected in advance.....	-	(9,523)	868,702	859,179	-	
Customer deposits.....	-	-	(25,059)	(25,059)	-	
Other liabilities.....	-	-	(862,482)	(862,482)	-	
Compensated absences.....	(9,075)	-	(4,401)	(13,476)	-	
Workers' compensation.....	-	-	-	-	11,000	
Net pension liability.....	(1,042,406)	(446,745)	(3,402,353)	(4,891,504)	-	
Net other postemployment benefits liability/asset.....	466,000	166,811	727,844	1,360,655	-	
Total adjustments.....	<u>622,822</u>	<u>342,399</u>	<u>2,032,329</u>	<u>2,997,550</u>	<u>(21,446)</u>	
NET CASH FROM OPERATING ACTIVITIES.....	<u>\$ 428,346</u>	<u>\$ 676,925</u>	<u>\$ 4,941,971</u>	<u>\$ 6,047,242</u>	<u>\$ (483,514)</u>	
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:						
Change in the deferred loss on debt refunding.....	\$ (13,029)	\$ (13,029)	\$ -	\$ (26,058)	\$ -	

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2022

	Pension and Other Employee Benefit Trust Funds (1)	Private Purpose Trust Fund
ASSETS		
Cash and cash equivalents.....	\$ 4,434,954	\$ -
Investments:		
Investments in Pension Reserve Investment Trust.....	386,286,902	-
Equity securities.....	-	596,137
Receivables, net of allowance for uncollectibles:		
Departmental and other.....	755,110	-
Other assets.....	1,983	-
TOTAL ASSETS.....	391,478,949	596,137
LIABILITIES		
Warrants payable.....	606,268	-
NET POSITION		
Restricted for pensions.....	290,053,389	-
Restricted for other postemployment benefits.....	100,819,292	-
Held in trust for other purposes.....	-	596,137
TOTAL NET POSITION.....	\$ 390,872,681	\$ 596,137

(1) The Pension Trust Fund is as of December 31, 2021.

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

YEAR ENDED JUNE 30, 2022

	Pension and Other Employee Benefit Trust Funds (1)	Private Purpose Trust Fund
ADDITIONS:		
Contributions:		
Employer contributions.....	\$ 13,392,455	\$ -
Employer contributions for other postemployment benefit payments.....	5,936,215	-
Member contributions.....	4,186,703	-
Transfers from other systems.....	726,231	-
3(8)c contributions from other systems.....	559,197	-
Workers compensation settlements.....	6,011	-
Member makeup payments and redeposits.....	28,100	-
Private donations.....	-	17,161
Intergovernmental.....	<u>55,882</u>	-
Total contributions.....	<u>24,890,794</u>	<u>17,161</u>
Net investment income:		
Investment income.....	45,267,802	32,320
Less: investment expense.....	<u>(1,869,452)</u>	-
Net investment income (loss).....	<u>43,398,350</u>	<u>32,320</u>
TOTAL ADDITIONS.....	<u>68,289,144</u>	<u>49,481</u>
DEDUCTIONS:		
Administration.....	284,741	-
Transfers to other systems.....	1,011,902	-
3(8)c transfer to other systems.....	503,139	-
Retirement benefits and refunds.....	13,935,436	-
Other postemployment benefit payments.....	5,936,215	-
Educational scholarships.....	-	12,000
TOTAL DEDUCTIONS.....	<u>21,671,433</u>	<u>12,000</u>
NET INCREASE (DECREASE) IN NET POSITION.....	<u>46,617,711</u>	<u>37,481</u>
NET POSITION AT BEGINNING OF YEAR.....	<u>344,254,970</u>	<u>558,656</u>
NET POSITION AT END OF YEAR.....	<u>\$ 390,872,681</u>	<u>\$ 596,137</u>

(1) The Pension Trust Fund for the year ended December 31, 2021.

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 Select Board.

For financial reporting purposes, the Town has included all funds, organizations, agencies, boards, commissions and institutions. The Town has also considered all potential component units for which it is financially accountable as well as other organizations for which the nature and significance of their relationship with the Town are such that exclusion would cause the 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/CFO (ex officio), two members elected by System's participants, one member appointed by the Select Board 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 and other postemployment benefit 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 page 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 funds* are 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 funds are 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.

D. Cash and Investments

Government-Wide and Fund Financial Statements

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

Investments are carried at fair value. The fair values were determined by the closing price for those securities traded on national stock exchanges and at the average bid-and-asked quotation for those securities traded in the over-the-counter market.

E. Fair Value Measurements

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

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

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

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

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

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

Market price is affected by a number of factors, including the type of instrument and the characteristics specific to the instrument. Instruments with readily available active quoted prices generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value. It is reasonably possible that change in values of these instruments will occur in the near term and that such changes could materially

affect amounts reported in these financial statements. For more information on the fair value of the Town's financial instruments please see Note 2 - Cash and Investments.

F. Accounts Receivable

Government-Wide and Fund Financial Statements

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

Real Estate, Personal Property Taxes and Tax Liens

Real estate and personal property taxes are levied and based on values assessed on January 1st of every year. Assessed values are established by the Board of Assessor's for 100% of the estimated fair market value. Taxes are due on August 1st, November 1st, February 1st and May 1st and are subject to penalties and interest if they are not paid by the respective due date. Real estate and personal property taxes levied are recorded as receivables in the year of the levy.

Real estate tax liens are processed six months after the close of the valuation year on delinquent properties and are recorded as receivables in the year they are processed.

Real estate receivables are secured via the tax lien process and are considered 100% collectible. Accordingly, an allowance for uncollectibles is not reported.

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

Motor Vehicle Excise

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

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

User Charges

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

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

Departmental and Other

Departmental and other receivables are recorded net of an allowance for uncollectible accounts. The allowance of uncollectibles is estimated based on historical trends and specific account analysis, as applicable.

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.

Wellesley Electric Customers Accelerated Reduction of Emissions (WECARE) billings

Revenues from the additional surcharge or increased rates from the Wellesley Municipal Light Plant's (Plant) WECARE program, both for the 4% initiatives program as well as the 100% initiatives program, are recorded on the basis of revenue recognition when the program initiative expenses are incurred. Remaining receipts received from these additional billings prior to incurring the expenses are deferred. The deferred payments received have been recorded as unearned revenue on the Plant's balance sheet until spent.

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, construction in progress, improvements other than buildings, 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.

For the Town, 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
Machinery and 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 Finance Director/CFO 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 fund and the community preservation fund, 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 enterprise 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 27 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 1.33 to 15.12 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 Town's 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 \$13,886,971 and the bank balances totaled \$14,195,612. Of the bank balance, \$1,510,282 was covered by FDIC insurance, \$64,570 was covered by DIF insurance, \$1,000,000 was collateralized, and \$11,620,760 was exposed to custodial credit risk because it was uninsured and uncollateralized.

At December 31, 2021, the carrying amount (book value) of the Retirement System's deposits totaled \$3,619,691 and the bank balance totaled \$3,865,663. The bank balance was fully covered by FDIC insurance.

As of June 30, 2022, the Town had the following investments:

Investment Type	Fair value	Maturities			Rating
		Under 1 Year	1-5 Years	6-10 Years	
Debt securities:					
U.S. treasury notes.....	\$ 8,670,837	\$ 5,675,845	\$ 2,238,858	\$ 756,134	-
Government sponsored enterprises (1).....	1,385,151	219,756	1,002,399	162,996	AAA
Corporate bonds (2).....	1,672,632	144,485	1,261,687	266,460	AA- - BBB
Total debt securities.....	11,728,620	\$ 6,040,086	\$ 4,502,944	\$ 1,185,590	
Other investments:					
Equity securities.....	2,845,294				
Fixed income.....	2,003,631				
Money market mutual funds.....	14,083,700				
Pension Reserve Investment Trust (PRIT)...	100,819,292				
MMDT - Cash portfolio.....	146,504,248				
Total investments.....	\$ 277,984,785				

(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 Home Loan Mortgage Association, and Federal Home Loan Mortgage Corporation Notes.

(2) Corporate bonds are broken out into 5 separate ratings, which consist of \$281,841 of AA- rated bonds, \$501,870 of A- rated bonds, \$755,433 of BBB+ rated bonds, and \$133,488 of BBB rated bonds.

As of December 31, 2021, the Retirement System had investments in PRIT totaling \$285,467,610. The Retirement System also maintains a short-term investment portfolio with MMDT. At December 31, 2021, the Retirement System's investment with MMDT was \$815,263 which is classified as a cash equivalent.

The following table reconciles total cash and investments as of June 30, 2022, except for the Pension Trust Fund, which is as of December 31, 2021:

	Cash and Cash Equivalents	Restricted Cash and Cash Equivalents	Investments	Total
Primary Government:				
Governmental Activities.....	\$ 159,246,607	\$ -	\$ 15,981,408	\$ 175,228,015
Business-Type Activities.....	14,228,312	1,000,000	-	15,228,312
Fiduciary Funds:				
Pension Trust Fund (as of December 31, 2021).....	4,434,954	-	285,467,610	289,902,564
Other Postemployment Benefit Trust Fund.....	-	-	100,819,292	100,819,292
Private Purpose Trust Fund.....	-	-	596,137	596,137
Totals.....	\$ 177,909,873	\$ 1,000,000	\$ 402,864,447	\$ 581,774,320
Carrying Value of Cash:				
Primary Government.....	\$ 13,886,971			
Pension Trust Fund.....	3,619,691			
Investments considered cash and cash equivalents:				
Money market mutual funds.....	14,083,700			
MMDT held by Pension Trust Fund.....	815,263			
MMDT held by Town.....	146,504,248			
Cash and cash equivalents.....	178,909,873			
Debt securities.....	11,728,620			
Equity securities.....	2,845,294			
Fixed income.....	2,003,631			
PRIT funds (OPEB).....	100,819,292			
PRIT funds (Pension).....	285,467,610			
Investments.....	402,864,447			
Total cash and cash equivalents, and investments.....	\$ 581,774,320			

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 \$5,903,077 which is equal to the investments in government sponsored enterprises, corporate bonds 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, 2021, the System's \$285,467,610 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, 2022, that the Town measures fair value on a recurring basis, by level, within the fair value hierarchy:

Investment Type	June 30, 2022	Fair Value Measurements Using				
		Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs	(Level 1) (Level 2) (Level 3)	
Investments measured at fair value:						
Debt securities:						
U.S. treasury notes.....	\$ 8,670,837	\$ 8,670,837	\$ -	\$ -	-	
Government sponsored enterprises.....	1,385,151	1,385,151	-	-	-	
Corporate bonds.....	1,672,632	-	1,672,632	-	-	
Total debt securities.....	<u>11,728,620</u>	<u>10,055,988</u>	<u>1,672,632</u>	<u>-</u>	<u>-</u>	
Other investments:						
Equity securities.....	2,845,294	2,845,294	-	-	-	
Fixed income.....	2,003,631	2,003,631	-	-	-	
Money market mutual funds.....	14,083,700	14,083,700	-	-	-	
Total other investments.....	<u>18,932,625</u>	<u>18,932,625</u>	<u>-</u>	<u>-</u>	<u>-</u>	
Total investments measured at fair value.....	<u>30,661,245</u>	<u>\$ 28,988,613</u>	<u>\$ 1,672,632</u>	<u>\$ -</u>	<u>-</u>	
Investments measured at amortized cost:						
MMDT - Cash portfolio.....	146,504,248					
Investments measured at net asset value:						
Pension Reserve Investment Trust (PRIT).....	<u>100,819,292</u>					
Total investments.....	<u>\$ 277,984,785</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. 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 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, 2021:

Investments measured at amortized cost:

MMDT - Cash portfolio.....	\$ 815,263
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Investments measured at net asset value:

Pension Reserve Investment Trust (PRIT).....	<u>285,467,610</u>
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Total investments.....	\$ <u>286,282,873</u>
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The System's investments in PRIT and MMDT are the same as the Town's investments as previously described.

NOTE 3 – RECEIVABLES

At June 30, 2022, receivables for the individual major, non-major governmental funds, and the proprietary internal service fund, in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
Real estate and personal property taxes.....	\$ 3,212,708	\$ (18,586)	\$ 3,194,122
Tax liens.....	1,106,819	-	1,106,819
Community preservation fund surcharge.....	9,019	-	9,019
Motor vehicle excise taxes.....	722,595	(292,187)	430,408
Departmental and other.....	146,798	-	146,798
Intergovernmental.....	1,140,817	-	1,140,817
Total.....	\$ 6,338,756	\$ (310,773)	\$ 6,027,983

- The allowance for uncollectible accounts of \$18,586 relates only to personal property taxes.
- The allowance for uncollectible motor vehicle excise taxes relates primarily to balances outstanding five years and older.

At June 30, 2022, receivables for the sewer, water, and municipal light enterprise funds consist of the following:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
Water user charges.....	\$ 865,492	\$ -	\$ 865,492
Sewer user charges.....	710,659	-	710,659
Municipal light user charges.....	3,674,089	-	3,674,089
Total.....	\$ 5,250,240	\$ -	\$ 5,250,240

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

	General Fund	Other Governmental Funds	Total
Receivables:			
Real estate and personal property taxes..	\$ 2,547,122	\$ -	\$ 2,547,122
Tax liens.....	1,106,819	-	1,106,819
Motor vehicle excise taxes.....	430,408	-	430,408
Departmental and other.....	49,145	76,897	126,042
Intergovernmental - state highway.....	-	345,813	345,813
Intergovernmental - other.....	-	500,326	500,326
 Total.....	 \$ 4,133,494	 \$ 923,036	 \$ 5,056,530

NOTE 4 – CAPITAL ASSETS

A summary of changes in capital asset activity for the year ended June 30, 2022, is as follows:

Governmental Activities:	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 51,959,370	\$ -	\$ -	\$ 51,959,370
Construction in progress.....	12,391,004	6,432,673	(5,225,011)	13,598,666
 Total capital assets not being depreciated....	 64,350,374	 6,432,673	 (5,225,011)	 65,558,036
<u>Capital assets being depreciated:</u>				
Improvements other than buildings.....	31,727,149	1,045,599	-	32,772,748
Buildings.....	284,489,063	15,842,113	-	300,331,176
Machinery and equipment.....	23,811,774	1,136,112	(123,120)	24,824,766
Public domain infrastructure.....	78,171,582	3,639,201	-	81,810,783
 Total capital assets being depreciated.....	 418,199,568	 21,663,025	 (123,120)	 439,739,473
<u>Less accumulated depreciation for:</u>				
Improvements other than buildings.....	(21,641,700)	(1,605,751)	-	(23,247,451)
Buildings.....	(121,883,087)	(10,121,863)	-	(132,004,950)
Machinery and equipment.....	(15,340,831)	(1,635,261)	123,120	(16,852,972)
Public domain infrastructure.....	(42,804,083)	(2,181,796)	-	(44,985,879)
 Total accumulated depreciation.....	 (201,669,701)	 (15,544,671)	 123,120	 (217,091,252)
 Total capital assets being depreciated, net.....	 216,529,867	 6,118,354	 -	 222,648,221
 Total governmental activities capital assets, net.....	 \$ 280,880,241	 \$ 12,551,027	 \$ (5,225,011)	 \$ 288,206,257

Business-Type Activities:	Beginning Balance	Increases	Decreases	Ending Balance
<u>Capital assets not being depreciated:</u>				
Land and land rights.....	\$ 267,946	\$ -	\$ -	\$ 267,946
Construction in progress.....	967,197	41,679	(923,948)	84,928
Total capital assets not being depreciated....	1,235,143	41,679	(923,948)	352,874
<u>Capital assets being depreciated:</u>				
Transmission Plant.....	13,385,227	75,550	-	13,460,777
Distribution plant.....	105,068,829	3,591,304	(2,854)	108,657,279
Other plant in service.....	61,218,134	3,393,761	-	64,611,895
Vehicles and other equipment.....	10,801,413	846,161	(294,024)	11,353,550
Total capital assets being depreciated.....	190,473,603	7,906,776	(296,878)	198,083,501
<u>Less accumulated depreciation for:</u>				
Transmission Plant.....	(10,937,800)	(301,176)	-	(11,238,976)
Distribution plant.....	(47,998,814)	(3,193,459)	2,854	(51,189,419)
Other plant in service.....	(32,100,603)	(1,299,711)	-	(33,400,314)
Vehicles and other equipment.....	(5,898,474)	(702,314)	294,024	(6,306,764)
Total accumulated depreciation.....	(96,935,691)	(5,496,660)	296,878	(102,135,473)
Total capital assets being depreciated, net.....	93,537,912	2,410,116	-	95,948,028
Total business-type activities capital assets, net.... \$ 94,773,055 \$ 2,451,795 \$ (923,948) \$ 96,300,902				

Depreciation expense was charged to Town functions as follows:

Governmental Activities:

General government.....	\$ 1,385,505
Public safety.....	1,060,290
Public education.....	8,414,124
Public works.....	3,612,116
Recreation.....	275,300
Library.....	797,336
Total depreciation expense - governmental activities.....	\$ 15,544,671

Business-Type Activities:

Water.....	\$ 1,073,535
Sewer.....	481,068
Municipal Light.....	3,942,057
Total depreciation expense - business-type activities.....	\$ 5,496,660

NOTE 5 – INTERFUND TRANSFERS, RECEIVABLES AND PAYABLES

Interfund transfers for the year ended June 30, 2022, are summarized as follows:

Transfers Out:	Transfers In				
	General Fund	Capital Projects	Nonmajor Governmental Funds	Total	
General fund.....	\$ -	\$ 4,701,000	\$ 894,685	\$ 5,595,685	(1)
Nonmajor governmental funds.....	934,014	682,000	80,000	1,696,014	(2)
Municipal light fund.....	1,000,000	-	-	1,000,000	(3)
Total.....	\$ 1,934,014	\$ 5,383,000	\$ 974,685	\$ 8,291,699	

- (1) Budgeted transfers from general fund to the capital project funds for the Hunnewell Swing Space project and to pay down previously issued temporary borrowings for the Hunnewell School Reconstruction project. Also, a budgeted transfer from the general fund to the nonmajor funds for traffic and parking operations.
- (2) Budgeted transfers from various nonmajor funds to the general fund, mainly for police details and CPA fund debt service. Also includes transfers from the nonmajor Town revolving fund and recreation revolving fund to the general fund. Furthermore, includes transfers from revolving and grant funds to the capital project funds for capital improvements.
- (3) Transfer from the municipal light fund to the general 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, 2022, is as follows:

Type	Purpose	Rate (%)	Due Date	Balance at June 30, 2021	Renewed/ Issued	Retired/ Redeemed	Balance at June 30, 2022
Governmental Funds:							
BAN	Bond Anticipation Note.....	2.00%	05/20/22	\$ 4,135,000	\$ -	\$ 4,135,000	\$ -

NOTE 7 – 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, 2022, and the debt service requirements for the governmental activities are as follows.

Project	Maturities Through	Original	Interest	Outstanding			Outstanding at June 30, 2022
		Loan Amount	Rate (%)	at June 30, 2021	Issued	Redeemed	
Inside Debt Limit							
RDF Structure.....	2023	\$ 570,000	1.46	\$ 110,000	\$ -	\$ 55,000	\$ 55,000
Kingsbury Street.....	2023	620,000	1.46	120,000	-	60,000	60,000
Town Hall HVAC	2023	235,000	1.46	40,000	-	20,000	20,000
Bacon Street.....	2023	100,000	1.46	20,000	-	10,000	10,000
Fire Truck.....	2023	591,000	1.46	110,000	-	55,000	55,000
St. James Land.....	2045	5,000,000	3.38	4,225,000	-	140,000	4,085,000
Various Building Repairs.....	2035	2,290,000	3.48	1,610,000	-	115,000	1,495,000
Police & Fire HVAC.....	2025	1,265,000	3.48	500,000	-	125,000	375,000
School Auditorium Seats.....	2025	315,000	3.48	120,000	-	30,000	90,000
494 Washington Street.....	2035	1,305,000	3.48	910,000	-	65,000	845,000
Fuller Brook Park.....	2025	460,000	3.48	180,000	-	45,000	135,000
DPW Park/ Highway Garage Construction....	2026	575,000	3.48	275,000	-	55,000	220,000
Police Station.....	2027	1,471,000	4.00	675,000	-	115,000	560,000
Turf Field High School Stadium.....	2027	947,000	4.00	565,000	-	95,000	470,000
Rt.9/Kingsbury Intersection.....	2028	501,000	5.00	350,000	-	50,000	300,000
Town Hall Design.....	2033	820,000	5.00	660,000	-	55,000	605,000
Town Hall Construction.....	2033	4,742,500	5.00	3,785,000	-	320,000	3,465,000
Reconstruct Cliff Road.....	2028	1,772,000	5.00	1,232,000	-	180,000	1,052,000
Worcester Street - 3 Land Parcels.....	2038	3,241,000	5.00	2,750,000	-	165,000	2,585,000
WHS Fieldhouse.....	2023	163,000	5.00	58,000	-	30,000	28,000
Middle School Steam Design.....	2023	363,500	5.00	140,000	-	70,000	70,000
Middle School Pipes.....	2029	2,505,000	4.00	1,970,000	-	250,000	1,720,000
Hunnewell Feasibility Study.....	2024	1,000,000	4.00	600,000	-	200,000	400,000
Sprague Chiller.....	2031	800,000	5.00	800,000	-	80,000	720,000
Library Roof.....	2031	521,000	5.00	521,000	-	56,000	465,000
Library Refresh.....	2028	2,000,000	5.00	2,000,000	-	290,000	1,710,000
Great Plain Ave.....	2031	1,200,000	5.00	1,200,000	-	120,000	1,080,000
Great Plain Ave Road Repair.....	2031	160,600	5.00	-	160,600	-	160,600
Town Hall Interior Improvements.....	2027	1,850,333	5.00	-	1,850,333	-	1,850,333
Grove Street Drainage and Paving/Sidewalks	2032	3,000,000	5.00	-	3,000,000	-	3,000,000
Subtotal Non Exempt.....		40,383,933		25,526,000	5,010,933	2,851,000	27,685,933

Notes to Basic Financial Statements

Year Ended June 30, 2022

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2021	Issued	Redeemed	Outstanding at June 30, 2022
2 1/2 % Exempt Debt							
Middle School (Refunding).....	2025	4,345,000	1.46	1,710,000	-	430,000	1,280,000
Middle School Construction (Refunding).....	2026	3,770,000	3.48	2,080,000	-	385,000	1,695,000
Middle School Construction	2023	13,825,000	3.49-4.00	2,715,000	-	660,000	2,055,000
High School Expansion-Seaver Street.....	2028	5,173,000	3.40-4.00	1,209,000	-	175,000	1,034,000
High School Planning.....	2029	1,159,500	3.40-4.00	282,500	-	40,000	242,500
High School Feasibility.....	2029	3,771,200	3.40-4.00	946,200	-	120,000	826,200
High School Project.....	2029	11,663,000	3.40-4.00	1,523,000	-	370,000	1,153,000
High School Construction (refunding)	2035	18,350,000	2.25-5.00	17,355,000	-	1,205,000	16,150,000
High School Construction (refunding)	2031	8,907,500	3.60	8,907,500	-	877,500	8,030,000
Surface Drainage.....	2018	415,000	1.46	40,000	-	20,000	20,000
Morse's Pond Drainage.....	2033	485,000	1.46	90,000	-	45,000	45,000
DPW Operations Building.....	2033	1,960,000	1.46	390,000	-	195,000	195,000
Schofield/Fiske Design	2035	2,045,000	3.48	1,415,000	-	105,000	1,310,000
Schofield/Fiske Construction.....	2035	13,345,000	3.48	9,325,000	-	670,000	8,655,000
Middle School Windows	2025	1,430,000	3.48	560,000	-	140,000	420,000
North 40 (CPC Offset).....	2045	9,850,000	3.38	8,625,000	-	230,000	8,395,000
North 40 Tax Exempt.....	2045	13,635,000	3.38	13,215,000	-	70,000	13,145,000
North 40 Taxable.....	2045	11,505,000	3.38	8,335,000	-	585,000	7,750,000
Tolles Parsons Senior Center Construction..	2031	1,950,000	3.48	1,265,000	-	130,000	1,135,000
Middle School Systems.....	2031	9,826,500	5.00	9,826,500	-	1,516,500	8,310,000
John Hardy Elementary School.....	2047	28,000,000	2.00-5.00	-	28,000,000	-	28,000,000
Hunnewell Elementary School Construction.	2047	48,774,067	2.00-5.00	-	48,774,067	-	48,774,067
Subtotal 2 1/2 % Exempt Debt.....		214,184,767		89,814,700	76,774,067	7,969,000	158,619,767
Total General Obligation Bonds Payable.....		<u>\$ 254,568,700</u>		115,340,700	81,785,000	10,820,000	186,305,700
Add: Unamortized premium on bonds.....				10,009,426	6,516,768	956,462	15,569,732
Total Bonds Payable, net.....		\$ 125,350,126		\$ 88,301,768	\$ 11,776,462	\$ 201,875,432	

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

Year	Principal	Interest	Total
2023.....	\$ 14,685,000	\$ 7,823,373	\$ 22,508,373
2024.....	12,785,000	6,355,673	19,140,673
2025.....	12,620,000	5,788,073	18,408,073
2026.....	11,920,000	5,226,423	17,146,423
2027.....	11,450,000	4,677,422	16,127,422
2028.....	10,900,700	4,158,272	15,058,972
2029.....	10,255,000	3,667,669	13,922,669
2030.....	9,565,000	3,217,263	12,782,263
2031.....	9,600,000	2,804,976	12,404,976
2032.....	7,515,000	2,406,991	9,921,991
2033.....	7,170,000	2,156,950	9,326,950
2034.....	6,725,000	1,911,136	8,636,136
2035.....	6,740,000	1,707,721	8,447,721
2036.....	4,665,000	1,529,320	6,194,320
2037.....	4,720,000	1,406,739	6,126,739
2038.....	4,770,000	1,280,315	6,050,315
2039.....	4,665,000	1,150,219	5,815,219
2040.....	4,730,000	1,013,506	5,743,506
2041.....	4,795,000	872,275	5,667,275
2042.....	4,865,000	726,525	5,591,525
2043.....	4,935,000	577,975	5,512,975
2044.....	5,010,000	426,625	5,436,625
2045.....	5,080,000	272,275	5,352,275
2046.....	3,070,000	115,125	3,185,125
2047.....	3,070,000	38,375	3,108,375
Total.....	\$ 186,305,700	\$ 61,311,216	\$ 247,616,916

The Town authorized funding for the Hunnewell and Hardy elementary school projects, which are eligible for funding from the Massachusetts School Building Authority (MSBA). The MSBA project budget totaled \$72.5 million, and the MSBA approved a reimbursement rate of 34.90%. Under the program, the assistance is paid to support construction costs to reduce the total debt service of the Town. Through the end of 2022, the Town recorded grant proceeds totaling \$942,029, of which includes \$592,026 recognized in 2022 including a \$258,274 receivable for funding received subsequent to year end.

Details related to the Town's outstanding water enterprise fund general obligation indebtedness at June 30, 2022, and the debt service requirements are as follows:

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2021		Outstanding at June 30, 2022	
				Issued	Redeemed		
General Obligation Bonds:							
Water General Obligation Bond.....	2023	\$ 1,300,000	2.00 - 4.00	\$ 260,000	\$ -	\$ 130,000	\$ 130,000
Water Garage	2028	3,842,150	1.50 - 5.00	1,127,150	-	162,500	964,650
Water Meters.....	2028	887,000	5.00	615,000	-	90,000	525,000
Subtotal General Obligation Bonds Payable..		<u>6,029,150</u>		<u>2,002,150</u>	<u>-</u>	<u>382,500</u>	<u>1,619,650</u>
Direct Borrowings and Placements:							
MWRA- Water Bond.....	2023	<u>289,323</u>	0.00	<u>57,865</u>	<u>-</u>	<u>28,932</u>	<u>28,933</u>
Total Bonds Payable.....		<u>\$ 6,318,473</u>		<u>2,060,015</u>	<u>-</u>	<u>411,432</u>	<u>1,648,583</u>
Add: Unamortized premium on bonds.....				<u>162,901</u>	<u>-</u>	<u>41,024</u>	<u>121,877</u>
Total Bonds Payable, net.....				<u>\$ 2,222,916</u>	<u>\$ -</u>	<u>\$ 452,456</u>	<u>\$ 1,770,460</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		
2023.....	\$ 382,500	\$ 70,035	\$ 452,535	\$ 28,933	\$	481,468
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.....	244,650	10,636	255,286	-		255,286
Total.....	<u>\$ 1,619,650</u>	<u>\$ 230,565</u>	<u>\$ 1,850,215</u>	<u>\$ 28,933</u>	<u>\$</u>	<u>1,879,148</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 2022, \$289,323 of loans subject to repayment were received from this program. At June 30, 2022, the outstanding principal amount of these loans totaled \$28,933.

Details related to the Town's outstanding sewer enterprise fund general obligation indebtedness at June 30, 2022, and the debt service requirements are as follows:

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2021	Issued	Redeemed	Outstanding at June 30, 2022
General Obligation Bonds:							
Sewer Garage.....	2028	\$ 3,842,150	1.50 - 5.00	\$ 1,127,150	\$ -	\$ 162,501	\$ 964,649
Direct Borrowing and Placements:							
MWRA - Sewer Bond.....	2023	179,454	0.00	71,782	-	35,890	35,892
MWRA - Sewer Bond.....	2026	345,457	0.00	345,457	-	69,091	276,366
Subtotal Direct Borrowings and Placements..		524,911		417,239	-	104,981	312,258
Total Bonds Payable.....		\$ 4,367,061		1,544,389	-	267,482	1,276,907
Add: Unamortized premium on bonds.....				93,031	-	23,341	69,690
Total Bonds Payable, net.....		\$ 1,637,420		\$ -	\$ 290,823	\$ 1,346,597	

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		
2023.....	\$ 162,499	\$ 38,586	\$ 201,085	\$ 104,983	\$	306,068
2024.....	162,500	32,086	194,586	69,091		263,677
2025.....	160,000	25,586	185,586	69,092		254,678
2026.....	160,000	19,186	179,186	69,092		248,278
2027.....	160,000	12,786	172,786	-		172,786
2028.....	159,650	6,386	166,036	-		166,036
Total.....	\$ 964,649	\$ 134,616	\$ 1,099,265	\$ 312,258	\$	1,411,523

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 2022, \$524,911 of loans subject to repayment were received from this program. At June 30, 2022, the outstanding principal amount of these loans totaled \$312,528.

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, 2022, the Town had the following authorized and un-issued debt:

Purpose	Amount
Water and Sewer Projects.....	\$ 2,108,431
MSBA Feasibility.....	107,768
Middle School Renovation Exempt.....	335,629
Main Free Library Renovation.....	363,408
Main Free Library Roof Replacement.....	143,150
Sewer MWRA.....	242,500
Hunnewell Elementary School Reconstruction.....	2,020,000
John D. Hardy Elementary School Replacement Facility Exempt.....	42,000,000
Walnut Street Sidewalk and Draining Repairs.....	2,571,578
Sewerage Systems Inflow/Infiltration Reconstruction.....	295,000
Water System Reconstruction.....	<u>2,500,000</u>
 Total.....	 <u>\$ 52,687,464</u>

Changes in Long-term Liabilities

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

	Beginning Balance	Bonds and Notes Issued	Bonds and Notes Redeemed	Other Increases	Other Decreases	Ending Balance	Due Within One Year
Governmental Activities:							
Long-term general obligation bonds payable.	\$ 115,340,700	\$ 81,785,000	\$ (10,820,000)	\$ -	\$ -	\$ 186,305,700	\$ 14,685,000
Add: Unamortized premium on bonds.....	10,009,426	6,516,768	(956,462)	-	-	15,569,732	1,808,133
Total bonds payable.....	125,350,126	88,301,768	(11,776,462)	-	-	201,875,432	16,493,133
Compensated absences.....	729,029	-	-	400,040	(437,400)	691,669	415,000
Workers' compensation.....	510,000	-	-	836,000	(825,000)	521,000	271,000
Net pension liability.....	36,962,421	-	-	21,328,073	(52,495,806)	5,794,688	-
Net OPEB liability.....	39,715,870	-	-	22,290,773	(8,891,992)	53,114,651	-
 Total governmental activity							
long-term liabilities.....	\$ 203,267,446	\$ 88,301,768	\$ (11,776,462)	\$ 44,854,886	\$ (62,650,198)	\$ 261,997,440	\$ 17,179,133
Business-Type Activities:							
Long-term general obligation bonds payable.	\$ 3,129,300	\$ -	\$ (545,001)	\$ -	\$ -	\$ 2,584,299	\$ 544,997
Long-term direct borrowing payable.....	475,104	-	(133,913)	-	-	341,191	133,916
Add: Unamortized premium on bonds.....	255,932	-	(64,365)	-	-	191,567	55,047
Total bonds payable.....	3,860,336	-	(743,279)	-	-	3,117,057	733,960
Compensated absences.....	71,388	-	-	29,314	(42,790)	57,912	34,747
Net pension liability.....	5,775,583	-	-	3,255,116	(8,146,620)	884,079	-
Net OPEB liability/(asset), net.....	(1,242,520)	-	-	2,020,887	(660,232)	118,135	-
 Total business-type activity							
long-term liabilities.....	\$ 8,464,787	\$ -	\$ (743,279)	\$ 5,305,317	\$ (8,849,642)	\$ 4,177,183	\$ 768,707

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, \$521,000 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 8 – GOVERNMENTAL FUND BALANCE CLASSIFICATIONS

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

At June 30, 2022, \$3,568,667, \$684,072, \$1,410,044, and \$872,799 have been set aside in a general stabilization fund, an injured on duty stabilization fund, a special education Medicare stabilization fund, and a stabilization fund for purposes of meeting capital needs at the recycling facility, respectively, that are classified as part of the general fund in the governmental funds financial statements.

Municipal finance laws of the Commonwealth of Massachusetts authorize municipalities to establish stabilization funds on an as needed basis. The number of and exact purpose of the stabilization funds of the Town are dependent upon authorization and approval of Town Meeting. The general stabilization fund balance can be used for general and/or capital purposes upon approval of Town Meeting. The special purpose stabilization fund can only be used to offset police and fire workers compensation claim payments. Additions and withdrawals from the funds can only be made in accordance with Town Meeting approval.

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

In addition to the nonspendable fund balance, GASB 54 has provided a hierarchy of spendable fund balances, based on a hierarchy of spending constraints.

- Restricted: fund balances that are constrained by external parties, constitutional provisions, or enabling legislation.
- Committed: fund balances that contain self-imposed constraints of the government from its highest level of decision making authority. The Town's highest level of decision making authority is the Annual Town Meeting.
- Assigned: fund balances that contain self-imposed constraints of the government to be used for a particular purpose.
- Unassigned: fund balance of the general fund that is not constrained for any particular purpose.

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

	General	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Fund Balances:				
Nonspendable:				
Permanent fund principal.....	\$ -	\$ -	\$ 386,023	\$ 386,023
Restricted for:				
Capital projects		87,107,034	-	87,107,034
School lunch.....	-	-	418,361	418,361
Community Preservation Fund.....	-	-	8,947,000	8,947,000
Grants.....	-	-	2,224,958	2,224,958
Receipts Reserved.....	-	-	2,137,573	2,137,573
Revolving.....	-	-	4,588,117	4,588,117
Recreation Revolving.....	-	-	369,140	369,140
Other Special Revenue.....	-	-	4,320,756	4,320,756
Permanent fund.....	-	-	1,282,689	1,282,689
Committed to:				
Executive Director's Office.....	539,126	-	-	539,126
Sustainable Energy.....	6,000	-	-	6,000
Information Technology.....	353,968	-	-	353,968
Town Clerk/Election and Registration.....	10,000	-	-	10,000
Council on Aging.....	17,892	-	-	17,892
Planning Board.....	75,000	-	-	75,000
Facilities Maintenance.....	1,371,555	-	-	1,371,555
Police Department.....	8,449	-	-	8,449
Fire Department.....	189,072	-	-	189,072
Engineering.....	70,337	-	-	70,337
Highway.....	559,931	-	-	559,931
Park.....	83,209	-	-	83,209
Recycling and Disposal.....	66,195	-	-	66,195
Public Works Management.....	552,513	-	-	552,513
Library Trustees.....	21,511	-	-	21,511
Natural Resources Commission.....	105,215	-	-	105,215
Moses Pond.....	9,825	-	-	9,825
Wellesley Public Schools.....	394,112	-	-	394,112
Assigned to:				
Executive Director's Office.....	200	-	-	200
Sustainable Energy.....	84	-	-	84
Central Administrative Services.....	1,950	-	-	1,950
Information Technology.....	51,189	-	-	51,189
Town Clerk/Election and Registration.....	4,833	-	-	4,833
Council on Aging.....	1,996	-	-	1,996
Housing Development Corporation.....	650	-	-	650
Zoning Board of Appeals.....	245	-	-	245
Law.....	20,000	-	-	20,000
Planning Board.....	800	-	-	800
Human Resources Board.....	479	-	-	479
Facilities Maintenance.....	77,670	-	-	77,670
Police Department.....	263,862	-	-	263,862
Special School Police.....	546	-	-	546
Fire Department.....	16,785	-	-	16,785
Engineering.....	4,576	-	-	4,576
Highway.....	11,955	-	-	11,955
Park.....	18,316	-	-	18,316
Recycling and Disposal.....	106,172	-	-	106,172
Public Works Management.....	1,445	-	-	1,445
Library Trustees.....	801	-	-	801
Board of Health.....	1,810	-	-	1,810
Natural Resources Commission.....	4,475	-	-	4,475
Wellesley Public Schools.....	768,493	-	-	768,493
Subsequent year expenditures.....	2,652,036	-	-	2,652,036
Unassigned.....	39,870,878	-	-	39,870,878
Total Fund Balances.....	\$ 48,316,156	\$ 87,107,034	\$ 24,674,617	\$ 160,097,807

NOTE 9 – 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 net position of approximately \$20.6 million at June 30, 2021, 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, 2022, 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	
2021.....	\$ 500,000	\$ 405,000	\$ (395,000)	\$ 510,000	\$ 265,000
2022.....	510,000	836,000	(825,000)	521,000	271,000

NOTE 10 – 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 <https://mtrs.state.ma.us/service/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, 2021. The Town's portion of the collective pension expense, contributed by the Commonwealth, of \$13,886,186 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 \$173,045,569 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, 2021, the WCRS membership consists of the following:

Active members.....	689
Inactive members.....	399
Retirees and beneficiaries currently receiving benefits.....	438
Total.....	1,526

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, 2021, was an actuarially determined amount of \$9,756,209. 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 actual contribution was \$9,782,457, which is equal to 23.02% of covered payroll. The Town's proportionate share of the required contribution was \$9,673,783. The Town contributed \$9,710,677, \$36,894 in excess of the required amount.

Pension Liabilities

The components of the net pension liability of the participating member units at December 31, 2021 were as follows:

	Total System	Town Share	Housing Authority Share
Total pension liability.....	\$ 296,789,063	\$ 294,281,617	\$ 2,507,446
Total pension plan's fiduciary net position.....	(290,053,389)	(287,602,850)	(2,450,539)
Total net pension liability.....	<u>\$ 6,735,674</u>	<u>\$ 6,678,767</u>	<u>\$ 56,907</u>
The pension plan's fiduciary net position as a percentage of the total pension liability.....	97.73%	97.73%	97.73%

At June 30, 2022, the Town reported a liability of \$6,678,767 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2021. 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, 2021, the Town's proportion was 99.16%, which increased from its proportion measured at December 31, 2020, of 99.14%.

Pension Expense

For the year ended June 30, 2022, the Town recognized pension expense of \$3,024,445. At June 30, 2022, the Town reported deferred outflows and (inflows) of resources related to pensions of \$15,951,448 and (\$40,725,568), 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, 2022, consist of the following:

Deferred Category	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Differences between expected and actual experience.....	\$ 1,033,522	\$ (3,176,661)	\$ (2,143,139)
Difference between projected and actual earnings, net.....	-	(36,378,181)	(36,378,181)
Changes in assumptions.....	13,739,210	-	13,739,210
Changes in proportion and proportionate share of contributions...	1,178,716	(1,170,726)	7,990
 Total deferred outflows/(inflows) of resources.....	 \$ 15,951,448	 \$ (40,725,568)	 \$ (24,774,120)

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

Year ended June 30:
2023..... \$ (5,683,164)
2024..... (9,107,613)
2025..... (6,096,264)
2026..... (3,889,341)
2027..... <u>2,262</u>
 Total..... \$ <u>(24,774,120)</u>

Actuarial Assumptions – The total pension liability as of December 31, 2021, was determined by an actuarial valuation as of January 1, 2021, using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation date.....	January 1, 2021
Actuarial cost method.....	Entry Age Normal Cost Method.
Amortization method.....	Level dollar for 2010 ERI liability and 3.5% increasing payments on the remaining unfunded liability
Remaining amortization method.....	As of July 1, 2020, 2 years for the 2010 ERI liability and 10 years for the remaining unfunded liability.
Asset valuation method.....	The difference between the expected return and the actual investment return on a market value basis is recognized over a five-year period with a fresh stat as of January 1, 2015. Asset value is adjusted as necessary to be within 20% of the fair 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 \$18,000.
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-2014 Blue Collar Healthy Annuitant Mortality Table set forward one year and projected generationally with Scale MP-2016.
Investment rate of return/Discount rate.....	6.00%

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, 2021, and the target allocations as of December 31, 2021, are summarized in the following table:

Asset Class	Long-Term Expected Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity.....	22.00%	6.11%
International developed markets equity..	11.50%	6.49%
International emerging markets equity...	4.50%	8.12%
Core fixed income.....	15.00%	0.38%
High-yield bonds.....	8.00%	2.48%
Real estate.....	10.00%	3.72%
Timber.....	4.00%	3.44%
Hedge fun, GTAA, Risk parity.....	10.00%	2.63%
Private equity.....	15.00%	9.93%
Total.....	<u>100.00%</u>	

The weighted average expected real rate of return is approximately 5.0%, which when adjusted for inflation of 2.75% is greater than the discount rate used of 6.00%.

Rate of Return

For the year ended December 31, 2021, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 19.84%. 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 6.00% (net of pension plan investment expense, including inflation), as of December 31, 2021 and December 31, 2020. 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 6.00% as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.00%) or 1-percentage-point higher (7.00%) than the current rate:

	1% Decrease (5.00%)	Current Discount (6.00%)	1% Increase (7.00%)
The Town's proportionate share of the net pension liability/(asset).....	\$ 43,615,060	\$ 6,678,767	\$ (24,089,125)
Total System's net pension liability/(asset) \$	<u>43,986,685</u>	<u>6,735,674</u>	<u>(24,294,378)</u>

Changes in Assumptions

None.

Changes in Plan Provisions

None.

NOTE 11 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS*Plan Description*

The Town maintains a single employer defined benefit healthcare plan ("The Other Postemployment Benefit Plan"). The plan provides lifetime healthcare and life insurance for eligible retirees and their spouses. Chapter 32B of the MGL assigns authority to establish and amend benefit provisions of the Plan. The plan provides the benefits by participating in the West Suburban Health Group. Medical and prescription drug benefits are provided to all eligible retirees through a variety of plans offered by Blue Cross Blue Shield of Massachusetts, Harvard Pilgrim Health Care, Tufts Health Plan, and Fallon Community Health Plan, as well as an out-of-area indemnity plan administered by North American Administrators. Benefit provisions are negotiated between the Town and the

unions representing Town employees and are renegotiated each bargaining period. The plan also pays 50% of the retiree life insurance premiums. The Other Postemployment Benefit Plan does not issue a publicly available financial report.

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

Funding Policy

Contribution requirements are also negotiated between the Town and union representatives. Retired plan members and beneficiaries currently receiving benefits are required to contribute between 17.7% and 50% of the cost of benefits provided depending on the plan they choose. The Town is required to contribute the balance of the current premiums and may contribute additional amounts to pre-fund benefits. The Town contributed \$9,552,224 during 2022, 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, 2022, the Town's average contribution rate was 8.96% 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 2022, the Town pre-funded future OPEB liabilities in the amount of \$3,616,009 by contributing funds to the Other Postemployment Benefit Trust 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, 2022, the net position of this fund totaled \$100,819,292.

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 totaling \$1,383,182 and the Town has reported a net OPEB liability totaling \$54,615,968 as of June 30, 2022. The net asset has been blended with the Town's net OPEB liability in the following disclosures and has been reported at the net amount as a net OPEB liability (asset).

Measurement Date

The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2020.

Employees Covered by Benefit Terms

The following table represents the Plan's membership at June 30, 2022:

Active members.....	913
Inactive members currently receiving benefits.....	949
Total.....	<u>1,862</u>

Components of OPEB Liability

The following table represents the components of the Plan's OPEB liability as of June 30, 2022:

Total OPEB liability.....	\$ 154,052,078
Less: OPEB plan's fiduciary net position.....	<u>(100,819,292)</u>
Net OPEB liability/(asset).....	<u>\$ 53,232,786</u>
The OPEB plan's fiduciary net position as a percentage of the total OPEB liability.....	65.44%

Significant Actuarial Methods and Assumptions

The total OPEB liability in the December 31, 2020, actuarial valuation was determined by using the following actuarial assumptions, applied to all periods included in the measurement that was updated to June 30, 2022, to be in accordance with GASB #74 and GASB # 75 as follows:

Valuation date.....	Actuarially determined contribution for the fiscal year ending June 30, 2022 was determined with the December 31, 2020, actuarial valuation.
Actuarial cost method.....	Entry age normal - level percentage of payroll.
Amortization method.....	Payments increase at 3.0% per year.
Remaining amortization period.....	16 years as of July 1, 2021.
Asset valuation method.....	Fair Value.
Discount rate/Investment rate of return.....	6.00%
Inflation rate.....	3.00%
Health care trends rate.....	Medical and Prescription Drug: 7.0% graded by 0.25% for 10 years to an ultimate level of 4.50% 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-2014 Blue Collar Healthy Annuitant Mortality Table projected generationally with Scale MP-2016 set forward one year. Pre-Retirement (Teachers): Pub-2010 Teacher Employee Mortality Table (headcount weighted) projected generationally with Scale MP-2020. Healthy (Teachers): Pub-2010 Teacher Mortality Table (headcount weighted) projected generationally with Scale MP-2020. Disabled (Teachers): Pub-2010 Teacher Mortality Table (headcount weighted) projected generationally with Scale-2020.

Rate of Return

For the year ended June 30, 2022, the annual money-weighted rate of return on investments, net of investment expense, was -3.93%. 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.....	22.00%	6.11%
International developed markets equity..	11.50%	6.49%
International emerging markets equity...	4.50%	8.12%
Core fixed income.....	15.00%	0.38%
High yield fixed income.....	8.00%	2.48%
Real estate.....	10.00%	3.72%
Commodities.....	4.00%	3.44%
Hedge Fund, GTAA, Risk parity.....	10.00%	2.63%
Private equity.....	15.00%	9.93%
 Total.....	 <u>100.00%</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.

Discount Rate

The discount rate used to measure the total OPEB liability was 6.00% as of June 30, 2022 and as of June 30, 2021. 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 6.00%, 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 (5.00%) or 1-percentage-point higher (7.00%) than the current rate.

	Current	1% Decrease (5.00%)	Discount Rate (6.00%)	1% Increase (7.00%)
Net OPEB liability/(asset), net.....	\$ 74,843,123	\$ 53,232,786	\$ 35,522,786	

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 7.00%, as well as what the net other postemployment benefit liability would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher.

	1% Decrease	Current Trend	1% Increase
Net OPEB liability/(asset), net.....	\$ 31,850,654	\$ 53,232,786	\$ 80,099,113

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Plan	Fiduciary	Net OPEB
	Total OPEB Liability (a)	Net Position (b)	Liability/(asset) (a) - (b)
Balances at June 30, 2021.....	\$ 139,754,590	\$ 101,281,240	\$ 38,473,350
Changes for the year:			
Service cost.....	4,994,842	-	4,994,842
Interest.....	8,509,474	-	8,509,474
Contributions - employer.....	-	9,552,224	(9,552,224)
Net investment income (loss).....	-	(4,077,957)	4,077,957
Changes in assumptions.....	6,729,387	-	6,729,387
Benefit payments.....	(5,936,215)	(5,936,215)	-
Net change.....	14,297,488	(461,948)	14,759,436
Balances at June 30, 2022.....	\$ 154,052,078	\$ 100,819,292	\$ 53,232,786

OPEB Expense and Deferred Outflows of Resources Related to OPEB

For the financial reporting year ended June 30, 2022 the Town recognized OPEB expense of \$6,761,054 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.....	\$ -	\$ (1,481,158)	\$ (1,481,158)
Difference between projected and actual earnings, net.....	-	(938,857)	(938,857)
Changes in assumptions.....	<u>10,112,440</u>	<u>(1,654,055)</u>	<u>8,458,385</u>
Total deferred outflows/(inflows) of resources.....	<u>\$ 10,112,440</u>	<u>\$ (4,074,070)</u>	<u>\$ 6,038,370</u>

Amounts reported as deferred outflows/(inflows) of resources related to OPEB will be recognized as an increase/(decrease) in OPEB expense in the following fiscal years:

Year ended June 30:

2023.....	\$ (245,601)
2024.....	1,262,114
2025.....	589,187
2026.....	<u>4,432,670</u>
Total.....	<u>\$ 6,038,370</u>

Changes of Assumptions

The first year medical and prescription drug trend assumption was revised to reflect known increases and the migration out of the Fallon plans and the Part B trend assumption was revised to reflect known increases.

Changes in Plan Provisions

None.

NOTE 12 – 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 on the following page 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, 2021)	Other Postemployment Benefit Trust Fund	Total Pension and Other Employee Benefit Trust Funds
ASSETS			
Cash and cash equivalents.....	\$ 4,434,954	\$ -	\$ 4,434,954
Investments:			
Investments in Pension Reserve Investment Trust	285,467,610	100,819,292	386,286,902
Receivables, net of allowance for uncollectibles:			
Departmental and other.....	755,110	-	755,110
Other assets.....	1,983	-	1,983
TOTAL ASSETS	290,659,657	100,819,292	391,478,949
LIABILITIES			
Warrants payable.....	606,268	-	606,268
NET POSITION			
Restricted for pensions.....	290,053,389	-	290,053,389
Restricted for other postemployment benefits.....	-	100,819,292	100,819,292
TOTAL NET POSITION	\$ 290,053,389	\$ 100,819,292	\$ 390,872,681
ADDITIONS			
Contributions:			
Employer contributions.....	\$ 9,776,446	\$ 3,616,009	\$ 13,392,455
Employer contributions for OPEB payments.....	-	5,936,215	5,936,215
Member contributions.....	4,186,703	-	4,186,703
Transfers from other systems.....	726,231	-	726,231
3(8)c contributions from other systems.....	559,197	-	559,197
Workers compensation settlements.....	6,011	-	6,011
Member makeup payments and redeposits.....	28,100	-	28,100
Intergovernmental.....	55,882	-	55,882
Total contributions.....	15,338,570	9,552,224	24,890,794
Net investment income:			
Investment income (loss).....	48,779,191	(3,511,389)	45,267,802
Less: investment expense.....	(1,302,884)	(566,568)	(1,869,452)
Net investment income (loss).....	47,476,307	(4,077,957)	43,398,350
TOTAL ADDITIONS	62,814,877	5,474,267	68,289,144
DEDUCTIONS			
Administration.....	284,741	-	284,741
Transfers to other systems.....	1,011,902	-	1,011,902
3(8)c transfer to other systems.....	503,139	-	503,139
Retirement benefits and refunds.....	13,935,436	-	13,935,436
Other postemployment benefit payments.....	-	5,936,215	5,936,215
TOTAL DEDUCTIONS	15,735,218	5,936,215	21,671,433
NET INCREASE (DECREASE) IN NET POSITION			
	47,079,659	(461,948)	46,617,711
NET POSITION AT BEGINNING OF YEAR	242,973,730	101,281,240	344,254,970
NET POSITION AT END OF YEAR	\$ 290,053,389	\$ 100,819,292	\$ 390,872,681

NOTE 13 – COMMITMENTS

The Town is committed to completing various projects throughout the Town which will be funded with long-term debt totaling approximately \$52.7 million.

The general fund has various commitments for goods and services related to encumbrances and articles totaling \$5,793,242.

The Wellesley Municipal Light Plant (WMLP) purchases approximately 95% 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 2029.

The following are the Plant's future purchase commitments at June 30, 2022:

Energy Purchase Commitments					
Megawatt-Hour (MWH)					
Fiscal Year	Projected MWH's	(1) Committed MWH's	Average		
			Cost Per MWH		Total Commitments
2023	232,206	232,546	\$ 47	\$ 11,135,676	
2024	232,720	213,427	59	10,584,381	
2025	232,190	199,280	65	10,220,922	
2026	232,193	187,950	72	9,763,891	
2027	232,246	165,761	84	8,866,627	
	<u>1,161,555</u>	<u>998,964</u>		<u>\$ 50,571,497</u>	

Amounts are based on Energy New England's analysis, through June 2027, of the Plant's firm commitment with respect to future energy purchases.

(1) Energy New England forecast assumes annual growth rate of 0%.

The Plant has also established working capital reserves with Energy New England totaling \$1,078,220 as of both June 30, 2021 and June 30, 2022.

NOTE 14 – WELLESLEY ELECTRIC CUSTOMERS ACCELERATED REDUCTION OF EMISSIONS

In 2022, the Plant established the Wellesley Electric Customers Accelerated Reduction of Emissions (WECARE) program. The WECARE program is an opt-out voluntary program where participants, both residential and commercial, are charged an additional 4% on their monthly electric bills to fund projects intended to reduce dependence on fossil fuels, increase energy stability, and preserve the planet. These additional fees collected from the program will fund local renewable energy projects chosen by the Plant for their impact on greenhouse gas emissions reduction including; community solar generation facilities; power storage for peak electric use times; and infrastructure such as public charging stations for electric vehicles, and other similar programs. In 2022, collections from the program totaled approximately \$872,000 and the Plant spent \$86,000 of program funds on energy initiatives.

The WECARE program also offers a 100% option, which is an opt-in voluntary program where participants that opt-in, both residential and commercial, are charged an increased rate on their electric bills to purchase 100% of their energy from renewable resources. In 2022, the Plant had approximately 331 users who selected this 100% option. This program collections totaled \$166,000 in 2022 and expenses totaled \$83,000.

NOTE 15 – CONTINGENCIES

Federal Award Programs

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, 2022, 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.

Litigation

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, 2022, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2022.

Per-and Polyfluoroalkyl Substances

The Town is in the process of conducting vigorous research regarding the extent and remediation of Per – and Polyfluoroalkyl Substance (PFAS) contamination in the Town's water supply. In 2022, the Town used federal grant funding from the American Rescue Plan Act (ARPA) to offset costs incurred for PFAS remediation efforts. It is possible that the Town may be responsible for additional costs associated with PFAS remediation, and these future costs may be significant. While the amounts may be substantial the ultimate liability cannot be determined because of the considerable uncertainties that exist. Therefore, it is possible that there could be material negative outcomes affected by certain contingencies existing as of June 30, 2022. The full extent of the financial impact cannot be determined at the date of the financial statements.

NOTE 16 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 6, 2022, which is the date the financial statements were available to be issued.

The Wellesley Contributory Retirement System carries its investments at fair (market) value in accordance with financial reporting provisions of Generally Accepted Accounting Principles (GAAP) and the Public Employee Retirement Administration Commission (PERAC). Market value adjustments are recorded monthly. Subsequent to year end, the System's investments of \$285,467,610 in PRIT have declined in value by approximately (\$29.5 million). The market value decline is consistent with recent trends in the overall financial securities market.

In accordance with financial reporting provisions of GAAP and PERAC, the System has not recorded the losses in its financial statements as the impairments were not known as of December 31, 2021. The System has recorded the losses associated with the investment during 2022.

NOTE 17 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

During 2022, the following GASB pronouncements were implemented:

- GASB Statement #87, Leases. This pronouncement did not impact the basic financial statements.
- GASB Statement #89, Accounting for Interest Cost Incurred before the End of a Construction Period. This pronouncement did not impact the basic financial statements.
- GASB Statement #92, Omnibus 2020. This pronouncement did not impact the basic financial statements.
- GASB Statement #93, Replacement of Interbank Offered Rates. This pronouncement did not impact the basic financial statements.
- GASB 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. This pronouncement did not impact the basic financial statements.

The following GASB pronouncements will be implemented in the future:

- The GASB issued Statement #91, Conduit Debt Obligations, which is required to be implemented in 2023.
- 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 #99, Omnibus 2022, which is required to be implemented in 2023.
- The GASB issued Statement #100, Accounting Changes and Error Corrections, which is required to be implemented in 2024.
- The GASB issued Statement #101, Compensated Absences, which is required to be implemented in 2025.

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

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, 2022

	Budgeted Amounts					Variance to Final Budget
	Original Budget	Final Budget	Actual Budgetary Amounts	Amounts Carried Forward To Next Year		
REVENUES:						
Real estate and personnel property taxes, net of tax refunds.....	\$ 154,763,129	\$ 154,763,129	\$ 154,914,062	\$ -	\$ 150,933	
Tax liens.....	-	5,225,000	5,225,000	303,064	-	303,064
Motor vehicle and other excise taxes.....	175,000	175,000	653,495	-	513,573	
Meals tax.....	250,000	250,000	421,022	-	478,495	
Penalties and interest on taxes.....	76,000	76,000	76,456	-	456	
Payments in lieu of taxes.....	10,882,272	10,882,272	11,120,784	-	238,512	
Intergovernmental.....	3,516,000	3,516,000	6,234,218	-	2,718,218	
Departmental and other.....	190,688	190,688	134,811	-	(55,877)	
TOTAL REVENUES.....	175,078,089	175,078,089	179,596,485	-	4,518,396	
EXPENDITURES:						
GENERAL GOVERNMENT:						
Executive Director's Office:						
Personnel Services.....	566,238	496,987	487,171	-	9,816	
Expenses.....	49,305	49,305	34,196	200	14,909	
Capital Outlay.....	195,514	592,614	53,488	539,126	-	
	<u>811,057</u>	<u>1,138,906</u>	<u>574,855</u>	<u>539,326</u>	<u>24,725</u>	
Sustainable Energy:						
Personnel Services.....	74,839	75,622	74,784	-	838	
Expenses.....	3,695	3,695	3,525	84	86	
Capital Outlay.....	42,185	42,185	36,185	6,000	-	
	<u>120,719</u>	<u>121,502</u>	<u>114,494</u>	<u>6,084</u>	<u>924</u>	
Central Administrative Services:						
Expenses.....	30,950	30,950	10,743	1,950	18,257	
Finance Department:						
Personnel Services.....	479,190	484,145	421,696	-	62,449	
Expenses.....	12,450	12,450	3,055	-	9,395	
	<u>491,640</u>	<u>496,595</u>	<u>424,751</u>	<u>-</u>	<u>71,844</u>	
Information Technology:						
Personnel Services.....	702,364	717,634	670,700	-	46,934	
Expenses.....	616,250	616,250	547,322	51,189	17,739	
Capital Outlay.....	473,223	473,223	115,683	353,968	3,572	
	<u>1,791,837</u>	<u>1,807,107</u>	<u>1,333,705</u>	<u>405,157</u>	<u>68,245</u>	
Treasurer/Collector:						
Personnel Services.....	353,135	358,360	296,187	-	62,173	
Expenses.....	118,341	116,989	108,973	-	8,016	
Capital Outlay.....	-	1,352	798	-	554	
	<u>471,476</u>	<u>476,701</u>	<u>405,958</u>	<u>-</u>	<u>70,743</u>	
Town Report:						
Expenses.....	4,000	4,000	1,417	-	2,583	
Council on Aging:						
Personnel Services.....	403,405	388,346	365,170	-	23,176	
Expenses.....	79,000	79,000	59,630	1,996	17,374	
Capital Outlay.....	52,646	52,646	16,744	17,892	18,010	
	<u>535,051</u>	<u>519,992</u>	<u>441,544</u>	<u>19,888</u>	<u>58,560</u>	
Veterans' Services:						
Expenses.....	70,822	70,822	60,004	-	10,818	

(Continued)

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

YEAR ENDED JUNE 30, 2022

	Budgeted Amounts		Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Original Budget	Final Budget			
Youth Commission:					
Personnel Services.....	89,486	91,310	91,241	-	69
Expenses.....	<u>17,090</u>	<u>17,090</u>	<u>14,894</u>	-	2,196
	<u>106,576</u>	<u>108,400</u>	<u>106,135</u>	-	2,265
Housing Development Corporation:					
Expenses.....	6,500	6,500	4,025	650	1,825
Historical Commission:					
Expenses.....	750	750	503	-	247
Memorial Day:					
Expenses.....	5,000	5,000	4,663	-	337
Celebrations Committee:					
Expenses.....	4,700	9,400	9,400	-	-
Zoning Board of Appeals:					
Personnel Services.....	79,713	81,022	75,489	-	5,533
Expenses.....	<u>9,190</u>	<u>9,190</u>	<u>7,842</u>	245	1,103
	<u>88,903</u>	<u>90,212</u>	<u>83,331</u>	245	6,636
Law:					
Expenses.....	398,500	548,500	448,523	20,000	79,977
Risk Management:					
Expenses.....	538,422	608,422	582,543	-	25,879
Audit Committee:					
Expenses.....	60,400	60,400	60,400	-	-
Street Lighting:					
Expenses.....	142,000	142,000	128,911	-	13,089
Town Clerk/Election and Registration:					
Personnel Services.....	313,643	313,643	261,057	-	52,586
Expenses.....	78,975	78,975	61,160	4,833	12,982
Capital Outlay.....	<u>16,000</u>	<u>16,000</u>	<u>6,000</u>	10,000	-
	<u>408,618</u>	<u>408,618</u>	<u>328,217</u>	<u>14,833</u>	65,568
Board of Assessors:					
Personnel Services.....	308,457	313,179	312,235	-	944
Expenses.....	<u>85,025</u>	<u>85,025</u>	<u>84,798</u>	-	227
	<u>393,482</u>	<u>398,204</u>	<u>397,033</u>	-	1,171
Planning Board:					
Personnel Services.....	314,105	316,225	236,216	-	80,009
Expenses.....	49,160	49,160	21,423	800	26,937
Capital Outlay.....	<u>75,000</u>	<u>75,000</u>	-	75,000	-
	<u>438,265</u>	<u>440,385</u>	<u>257,639</u>	<u>75,800</u>	106,946
Human Resources Board:					
Personnel Services.....	394,819	411,541	411,541	-	-
Expenses.....	58,139	58,139	28,902	479	28,758
Capital Outlay.....	<u>180,000</u>	<u>19,948</u>	-	-	19,948
	<u>632,958</u>	<u>489,628</u>	<u>440,443</u>	<u>479</u>	48,706
Advisory Committee:					
Personnel Services.....	10,000	13,000	11,638	-	1,362
Expenses.....	<u>19,500</u>	<u>16,500</u>	<u>13,465</u>	-	3,035
	<u>29,500</u>	<u>29,500</u>	<u>25,103</u>	-	4,397

(Continued)

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

YEAR ENDED JUNE 30, 2022

	Budgeted Amounts				
	Original Budget	Final Budget	Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
Advisory Committee - Reserve Fund:					
Expenses.....	175,000	175,000	-	-	175,000
TOTAL GENERAL GOVERNMENT.....	<u>7,757,126</u>	<u>8,187,494</u>	<u>6,244,340</u>	<u>1,084,412</u>	<u>858,742</u>
FACILITIES MAINTENANCE:					
Personnel Services.....	4,789,139	4,967,291	4,791,529	-	175,762
Expenses.....	3,695,812	3,702,040	3,269,188	77,670	355,182
Capital Outlay.....	2,188,104	2,188,104	630,215	1,371,555	186,334
TOTAL FACILITIES MAINTENANCE.....	<u>10,673,055</u>	<u>10,857,435</u>	<u>8,690,932</u>	<u>1,449,225</u>	<u>717,278</u>
PUBLIC SAFETY:					
Police Department:					
Personnel Services.....	6,319,279	6,320,135	6,225,499	-	94,636
Expenses.....	796,539	796,539	530,912	263,862	1,765
Capital Outlay.....	10,685	10,685	-	8,449	2,236
	<u>7,126,503</u>	<u>7,127,359</u>	<u>6,756,411</u>	<u>272,311</u>	<u>98,637</u>
Special School Police:					
Personnel Services.....	132,706	132,706	42,026	-	90,680
Expenses.....	3,461	3,461	2,705	546	210
	<u>136,167</u>	<u>136,167</u>	<u>44,731</u>	<u>546</u>	<u>90,890</u>
Fire Department:					
Personnel Services.....	5,853,043	5,853,043	4,422,679	-	1,430,364
Expenses.....	291,907	291,908	265,009	16,785	10,114
Capital Outlay.....	197,029	197,028	7,956	189,072	-
	<u>6,341,979</u>	<u>6,341,979</u>	<u>4,695,644</u>	<u>205,857</u>	<u>1,440,478</u>
Building Department:					
Personnel Services.....	558,400	576,711	576,711	-	-
Expenses.....	41,000	41,000	22,981	-	18,019
	<u>599,400</u>	<u>617,711</u>	<u>599,692</u>	<u>-</u>	<u>18,019</u>
Sealer of Weights and Measures:					
Personnel Services.....	15,000	15,000	13,108	-	1,892
Expenses.....	2,700	2,700	217	-	2,483
	<u>17,700</u>	<u>17,700</u>	<u>13,325</u>	<u>-</u>	<u>4,375</u>
TOTAL PUBLIC SAFETY.....	<u>14,221,749</u>	<u>14,240,916</u>	<u>12,109,803</u>	<u>478,714</u>	<u>1,652,399</u>
PUBLIC WORKS:					
Engineering:					
Personnel Services.....	626,027	584,166	568,569	-	15,597
Expenses.....	70,525	70,584	59,766	4,576	6,242
Capital Outlay.....	75,000	70,337	-	70,337	-
	<u>771,552</u>	<u>725,087</u>	<u>628,335</u>	<u>74,913</u>	<u>21,839</u>
Highway:					
Personnel Services.....	1,231,712	1,277,636	1,277,604	-	32
Expenses.....	519,321	550,711	521,004	11,955	17,752
Capital Outlay.....	1,071,856	1,059,864	499,933	559,931	-
	<u>2,822,889</u>	<u>2,888,211</u>	<u>2,298,541</u>	<u>571,886</u>	<u>17,784</u>
Fleet Maintenance:					
Personnel Services.....	204,306	204,306	204,306	-	-
Expenses.....	43,462	43,462	9,125	-	34,337
	<u>247,768</u>	<u>247,768</u>	<u>213,431</u>	<u>-</u>	<u>34,337</u>

(Continued)

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

YEAR ENDED JUNE 30, 2022

	Budgeted Amounts				
	Original Budget	Final Budget	Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
Park:					
Personnel Services.....	1,360,835	1,383,606	1,383,106	-	500
Expenses.....	401,300	441,064	394,363	18,316	28,385
Capital Outlay.....	248,601	226,108	142,822	83,209	77
	<u>2,010,736</u>	<u>2,050,778</u>	<u>1,920,291</u>	<u>101,525</u>	<u>28,962</u>
Recycling and Disposal:					
Personnel Services.....	1,189,915	1,194,657	1,126,394	-	68,263
Expenses.....	1,442,041	1,399,040	1,200,432	106,172	92,436
Capital Outlay.....	91,743	91,743	25,548	66,195	-
	<u>2,723,699</u>	<u>2,685,440</u>	<u>2,352,374</u>	<u>172,367</u>	<u>160,699</u>
Management:					
Personnel Services.....	415,385	422,965	422,289	-	676
Expenses.....	27,742	27,742	24,950	1,445	1,347
Capital Outlay.....	1,021,138	1,021,138	468,625	552,513	-
	<u>1,464,265</u>	<u>1,471,845</u>	<u>915,864</u>	<u>553,958</u>	<u>2,023</u>
Winter Maintenance:					
Expenses.....	379,177	1,079,177	915,514	-	163,663
TOTAL PUBLIC WORKS.....	<u>10,420,086</u>	<u>11,148,306</u>	<u>9,244,350</u>	<u>1,474,649</u>	<u>429,307</u>
WELLESLEY FREE LIBRARY:					
Library Trustees:					
Personnel Services.....	2,149,550	2,115,376	2,052,446	-	62,930
Expenses.....	648,951	648,951	648,097	801	53
Capital Outlay.....	143,792	143,792	122,281	21,511	-
TOTAL WELLESLEY FREE LIBRARY.....	<u>2,942,293</u>	<u>2,908,119</u>	<u>2,822,824</u>	<u>22,312</u>	<u>62,983</u>
RECREATION:					
Recreation Commission:					
Personnel Services.....	355,813	362,020	362,020	-	-
Expenses.....	30,491	30,491	19,685	-	10,806
TOTAL RECREATION.....	<u>386,304</u>	<u>392,511</u>	<u>381,705</u>	<u>-</u>	<u>10,806</u>
HEALTH:					
Board of Health:					
Personnel Services.....	838,682	851,706	711,937	-	139,769
Expenses.....	125,278	125,278	87,919	1,810	35,549
Capital Outlay.....	20,000	20,000	20,000	-	-
	<u>983,960</u>	<u>996,984</u>	<u>819,856</u>	<u>1,810</u>	<u>175,318</u>
Mental Health Services:					
Expenses.....	281,735	281,735	267,606	-	14,129
TOTAL HEALTH.....	<u>1,265,695</u>	<u>1,278,719</u>	<u>1,087,462</u>	<u>1,810</u>	<u>189,447</u>
NATURAL RESOURCES:					
Natural Resources Commission:					
Personnel Services.....	239,100	243,846	235,343	-	8,503
Expenses.....	30,000	30,000	14,610	4,475	10,915
Capital Outlay.....	223,090	223,090	88,103	105,215	29,772
	<u>492,190</u>	<u>496,936</u>	<u>338,056</u>	<u>109,690</u>	<u>49,190</u>
Morses Pond:					
Expenses.....	147,750	147,750	137,010	-	10,740
Capital Outlay.....	17,541	17,541	7,716	9,825	-
	<u>165,291</u>	<u>165,291</u>	<u>144,726</u>	<u>9,825</u>	<u>10,740</u>
TOTAL NATURAL RESOURCES.....	<u>657,481</u>	<u>662,227</u>	<u>482,782</u>	<u>119,515</u>	<u>59,930</u>

(Continued)

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

YEAR ENDED JUNE 30, 2022

	Budgeted Amounts				
	Original Budget	Final Budget	Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
WELLESLEY PUBLIC SCHOOLS.....	88,843,830	88,843,830	80,677,823	6,741,523	1,424,484
EMPLOYEE BENEFITS:					
Group Insurance:					
Expenses.....	20,462,688	20,522,688	18,352,469	-	2,170,219
Medical - Police & Fire:					
Expenses.....	100,000	100,000	66,738	-	33,262
Worker's Compensation:					
Expenses.....	244,149	244,149	244,149	-	-
Other Postemployment Benefits Liability Fund:					
Expenses.....	3,432,000	3,432,000	3,432,000	-	-
Retirement Contribution:					
Expenses.....	8,234,817	8,234,817	8,234,817	-	-
Unemployment Compensation:					
Expenses.....	100,000	100,000	100,000	-	-
Compensated Absences:					
Expenses.....	120,000	120,000	12,668	-	107,332
TOTAL EMPLOYEE BENEFITS	32,693,654	32,753,654	30,442,841	-	2,310,813
State and County Charges.....	1,309,563	1,309,563	1,286,137	-	23,426
Debt service:					
Principal.....	10,820,000	10,820,000	10,820,000	-	-
Interest.....	4,708,092	4,708,092	4,698,358	-	9,734
Total debt service.....	15,528,092	15,528,092	15,518,358	-	9,734
TOTAL EXPENDITURES	186,698,928	188,110,866	168,989,357	11,372,160	7,749,349
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(11,620,839)	(13,032,777)	10,607,128	(11,372,160)	12,267,745
OTHER FINANCING SOURCES (USES):					
Use of prior year fund balance to fund carryovers.....	8,644,688	8,644,688	-	-	(8,644,688)
Free cash voted to reduce tax rate for fiscal year 2022.....	3,781,347	3,781,347	-	-	(3,781,347)
Free cash voted to fund fiscal year 2022 budget.....	113,787	4,325,725	-	-	(4,325,725)
Transfers in.....	1,990,489	1,990,489	2,256,632	-	266,143
Transfers out.....	(2,909,472)	(5,709,472)	(5,709,472)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	11,620,839	13,032,777	(3,452,840)	-	(16,485,617)
NET CHANGE IN FUND BALANCE	-	-	7,154,288	(11,372,160)	(4,217,872)
BUDGETARY FUND BALANCE, Beginning of year	39,991,297	39,991,297	39,991,297	-	-
BUDGETARY FUND BALANCE, End of year	\$ 39,991,297	\$ 39,991,297	\$ 47,145,585	\$ (11,372,160)	\$ (4,217,872)

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
Total pension liability:				
Service cost.....	\$ 5,067,998	\$ 5,629,329	\$ 5,835,095	\$ 6,056,541
Interest.....	13,553,363	14,040,337	14,622,378	14,872,702
Differences between expected and actual experience.....	(4,690,325)	-	(3,526,008)	-
Changes of benefit terms.....	10,614,112	-	2,112,997	-
Changes in assumptions.....	-	-	-	2,765,608
Benefit payments.....	(10,336,763)	(11,105,145)	(11,400,054)	(11,400,176)
Net change in total pension liability.....	14,208,385	8,564,521	7,644,408	12,294,675
Total pension liability - beginning.....	<u>193,719,852</u>	<u>207,928,237</u>	<u>216,492,758</u>	<u>224,137,166</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>
Plan fiduciary net position:				
Employer contributions.....	\$ 7,070,467	\$ 7,304,832	\$ 7,562,273	\$ 7,835,775
Member contributions.....	3,393,034	3,478,496	3,608,960	3,783,992
Net investment income (loss).....	10,717,718	1,152,712	11,291,223	27,868,069
Administrative expenses.....	(226,954)	(250,722)	(245,349)	(243,555)
Retirement benefits and refunds.....	(10,336,763)	(11,105,145)	(11,400,054)	(11,400,176)
Other receipts.....	-	-	-	-
Net increase (decrease) in fiduciary net position.....	10,617,502	580,173	10,817,053	27,844,105
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>
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>
Net pension liability - ending (a)-(b).....	<u>\$ 54,972,314</u>	<u>\$ 62,956,662</u>	<u>\$ 59,784,017</u>	<u>\$ 44,234,587</u>
Plan fiduciary net position as a percentage of the total pension liability.....	73.56%	70.92%	73.33%	81.29%
Covered payroll.....	\$ 35,228,283	\$ 35,959,727	\$ 36,836,364	\$ 38,226,711
Net pension liability as a percentage of covered payroll.....	156.05%	175.08%	162.30%	115.72%
Discount rate.....	7.000%	6.750%	6.750%	6.625%

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

See notes to required supplementary information.

	December 31, 2018	December 31, 2019	December 31, 2020	December 31, 2021
\$	6,304,678	\$ 6,466,006	\$ 6,653,787	\$ 7,592,740
15,690,721	16,505,745	17,178,584	17,198,697	
2,850,684	184,200	(4,805,590)	-	
-	-	-	-	
-	-	20,784,416	-	
(11,790,962)	(13,619,213)	(12,756,204)	(14,081,067)	
13,055,121	9,536,738	27,054,993	10,710,370	
<u>236,431,841</u>	<u>249,486,962</u>	<u>259,023,700</u>	<u>286,078,693</u>	
\$ <u>249,486,962</u>	\$ <u>259,023,700</u>	\$ <u>286,078,693</u>	\$ <u>296,789,063</u>	
\$	8,371,229	\$ 8,868,984	\$ 9,454,478	\$ 9,776,446
3,918,951	3,869,218	4,016,762	4,186,703	
(4,523,402)	29,988,757	25,663,288	47,476,307	
(224,469)	(255,811)	(205,532)	(284,741)	
(11,790,962)	(13,619,213)	(12,756,204)	(14,081,067)	
-	-	402	6,011	
(4,248,653)	28,851,935	26,173,194	47,079,659	
<u>192,197,254</u>	<u>187,948,601</u>	<u>216,800,536</u>	<u>242,973,730</u>	
\$ <u>187,948,601</u>	\$ <u>216,800,536</u>	\$ <u>242,973,730</u>	\$ <u>290,053,389</u>	
\$ <u>61,538,361</u>	\$ <u>42,223,164</u>	\$ <u>43,104,963</u>	\$ <u>6,735,674</u>	
75.33%	83.70%	84.93%	97.73%	
\$ 39,169,350	\$ 40,682,134	\$ 40,939,192	\$ 42,492,899	
157.11%	103.79%	105.29%	15.85%	
6.625%	6.625%	6.00%	6.00%	

SCHEDULE OF CONTRIBUTIONS
WELLESLEY CONTRIBUTORY RETIREMENT SYSTEM

Year	Actuarially determined contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
December 31, 2021.....	\$ 9,756,209	\$ (9,782,457)	\$ (26,248)	\$ 42,492,899	23.02%
December 31, 2020.....	9,438,070	(9,454,478)	(16,408)	40,939,192	23.09%
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

Year	Annual money-weighted rate of return, net of investment expense
December 31, 2021.....	19.84%
December 31, 2020.....	12.02%
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 the Town's Contributions presents multi-year trend information on the Town's required and actual contributions to the pension plan and other ratios.

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

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

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

Year	Proportion of the net pension liability (asset)	Proportionate share of the net pension liability (asset)	Covered payroll	Net pension liability as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
December 31, 2021.....	99.16%	\$ 6,678,767	\$ 42,133,894	15.85%	97.73%
December 31, 2020.....	99.14%	42,738,004	40,587,115	105.30%	84.93%
December 31, 2019.....	99.23%	41,868,634	40,368,882	103.72%	83.70%
December 31, 2018.....	99.22%	61,059,446	38,863,829	157.11%	75.33%
December 31, 2017.....	99.15%	43,857,182	37,901,784	115.71%	81.29%
December 31, 2016.....	99.16%	59,284,672	36,526,939	162.30%	73.33%
December 31, 2015.....	99.20%	62,453,930	35,672,049	175.08%	70.92%
December 31, 2014.....	99.20%	54,529,625	34,946,457	156.04%	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 THE TOWN'S CONTRIBUTIONS
WELLESLEY CONTRIBUTORY RETIREMENT SYSTEM**

Year	Actuarially determined contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
June 30, 2022.....	\$ 9,673,783	\$ (9,710,677)	\$ (36,894)	42,917,828	22.63%
June 30, 2021.....	9,431,956	(9,448,364)	(16,408)	41,348,584	22.85%
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)	39,252,467	21.16%
June 30, 2018.....	7,784,319	(7,822,841)	(38,522)	38,280,802	20.44%
June 30, 2017.....	7,512,624	(7,512,624)	-	36,892,208	20.36%
June 30, 2016.....	7,224,702	(7,243,637)	(18,935)	36,028,770	20.11%
June 30, 2015.....	6,983,288	(6,983,288)	-	35,295,921	19.78%

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

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

See notes to required supplementary information.

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

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

Year	Commonwealth's 100% Share of the Associated Net Pension Liability	Expense and Revenue Recognized for the Commonwealth's Support	Plan Fiduciary Net Position as a Percentage of the Total Liability
2022.....	\$ 173,045,569	\$ 13,886,186	62.03%
2021.....	212,253,250	26,216,317	50.67%
2020.....	187,118,342	22,691,347	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	June 30, 2021	June 30, 2022
Total OPEB Liability						
Service Cost.....	\$ 3,695,446	\$ 3,793,326	\$ 4,018,416	\$ 4,217,478	\$ 4,247,728	\$ 4,994,842
Interest.....	7,545,735	7,990,117	8,431,566	8,120,416	8,470,561	8,509,474
Changes of benefit terms.....	-	-	-	-	-	-
Differences between expected and actual experience.....	-	(5,332,500)	-	-	(888,614)	-
Changes of assumptions.....	-	(4,380,595)	-	(1,847,908)	7,093,397	6,729,387
Benefit payments.....	<u>(4,614,800)</u>	<u>(5,078,148)</u>	<u>(5,619,307)</u>	<u>(5,088,867)</u>	<u>(5,468,869)</u>	<u>(5,936,215)</u>
Net change in total OPEB liability.....	6,626,381	(3,007,800)	6,830,675	5,401,119	13,454,203	14,297,488
Total OPEB liability - beginning.....	<u>110,450,012</u>	<u>117,076,393</u>	<u>114,068,593</u>	<u>120,899,268</u>	<u>126,300,387</u>	<u>139,754,590</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>	<u>\$ 139,754,590</u>	<u>\$ 154,052,078</u>
Plan fiduciary net position						
Employer contributions.....	\$ 3,464,970	\$ 3,646,371	\$ 3,645,843	\$ 3,648,209	\$ 3,493,370	\$ 3,616,009
Employer contributions for OPEB payments.....	4,614,800	5,078,148	5,619,307	5,088,867	5,468,869	5,936,215
Net investment income (loss).....	5,975,037	5,307,352	3,713,928	1,392,631	22,763,568	(4,077,957)
Benefit payments.....	<u>(4,614,800)</u>	<u>(5,078,148)</u>	<u>(5,619,307)</u>	<u>(5,088,867)</u>	<u>(5,468,869)</u>	<u>(5,936,215)</u>
Net change in plan fiduciary net position.....	9,440,007	8,953,723	7,359,771	5,040,840	26,256,938	(461,948)
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>	<u>75,024,302</u>	<u>101,281,240</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>	<u>\$ 101,281,240</u>	<u>\$ 100,819,292</u>
Net OPEB liability - ending (a)-(b).....	<u>\$ 63,406,425</u>	<u>\$ 51,444,902</u>	<u>\$ 50,915,806</u>	<u>\$ 51,276,085</u>	<u>\$ 38,473,350</u>	<u>\$ 53,232,786</u>
Plan fiduciary net position as a percentage of the total OPEB liability.....	45.84%	54.90%	57.89%	59.40%	72.47%	65.44%
Covered-employee payroll.....	\$ 96,595,069	\$ 98,526,970	\$ 100,497,509	\$ 102,507,459	\$ 104,557,608	\$ 106,648,760
Net OPEB liability as a percentage of covered-employee payroll.....	65.64%	52.21%	50.66%	50.02%	36.80%	49.91%
Discount rate.....	6.750%	6.750%	6.625%	6.625%	6.00%	6.00%

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

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

See notes to required supplementary information.

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

Year	Actuarially determined contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered-employee payroll	Contributions as a percentage of covered-employee payroll
June 30, 2022.....	\$ 8,653,738	\$ (9,552,224)	\$ (898,486)	\$ 106,648,760	8.96%
June 30, 2021.....	9,173,192	(8,962,239)	210,953	104,557,608	8.57%
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

<u>Year</u>	Annual money-weighted rate of return, net of investment expense
June 30, 2022.....	-3.93%
June 30, 2021.....	29.58%
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 Select Board 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 2022 budget included \$180.9 million in appropriations and other amounts to be raised and \$8.6 million in amounts carried over from previous years. During 2022, the Town approved \$4.2 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, 2022, is presented below:

Net change in fund balance - budgetary basis.....	\$ 7,154,288
<u>Perspective differences:</u>	
Activity of the stabilization fund recorded in the general fund for GAAP.....	(136,939)
<u>Basis of accounting differences:</u>	
Net change in recording tax refunds payable.....	408,028
Net change in recording 60 day receipts.....	218,000
Net change in recording accrued expenditures.....	(731,219)
Net change in recording Covid-19 related receivable.....	(365,638)
Recognition of revenue for on-behalf payments.....	13,886,186
Recognition of expenditures for on-behalf payments.....	<u>(13,886,186)</u>
Net change in fund balance - GAAP basis.....	\$ <u>6,546,520</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 an actuarial valuation.

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 - TownSchedule 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 the 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 on an actuarial basis.

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, 2022 was determined with the December 31, 2020, actuarial valuation.
Actuarial cost method.....	Entry age normal - level percentage of payroll.
Amortization method.....	Payments increase at 3.0% per year.
Remaining amortization period.....	16 years as of July 1, 2021.
Asset valuation method.....	Fair Value.
Discount rate/Investment rate of return.....	6.00%
Inflation rate.....	3.00%

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-2014 Blue Collar Healthy Annuitant Mortality Table projected generationally with Scale MP-2016 set forward one year.
	Pre-Retirement (Teachers): Pub-2010 Teacher Employee Mortality Table (headcount weighted) projected generationally with Scale MP-2020.
	Healthy (Teachers): Pub-2010 Teacher Mortality Table (headcount weighted) projected generationally with Scale MP-2020.
	Disabled (Teachers): Pub-2010 Teacher Mortality Table (headcount weighted) projected generationally with Scale-2020.

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 first year medical and prescription drug trend assumption was revised to reflect known increases and the migration out of the Fallon plans and the Part B trend assumption was revised to reflect known increases.

Changes in Plan Provisions

None.

Combining 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, 2022

Special Revenue Funds						
	School Lunch	Community Preservation	Grants	Receipts Reserved	Revolving	
ASSETS						
Cash and cash equivalents.....	\$ 726,789	\$ 8,961,212	\$ 3,722,168	\$ 2,140,435		\$ 4,645,825
Investments.....	-	-	-	-		-
Receivables, net of uncollectibles:						
Community preservation fund surcharge.....	-	9,019	-	-		-
Departmental and other.....	-	-	-	-		76,897
Intergovernmental.....	-	495,891	-	-		-
TOTAL ASSETS.....	<u>\$ 726,789</u>	<u>\$ 9,466,122</u>	<u>\$ 3,722,168</u>	<u>\$ 2,140,435</u>		<u>\$ 4,722,722</u>
LIABILITIES						
Warrants payable.....	\$ 308,428	\$ 7,221	\$ 504,073	\$ 520		\$ 20,450
Accrued payroll.....	-	-	4,089	2,342		37,258
Unearned revenue.....	-	-	989,048	-		-
TOTAL LIABILITIES.....	<u>308,428</u>	<u>7,221</u>	<u>1,497,210</u>	<u>2,862</u>		<u>57,708</u>
DEFERRED INFLOWS OF RESOURCES						
Taxes paid in advance.....	-	11,575	-	-		-
Unavailable revenue.....	-	500,326	-	-		76,897
TOTAL DEFERRED INFLOWS OF RESOURCES.....	<u>-</u>	<u>511,901</u>	<u>-</u>	<u>-</u>		<u>76,897</u>
FUND BALANCES						
Nonspendable.....	-	-	-	-		-
Restricted.....	418,361	8,947,000	2,224,958	2,137,573		4,588,117
TOTAL FUND BALANCES.....	<u>418,361</u>	<u>8,947,000</u>	<u>2,224,958</u>	<u>2,137,573</u>		<u>4,588,117</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES.....	<u>\$ 726,789</u>	<u>\$ 9,466,122</u>	<u>\$ 3,722,168</u>	<u>\$ 2,140,435</u>		<u>\$ 4,722,722</u>

Special Revenue Funds

						Total Nonmajor Governmental Funds	
Recreation Revolving	Other	Highway Chapter 90	Subtotal	Permanent Fund			
\$ 430,350	\$ 4,079,137	\$ 111,221	\$ 24,817,137	\$ 424,920	\$ 25,242,057		
-	279,813	-	279,813	1,243,792	1,523,605		
-	-	-	9,019	-	9,019		
-	12,000	-	88,897	-	88,897		
-	-	386,652	882,543	-	882,543		
\$ 430,350	\$ 4,370,950	\$ 497,873	\$ 26,077,409	\$ 1,668,712	\$ 27,746,121		
\$ 49,428	\$ 49,891	\$ 152,060	\$ 1,092,071	\$ -	\$ 1,092,071		
11,782	303	-	55,774	-	55,774		
-	-	-	989,048	-	989,048		
61,210	50,194	152,060	2,136,893	-	2,136,893		
-	-	-	11,575	-	11,575		
-	-	345,813	923,036	-	923,036		
-	-	345,813	934,611	-	934,611		
-	-	-	-	386,023	386,023		
369,140	4,320,756	-	23,005,905	1,282,689	24,288,594		
369,140	4,320,756	-	23,005,905	1,668,712	24,674,617		
\$ 430,350	\$ 4,370,950	\$ 497,873	\$ 26,077,409	\$ 1,668,712	\$ 27,746,121		

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

YEAR ENDED JUNE 30, 2022

	Special Revenue Funds				
	School Lunch	Community Preservation	Grants	Receipts Reserved	Revolving
REVENUES:					
Charges for services.....	\$ 439,572	\$ -	\$ -	\$ -	\$ -
Parking meter receipts.....	- -	- -	- -	420,885	- -
Intergovernmental.....	1,309,354	603,571	7,476,646	- -	22,297
Departmental and other.....	- -	- -	- -	- -	4,788,018
Community preservation surcharge.....	- -	1,416,834	- -	- -	- -
Contributions and donations.....	- -	- -	- -	- -	453,559
Investment income.....	- -	27,029	23	- -	- -
TOTAL REVENUES.....	1,748,926	2,047,434	7,476,669	420,885	5,263,874
EXPENDITURES:					
Current:					
General government.....	- -	- -	269,393	- -	96,865
Facilities maintenance.....	- -	- -	- -	- -	48,217
Natural resources.....	- -	- -	- -	- -	- -
Public safety.....	- -	- -	1,569,872	51,637	1,100,983
Public education.....	1,573,668	- -	2,807,822	- -	2,631,088
Public works.....	- -	- -	587,211	- -	340,131
Health.....	- -	- -	78,076	- -	8,076
Recreation.....	- -	- -	72,697	- -	- -
Library.....	- -	- -	84,218	- -	3,481
Community preservation.....	- -	344,800	- -	- -	- -
Traffic and parking management.....	- -	- -	- -	630,818	1,235
TOTAL EXPENDITURES.....	1,573,668	344,800	5,469,289	682,455	4,230,076
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....					
	175,258	1,702,634	2,007,380	(261,570)	1,033,798
OTHER FINANCING SOURCES (USES):					
Transfers in.....	- -	- -	- -	894,685	- -
Transfers out.....	- -	(549,444)	(382,000)	(36,556)	(540,000)
TOTAL OTHER FINANCING SOURCES (USES).....	-	(549,444)	(382,000)	858,129	(540,000)
NET CHANGE IN FUND BALANCES.....	175,258	1,153,190	1,625,380	596,559	493,798
FUND BALANCES AT BEGINNING OF YEAR.....	243,103	7,793,810	599,578	1,541,014	4,094,319
FUND BALANCES AT END OF YEAR.....	\$ 418,361	\$ 8,947,000	\$ 2,224,958	\$ 2,137,573	\$ 4,588,117

Special Revenue Funds

Recreation Revolving	Other	Highway Chapter 90	Subtotal	Permanent Fund	Total Nonmajor Governmental Funds
\$ - \$ 339,299	\$ - \$ 778,871	\$ - \$ 420,885	\$ - \$ 13,560,056	\$ - \$ 6,307,869	\$ - \$ 13,560,056
1,229,261	290,590	754,329	13,560,056	22,192	1,544,417
-	-	-	1,522,225	27,052	76,467
-	1,068,666	-	27,052	98,659	103,519
<u>1,229,261</u>	<u>5,092,414</u>	<u>754,329</u>	<u>24,033,792</u>	<u>98,659</u>	<u>24,132,451</u>
 - 61,548	 - 427,806	 - 48,217	 - 382	 2,825	 450,974
 - -	 - -	 - 382	 - 2,798,210	 - 11,587	 48,217
 - 75,718	 - 10,839,973	 - 1,810,039	 - 99,327	 - 1,102,883	 3,207
 - 3,827,395	 - 844,072	 - 844,072	 - 1,102,883	 - 297,148	 2,798,210
 - 38,625	 - 18,400,838	 - 18,400,838	 - 344,800	 - 37,580	 10,851,560
 - 13,175	 - 632,053	 - 632,053	 - 632,053	 - 1,810,039	 1,810,039
 911,618	 118,568	 844,072	 18,400,838	 37,580	 18,438,418
 - 209,449	 - 344,800	 - 632,053	 - 632,053	 - 1,102,883	 1,102,883
 <u>911,618</u>	 <u>4,344,860</u>	 <u>844,072</u>	 <u>18,400,838</u>	 <u>37,580</u>	 <u>18,438,418</u>
 317,643	 747,554	 (89,743)	 5,632,954	 61,079	 5,694,033
 - 80,000	 - 974,685	 - (1,696,014)	 - (1,696,014)	 - (1,696,014)	 974,685
 (188,014)	 - (1,696,014)	 - (1,696,014)	 - (1,696,014)	 - (1,696,014)	 (1,696,014)
 (188,014)	 80,000	 (721,329)	 - (721,329)	 - (721,329)	 (721,329)
 129,629	 827,554	 (89,743)	 4,911,625	 61,079	 4,972,704
 239,511	 3,493,202	 89,743	 18,094,280	 1,607,633	 19,701,913
 \$ 369,140	 \$ 4,320,756	 \$ -	 \$ 23,005,905	 \$ 1,668,712	 \$ 24,674,617

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, 2022

	Fleet Maintenance	Health Insurance	Unemployment	Workers' Compensation	Total Internal Service Funds
ASSETS					
CURRENT:					
Cash and cash equivalents.....	\$ 108,587	\$ 199,026	\$ -	\$ -	\$ 307,613
Investments.....	-	150,042	928,956	745,229	1,824,227
Receivables, net of allowance for uncollectibles:					
Departmental and other.....	-	8,756	-	-	8,756
TOTAL ASSETS	108,587	357,824	928,956	745,229	2,140,596
LIABILITIES					
CURRENT:					
Warrants payable.....	21,586	-	-	-	21,586
Accrued payroll.....	12,590	357,533	-	5,379	375,502
Workers' compensation.....	-	-	-	271,000	271,000
Total current liabilities.....	34,176	357,533	-	276,379	668,088
NONCURRENT:					
Workers' compensation.....	-	-	-	250,000	250,000
TOTAL LIABILITIES	34,176	357,533	-	526,379	918,088
NET POSITION					
Unrestricted.....	\$ 74,411	\$ 291	\$ 928,956	\$ 218,850	\$ 1,222,508

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

YEAR ENDED JUNE 30, 2022

	Fleet Maintenance	Health Insurance	Unemployment	Workers' Compensation	Total Internal Service Funds
OPERATING REVENUES:					
Employee contributions.....	\$ -	\$ 11,860,642	\$ -	\$ -	\$ 11,860,642
Employer contributions.....	-	17,781,494	-	-	17,781,494
Charges for services.....	<u>1,473,829</u>	-	100,000	256,449	<u>1,830,278</u>
TOTAL OPERATING REVENUES	<u>1,473,829</u>	<u>29,642,136</u>	<u>100,000</u>	<u>256,449</u>	<u>31,472,414</u>
OPERATING EXPENSES:					
Employee benefits.....	-	29,645,488	56,299	824,726	30,526,513
Fleet maintenance.....	<u>1,407,969</u>	-	-	-	<u>1,407,969</u>
TOTAL OPERATING EXPENSES	<u>1,407,969</u>	<u>29,645,488</u>	<u>56,299</u>	<u>824,726</u>	<u>31,934,482</u>
OPERATING INCOME	<u>65,860</u>	<u>(3,352)</u>	<u>43,701</u>	<u>(568,277)</u>	<u>(462,068)</u>
NONOPERATING REVENUES (EXPENSES):					
Investment income (loss).....	-	2,879	(38,784)	(56,754)	(92,659)
CHANGE IN NET POSITION	<u>65,860</u>	<u>(473)</u>	<u>4,917</u>	<u>(625,031)</u>	<u>(554,727)</u>
NET POSITION AT BEGINNING OF YEAR	<u>8,551</u>	<u>764</u>	<u>924,039</u>	<u>843,881</u>	<u>1,777,235</u>
NET POSITION AT END OF YEAR	<u>\$ 74,411</u>	<u>\$ 291</u>	<u>\$ 928,956</u>	<u>\$ 218,850</u>	<u>\$ 1,222,508</u>

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2022

	Fleet Maintenance	Health Insurance	Unemployment	Workers' Compensation	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:					
Receipts from customers and users.....	\$ -	\$ 11,861,113	\$ -	\$ -	\$ 11,861,113
Receipts from interfund services provided.....	1,473,829	17,781,494	100,000	256,449	19,611,772
Payments for interfund services used.....	<u>(1,475,526)</u>	<u>(29,613,302)</u>	<u>(56,299)</u>	<u>(811,272)</u>	<u>(31,956,399)</u>
NET CASH FROM OPERATING ACTIVITIES.....	<u>(1,697)</u>	<u>29,305</u>	<u>43,701</u>	<u>(554,823)</u>	<u>(483,514)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:					
Sale (purchase) of investments.....	- -	(5,334)	(15,842)	611,577	590,401
Investment income (loss).....	- -	2,879	(38,784)	(56,754)	(92,659)
NET CASH FROM INVESTING ACTIVITIES.....	<u>- -</u>	<u>(2,455)</u>	<u>(54,626)</u>	<u>554,823</u>	<u>497,742</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS.....	<u>(1,697)</u>	<u>26,850</u>	<u>(10,925)</u>	<u>-</u>	<u>14,228</u>
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR.....	<u>110,284</u>	<u>172,176</u>	<u>10,925</u>	<u>-</u>	<u>293,385</u>
CASH AND CASH EQUIVALENTS, END OF YEAR.....	<u>\$ 108,587</u>	<u>\$ 199,026</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 307,613</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES:					
Operating income (loss).....	\$ 65,860	\$ (3,352)	\$ 43,701	\$ (568,277)	\$ (462,068)
Adjustments to reconcile operating income (loss) to net cash from operating activities:					
Changes in assets and liabilities:					
Departmental and other.....	- -	471	- -	- -	471
Warrants payable.....	(68,332)	(5,020)	- -	- -	(73,352)
Accrued payroll.....	775	37,206	- -	2,454	40,435
Workers' compensation.....	<u>- -</u>	<u>- -</u>	<u>- -</u>	<u>11,000</u>	<u>11,000</u>
Total adjustments.....	<u>(67,557)</u>	<u>32,657</u>	<u>- -</u>	<u>13,454</u>	<u>(21,446)</u>
NET CASH FROM OPERATING ACTIVITIES.....	<u>\$ (1,697)</u>	<u>\$ 29,305</u>	<u>\$ 43,701</u>	<u>\$ (554,823)</u>	<u>\$ (483,514)</u>

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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.



A peaceful afternoon on Morses Pond
Photo courtesy of Town of Wellesley

**Town of Wellesley, Massachusetts
Annual Comprehensive Financial Report
For the year ended June 30, 2022**

Statistical Section

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

Financial Trends

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

Revenue Capacity

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

Debt Capacity

- These schedules present information to help the reader assess the affordability of the Town's current levels of outstanding debt and the Town's ability to issue additional debt in the future.

Demographic and Economic Information

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

Operating Information

- These schedules contain service and infrastructure data to help the reader understand how the information in the Town's financial report relates to the services the Town provides and the activities it performs.

SOURCES: *Unless otherwise noted, the information in these schedules is derived from the audited financial reports for the relevant year.*

	Net Position By Component Last Ten Years									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Governmental activities										
Net investment in capital assets.....\$	140,647,943	139,229,485	141,158,278	148,818,623	155,132,937	157,153,332	162,153,159	162,479,778	166,963,845	173,603,803
Restricted.....	9,177,754	11,350,777	10,394,774	10,572,176	10,236,030	10,715,597	11,918,885	12,883,650	13,494,223	17,161,426
Unrestricted.....	40,250,651	(1,146,424)	(1,065,091)	(126,380)	(60,532,686)	(56,118,900)	(61,737,797)	(45,077,981)	(31,580,628)	(13,628,765)
Total governmental activities net position.....\$	190,076,348	149,433,838	150,487,961	159,264,419	104,836,281	111,750,029	112,334,247	130,285,447	148,877,440	177,136,464
Business-type activities										
Net investment in capital assets.....\$	82,672,463	83,609,607	84,703,679	85,594,311	87,359,541	87,482,288	88,572,516	88,576,032	91,095,111	93,340,179
Restricted.....	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Unrestricted.....	14,212,650	7,139,890	7,808,653	12,792,675	11,907,658	9,481,231	7,303,769	7,743,526	9,373,516	10,722,603
Total business-type activities net position.....\$	98,885,113	92,749,497	94,512,332	100,386,986	101,267,199	98,963,519	96,876,285	97,319,558	101,468,627	105,062,782
Primary government										
Net investment in capital assets.....\$	223,320,406	222,839,092	225,861,957	234,412,934	242,492,478	244,635,620	250,725,675	251,055,810	258,058,956	266,943,982
Restricted.....	11,177,754	13,350,777	12,394,774	12,572,176	12,236,030	12,715,597	12,918,885	13,883,650	14,494,223	18,161,426
Unrestricted.....	54,463,301	5,993,466	6,743,562	12,666,295	(48,625,028)	(46,637,669)	(54,434,028)	(37,334,455)	(22,207,112)	(2,906,162)
Total primary government net position.....\$	288,961,461	242,183,335	245,000,293	259,651,405	206,103,480	210,713,548	209,210,532	227,605,005	250,346,067	282,199,246

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.

The Town implemented GASB Statement #84 in 2021 which required the revision of 2020 ending net position.

Changes in Net Position
Last Ten Years

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Expenses										
Governmental activities:										
General government.....	\$ 12,874,364	\$ 14,414,151	\$ 14,818,677	\$ 16,065,450	\$ 8,805,331	\$ 8,814,934	\$ 9,652,907	\$ 10,204,381	\$ 10,467,922	\$ 10,958,616
Facilities maintenance.....	-	-	-	-	11,880,224	12,350,521	13,992,663	12,484,919	13,141,670	11,941,920
Natural resources.....	-	-	-	-	636,909	725,662	650,341	578,406	685,339	676,064
Public safety.....	16,973,654	17,710,263	18,190,686	19,814,209	17,132,944	17,548,998	19,494,235	18,065,791	16,528,319	14,950,639
Public education.....	99,210,900	102,344,740	107,336,897	111,214,742	118,927,884	122,811,840	129,130,514	127,392,966	134,824,373	125,111,284
Public works.....	9,709,246	10,865,268	11,612,335	11,467,571	14,112,079	13,920,456	14,862,889	14,829,916	15,186,863	15,541,723
Health.....	1,597,225	1,683,576	1,771,888	1,762,755	1,103,030	1,001,200	1,188,145	1,292,687	1,372,574	1,284,722
Library.....	3,853,620	4,004,455	4,092,547	4,509,513	4,251,592	4,420,548	4,477,590	4,582,627	4,206,811	4,010,995
Recreation.....	2,456,850	2,717,234	2,861,127	2,798,705	3,176,831	2,607,564	2,549,221	1,992,957	981,190	1,654,409
Traffic and parking management.....	598,789	659,832	651,374	761,292	832,610	789,994	725,300	1,039,262	663,265	632,053
Community preservation.....	105,345	19,992	35,941	75,855	187,011	687,669	357,988	331,855	240,468	153,550
Interest.....	3,816,585	3,442,724	3,080,832	5,219,877	4,830,418	4,391,453	4,416,324	4,008,703	3,752,244	4,157,954
Total government activities expenses.....	<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>201,498,117</u>	<u>196,804,470</u>	<u>202,051,038</u>	<u>191,073,929</u>
Business-type activities:										
Sewer.....	6,799,922	7,010,402	7,183,205	7,065,470	7,403,979	7,452,341	7,543,483	7,725,163	7,691,315	7,916,278
Water.....	5,189,293	5,938,980	6,293,253	5,741,906	6,100,706	6,707,078	6,736,557	7,879,097	7,633,496	7,174,603
Municipal light.....	31,253,122	32,845,603	33,471,296	31,752,049	33,237,686	38,605,006	39,338,634	34,014,913	34,296,172	34,756,415
Total business-type activities expenses.....	<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>53,623,674</u>	<u>49,619,173</u>	<u>49,620,983</u>	<u>49,847,296</u>
Total primary government expenses.....	<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>\$ 255,121,791</u>	<u>\$ 246,423,643</u>	<u>\$ 251,672,021</u>	<u>\$ 240,921,225</u>
Program Revenues										
Governmental activities:										
Education charges for services.....	\$ 3,284,351	\$ 3,780,607	\$ 4,133,754	\$ 4,588,795	\$ 4,868,667	\$ 4,968,173	\$ 5,242,307	\$ 4,102,835	\$ 1,894,437	\$ 3,879,929
Public safety charges for services.....	2,894,844	3,991,467	4,095,532	4,272,574	3,852,917	6,577,435	5,600,029	4,395,145	5,618,531	4,844,361
Other charges for services.....	3,640,168	3,793,602	3,739,997	4,044,264	4,804,745	4,061,182	4,249,760	3,337,844	3,160,222	3,740,089
Education operating grants and contributions.....	24,201,659	25,190,552	21,027,295	26,120,256	30,971,700	32,205,325	33,102,976	38,117,534	45,911,233	32,119,179
Other operating grants and contributions.....	1,391,765	1,083,745	752,440	1,358,563	872,209	1,063,246	1,493,174	3,346,835	2,302,433	5,844,112
Education capital grant and contributions.....	-	-	-	1,174,029	3,020,319	-	-	-	-	592,026
Other capital grant and contributions.....	2,345,265	990,827	1,950,446	2,446,151	1,028,260	580,951	1,169,737	1,968,482	748,470	1,484,735
Total government activities program revenues.....	<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>55,266,675</u>	<u>59,635,326</u>	<u>52,504,431</u>
Business-type activities:										
Municipal light charges for services.....	33,775,820	33,747,559	34,209,512	34,885,519	34,592,292	35,313,607	37,268,992	35,661,467	37,299,444	37,663,105
Sewer and water charges for services.....	13,359,209	13,899,712	14,350,065	14,683,479	15,837,178	15,119,727	15,088,805	14,859,420	16,204,322	15,138,294
Municipal light capital grant and contributions.....	441,013	602,671	1,151,012	1,636,744	663,708	880,585	771,777	541,559	454,547	1,640,052
Sewer and water capital grant and contributions.....	-	-	-	228,337	-	146,826	-	-	811,739	-
Total business-type activities program revenues.....	<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>	<u>54,770,052</u>	<u>54,441,451</u>
Total primary government program revenues.....	<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>\$ 106,331,121</u>	<u>\$ 114,405,378</u>	<u>\$ 106,945,882</u>
Net (Expense)/Revenue										
Governmental activities.....	\$ (113,438,526)	\$ (119,031,435)	\$ (128,752,840)	\$ (129,685,337)	\$ (136,458,046)	\$ (140,614,527)	\$ (150,640,134)	\$ (141,535,795)	\$ (142,415,712)	\$ (138,569,498)
Business-type activities.....	4,333,705	2,454,957	2,762,835	6,874,654	4,350,807	(1,303,680)	(494,100)	1,443,273	5,149,069	4,594,155
Total primary government net expense.....	<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>\$ (151,134,234)</u>	<u>\$ (140,092,522)</u>	<u>\$ (137,266,643)</u>	<u>\$ (133,975,343)</u>
General Revenues and other Changes in Net Position										
Governmental activities:										
Real estate and personal property taxes, net of tax refunds payable.....	\$ 108,975,300	\$ 112,155,012	\$ 120,017,005	\$ 127,800,794	\$ 131,146,331	\$ 135,997,161	\$ 140,554,509	\$ 144,857,998	\$ 149,157,707	\$ 155,928,386
Community preservation surcharge.....	982,069	1,019,365	1,084,562	1,153,629	1,201,441	1,247,964	1,301,988	1,341,104	1,383,742	1,416,834
Motor vehicle and other excise taxes.....	4,481,517	4,824,229	5,065,773	5,464,687	5,265,624	5,847,263	5,919,710	5,650,461	5,622,515	5,716,542
Meals tax.....	527,124	547,618	583,551	620,369	637,046	658,814	684,631	611,589	470,833	653,495
Nonrestricted grants, contributions, and other.....	1,761,581	1,919,920	1,793,829	1,794,382	2,102,798	1,735,859	2,057,273	1,914,868	2,457,810	2,199,463
Unrestricted investment income (loss).....	342,128	297,426	262,241	627,934	582,309	1,041,214	2,229,856	2,357,181	915,098	(86,198)
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>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>	<u>161,007,705</u>	<u>166,828,522</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>\$ 117,069,719</u>	<u>\$ 120,763,570</u>	<u>\$ 128,806,961</u>	<u>\$ 137,461,795</u>	<u>\$ 140,935,549</u>	<u>\$ 146,528,275</u>	<u>\$ 152,747,967</u>	<u>\$ 156,733,201</u>	<u>\$ 160,007,705</u>	

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Fund										
Committed.....	\$ 2,785,748	\$ 1,936,883	\$ 4,240,335	\$ 2,990,300	\$ 3,950,943	\$ 5,080,885	\$ 1,880,827	\$ 1,743,287	\$ 2,005,167	\$ 4,433,910
Assigned.....	3,633,780	5,169,365	3,726,971	3,834,068	5,949,459	3,478,397	5,021,045	6,332,723	5,573,169	4,011,368
Unassigned.....	15,342,967	15,230,000	14,521,699	18,092,104	18,566,100	20,788,871	24,245,720	26,918,753	34,191,300	39,870,878
Total general fund.....	\$ 21,762,495	\$ 22,336,248	\$ 22,489,005	\$ 24,916,472	\$ 28,466,502	\$ 29,348,153	\$ 31,147,592	\$ 34,994,763	\$ 41,769,636	\$ 48,316,156
All Other Governmental Funds										
Nonspendable.....	\$ 210,612	\$ 357,953	\$ 357,953	\$ 357,953	\$ 357,953	\$ 357,952	\$ 474,055	\$ 437,266	\$ 387,519	\$ 386,023
Restricted.....	21,151,572	18,248,261	34,628,603	29,736,594	20,707,687	26,564,000	28,739,533	24,372,120	33,145,424	111,395,628
Unassigned.....	(41,158)	(807,356)	-	-	-	-	-	-	-	-
Total all other governmental funds....	\$ 21,321,026	\$ 17,798,858	\$ 34,986,556	\$ 30,094,547	\$ 21,065,640	\$ 26,921,952	\$ 29,213,588	\$ 24,809,386	\$ 33,532,943	\$ 111,781,651

The Town implemented GASB Statement #84 in 2021, which required the revision of 2020 ending fund balance.

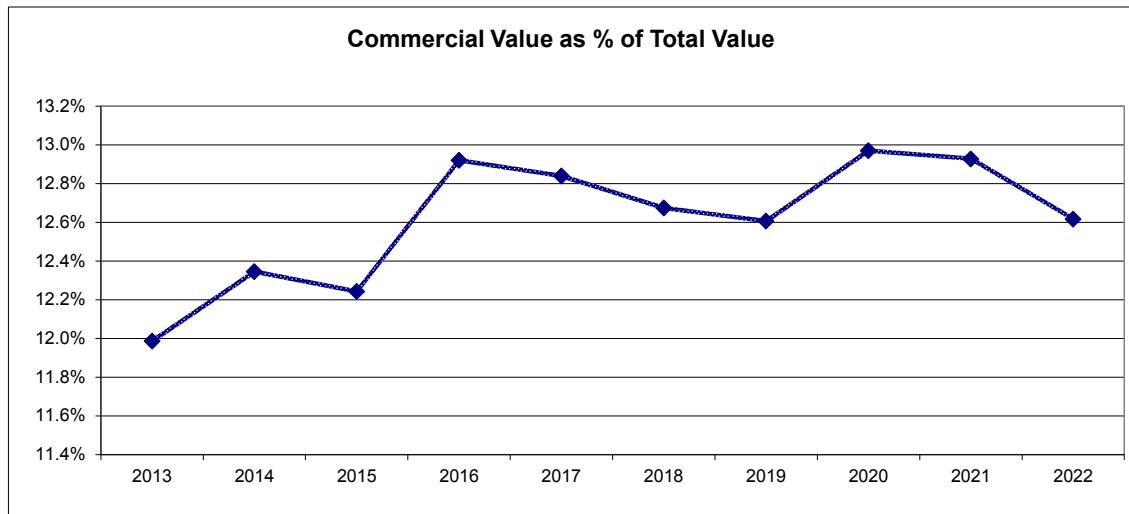
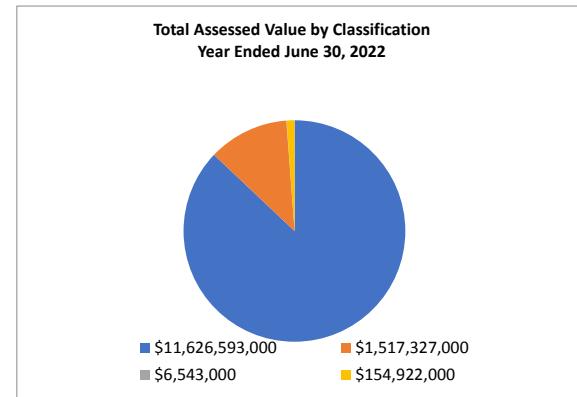
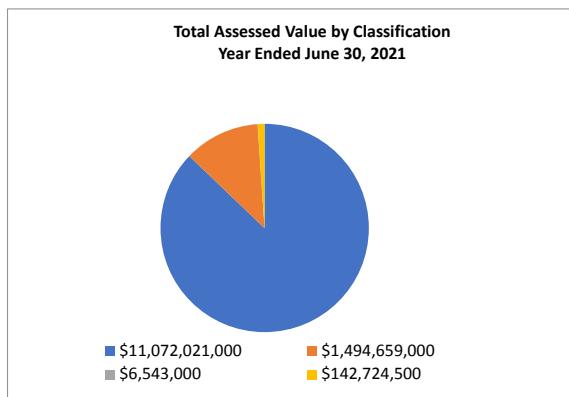
Changes in Fund Balances, Governmental Funds
Last Ten Years

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Revenues:										
Real estate and personal property taxes,										
net of tax refunds.....	\$ 108,739,508	\$ 112,573,209	\$ 119,526,163	\$ 127,955,497	\$ 131,692,216	\$ 135,032,080	\$ 140,561,739	\$ 144,447,614	\$ 149,493,703	\$ 155,843,154
Motor vehicle and other excise taxes.....	4,327,860	5,382,154	4,956,214	5,616,703	5,544,062	5,843,270	5,901,008	5,534,128	5,582,870	5,738,573
Meals tax.....	527,124	547,618	583,551	620,369	637,046	658,814	684,631	611,589	470,833	653,495
Community preservation surcharge.....	982,069	1,019,365	1,084,562	1,153,629	1,201,441	1,247,964	1,301,988	1,341,104	1,383,742	1,416,834
Charges for service.....	1,058,774	1,118,806	1,215,693	1,291,915	1,482,112	1,503,011	1,549,919	1,102,284	204,022	778,871
Intergovernmental.....	28,646,792	26,896,444	24,027,252	29,706,452	36,376,415	34,095,554	35,948,591	41,425,334	49,800,383	38,793,414
Departmental and other.....	10,967,308	12,658,370	12,833,870	16,715,684	14,967,860	17,205,908	18,088,147	15,400,684	13,822,023	15,011,328
Total Revenue.....	155,249,435	160,195,966	164,227,305	183,060,249	191,901,152	195,586,601	204,036,023	209,862,737	220,757,576	218,235,669
Expenditures:										
General government.....	10,298,877	11,542,295	11,684,930	12,860,407	4,540,347	4,610,308	5,263,101	5,164,269	7,025,102	7,124,001
Facilities maintenance.....	-	-	-	-	8,539,854	8,692,135	9,858,158	9,226,047	9,064,289	8,396,523
Natural resources.....	-	-	-	-	440,230	510,259	465,353	415,933	495,394	476,376
Public safety.....	11,460,664	11,565,484	11,805,762	12,339,995	12,296,502	13,592,778	13,889,443	13,892,751	14,668,588	14,911,699
Public education.....	66,984,931	69,318,778	77,020,768	77,139,421	79,160,007	84,322,361	86,595,124	87,167,344	90,011,076	91,517,951
Public works.....	7,088,348	8,503,550	9,215,863	8,640,708	7,909,141	8,301,071	8,290,037	8,355,908	8,821,106	9,540,649
Health.....	1,273,950	1,116,404	1,182,446	1,127,921	707,180	754,201	828,863	997,006	1,162,678	1,198,288
Recreation.....	1,558,082	1,572,670	1,584,791	1,488,351	2,246,211	1,847,868	1,975,394	1,740,630	929,511	1,548,888
Library.....	2,533,327	2,452,277	2,486,348	2,663,336	2,734,755	2,921,632	2,624,097	2,911,780	3,035,952	3,031,601
Pension benefits - Teachers Retirement.....	11,576,070	11,910,914	7,856,302	11,839,507	16,440,703	17,404,000	17,746,000	22,691,000	26,216,317	13,886,186
Pension benefits.....	3,226,373	5,024,893	5,952,739	6,161,639	6,408,377	6,640,351	7,073,362	7,487,909	7,967,738	8,234,817
Employee benefits.....	19,223,856	19,112,319	20,025,444	20,170,637	20,188,388	21,869,262	21,387,830	21,980,846	22,326,853	22,208,024
Capital outlay.....	12,426,663	7,076,881	52,519,057	20,205,770	22,588,576	12,460,987	10,480,193	12,669,833	14,656,315	22,870,687
Community preservation.....	105,345	19,993	35,941	75,855	187,011	687,669	357,988	331,855	240,468	344,800
State and county charges.....	1,140,498	1,139,836	1,172,460	1,222,643	1,230,199	1,239,256	1,262,764	1,263,722	1,316,042	1,286,137
Other.....	598,789	659,832	651,374	761,292	832,610	789,994	725,300	1,039,262	663,265	632,053
Debt service.....										
Principal.....	11,390,000	8,915,000	8,825,000	11,245,000	11,380,000	11,840,000	11,643,000	11,020,000	9,970,000	10,820,000
Interest.....	3,970,894	3,665,637	3,364,814	5,502,309	5,227,790	4,883,736	5,022,317	5,235,696	4,690,924	4,713,529
Total Expenditures.....	164,856,667	163,596,763	215,384,039	193,444,791	203,057,880	203,367,868	205,488,324	213,591,791	223,261,618	222,742,209
Excess (Deficiency) of revenues over (under) expenditures.....	(9,607,232)	(3,400,797)	(51,156,734)	(10,384,542)	(11,156,728)	(7,781,267)	(1,452,301)	(3,729,054)	(2,504,042)	(4,506,540)
Other Financing Sources (Uses)										
Issuance of bonds.....	10,505,000	-	68,840,000	15,445,700	5,860,000	12,443,000	4,245,000	18,530,000	14,347,500	81,785,000
Issuance of refunding bonds.....	-	-	-	-	-	-	-	-	8,907,500	-
Premium from issuance of bonds.....	1,344,535	-	1,973,541	1,612,743	392,000	1,076,230	298,376	2,905,345	2,977,679	6,516,768
Premium from issuance of refunding bonds.....	-	-	-	-	-	-	-	-	2,207,059	-
Payments to refunded bond escrow agent.....	(6,351,703)	-	(4,274,541)	(11,738,443)	-	-	-	(21,000,000)	(11,000,000)	-
Transfers in.....	2,512,416	1,538,218	10,797,345	7,523,635	1,852,893	1,906,337	4,694,134	4,632,213	3,286,535	8,291,699
Transfers out.....	(1,512,416)	(538,218)	(8,839,156)	(4,923,635)	(1,869,135)	(906,337)	(3,694,134)	(3,632,213)	(3,286,535)	(7,291,699)
Total other financing sources (uses).....	6,497,832	1,000,000	68,497,189	7,920,000	6,235,758	14,519,230	5,543,376	1,435,345	17,439,738	89,301,768
Net change in fund balance.....	\$ (3,109,400)	\$ (2,400,797)	\$ 17,340,455	\$ (2,464,542)	\$ (4,920,970)	\$ 6,737,963	\$ 4,091,075	\$ (2,293,709)	\$ 14,935,696	\$ 84,795,228
Debt service as a percentage of noncapital expenditures.....	10.08%	8.04%	7.48%	9.67%	9.20%	8.76%	8.55%	8.09%	7.03%	7.77%

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 ACFR 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 Direct Rate	Total Town Value
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%	11.70	\$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%	11.54	\$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%	11.56	\$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%	11.83	\$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%	11.79	\$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%	11.95	\$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%	11.57	\$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%	11.56	\$12,534,334,400
2021	\$11,072,021,000	11.75	87.07%	\$1,494,659,000	\$6,543,000	\$142,724,500	\$1,643,926,500	11.75	12.93%	11.75	\$12,715,947,500
2022	\$11,626,593,000	11.68	87.38%	\$1,517,327,000	\$6,543,000	\$154,922,000	\$1,678,792,000	11.68	12.62%	11.68	\$13,305,385,000



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

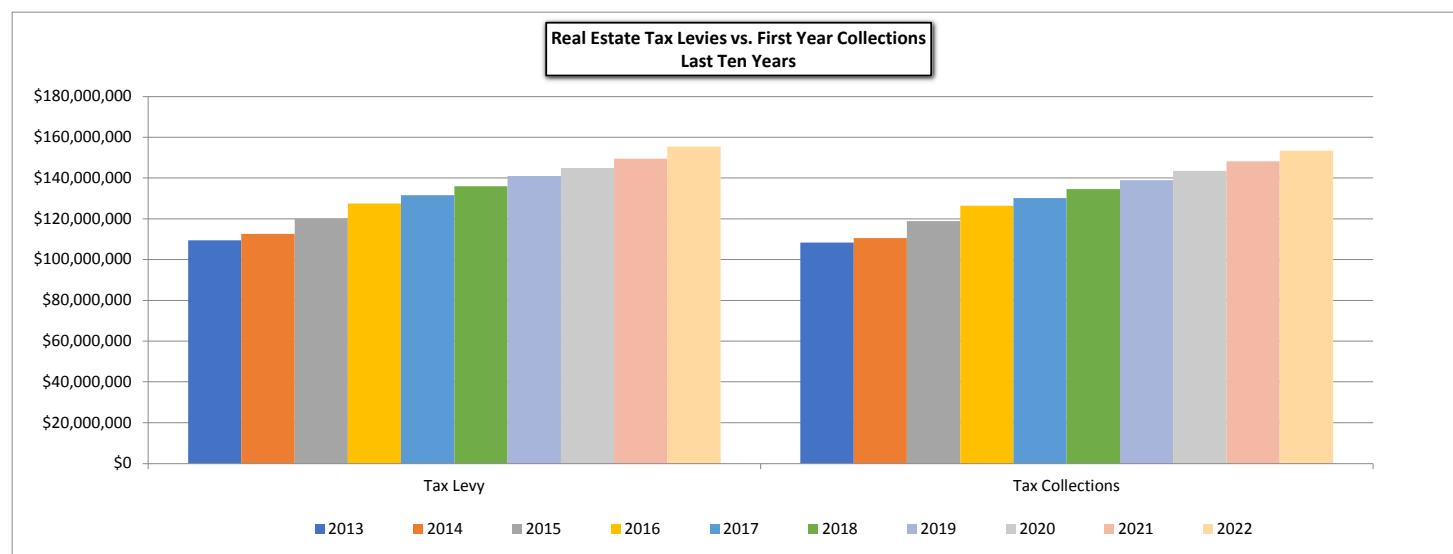
Name	Nature of Business	2022			2013		
		Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value	Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value
John Hancock	Insurance and Financial Services	\$ 241,114,000	1	1.81%	\$ 140,197,000	1	1.50%
Haynes Management	Office Buildings/Real Estate	195,316,000	2	1.47%	132,820,000	2	1.42%
Eastern Development/FR Linden Square	Retail/Real Estate	137,401,000	3	1.03%	94,976,000	3	1.02%
Sun Life Assurance	Insurance and Financial Services	127,865,000	4	0.96%	82,133,000	4	0.88%
Wellesley Gateway (fka Harvard Pilgrim Health)	Insurance Company	106,302,000	5	0.80%	58,223,000	7	0.62%
Wellesley College	Higher Education	104,951,000	6	0.79%	74,686,000	5	0.80%
Wellesley Washington Street / Waterstone	Senior Living	53,530,000	7	0.40%	59,725,000	6	0.64%
Linear Realty	Senior Living	44,393,000	8	0.33%	N/A	N/A	N/A
Hunnewell Family	Residential	40,214,000	9	0.30%	28,958,000	8	0.31%
Newton Wellesley Executive Office Park	Office Buildings	37,633,000	10	0.28%	27,517,000	9	0.29%
Grignaffini & Sons	Real Estate Development	N/A	N/A	N/A	20,918,000	10	0.22%
	Totals	\$ 1,088,719,000		8.18%	\$ 720,153,000		7.70%

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
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	\$112,157,129	\$110,515,646	98.5%	\$554,853	\$111,070,499	99.03%
2015	\$120,083,117	\$748,894	\$119,334,223	\$118,816,355	99.6%	\$289,485	\$119,105,840	99.81%
2016	\$127,462,083	\$445,139	\$127,016,944	\$126,399,234	99.5%	\$617,760	\$127,016,994	100.00%
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%	\$900,210	\$139,884,648	99.51%
2020	\$144,896,906	\$464,738	\$144,432,168	\$143,428,814	99.3%	\$861,004	\$144,289,818	99.90%
2021	\$149,412,383	\$352,376	\$149,060,007	\$148,267,110	99.5%	\$464,519	\$148,731,629	99.78%
2022	\$155,406,896	\$643,768	\$154,763,128	\$153,432,940	99.1%	-	\$153,432,940	99.14%



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
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%
2021	27,982	\$2,400,407,888	\$12,715,947,500	\$125,350,126	\$4,480	5.22%	0.99%
2022	29,550	\$2,632,934,550	\$13,305,385,000	\$201,875,432	\$6,832	7.67%	1.52%

Year	Business-Type Activities (2)						
	General Obligation Bonds	Direct Borrowings	Total Business-Type	Total Debt Outstanding	Per Capita	Percentage of Personal Income	Percentage of Assessed Value
2013	\$6,420,000	\$1,339,000	\$7,759,000	\$107,716,468	\$3,849	5.52%	1.15%
2014	\$5,945,000	\$1,042,483	\$6,987,483	\$97,841,273	\$3,497	4.90%	1.00%
2015	\$5,470,000	\$728,628	\$6,198,628	\$154,328,135	\$5,515	7.66%	1.49%
2016	\$5,307,672	\$690,033	\$5,997,705	\$148,798,485	\$5,318	7.41%	1.38%
2017	\$4,776,696	\$505,091	\$5,281,787	\$142,514,339	\$5,093	6.92%	1.28%
2018	\$5,250,722	\$560,289	\$5,811,011	\$144,176,200	\$5,169	6.47%	1.27%
2019	\$4,632,748	\$416,742	\$5,049,490	\$135,678,545	\$4,849	6.07%	1.11%
2020	\$4,003,915	\$273,194	\$4,277,109	\$123,238,778	\$4,404	5.30%	0.98%
2021	\$3,385,232	\$475,104	\$3,860,336	\$129,210,462	\$4,618	5.38%	1.02%
2022	\$2,775,866	\$341,191	\$3,117,057	\$204,992,489	\$6,937	7.79%	1.54%

(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, 2022

<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.....	\$ 14,845,000	7.90%	\$ 1,172,755
Town direct debt.....	<u>201,875,432</u>		<u>201,875,432</u>
Total direct and overlapping debt.....	\$ <u>216,720,432</u>		\$ <u>203,048,187</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 FY22 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>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Equalized Valuation.....	<u>\$ 9,773,806,800</u>	<u>\$ 10,212,968,600</u>	<u>\$ 10,212,968,600</u>	<u>\$ 11,749,686,900</u>	<u>\$ 11,749,686,900</u>	<u>\$ 11,377,539,600</u>	<u>\$ 11,377,539,600</u>	<u>\$ 13,524,019,800</u>	<u>\$ 13,524,019,800</u>	<u>\$ 14,471,634,900</u>
Debt Limit -5% of Equalized Valuation.....	<u>\$ 488,690,340</u>	<u>\$ 510,648,430</u>	<u>\$ 510,648,430</u>	<u>\$ 587,484,345</u>	<u>\$ 587,484,345</u>	<u>\$ 568,876,980</u>	<u>\$ 568,876,980</u>	<u>\$ 676,200,990</u>	<u>\$ 676,200,990</u>	<u>\$ 723,581,745</u>
Less:										
Outstanding debt applicable to limit.....	97,670,000	90,853,790	145,550,000	138,860,700	137,232,552	138,365,189	126,545,700	118,961,669	125,350,126	201,875,432
Authorized and unissued debt.....	<u>22,360,581</u>	<u>40,499,698</u>	<u>13,269,526</u>	<u>18,282,590</u>	<u>13,856,229</u>	<u>8,125,350</u>	<u>11,938,021</u>	<u>11,962,297</u>	<u>14,005,451</u>	<u>52,687,464</u>
Legal debt margin.....	<u>\$ 368,659,759</u>	<u>\$ 379,294,942</u>	<u>\$ 351,828,904</u>	<u>\$ 430,341,055</u>	<u>\$ 436,395,564</u>	<u>\$ 422,386,441</u>	<u>\$ 430,393,259</u>	<u>\$ 545,277,024</u>	<u>\$ 536,845,413</u>	<u>\$ 469,018,849</u>
Total debt applicable to the limit as a percentage of debt limit.....	24.56%	25.72%	31.10%	26.75%	25.72%	25.75%	24.34%	19.36%	20.61%	35.18%

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
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% *
2021	27,982	\$2,400,407,888	\$85,784	38.2	4,362	4.1%
2022	29,550	\$2,632,934,550	\$89,101	38.2	4,280	2.8%

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	2022			Percentage of Total Town Employment	2013			Percentage of Total Town Employment
		Employees	Rank	Employees		Employees	Rank	Employees	
Wellesley College	Higher Education	1,147	1	8.73%		1,200	2	8.58%	
Babson College	Higher Education	914	2	6.95%		750	4	5.36%	
Sun Life Financial	Insurance Company	779	3	5.93%		1,661	1	11.87%	
Wellesley Gateway (fka Harvard Pilgrim Health)	Insurance Company	446	4	3.39%		1,000	3	7.15%	
Harvard Vanguard Medical Associates	Healthcare	330	5	2.51%		N/A	N/A	N/A	
Mass Bay Community College	Higher Education	294	6	2.24%		350	5	2.50%	
Dana Hall School	Private School	260	7	1.98%		250	7	1.79%	
Wellesley Country Club	Private Recreation Club	254	8	1.93%		220	8	1.57%	
Whole Foods	Grocery	250	9	1.90%		N/A	N/A	N/A	
Roche Brothers	Grocery	206	10	1.57%		330	6	2.36%	
Comcast Spotlight	Advertising	N/A	N/A	N/A		200	9	1.43%	
Towers Watson	Actuary	N/A	N/A	N/A		200	9	1.43%	
		<u>4,880</u>		<u>37.12%</u>		<u>6,161</u>		<u>44.04%</u>	

According to the Massachusetts Workforce Development Data, in June 2022 Wellesley had a total labor force of 13,528, of whom 13,146 were employed and 382 were unemployed.

Sources: Mass. Labor and Workforce Development, Wellesley local employers

N/A = No previous historical data

Operating Indicators by Function/Program
Last Ten Years

Function/Program	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Government										
Facilities maintenance work orders.....	1,353	1,254	1,371	1,102	1,006	1,763	1,525	1,329	1,081	1,236
Building										
New home building permits.....	71	67	69	69	79	37	45	49	51	65
Residential Additions.....	84	104	119	108	100	83	97	68	113	94
Residential Alterations.....	331	352	425	419	348	332	348	300	349	332
Residential Demolition.....	71	64	65	104	89	36	45	44	49	57
Commercial Alterations.....	189	96	103	121	104	120	143	57	69	81
Police										
Physical arrests.....	190	199	206	167	169	140	189	146	146	129
Motor vehicle violations.....	6,984	8,596	8,460	7,681	6,723	7,041	5,717	5,046	2,280	3,178
Police personnel and officers.....	56	57	58	58	59	60	60	60	60	60
Fire										
Inspections.....	2,160	2,024	2,469	2,222	1,967	2,130	2,158	1,150	1,350	1,570
Emergency responses.....	3,881	3,924	4,140	4,233	4,221	4,311	4,226	3,878	3,534	4,015
Fire personnel and officers.....	55	58	57	57	58	58	57	57	57	57
Education										
Number of public school students.....	4,857	4,940	4,970	4,923	4,917	4,908	4,863	4,758	4,362	4,280
Health services										
Number of vaccinations.....	942	771	680	669	946	712	1,040	1,045	1,639	984
Reported Disease Investigations.....	173	188	197	174	283	283	194	581	1,347	4,428
Library										
Volumes in circulation.....	741,704	758,179	743,337	739,316	760,434	774,617	782,598	628,787	511,552	517,471
eBook Collection (1).....	15,816	20,334	66,894	171,292	85,824	90,966	60,153	62,856	122,673	76,244
Reference Questions Answered.....	93,024	96,876	110,256	86,184	106,089	110,760	133,368	126,684	51,996	27,237
Recreation										
Total program revenue.....	\$914,214	\$1,061,929	\$1,060,831	\$1,205,072	\$1,369,561	\$1,417,819	\$1,582,803	\$1,265,017	\$576,836	\$1,051,155
Programs Ran.....	541	530	605	610	702	1,021	774	749	569	787
Program Participants.....	10,343	7,592	6,920	9,551	7,267	7,241	9,624	9,280	4,339	6,312
Morses Pond Attendance.....	41,782	17,893	24,170	24,263	28,387	23,367	18,199	21,619	42,405	14,674
Traffic and parking management										
Total parking revenue.....	\$882,648	\$835,971	\$832,488	\$905,227	\$881,374	\$874,404	\$950,212	\$730,185	\$165,953	\$420,885
Meters Repaired.....	unavailable	unavailable	659	302	unavailable	212	88	33	45	60
Sewer										
Number of accounts.....	8,122	8,130	8,093	8,181	8,129	8,173	8,059	8,188	8,207	8,252
Feet rodded/flushed.....	275,776	327,635	293,000	254,755	303,770	233,573	158,144	111,070	73,640	176,100
Water										
Number of accounts.....	12,100	12,188	8,296	8,388	8,373	8,357	8,250	8,381	13,495	13,071
Consumption in gallons (millions).....	864	1,036	919	942	973	915	849	897	1,002	891
Daily consumption (millions).....	2.11	2.84	2.52	2.57	3.00	2.50	2.33	2.45	2.74	2.44
Municipal Light										
Total kilowatt hour sales.....	248,169,479	247,815,724	245,245,456	236,712,233	240,208,941	237,285,787	250,561,304	237,580,900	242,118,183	241,048,682
Municipal kilowatt hour usage.....	11,214,680	11,617,297	11,527,241	11,283,168	11,626,264	11,712,227	11,459,336	9,875,581	9,983,606	10,178,223
Streetlight kilowatt hour usage (2).....	1,879,056	1,879,380	1,879,505	1,880,308	1,880,192	1,880,192	970,060	925,581	925,681	925,681

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Function										
General government.....	71	71	72	74	78	79	79	80	80	80
Public safety.....	121	121	122	122	124	124	125	125	125	125
School custodians.....	40	40	40	40	40	39	39	39	39	39
* Public education.....	749	773	804	822	843	853	868	885	887	888
Public works.....	88	88	89	89	87	87	89	89	89	89
Health services.....	5	5	5	5	5	5	5	6	7	8
Library.....	31	31	31	31	31	31	31	31	31	31
Recreation.....	5	5	5	5	5	5	5	5	5	5
Water/Sewer.....	28	29	29	29	28	28	28	28	28	27
Municipal light.....	32	33	33	32	32	32	32	32	32	32
Total	1,170	1,196	1,230	1,249	1,273	1,283	1,301	1,320	1,323	1,324

Source: Various Town Departments, Payroll count

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

Capital Asset Statistics by Function/Program
Last Ten Years

<u>Function/Program</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
General Government										
Number of buildings.....	4	4	4	4	5	5	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
2022.....	\$ 27,138,344	\$ 3,568,667	\$ 872,799	\$ 684,072	\$ 1,410,044
2021.....	25,830,840	3,692,805	888,816	663,837	1,427,061
2020.....	18,319,871	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	-	-	-

Source: Town Records

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

IOD Fund = Injured on Duty stabilization fund

SPED Fund = Special Education stabilization fund

The Massachusetts Department of Revenue (DOR) further restricts available fund balance (as defined by GAAP), by encumbering receivables and certain deficits in other funds. Only Free Cash so certified by DOR can legally be appropriated to fund expenditures.

