



**TOWN OF WELLESLEY, MASSACHUSETTS**

**ANNUAL COMPREHENSIVE FINANCIAL  
REPORT**

**FOR THE YEAR ENDED JUNE 30, 2024**

On the cover: Town Hall



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, 2024**



**Prepared by:**

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



# **TOWN OF WELLESLEY, MASSACHUSETTS**

## **ANNUAL COMPREHENSIVE FINANCIAL REPORT**

**JUNE 30, 2024**

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# *Introductory Section*

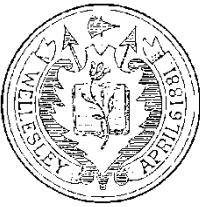


The New Hardy Elementary School Ribbon Cutting  
Opened August 2024  
Photo courtesy of Town of Wellesley.

Town of Wellesley, Massachusetts  
Annual Comprehensive Financial Report  
For the year ended June 30, 2024

## *Introductory Section*

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# Town of Wellesley

525 Washington Street  
Wellesley, MA 02482

## **Letter of Transmittal**

December 24, 2024

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, 2024, 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 Marcum LLP, 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, 2024, 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, 2024, 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 are overseen 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**

The Town's economy and employment levels continue to return to a post-pandemic normal. 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 (\$229,263) 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 \$1,544,000 is more than three times that of the State. The Town is densely populated, and land is increasingly valuable. Tear downs, residential improvements, and the recent construction of several hundred new housing units will continue to contribute to steady permit fee revenue and taxable new growth. The Town benefits from being 89% residential and able to rely upon collecting real estate and motor vehicle tax revenues and to generate more investment income, compared with other municipalities.

Wellesley 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, and by 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 recent global 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.

Town meeting voted to add a fourth Enterprise Fund for Stormwater Management at its 2023 Spring Annual Town Meeting.

### **Policies, Financial Planning, and Internal controls**

The Town has established several documented policies to guide the annual budgeting and long-range financial planning processes.

Over a decade ago, the Select Board adopted a formal written Reserve Policy to define and manage reserve targets. Town management avoids using equity to balance its annual budgets; instead applying current revenues to fund current operating expenses. Capital investments are vetted using a Five-Year Capital Plan that identifies the capital needs of all boards. The annual process of discussing this plan helps re-prioritize these needs. Debt is utilized, but is minimized, and each year significant assets are also purchased using current operating cash. Funds used to finance capital assets are 'banded' within the operating budget (Capital Finance Policy) both to avoid curtailing construction and service levels, and to ensure necessary capital investment. If sufficient reserves are available, additional capital assets from the plan may be expedited using reserves.

Large capital projects may sometimes be financed using debt excluded from the limits of Proposition 2 ½. Debt issued in this way assigns a dedicated revenue stream for the life of the loan. The timing of the largest proposed project is evaluated through the use of the Major Project Funding Schedule. The intent of this document is to inform citizens of the largest pending projects, encourage discussion of town-wide priorities, and to facilitate the solution of how and when projects will be financed.

The Select Board (Board) utilizes these policies in preparing its annually updated Town-Wide Financial Plan (TWFP). The Plan 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 for the departments, cognizant of available revenues and 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 updated projected capital needs for the next five years ("Five Year Capital Plan") for the various departments, and information regarding the financing of these items.

The annual pension contribution to the Wellesley Contributory Retirement System, a defined benefit pension plan administered by the Wellesley Contributory Retirement Board, represents 4% 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 ratio (actuarial assets to actuarial liabilities) decreased slightly to 90.27% as reflected in the actuarial valuation performed as of January 1, 2023, with full funding still 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 funded ratio for OPEB assets improved to 72.6% as of December 31, 2022, which was the date of the last full actuarial valuation study that is performed every two years. The Town continues to project a 6% investment return and is projected 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, presents the budget to the Annual Town Meeting for authorization. The level of budgetary control of expenditures 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 Hardy and Hunnewell Elementary School building projects were approved in 2022. Hunnewell opened in February 2024 and Hardy opened in September 2024. The Town has issued approximately

\$88.7 million in debt for the projects, with an additional \$23 million authorized. The Massachusetts School Building Authority (MSBA) approved funding support at a reimbursement rate of 34.90% and has begun reimbursing the Town. As revenues are received, it is expected that the Town will rescind a like amount of debt authorizations at its Town Meetings.

Early in 2023, Town Meeting authorized \$23 million in funding to renovate the interior of the historic Town Hall. Affected departments relocated to temporary offices along Route 9 at the end of the fiscal year 2023, so that construction could begin. The new offices are scheduled to be ready for occupancy in December 2024.

### **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 twenty 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



Michael DiPietro  
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, 2023

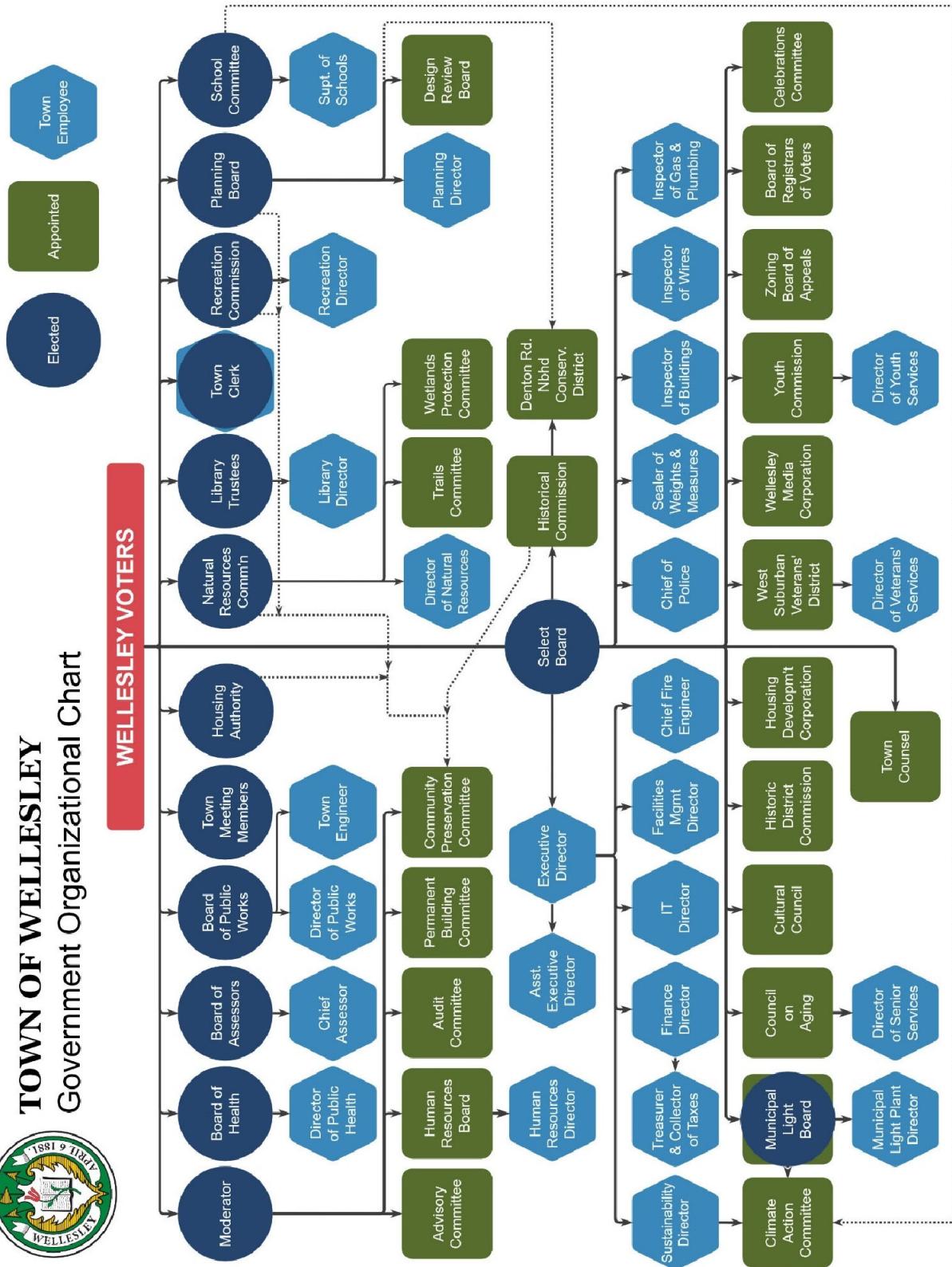
*Christopher P. Morill*

Executive Director/CEO



# TOWN OF WELLESLEY

## Government Organizational Chart



# **Town of Wellesley, Massachusetts**

## **Principal Town Officials**

**As of June 30, 2024**

<u>Elected Officials</u>		<u>Term Expires</u>
Select Board	Lise Olney Colette Aufranc, Chair Marjorie Freiman, Vice Chair Elizabeth Sullivan Woods Thomas H. Ulfelder, Secretary	2025 2027 2027 2026 2026
Moderator Town Clerk	Mark Kaplan K.C. Kato	2025 2027
School Committee	Craig Edward Mack Linda Chow, Chair Niki Ofenloch, Vice Chair Shannon Clark Christina Horner	2025 2027 2027 2025 2026
<u>Appointed Officials</u>		
Executive Director of General Government Services	Meghan C. Jop	
Superintendent of Public Schools	Dr. David F. Lussier	
Finance Director/CFO	Michael DiPietro	
Chief Assessor	Ellen M. Muller	
Treasurer/Collector	Maura O'Connor	
Fire Chief	Steve Mortarelli	
Police Chief	Scott Whittemore	
Human Resources Director	Delores Hamilton	
Library Director	Jamie Jurgensen	
Public Works Director	David Cohen	
Director of Municipal Light Plant	David G. Wood	
Information Technology Director	Brian C. DuPont	
Building Inspector and Zoning Enforcement Officer	Michael Grant	
Planning Director	Eric Arbeene	
Facilities Management Director	Joseph McDonough	
<u>Other Officials</u>		
Town Counsel	Thomas J. Harrington Miyares and Harrington LLP	

# *Financial Section*



New Hunnewell School  
Opened February 2024  
Photo courtesy of Town of Wellesley.

Town of Wellesley, Massachusetts  
Annual Comprehensive Financial Report  
For the year ended June 30, 2024

## *Financial Section*

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## INDEPENDENT AUDITORS' 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 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, 2024 (except for the Wellesley Contributory Retirement System which is as of and for the year ended December 31, 2023), 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 accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Wellesley, Massachusetts, as of June 30, 2024 (except for the Wellesley Contributory Retirement System which is as of and for the year ended December 31, 2023), and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 24, 2024, 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.

*Marcum LLP*

Boston, MA  
December 24, 2024

## ***Management's Discussion and Analysis***

# **Town of Wellesley, Massachusetts**

## **Management's Discussion and Analysis**

### **Year Ended June 30, 2024**

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, 2024. 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 of resources and liabilities and deferred inflows of resources, 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 of 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*).

# **Town of Wellesley, Massachusetts**

## **Management's Discussion and Analysis**

**Year Ended June 30, 2024**

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, stormwater, and municipal light enterprise funds.

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

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

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

The Town currently has two major governmental funds that are presented separately in the governmental fund financial statements. The remaining nonmajor funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

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

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

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

# **Town of Wellesley, Massachusetts**

## **Management's Discussion and Analysis**

**Year Ended June 30, 2024**

**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 current year by \$238.7 million and \$121.8 million for governmental activities and business-type activities, respectively. The business-type activities include the activities of the sewer, water, stormwater and municipal light enterprise funds.
- At the close of the current year, the Town's general fund reported an ending fund balance of \$60.1 million, an increase of \$12.2 million over the prior year. Total fund balance represents 28.6% of total general fund expenditures, which management considers adequate and within expectations as compared to the Town's Financial Reserve Policy. Of this amount, \$49.9 million or 23.7% of general fund expenditures is unassigned and available for appropriation at the Town's discretion. The remaining portions of the general fund balance, \$10.2 million, are committed and assigned to fund special articles, carryover encumbrances, and the 2025 budget.
- The Town is currently administering a significant construction project related to the Hunnewell and Hardy elementary schools. This project is in part funded from reimbursements received from the Massachusetts School Building Authority, and the remaining costs will be funded through long-term borrowings. In 2024, project costs totaled \$59.9 million and were capitalized as construction in progress, included within non depreciable capital assets. In 2024, the Town borrowed \$18.0 million towards this project, which is expected to conclude in 2025.
- The Town is currently administering another significant construction project related to interior renovations at Town Hall. This project is being funded from free cash appropriations. In the current year, the Town incurred costs totaling \$12.9 million, which were capitalized as construction in progress.
- In 2024, the Town established a stormwater enterprise fund, which consists of new operations related to stormwater management. In 2024, the Town transferred \$989,000 from the general fund to establish the new enterprise fund. The Town has voted a new funding source related to stormwater management, which was not yet effective in fiscal 2024. In order to fund operations, the Town voted to establish a new user charge, which will be added to customer's utility bills beginning July 1, 2024.

# **Town of Wellesley, Massachusetts**

## **Management's Discussion and Analysis**

**Year Ended June 30, 2024**

### **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 \$360.5 million at the close of 2024.

Government-wide net position of \$312.6 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, \$23.8 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 balance of \$24.1 million.

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

### **Governmental activities.**

The governmental activities net position increased by \$32.6 million during the current year compared to an increase of \$28.9 million in the prior year. Total revenues increased by \$19.2 million, while total expenses increased by \$14.5 million. Unrestricted governmental net position is positive for the first time in several years, showing a strong financial position, notwithstanding the long term pension and OPEB liabilities.

# Town of Wellesley, Massachusetts

## Management's Discussion and Analysis

**Year Ended June 30, 2024**

	Governmental Activities Summary Statement of Net Position	
	2024	2023
<b>Assets:</b>		
Current assets.....	\$ 128,696,265	\$ 159,961,332
Capital assets, non-depreciable.....	182,898,099	110,825,362
Capital assets, net of accumulated depreciation.	<u>202,739,258</u>	<u>211,513,021</u>
<b>Total assets.....</b>	<b>514,333,622</b>	<b>482,299,715</b>
 <b>Deferred outflows of resources.....</b>	 <b>21,484,805</b>	 <b>28,886,526</b>
 <b>Liabilities:</b>		
Current liabilities (excluding debt).....	20,315,826	21,354,979
Noncurrent liabilities (excluding debt).....	66,315,109	74,946,446
Current debt.....	15,630,470	14,305,402
Noncurrent debt.....	<u>174,446,427</u>	<u>171,076,897</u>
<b>Total liabilities.....</b>	<b>276,707,832</b>	<b>281,683,724</b>
 <b>Deferred inflows of resources.....</b>	 <b>20,444,167</b>	 <b>23,436,199</b>
 <b>Net position:</b>		
Net investment in capital assets.....	215,208,177	188,561,362
Restricted.....	20,419,169	18,786,037
Unrestricted.....	<u>3,039,082</u>	<u>(1,281,081)</u>
 <b>Total net position.....</b>	 <b>\$ 238,666,428</b>	 <b>\$ 206,066,318</b>

# Town of Wellesley, Massachusetts

## Management's Discussion and Analysis

**Year Ended June 30, 2024**

	Governmental Activities Summary Statement of Activities	
	2024	2023
<b>Program Revenues:</b>		
Charges for services.....	\$ 14,790,552	\$ 13,868,306
Operating grants and contributions.....	39,348,006	36,203,942
Capital grants and contributions.....	11,916,151	4,791,127
<b>General Revenues:</b>		
Real estate and personal property taxes, net of tax refunds payable.....	171,263,722	166,625,618
Tax liens.....	281,376	476,833
Motor vehicle and other excise taxes.....	7,200,187	5,670,815
Meals tax.....	914,342	799,721
Community preservation surcharge.....	1,612,458	1,568,581
Penalties and interest on taxes.....	616,947	453,110
Payments in lieu of taxes.....	76,298	76,428
Grants and contributions not restricted to specific programs.....	1,763,425	2,067,165
Unrestricted investment income.....	8,398,107	6,389,810
<b>Total revenues.....</b>	<b>258,181,571</b>	<b>238,991,456</b>
<b>Expenses:</b>		
General government.....	12,073,624	12,402,900
Facilities maintenance.....	14,156,474	13,287,414
Natural resources.....	814,513	802,668
Public safety.....	22,811,429	20,277,444
Public education.....	144,433,762	130,815,799
Public works.....	15,408,045	17,619,602
Health.....	1,804,992	1,585,051
Recreation.....	2,305,860	2,105,835
Library.....	5,762,209	5,330,772
Community preservation.....	402,637	137,844
Traffic and parking management.....	713,380	742,804
Interest.....	4,905,304	5,953,469
<b>Total expenses.....</b>	<b>225,592,229</b>	<b>211,061,602</b>
<b>Excess (Deficiency) before transfers.....</b>	<b>32,589,342</b>	<b>27,929,854</b>
<b>Transfers.....</b>	<b>10,768</b>	<b>1,000,000</b>
<b>Change in net position.....</b>	<b>32,600,110</b>	<b>28,929,854</b>
<b>Net position, beginning of year.....</b>	<b>206,066,318</b>	<b>177,136,464</b>
<b>Net position, end of year.....</b>	<b>\$ 238,666,428</b>	<b>\$ 206,066,318</b>

# **Town of Wellesley, Massachusetts**

## **Management's Discussion and Analysis**

### **Year Ended June 30, 2024**

Governmental capital assets increased by \$63.3 million due to \$80.0 million of current year capital additions, offset by the recognition of \$16.7 million in depreciation. Current year capital additions include \$5.6 million in depreciable assets for various projects and acquisitions, and \$74.4 million in construction in progress additions. The significant additions to construction in progress mainly relates to the construction of the new Hunnewell and Hardy elementary schools, as well as the Town Hall renovation project.

Noncurrent liabilities, excluding debt, consist mainly of the \$28.2 million net pension liability and the \$37.5 million net other postemployment benefit liability (OPEB).

The net pension liability in the governmental activities decreased by approximately \$10.0 million. This decrease was the result of an increase in the System's fiduciary net position, which is largely impacted by net investment income. This was offset by an increase in the total pension liability as actuarially determined, due to changes in benefit terms related to the cost-of-living adjustment. As compared to the prior year, the System's investment returns were favorable. The annual money-weighted rate of return as of the December 31, 2023 measurement date was 11.16%, compared to a (11.34%) money-weighted rate of return as of the previous measurement date.

The other postemployment benefit liability in the governmental activities remained relatively stable, increasing by only \$1.3 million compared to an ending balance of \$37.5 million.

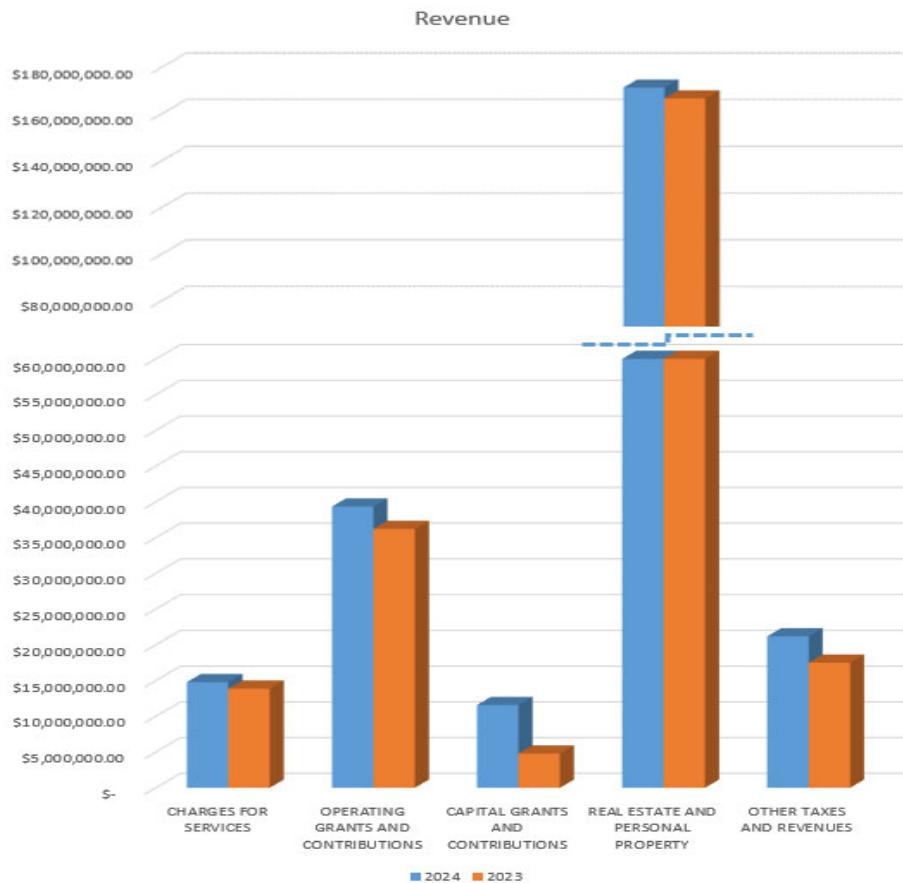
#### *Revenues*

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 new growth, 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 residents, 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 because of the Town's educational reputation and its proximity to Boston.

# Town of Wellesley, Massachusetts

## Management's Discussion and Analysis

Year Ended June 30, 2024



### Other financial notes related to governmental activities

In addition to the 66% 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 15.2% of total governmental revenues. Most of these resources apply to educational operations. These resources offset costs within the school department and supplement their general fund operating budget. This category increased by \$3.1 million over the prior year. 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 \$17.7 million is reported in the general fund as intergovernmental revenue and pension benefits in the current fiscal year, attributing to \$2.3 million of the increase.
- Charges for services represented 5.7% of total governmental revenues. The Town can exercise more control over this category of revenue than any other. Fees charged for services rendered

# **Town of Wellesley, Massachusetts**

## **Management's Discussion and Analysis**

### **Year Ended June 30, 2024**

that are set by the Town are included in this category. This category increased by roughly \$922,000 over the prior year across various functions.

- Capital grants and contributions represent 4.6% of total governmental revenues. These are comprised of the state match for the community preservation program, the state's chapter 90 roadway funds, capital uses of the Town's funding from the American Rescue Plan Act, 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 8% percent of the governmental revenues. These primarily include motor vehicle and other excise taxes, non-restricted grants and contributions, and investment earnings.

#### Expenses

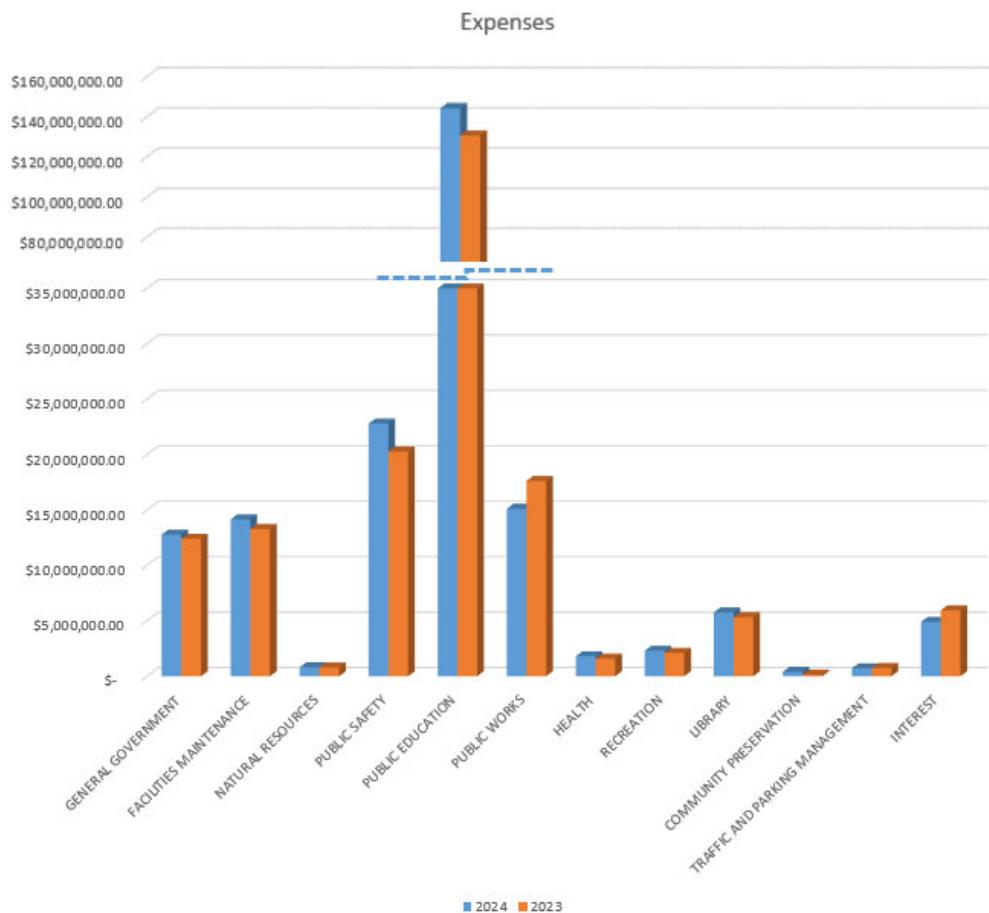
The Town's highest priority is the quality of education provided to its students.

- The chart on the following page demonstrates comparative expenses by function.
- Education is by far the largest governmental activity of the Town, comprising 64.0% of the Town's total expenses. Approximately \$94.7 million in general revenues were needed to cover its 2024 operating expenses, net of related program revenues.
- Educational expense includes a pension contribution of approximately \$17.7 million 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 safety is the second largest activity of the Town. As shown on the Statement of Activities, approximately \$16.5 million of general revenues were needed to cover their 2024 operating expenses, net of related program revenues. Facilities costs also include significant custodial costs relating to the schools.

# Town of Wellesley, Massachusetts

## Management's Discussion and Analysis

Year Ended June 30, 2024



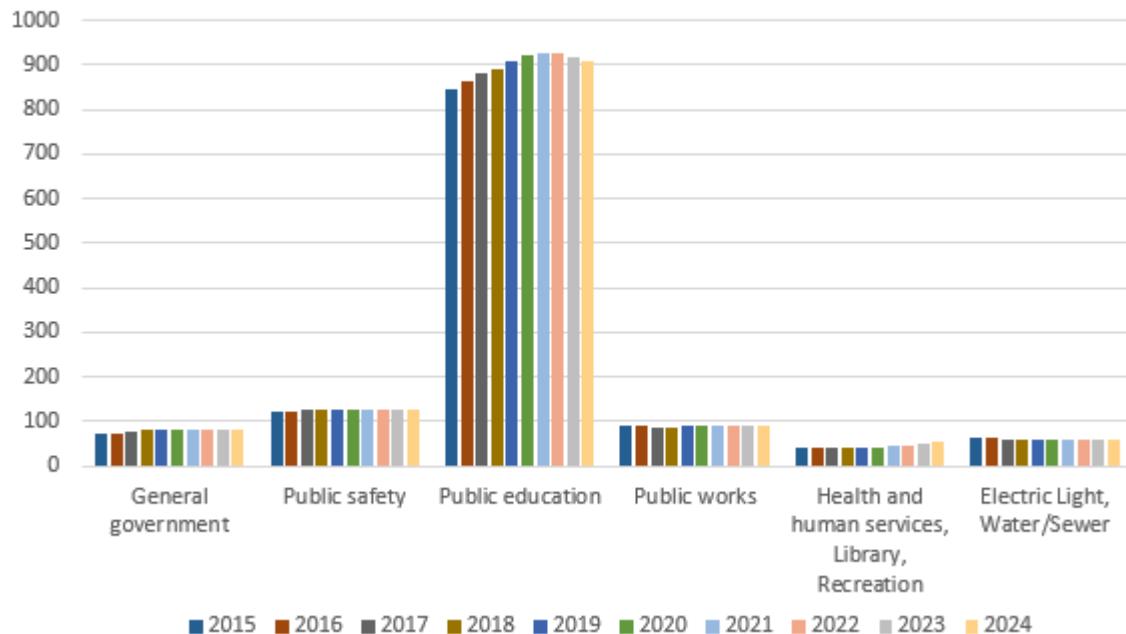
As previously mentioned, most of the excluded debt relates to the construction and improvement of Schools, and the Town's capital plans for the foreseeable future continue this focus. The Town has also made significant progress in funding its pension and OPEB liabilities and funding schedules are in line with revenue growth so as not to put strain on other operating budgets. **Associated Risks:** An economic downturn might affect the community less significantly than other communities within the Commonwealth because of significant investment in capital assets and reserves are being well maintained. 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.

# Town of Wellesley, Massachusetts

## Management's Discussion and Analysis

Year Ended June 30, 2024

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



**Business-type activities.** Business-type activities increased the Town's net position by \$8.8 million compared to an increase of \$7.9 million during the previous year. The results of all four 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 \$121.8 million at the close of 2024. Net investment in capital assets totaled \$97.4 million (79.95%), net position is restricted for depreciation and net other postemployment benefits in the amount of \$3.3 million (0.82%), and unrestricted net position totaled \$21.1 million (17.30%).

The municipal light fund (Plant) experienced a \$7.4 million increase in net position. This increase was driven by income from operations totaling \$7.3 million, and other increases to net position consisted of capital contributions totaling \$1.1 million. These increases were offset by a transfer out to the general fund, which is the payment in lieu of taxes to the Town.

The Plant operates the WECARE program, which 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 2024, collections from the program totaled approximately \$1,051,000 and the Plant spent \$408,000 of program funds on energy initiatives.

## **Town of Wellesley, Massachusetts**

### **Management's Discussion and Analysis**

#### **Year Ended June 30, 2024**

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 2024, the Plant had approximately 305 users who selected this 100% option, of which 301 are residential and 4 are commercial. This program collections totaled \$154,000 in 2024 and expenses totaled \$154,000.

The water enterprise fund net position decreased by \$494,000. The water enterprise fund receives 97% of its revenue from charges for services. Operating revenue totaled \$9.3 million, which was a \$1.6 million decrease over the previous year. Operating revenue decreased significantly due to the decrease in outside water usage consumption, which was the result of weather-related matters. Consumption in outdoor water usage does not impact sewer charges, which is why sewer charges increased, as further described below, when water charges decreased. Indoor water usage fees increased slightly, which was the result of increases in rates, offset by a decrease in overall consumption.

Operating expenses included \$4.2 million in assessments for usage of water from the Massachusetts Water Resource Authority (MWRA); \$1.2 million in depreciation expense; and a total of \$4.4 million in administration, general, transmission, pumping, treatment and customer accounts.

The sewer enterprise fund net position increased by \$2.0 million. The sewer enterprise fund receives 99% of operating revenue from charges for services. Operating revenue totaled \$8.8 million. Sewer charges are based on indoor water consumption, which decreased slightly over the prior year. This was offset by an increase in rates, which attributed to the slight increase in sewer charges for services.

Operating expenses included \$6.6 million in assessments from the MWRA; \$522,000 in depreciation expense; and a total of \$1.3 million in administration, general, pumping, treatment, collection and customer accounts.

In 2024, the sewer enterprise fund reported a \$1.6 million capital grant from the MWRA. This capital grant received attributed mainly to the overall increase in the enterprise fund's net position.

In 2024, the Town established a new operation for stormwater management, which was established as an enterprise fund. In 2024, the Town reported a transfer of \$989,000 from the general fund in order to establish the fund. The Town voted a new funding source for stormwater management in the form of user fees, which are additional utility charges added to customer's existing user charges bill. The fee is assessed on properties based upon tiered amounts of impervious surface area at a particular property. This additional fee has not been received by the Town in fiscal 2024, as it is not effective until July 1, 2024.

# Town of Wellesley, Massachusetts

## Management's Discussion and Analysis

**Year Ended June 30, 2024**

	Business-Type Activities	
	Summary Statement of Net Position	
	2024	2023
<b>Assets:</b>		
Current assets.....	\$ 34,669,076	\$ 27,186,239
Noncurrent assets (excluding capital).....	2,498,540	2,213,993
Capital assets, nondepreciable.....	3,273,182	1,999,262
Capital assets, net of accumulated depreciation.	<u>97,798,871</u>	<u>97,838,443</u>
<b>Total assets.....</b>	<b><u>138,239,669</u></b>	<b><u>129,237,937</u></b>
<b>Deferred outflows of resources.....</b>	<b><u>2,961,922</u></b>	<b><u>4,707,034</u></b>
<b>Liabilities:</b>		
Current liabilities (excluding debt).....	6,459,511	5,693,343
Noncurrent liabilities (excluding debt).....	6,851,816	8,630,410
Current debt.....	729,042	687,021
Noncurrent debt.....	<u>3,079,121</u>	<u>3,268,073</u>
<b>Total liabilities.....</b>	<b><u>17,119,490</u></b>	<b><u>18,278,847</u></b>
<b>Deferred inflows of resources.....</b>	<b><u>2,297,663</u></b>	<b><u>2,710,719</u></b>
<b>Net position:</b>		
Net investment in capital assets.....	97,368,112	96,012,889
Restricted.....	3,348,540	3,063,993
Unrestricted.....	<u>21,067,786</u>	<u>13,878,523</u>
<b>Total net position.....</b>	<b><u>\$ 121,784,438</u></b>	<b><u>\$ 112,955,405</u></b>

# Town of Wellesley, Massachusetts

## Management's Discussion and Analysis

**Year Ended June 30, 2024**

Business-Type Activities		
Summary Statement of Activities		
	2024	2023
<b>Program Revenues:</b>		
Charges for services.....	\$ 60,645,726	\$ 59,510,897
Operating grants and contributions.....	-	71,520
Capital grants and contributions.....	2,697,846	1,124,151
<b>Total revenues.....</b>	<b>63,343,572</b>	<b>60,706,568</b>
<b>Expenses:</b>		
Water.....	9,766,876	8,694,792
Sewer.....	8,486,469	7,669,340
Stormwater.....	978,162	-
Municipal Light.....	35,272,264	35,449,813
<b>Total expenses.....</b>	<b>54,503,771</b>	<b>51,813,945</b>
<b>Excess (Deficiency) before transfers.....</b>	<b>8,839,801</b>	<b>8,892,623</b>
<b>Transfers.....</b>	<b>(10,768)</b>	<b>(1,000,000)</b>
<b>Change in net position.....</b>	<b>8,829,033</b>	<b>7,892,623</b>
<b>Net position, beginning of year.....</b>	<b>112,955,405</b>	<b>105,062,782</b>
<b>Net position, end of year.....</b>	<b>\$ 121,784,438</b>	<b>\$ 112,955,405</b>

### 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 \$101.8 million. Total fund balances decreased \$30.8 million from the prior year mainly due to the capital projects fund, which recognized significant capital expenditures, which mainly relate to the

# **Town of Wellesley, Massachusetts**

## **Management's Discussion and Analysis**

### **Year Ended June 30, 2024**

Hunnewell and Hardy elementary school building projects as well as the Town Hall renovation project. These were offset by positive market conditions which resulted in \$8.3 million of investment earnings in the Town's governmental funds, as well as \$19.0 million in bond issuances, inclusive of premiums received upon issuance.

#### *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 \$49.9 million, while the total fund balance was \$60.1 million. As a measure of the general fund's liquidity, it may be useful to compare both the unassigned fund balance and the total fund balance to total fund expenditures. The unassigned fund balance represents 23.7% of total general fund expenditures, while the total fund balance represents 28.6% of that same amount.

Fund balance of the general fund increased \$12.2 million over the prior year. This was, in part, due to a budgetary fund balance increase of \$11.2 million. General fund revenue exceeded the budget by \$12.3 million while expenditures were under budget by \$4.1 million. These surpluses were offset by the use of reserves to fund appropriations.

#### *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, and recreation projects. However, a large majority relates to public education for the large ongoing school building projects, and general government, related to the large Town Hall renovation project. At June 30, 2024, the ending fund balance was \$12.8 million, a decrease of \$45.3 million over the prior year, which is due to the timing between the capital project expenditures and the various sources of funding for those projects.

#### *Nonmajor Governmental Funds*

The nonmajor governmental funds experienced an increase of \$2.3 million in the current year, which was primarily due the Town's community preservation fund activities.

**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.

# **Town of Wellesley, Massachusetts**

## **Management's Discussion and Analysis**

**Year Ended June 30, 2024**

### **General Fund Budgetary Highlights**

The original 2024 budget consisted of approximately \$212.5 million in appropriations and other amounts to be raised. Included in the original budget are approximately \$13.1 million in amounts carried over from previous years. During 2024, the Town approved \$760,000 of supplemental appropriations, which was mainly related to winter maintenance and capital purchases, which were funded from free cash.

Revenues of the general fund were \$12.3 million higher than budget expectations and this is mainly due to higher than expected motor vehicle and excise tax collections and investment income. Total expenditures and carryovers were less than budget by approximately \$4.1 million. This was mainly due to turn backs in employee benefits and the school department.

### **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 and use of surplus funds. During the fiscal year, the Town incurred \$80.0 million of capitalized governmental expenditures and recognized depreciation expense of \$16.7 million. Current year additions consist mainly of school building improvements and construction costs related to the Town Hall renovation project.

Outstanding long-term debt of the general government, as of June 30, 2024, totaled \$190.1 million. In 2024 the Town issued \$19.0 million in long-term borrowings, inclusive of premiums.

The business-type activities have \$2.5 million in water enterprise debt and \$1.3 million in sewer enterprise debt that is fully supported by the rates. During 2024, the Town issued \$537,500 of new long-term MWRA sewer bonds. The funds do not rely on a general fund subsidy. Capital assets, net of accumulated depreciation increased by \$1.2 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 \$5.7 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.

# **Town of Wellesley, Massachusetts**

## **Management's Discussion and Analysis**

**Year Ended June 30, 2024**

### **Pension Trust Fund**

The Pension Trust Fund (System) recognized net investment income of \$28.2 million for the calendar year ended December 31, 2023. The System paid out \$17.9 million of retirement benefits, administration costs and transfers to other systems. Total net position of the System amounted to \$283.1 million at December 31, 2023, and the System's Funded Ratio was 89.41%, an increase from 84.99% at December 31, 2022. Investment returns are recovering from significant market losses from the previous measurement date attributing to the increase in the System's funding ratio.

### **Other Postemployment Benefits**

As of June 30, 2024, the Town has recognized a net other postemployment benefits (OPEB) liability/(asset) in the amount of \$35.7 million in accordance with the provisions of GASB Statement No.75. During 2024, the Town transferred \$3.4 million of pre-funding contributions to the OPEB Trust fund. The assets set aside in trust for future benefits amounted to \$124.7 million at year end. As of June 30, 2024, the ratio of the Plan's Fiduciary Net Position to the Total OPEB Liability (funded ratio) is 77.73%, an increase from 76.08% 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, 888 Worcester Street, Wellesley, MA 02482.

## *Basic Financial Statements*

# Town of Wellesley, Massachusetts

## Statement of Net Position

**June 30, 2024**

	<i>Primary Government</i>		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
CURRENT:			
Cash and cash equivalents.....	\$ 90,950,243	\$ 22,365,994	\$ 113,316,237
Restricted cash and cash equivalents.....	-	1,000,000	1,000,000
Investments.....	31,488,263	-	31,488,263
Receivables, net of allowance for uncollectibles:			
Real estate and personal property taxes.....	2,244,580	-	2,244,580
Tax liens.....	1,627,982	-	1,627,982
Community preservation fund surcharge.....	4,713	-	4,713
Motor vehicle excise taxes.....	529,947	-	529,947
User charges.....	-	7,394,773	7,394,773
Departmental and other.....	1,156,531	-	1,156,531
Intergovernmental.....	684,006	-	684,006
Inventory.....	-	2,298,196	2,298,196
Working capital deposit.....	-	1,078,220	1,078,220
Other assets.....	10,000	-	10,000
Purchased power advanced deposits.....	-	531,893	531,893
 Total current assets.....	 128,696,265	 34,669,076	 163,365,341
NONCURRENT:			
Net other postemployment benefits asset.....	-	2,348,540	2,348,540
Investment in Energy New England.....	-	150,000	150,000
Capital assets, nondepreciable.....	182,898,099	3,273,182	186,171,281
Capital assets, net of accumulated depreciation.....	202,739,258	97,798,871	300,538,129
 Total noncurrent assets.....	 385,637,357	 103,570,593	 489,207,950
 TOTAL ASSETS.....	 514,333,622	 138,239,669	 652,573,291
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows for refunding debt.....	282,811	104,222	387,033
Deferred outflows related to pensions.....	9,827,238	2,011,421	11,838,659
Deferred outflows related to other postemployment benefits.....	11,374,756	846,279	12,221,035
 TOTAL DEFERRED OUTFLOWS OF RESOURCES.....	 21,484,805	 2,961,922	 24,446,727

*See notes to basic financial statements.*

# Town of Wellesley, Massachusetts

## Statement of Net Position (Continued)

**June 30, 2024**

	<i>Primary Government</i>		
	Governmental Activities	Business-type Activities	Total
<b>LIABILITIES</b>			
<b>CURRENT:</b>			
Warrants payable.....	9,109,818	3,501,480	12,611,298
Accrued payroll.....	7,966,808	251,583	8,218,391
Tax refunds payable.....	1,052,724	-	1,052,724
Accrued interest.....	722,933	4,983	727,916
Other liabilities.....	719,743	371,191	1,090,934
Unearned revenue.....	-	2,298,966	2,298,966
Compensated absences.....	375,800	31,308	407,108
Workers' compensation.....	368,000	-	368,000
Bonds payable.....	<u>15,630,470</u>	<u>729,042</u>	<u>16,359,512</u>
Total current liabilities.....	<u>35,946,296</u>	<u>7,188,553</u>	<u>43,134,849</u>
<b>NONCURRENT:</b>			
Customer deposits.....	-	868,354	868,354
Other liabilities.....	-	391,570	391,570
Compensated absences.....	250,576	20,872	271,448
Workers' compensation.....	326,000	-	326,000
Net pension liability.....	28,243,151	4,988,890	33,232,041
Net other postemployment benefits liability.....	37,495,382	582,130	38,077,512
Bonds payable.....	<u>174,446,427</u>	<u>3,079,121</u>	<u>177,525,548</u>
Total noncurrent liabilities.....	<u>240,761,536</u>	<u>9,930,937</u>	<u>250,692,473</u>
<b>TOTAL LIABILITIES</b> .....	<u>276,707,832</u>	<u>17,119,490</u>	<u>293,827,322</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Taxes paid in advance.....	1,302,130	-	1,302,130
Deferred inflows related to pensions.....	4,941,053	1,190,259	6,131,312
Deferred inflows related to other postemployment benefits.....	<u>14,200,984</u>	<u>1,107,404</u>	<u>15,308,388</u>
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b> .....	<u>20,444,167</u>	<u>2,297,663</u>	<u>22,741,830</u>
<b>NET POSITION</b>			
Net investment in capital assets.....	215,208,177	97,368,112	312,576,289
Restricted for:			
Net other postemployment benefits.....	-	2,348,540	2,348,540
Depreciation.....	-	1,000,000	1,000,000
Permanent funds:			
Expendable.....	1,356,380	-	1,356,380
Nonexpendable.....	386,018	-	386,018
Gifts and grants.....	6,600,955	-	6,600,955
Community preservation.....	12,075,816	-	12,075,816
Unrestricted.....	<u>3,039,082</u>	<u>21,067,786</u>	<u>24,106,868</u>
<b>TOTAL NET POSITION</b> .....	<u>\$ 238,666,428</u>	<u>\$ 121,784,438</u>	<u>\$ 360,450,866</u>

*See notes to basic financial statements.*

# Town of Wellesley, Massachusetts

## Statement of Activities

**Year Ended June 30, 2024**

Functions/Programs	Program Revenues				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue
<b>Primary Government:</b>					
<i>Governmental Activities:</i>					
General government.....	\$ 12,073,624	\$ 1,612,484	\$ 458,515	\$ -	\$ (10,002,625)
Facilities maintenance.....	14,156,474	-	-	-	(14,156,474)
Natural resources.....	814,513	17,502	18,320	-	(778,691)
Public safety.....	22,811,429	5,829,984	478,363	-	(16,503,082)
Public education.....	144,433,762	4,466,059	37,159,724	8,142,280	(94,665,699)
Public works.....	15,408,045	1,234,358	451,557	3,444,557	(10,277,573)
Health.....	1,804,992	104,775	399,599	-	(1,300,618)
Recreation.....	2,305,860	1,403,161	80,035	-	(822,664)
Library.....	5,762,209	46,980	301,893	-	(5,413,336)
Community preservation.....	402,637	-	-	329,314	(73,323)
Traffic and parking management.....	713,380	75,249	-	-	(638,131)
Interest.....	4,905,304	-	-	-	(4,905,304)
Total Governmental Activities.....	<u>225,592,229</u>	<u>14,790,552</u>	<u>39,348,006</u>	<u>11,916,151</u>	<b><u>(159,537,520)</u></b>
<i>Business-Type Activities:</i>					
Water.....	9,766,876	9,273,283	-	-	(493,593)
Sewer.....	8,486,469	8,832,597	-	1,612,500	1,958,628
Stormwater.....	978,162	-	-	-	(978,162)
Municipal Light.....	35,272,264	42,539,846	-	1,085,346	8,352,928
Total Business-Type Activities.....	<u>54,503,771</u>	<u>60,645,726</u>	<u>-</u>	<u>2,697,846</u>	<b><u>8,839,801</u></b>
Total Primary Government.....	<u>\$ 280,096,000</u>	<u>\$ 75,436,278</u>	<u>\$ 39,348,006</u>	<u>\$ 14,613,997</u>	<b><u>\$ (150,697,719)</u></b>

*See notes to basic financial statements.*

# Town of Wellesley, Massachusetts

## Statement of Activities (Continued)

**Year Ended June 30, 2024**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>Changes in net position:</b>			
Net (expense) revenue from previous page.....	\$ (159,537,520)	\$ 8,839,801	\$ (150,697,719)
<i>General revenues:</i>			
Real estate and personal property taxes, net of tax refunds payable.....	171,263,722	-	171,263,722
Tax liens.....	281,376	-	281,376
Motor vehicle and other excise taxes.....	7,200,187	-	7,200,187
Meals tax.....	914,342	-	914,342
Community preservation surcharge.....	1,612,458	-	1,612,458
Penalties and interest on taxes.....	616,947	-	616,947
Payments in lieu of taxes.....	76,298	-	76,298
Grants and contributions not restricted to specific programs.....	1,763,425	-	1,763,425
Unrestricted investment income.....	8,398,107	-	8,398,107
Transfers, net .....	10,768	(10,768)	-
Total general revenues and transfers.....	192,137,630	(10,768)	192,126,862
Change in net position.....	32,600,110	8,829,033	41,429,143
<i>Net position:</i>			
Beginning of year.....	206,066,318	112,955,405	319,021,723
End of year.....	\$ 238,666,428	\$ 121,784,438	\$ 360,450,866

*See notes to basic financial statements.*

# Town of Wellesley, Massachusetts

## Governmental Funds Balance Sheet

**June 30, 2024**

	General	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents.....	\$ 42,343,438	\$ 20,384,907	\$ 27,649,894	\$ 90,378,239
Investments.....	27,839,953	-	1,581,263	29,421,216
Receivables, net of uncollectibles:				
Real estate and personal property taxes.....	2,244,580	-	-	2,244,580
Tax liens.....	1,627,982	-	-	1,627,982
Community preservation fund surcharge.....	-	-	4,713	4,713
Motor vehicle excise taxes.....	529,947	-	-	529,947
Departmental and other.....	34,577	-	1,110,491	1,145,068
Intergovernmental.....	-	-	684,006	684,006
Due from other funds.....	69,165	-	-	69,165
Other assets.....	10,000	-	-	10,000
<b>TOTAL ASSETS.....</b>	<b>74,699,642</b>	<b>20,384,907</b>	<b>31,030,367</b>	<b>126,114,916</b>
<b>LIABILITIES</b>				
Warrants payable.....	1,198,015	7,604,927	300,233	9,103,175
Accrued payroll.....	7,344,950	3,630	144,533	7,493,113
Tax refunds payable.....	1,052,724	-	-	1,052,724
Due to other funds.....	-	-	69,165	69,165
Other liabilities.....	-	-	719,743	719,743
<b>TOTAL LIABILITIES.....</b>	<b>9,595,689</b>	<b>7,608,557</b>	<b>1,233,674</b>	<b>18,437,920</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Taxes paid in advance.....	1,268,965	-	33,165	1,302,130
Unavailable revenue.....	3,739,088	-	871,116	4,610,204
<b>TOTAL DEFERRED INFLOWS OF RESOURCES.....</b>	<b>5,008,053</b>	<b>-</b>	<b>904,281</b>	<b>5,912,334</b>
<b>FUND BALANCES</b>				
Nonspendable.....	-	-	386,018	386,018
Restricted.....	-	12,776,350	28,506,394	41,282,744
Committed.....	6,303,046	-	-	6,303,046
Assigned.....	3,927,945	-	-	3,927,945
Unassigned.....	49,864,909	-	-	49,864,909
<b>TOTAL FUND BALANCES.....</b>	<b>60,095,900</b>	<b>12,776,350</b>	<b>28,892,412</b>	<b>101,764,662</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES.....</b>	<b>\$ 74,699,642</b>	<b>\$ 20,384,907</b>	<b>\$ 31,030,367</b>	<b>\$ 126,114,916</b>

*See notes to basic financial statements.*

## Town of Wellesley, Massachusetts

### Reconciliation of the Governmental Funds Balance Sheet Total Fund Balances to the Statement of Net Position

**June 30, 2024**

Total governmental fund balances.....	\$ 101,764,662
Capital assets (net) used in governmental activities are not financial resources and, therefore, are not reported in the funds.....	385,637,357
Accounts receivable are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.....	4,610,204
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.....	2,342,768
The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position.....	1,476,176
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.....	(722,933)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds: Bonds payable.....	(190,076,897)
Net pension liability.....	(28,243,151)
Net other postemployment benefits liability.....	(37,495,382)
Compensated absences.....	<u>(626,376)</u>
Net effect of reporting long-term liabilities.....	<u>(256,441,806)</u>
Net position of governmental activities.....	<u>\$ 238,666,428</u>

*See notes to basic financial statements.*

# Town of Wellesley, Massachusetts

## Governmental Funds

### Statement of Revenues, Expenditures and Changes in Fund Balances

**Year Ended June 30, 2024**

	General	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>				
Real estate and personal property taxes, net of tax refunds.....	\$ 171,628,896	\$ -	\$ -	\$ 171,628,896
Tax liens.....	281,376	- -	- -	281,376
Motor vehicle and other excise taxes.....	7,059,229	- -	- -	7,059,229
Meals tax.....	914,342	- -	- -	914,342
Charges for services.....	- -	- -	1,469,486	1,469,486
Parking meter receipts.....	- -	- -	759,966	759,966
Penalties and interest on taxes.....	616,947	- -	- -	616,947
Payments in lieu of taxes.....	76,298	- -	- -	76,298
Intergovernmental - Teachers Retirement.....	17,655,329	- -	- -	17,655,329
Intergovernmental.....	11,500,294	8,142,280	13,135,610	32,778,184
Departmental and other.....	6,465,320	- -	6,427,993	12,893,313
Community preservation surcharge.....	- -	- -	1,612,458	1,612,458
Contributions and donations.....	- -	- -	2,152,927	2,152,927
Investment income.....	7,552,059	- -	726,975	8,279,034
 TOTAL REVENUES.....	 223,750,090	 8,142,280	 26,285,415	 258,177,785
<b>EXPENDITURES:</b>				
Current:				
General government.....	6,792,055	13,939,181	940,449	21,671,685
Facilities maintenance.....	10,064,765	- -	- -	10,064,765
Natural resources.....	569,283	- -	26,284	595,567
Public safety.....	15,738,838	191,527	2,366,861	18,297,226
Public education.....	89,701,904	59,909,643	13,154,823	162,766,370
Public works.....	10,361,519	37,807	3,865,808	14,265,134
Health.....	1,242,499	- -	105,638	1,348,137
Recreation.....	427,237	333,642	1,408,018	2,168,897
Library.....	3,057,517	- -	400,457	3,457,974
Community preservation.....	- -	- -	402,637	402,637
Pension benefits.....	8,846,365	- -	- -	8,846,365
Pension benefits - Teachers Retirement.....	17,655,329	- -	- -	17,655,329
Employee benefits.....	25,209,031	- -	- -	25,209,031
Traffic and parking management.....	- -	- -	713,380	713,380
State and county charges.....	1,407,314	- -	- -	1,407,314
Debt service:				
Principal.....	12,785,000	- -	- -	12,785,000
Interest.....	6,364,556	- -	- -	6,364,556
 TOTAL EXPENDITURES.....	 210,223,212	 74,411,800	 23,384,355	 308,019,367
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....</b>				
	13,526,878	(66,269,520)	2,901,060	(49,841,582)
<b>OTHER FINANCING SOURCES (USES):</b>				
Issuance of bonds.....	- -	18,040,000	- -	18,040,000
Premium from issuance of bonds.....	- -	960,000	- -	960,000
Transfers in.....	1,660,680	1,927,172	701,293	4,289,145
Transfers out.....	(3,017,062)	(1,076)	(1,260,239)	(4,278,377)
 TOTAL OTHER FINANCING SOURCES (USES).....	 (1,356,382)	 20,926,096	 (558,946)	 19,010,768
 NET CHANGE IN FUND BALANCES.....	 12,170,496	 (45,343,424)	 2,342,114	 (30,830,814)
 FUND BALANCES AT BEGINNING OF YEAR.....	 47,925,404	 58,119,774	 26,550,298	 132,595,476
 FUND BALANCES AT END OF YEAR.....	 \$ 60,095,900	 \$ 12,776,350	 \$ 28,892,412	 \$ 101,764,662

*See notes to basic financial statements.*

## Town of Wellesley, Massachusetts

### Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities

#### Year Ended June 30, 2024

Net change in fund balances - total governmental funds.....	\$ (30,830,814)
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>	
Capital outlay.....	79,994,284
Depreciation expense.....	<u>(16,695,310)</u>
Net effect of reporting capital assets.....	63,298,974
<p>Revenues in the Statement of Activities that do not provide current financial resources are unavailable in the Statement of Revenues, Expenditures and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable differ between the two statements. This amount represents the net change in unavailable revenue.....</p>	
	(215,287)
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are unavailable and amortized in the Statement of Activities.</p>	
Issuance of bonds.....	(18,040,000)
Premium from issuance of bonds.....	(960,000)
Net amortization of premium from issuance of bonds.....	1,520,402
Net change in deferred charge on refunding.....	(70,704)
Debt service principal payments.....	<u>12,785,000</u>
Net effect of reporting long-term debt.....	(4,765,302)
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.</p>	
Net change in compensated absences accrual.....	(3,044)
Net change in accrued interest on long-term debt.....	9,554
Net change in deferred outflow/(inflow) of resources related to pensions.....	(8,511,654)
Net change in net pension liability.....	9,961,968
Net change in deferred outflow/(inflow) of resources related to other postemployment benefits.....	4,741,137
Net change in net other postemployment benefits liability.....	<u>(1,258,387)</u>
Net effect of recording long-term liabilities.....	4,939,574
The net activity of internal service funds is reported with Governmental Activities.....	<u>172,965</u>
Change in net position of governmental activities.....	\$ <u>32,600,110</u>

*See notes to basic financial statements.*

# Town of Wellesley, Massachusetts

## Proprietary Funds Statement of Net Position

**June 30, 2024**

Business-type Activities - Enterprise Funds						Governmental Activities - Internal Service Funds
	Water	Sewer	Stormwater	Municipal Light	Total	
<b>ASSETS</b>						
<b>CURRENT:</b>						
Cash and cash equivalents.....	\$ 6,354,202	\$ 4,624,990	\$ 11,070	\$ 11,375,732	\$ 22,365,994	\$ 572,004
Restricted cash and cash equivalents.....	-	-	-	1,000,000	1,000,000	-
Investments.....	-	-	-	-	-	2,067,047
Receivables, net of allowance for uncollectibles:						
User charges.....	1,301,534	918,936	-	5,174,303	7,394,773	-
Departmental and other.....	-	-	-	-	-	11,463
Inventory.....	381,583	-	-	1,916,613	2,298,196	-
Working capital deposit.....	-	-	-	1,078,220	1,078,220	-
Purchased power advanced deposits.....	-	-	-	531,893	531,893	-
Total current assets.....	8,037,319	5,543,926	11,070	21,076,761	34,669,076	2,650,514
<b>NONCURRENT:</b>						
Net other postemployment benefits asset.....	-	69,235	-	2,279,305	2,348,540	-
Investment in Energy New England.....	-	-	-	150,000	150,000	-
Capital assets, nondepreciable.....	205,239	-	-	3,067,943	3,273,182	-
Capital assets, net of accumulated depreciation.....	17,132,212	17,942,131	-	62,724,528	97,798,871	-
Total noncurrent assets.....	17,337,451	18,011,366	-	68,221,776	103,570,593	-
<b>TOTAL ASSETS.....</b>	<b>25,374,770</b>	<b>23,555,292</b>	<b>11,070</b>	<b>89,298,537</b>	<b>138,239,669</b>	<b>2,650,514</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Deferred loss on refunding.....	52,111	52,111	-	-	104,222	-
Deferred outflows related to pensions.....	601,240	172,116	-	1,238,065	2,011,421	-
Deferred outflows related to other postemployment benefits.....	184,411	15,904	-	645,964	846,279	-
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES.....</b>	<b>837,762</b>	<b>240,131</b>	-	<b>1,884,029</b>	<b>2,961,922</b>	-
<b>LIABILITIES</b>						
<b>CURRENT:</b>						
Warrants payable.....	148,854	72,119	-	3,280,507	3,501,480	6,643
Accrued payroll.....	59,593	11,368	-	180,622	251,583	473,695
Accrued interest.....	2,851	2,132	-	-	4,983	-
Other liabilities.....	34,445	2,075	-	334,671	371,191	-
Unearned revenue - WECARE 4% program.....	-	-	-	2,162,509	2,162,509	-
Unearned revenue - WECARE 100% program.....	-	-	-	136,457	136,457	-
Compensated absences.....	15,794	-	-	15,514	31,308	-
Workers' compensation.....	-	-	-	-	-	368,000
Bonds payable.....	432,954	296,088	-	-	729,042	-
Total current liabilities.....	694,491	383,782	-	6,110,280	7,188,553	848,338
<b>NONCURRENT:</b>						
Customer deposits.....	-	-	-	868,354	868,354	-
Other liabilities.....	-	-	-	391,570	391,570	-
Compensated absences.....	10,530	-	-	10,342	20,872	-
Workers' compensation.....	-	-	-	-	-	326,000
Net other postemployment benefits liability.....	582,130	-	-	-	582,130	-
Net pension liability.....	1,351,269	401,562	-	3,236,059	4,988,890	-
Bonds payable.....	2,026,772	1,052,349	-	-	3,079,121	-
Total noncurrent liabilities.....	3,970,701	1,453,911	-	4,506,325	9,930,937	326,000
<b>TOTAL LIABILITIES.....</b>	<b>4,665,192</b>	<b>1,837,693</b>	-	<b>10,616,605</b>	<b>17,119,490</b>	<b>1,174,338</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred inflows related to pensions.....	568,533	83,640	-	538,086	1,190,259	-
Deferred inflows related to other postemployment benefits.....	373,610	198,366	-	535,428	1,107,404	-
<b>TOTAL DEFERRED INFLOWS OF RESOURCES.....</b>	<b>942,143</b>	<b>282,006</b>	-	<b>1,073,514</b>	<b>2,297,663</b>	-
<b>NET POSITION</b>						
Net investment in capital assets.....	14,929,836	16,645,805	-	65,792,471	97,368,112	-
Restricted for:						
Net other postemployment benefits.....	-	69,235	-	2,279,305	2,348,540	-
Depreciation.....	-	-	-	1,000,000	1,000,000	-
Unrestricted.....	5,675,361	4,960,684	11,070	10,420,671	21,067,786	1,476,176
<b>TOTAL NET POSITION.....</b>	<b>\$ 20,605,197</b>	<b>\$ 21,675,724</b>	<b>\$ 11,070</b>	<b>\$ 79,492,447</b>	<b>\$ 121,784,438</b>	<b>\$ 1,476,176</b>

*See notes to basic financial statements.*

# Town of Wellesley, Massachusetts

## Proprietary Funds Statement of Revenue, Expenses and Changes in Net Position

**Year Ended June 30, 2024**

Business-type Activities - Enterprise Funds						Governmental Activities - Internal Service Funds
	Water	Sewer	Stormwater	Municipal Light	Total	
<b>OPERATING REVENUES:</b>						
Employee contributions.....	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,683,820
Employer contributions.....	- -	- -	- -	- -	- -	21,430,240
Charges for services.....	8,959,039	8,784,897	- -	37,160,839	54,904,775	2,234,346
Contracted services.....	- -	- -	- -	2,329,911	2,329,911	- -
Other operating revenues.....	314,244	47,700	- -	2,486,539	2,848,483	- -
<b>TOTAL OPERATING REVENUES</b>	<b>9,273,283</b>	<b>8,832,597</b>	- -	41,977,289	60,083,169	32,348,406
<b>OPERATING EXPENSES:</b>						
Administration and general.....	1,235,625	540,889	978,162	430,222	3,184,898	- -
MWRA assessment.....	4,211,496	6,630,804	- -	- -	10,842,300	- -
Purchased power.....	- -	- -	- -	16,004,478	16,004,478	- -
Transmission.....	1,430,998	- -	- -	8,822,558	10,253,556	- -
Cost of contracted services.....	- -	- -	- -	2,051,204	2,051,204	- -
Cost associated with other revenue.....	- -	- -	- -	872,793	872,793	- -
Pumping and treatment.....	1,458,969	286,428	- -	- -	1,745,397	- -
Distribution.....	- -	- -	- -	1,182,674	1,182,674	- -
Collection.....	- -	354,320	- -	- -	354,320	- -
Customer accounts.....	229,383	123,617	- -	1,308,789	1,661,789	- -
Depreciation.....	1,160,800	522,449	- -	4,032,467	5,715,716	- -
Employee benefits.....	- -	- -	- -	- -	- -	30,936,362
Fleet maintenance.....	- -	- -	- -	- -	- -	1,358,152
<b>TOTAL OPERATING EXPENSES</b>	<b>9,727,271</b>	<b>8,458,507</b>	<b>978,162</b>	<b>34,705,185</b>	<b>53,869,125</b>	<b>32,294,514</b>
<b>OPERATING INCOME</b>	<b>(453,988)</b>	<b>374,090</b>	<b>(978,162)</b>	<b>7,272,104</b>	<b>6,214,044</b>	<b>53,892</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>						
Investment income.....	- -	- -	- -	- -	- -	119,073
Interest expense.....	(39,605)	(27,962)	- -	(4,522)	(72,089)	- -
WECARE revenues - 4% program.....	- -	- -	- -	408,222	408,222	- -
WECARE expense - 4% program.....	- -	- -	- -	(408,222)	(408,222)	- -
WECARE revenues - 100% program.....	- -	- -	- -	154,335	154,335	- -
WECARE expense - 100% program.....	- -	- -	- -	(154,335)	(154,335)	- -
<b>TOTAL NONOPERATING REVENUES (EXPENSES), NET</b>	<b>(39,605)</b>	<b>(27,962)</b>	- -	<b>(4,522)</b>	<b>(72,089)</b>	<b>119,073</b>
<b>INCOME BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS</b>	<b>(493,593)</b>	<b>346,128</b>	<b>(978,162)</b>	<b>7,267,582</b>	<b>6,141,955</b>	<b>172,965</b>
<b>CAPITAL CONTRIBUTIONS</b>	<b>- -</b>	<b>1,612,500</b>	- -	<b>1,085,346</b>	<b>2,697,846</b>	<b>- -</b>
<b>TRANSFERS:</b>						
Transfers in.....	- -	- -	989,232	- -	989,232	- -
Transfers out.....	- -	- -	- -	(1,000,000)	(1,000,000)	- -
<b>TOTAL TRANSFERS</b>	<b>- -</b>	<b>- -</b>	<b>989,232</b>	<b>(1,000,000)</b>	<b>(10,768)</b>	<b>- -</b>
<b>CHANGE IN NET POSITION</b>	<b>(493,593)</b>	<b>1,958,628</b>	<b>11,070</b>	<b>7,352,928</b>	<b>8,829,033</b>	<b>172,965</b>
<b>NET POSITION AT BEGINNING OF YEAR</b>	<b>21,098,790</b>	<b>19,717,096</b>	- -	<b>72,139,519</b>	<b>112,955,405</b>	<b>1,303,211</b>
<b>NET POSITION AT END OF YEAR</b>	<b>\$ 20,605,197</b>	<b>\$ 21,675,724</b>	<b>\$ 11,070</b>	<b>\$ 79,492,447</b>	<b>\$ 121,784,438</b>	<b>\$ 1,476,176</b>

*See notes to basic financial statements.*

# Town of Wellesley, Massachusetts

## Proprietary Funds Statement of Cash Flows

**Year Ended June 30, 2024**

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Water	Sewer	Stormwater	Municipal Light	Total	
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>						
Receipts from customers and users.....	\$ 9,135,707	\$ 8,620,571	\$ -	\$ 40,722,379	\$ 58,478,657	\$ 8,690,997
Receipts from interfund services provided.....	-	-	-	-	-	23,664,586
Payments to vendors.....	(8,223,685)	(7,278,703)	(232,945)	(29,255,380)	(44,990,713)	-
Payments to employees.....	(364,748)	(702,855)	(745,217)	(1,423,604)	(3,236,424)	-
Payments for interfund services used.....	-	-	-	-	-	(32,125,480)
NET CASH FROM OPERATING ACTIVITIES.....	547,274	639,013	(978,162)	10,043,395	10,251,520	230,103
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>						
Transfers in.....	-	-	989,232	-	989,232	-
Payment in lieu of taxes, Town of Wellesley.....	-	-	-	(1,000,000)	(1,000,000)	-
NET CASH FROM NONCAPITAL FINANCING ACTIVITIES.....	-	-	989,232	(1,000,000)	(10,768)	-
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>						
Proceeds from the issuance of bonds.....	-	537,500	-	-	537,500	-
Capital contributions.....	-	1,612,500	-	1,085,346	2,697,846	-
Acquisition and construction of capital assets.....	(1,015,701)	(991,305)	-	(4,943,058)	(6,950,064)	-
Principal payments on bonds.....	(409,700)	(231,591)	-	-	(641,291)	-
Interest expense.....	(53,836)	(32,086)	-	(4,522)	(90,444)	-
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES.....	(1,479,237)	895,018	-	(3,862,234)	(4,446,453)	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>						
Purchase of investments, net.....	-	-	-	-	-	(286,821)
Investment income.....	-	-	-	-	-	119,073
NET CASH FROM INVESTING ACTIVITIES.....	-	-	-	-	-	(167,748)
NET CHANGE IN CASH AND CASH EQUIVALENTS.....	(931,963)	1,534,031	11,070	5,181,161	5,794,299	62,355
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR.....	7,286,165	3,090,959	-	7,194,571	17,571,695	509,649
CASH AND CASH EQUIVALENTS AT END OF YEAR.....	\$ 6,354,202	\$ 4,624,990	\$ 11,070	\$ 12,375,732	\$ 23,365,994	\$ 572,004
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES:</b>						
Operating income.....	\$ (453,988)	\$ 374,090	\$ (978,162)	\$ 7,272,104	\$ 6,214,044	\$ 53,892
Adjustments to reconcile operating income to net cash from operating activities:						
Depreciation.....	1,160,800	522,449	-	4,032,467	5,715,716	-
Deferred (outflows)/inflows related to pensions.....	332,122	145,840	-	1,091,481	1,569,443	-
Deferred (outflows)/inflows related to OPEB.....	(134,392)	(107,261)	-	(21,790)	(263,443)	-
Changes in assets and liabilities:						
User charges.....	(192,018)	(212,026)	-	(1,321,414)	(1,725,458)	-
Departmental and other.....	-	-	-	-	-	7,177
Intergovernmental.....	54,442	-	-	-	54,442	-
Inventory.....	60,763	-	-	(131,415)	(70,652)	-
Purchased power advanced deposits.....	-	-	-	53,130	53,130	-
Warrants payable.....	77,047	67,669	-	348,293	493,009	(34,320)
Accrued payroll.....	14,817	582	-	124,777	140,176	40,354
Fees collected in advance.....	-	-	-	641,365	641,365	-
Customer deposits.....	-	-	-	7,275	7,275	-
Other liabilities.....	-	-	-	(582,136)	(582,136)	-
Compensated absences.....	(9,890)	-	-	(5,140)	(15,030)	-
Workers' compensation.....	-	-	-	-	-	163,000
Net pension liability.....	(413,121)	(126,215)	-	(1,207,170)	(1,746,506)	-
Net other postemployment benefits liability/asset.....	50,692	(26,115)	-	(258,432)	(233,855)	-
Total adjustments.....	1,001,262	264,923	-	2,771,291	4,037,476	176,211
NET CASH FROM OPERATING ACTIVITIES.....	\$ 547,274	\$ 639,013	\$ (978,162)	\$ 10,043,395	\$ 10,251,520	\$ 230,103
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:</b>						
Change in the deferred loss on debt refunding.....	\$ (13,028)	\$ (13,028)	\$ -	\$ -	\$ (26,056)	\$ -

*See notes to basic financial statements.*

**Town of Wellesley, Massachusetts**

**Fiduciary Funds**  
**Statement of Fiduciary Net Position**

**June 30, 2024**

	Pension and Other Employee Benefit Trust Funds (1)	Private Purpose Trust Fund
<b>ASSETS</b>		
Cash and cash equivalents.....	\$ 1,205,998	\$ -
Investments:		
Investments in Pension Reserve Investment Trust.....	406,637,363	-
Equity securities.....	-	649,886
Receivables, net of allowance for uncollectibles:		
Departmental and other.....	679,059	-
Other assets.....	2,033	-
<b>TOTAL ASSETS.....</b>	<b>408,524,453</b>	<b>649,886</b>
<b>LIABILITIES</b>		
Warrants payable.....	732,956	-
<b>NET POSITION</b>		
Restricted for pensions.....	283,084,183	-
Restricted for other postemployment benefits.....	124,707,314	-
Held in trust for other purposes.....	-	649,886
<b>TOTAL NET POSITION.....</b>	<b>\$ 407,791,497</b>	<b>\$ 649,886</b>

(1) The Pension Trust Fund is as of December 31, 2023.

# Town of Wellesley, Massachusetts

## Fiduciary Funds Statement of Changes in Fiduciary Net Position

**Year Ended June 30, 2024**

	Pension and Other Employee Benefit Trust Funds (1)	Private Purpose Trust Fund
<b>ADDITIONS:</b>		
Contributions:		
Employer contributions.....	\$ 13,796,519	\$ -
Employer contributions for other postemployment benefit payments.....	5,928,384	-
Member contributions.....	4,476,216	-
Transfers from other systems.....	689,352	-
3(8)c contributions from other systems.....	540,829	-
Workers compensation settlements.....	10,909	-
Member makeup payments and redeposits.....	21,827	-
Intergovernmental.....	50,411	-
 Total contributions.....	<u>25,514,447</u>	<u>-</u>
Net investment income:		
Investment income.....	41,077,322	38,764
Less: investment expense.....	<u>(1,959,323)</u>	<u>-</u>
 Net investment income.....	<u>39,117,999</u>	<u>38,764</u>
<b>TOTAL ADDITIONS.....</b>	<b><u>64,632,446</u></b>	<b><u>38,764</u></b>
<b>DEDUCTIONS:</b>		
Administration.....	328,460	-
Transfers to other systems.....	1,617,358	-
3(8)c transfer to other systems.....	569,462	-
Retirement benefits and refunds.....	15,393,756	-
Other postemployment benefit payments.....	5,928,384	-
Educational scholarships.....	- <u>24,000</u>	<u>24,000</u>
<b>TOTAL DEDUCTIONS.....</b>	<b><u>23,837,420</u></b>	<b><u>24,000</u></b>
<b>NET INCREASE (DECREASE) IN NET POSITION.....</b>	<b><u>40,795,026</u></b>	<b><u>14,764</u></b>
<b>NET POSITION AT BEGINNING OF YEAR.....</b>	<b><u>366,996,471</u></b>	<b><u>635,122</u></b>
<b>NET POSITION AT END OF YEAR.....</b>	<b><u>\$ 407,791,497</u></b>	<b><u>\$ 649,886</u></b>

(1) The Pension Trust Fund for the year ended December 31, 2023.

*See notes to basic financial statements.*

# **Town of Wellesley, Massachusetts**

## **Notes to the Basic Financial Statements**

**June 30, 2024**

### **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.

# **Town of Wellesley, Massachusetts**

## **Notes to the Basic Financial Statements**

**June 30, 2024**

### **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.

# **Town of Wellesley, Massachusetts**

## **Notes to the Basic Financial Statements**

**June 30, 2024**

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-

# **Town of Wellesley, Massachusetts**

## **Notes to the Basic Financial Statements**

**June 30, 2024**

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.

# **Town of Wellesley, Massachusetts**

## **Notes to the Basic Financial Statements**

**June 30, 2024**

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 *stormwater enterprise fund* is used to account for stormwater management 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 of stormwater management, 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

# **Town of Wellesley, Massachusetts**

## **Notes to the Basic Financial Statements**

**June 30, 2024**

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.

# **Town of Wellesley, Massachusetts**

## **Notes to the Basic Financial Statements**

**June 30, 2024**

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

### **F. Accounts Receivable**

#### *Government-Wide and Fund Financial Statements*

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

#### ***Real Estate, Personal Property Taxes and Tax Liens***

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

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

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

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

#### ***Motor Vehicle Excise***

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

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

# **Town of Wellesley, Massachusetts**

## **Notes to the Basic Financial Statements**

**June 30, 2024**

### ***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.

# **Town of Wellesley, Massachusetts**

## **Notes to the Basic Financial Statements**

**June 30, 2024**

### G. Inventories

#### *Government-Wide and Fund Financial Statements*

Inventories are recorded as expenditures at the time of purchase. Governmental activities and governmental funds 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:

<u>Capital Asset Type</u>	<u>Estimated Useful Life (in years)</u>
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.

# **Town of Wellesley, Massachusetts**

## **Notes to the Basic Financial Statements**

**June 30, 2024**

### *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 assets 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 assets 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”.

# **Town of Wellesley, Massachusetts**

## **Notes to the Basic Financial Statements**

**June 30, 2024**

### *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.

# **Town of Wellesley, Massachusetts**

## **Notes to the Basic Financial Statements**

**June 30, 2024**

Net position has been “restricted for” the following:

“Net other postemployment benefits” - represents the Town’s net OPEB assets in the sewer and municipal light enterprise funds accumulated and held in a separate irrevocable Trust to pre-fund future OPEB liabilities.

“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.

# **Town of Wellesley, Massachusetts**

## **Notes to the Basic Financial Statements**

**June 30, 2024**

“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.

# **Town of Wellesley, Massachusetts**

## **Notes to the Basic Financial Statements**

**June 30, 2024**

### **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.

# **Town of Wellesley, Massachusetts**

## **Notes to the Basic Financial Statements**

**June 30, 2024**

### 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 43 days.

# **Town of Wellesley, Massachusetts**

## **Notes to the Basic Financial Statements**

**June 30, 2024**

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 2.98 to 14.57 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 \$2,925,481 and the bank balances totaled \$4,912,205. Of the bank balance, \$1,145,226 was covered by FDIC insurance, \$75,449 was covered by DIF insurance, \$1,607,195 was collateralized, and \$2,084,335 was exposed to custodial credit risk because it was uninsured and uncollateralized.

At December 31, 2023, the carrying amount (book value) of the Retirement System's deposits totaled \$214,466 and the bank balance totaled \$1,759,685. Of the bank balance, \$763,620 was covered by FDIC insurance, and \$996,065 was exposed to custodial credit risk because it was uninsured and uncollateralized.

# Town of Wellesley, Massachusetts

## Notes to the Basic Financial Statements

**June 30, 2024**

As of June 30, 2024, the Town had the following investments:

Investment Type	Fair value	Maturities			Rating
		Under 1 Year	1-5 Years	6-10 Years	
<u>Debt securities:</u>					
U.S. treasury notes.....	\$ 16,779,216	\$ 13,914,100	\$ 2,319,190	\$ 545,926	-
Government sponsored enterprises (1).....	1,096,380	477,865	487,745	130,770	AAA
Corporate bonds (2).....	1,939,709	512,233	1,202,534	224,942	AA- - BBB+
Total debt securities.....	\$ 19,815,305	\$ 14,904,198	\$ 4,009,469	\$ 901,638	
<u>Other investments:</u>					
Equity securities.....	3,091,713				
Fixed income.....	9,231,131				
Money market mutual funds.....	406,413				
Pension Reserve Investment Trust (PRIT).....	124,707,314				
MMDT - Cash portfolio.....	110,984,343				
Total investments.....	\$ 268,236,219				

(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 separate ratings, which consist of \$476,462 of AA- rated bonds, \$226,223 of A+, \$553,643 of A- rated bonds and \$683,381 of BBB+ rated bonds.

As of December 31, 2023, the Retirement System had investments in PRIT totaling \$281,930,049. The Retirement System also maintains a short-term investment portfolio with MMDT. At December 31, 2023, the Retirement System's investment with MMDT was \$991,532 which is classified as a cash equivalent.

The table as noted on the following page reconciles total cash and investments as of June 30, 2024, except for the Pension Trust Fund, which is as of December 31, 2023:

# Town of Wellesley, Massachusetts

## Notes to the Basic Financial Statements

**June 30, 2024**

	Cash and Cash Equivalents	Restricted Cash and Cash Equivalents	Investments	Total
<b>Primary Government:</b>				
Governmental Activities.....	\$ 90,950,243	\$ -	\$ 31,488,263	\$ 122,438,506
Business-Type Activities.....	22,365,994	1,000,000	-	23,365,994
<b>Fiduciary Funds:</b>				
Pension Trust Fund (as of December 31, 2023)....	1,205,998	-	281,930,049	283,136,047
Other Postemployment Benefit Trust Fund.....	-	-	124,707,314	124,707,314
Private Purpose Trust Fund.....	-	-	649,886	649,886
<b>Totals.....</b>	<b><u>114,522,235</u></b>	<b><u>1,000,000</u></b>	<b><u>438,775,512</u></b>	<b><u>554,297,747</u></b>
<b>Carrying Value of Cash:</b>				
Primary Government.....	\$ 2,925,481			
Pension Trust Fund.....	214,466			
<b>Investments considered cash and cash equivalents:</b>				
Money market mutual funds.....	406,413			
MMDT held by Pension Trust Fund.....	991,532			
MMDT held by Town.....	<u>110,984,343</u>			
Cash and cash equivalents.....	<u>115,522,235</u>			
Debt securities.....	19,815,305			
Equity securities.....	3,091,713			
Fixed income.....	9,231,131			
PRIT funds (OPEB).....	124,707,314			
PRIT funds (Pension).....	<u>281,930,049</u>			
Investments.....	<u>438,775,512</u>			
<b>Total cash and cash equivalents, and investments.....</b>	<b><u>\$ 554,297,747</u></b>			

### Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of a failure by the counterparty, the Town will not be able to recover the value of its investments or collateral security that are in the possession of an outside party. Of the Town's total investments there was custodial credit risk exposure of \$6,127,802 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

# **Town of Wellesley, Massachusetts**

## **Notes to the Basic Financial Statements**

**June 30, 2024**

referenced financial institutions, broker/dealers, intermediaries and advisors have Securities Investor Protection Corporation (SIPC) and excess SIPC coverage.

At December 31, 2023, the System's \$281,930,049 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.

# Town of Wellesley, Massachusetts

## Notes to the Basic Financial Statements

**June 30, 2024**

The following table presents financial assets at June 30, 2024, that the Town measures fair value on a recurring basis, by level, within the fair value hierarchy:

Investment Type	June 30, 2024	Fair Value Measurements Using				
		Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs		
<b>Investments measured at fair value:</b>						
<b>Debt securities:</b>						
U.S. treasury notes.....	\$ 16,779,216	\$ 16,779,216	\$ -	\$ -	-	
Government sponsored enterprises.....	1,096,380	-	1,096,380	-	-	
Corporate bonds.....	1,939,709	-	1,939,709	-	-	
Total debt securities.....	<u>19,815,305</u>	<u>16,779,216</u>	<u>3,036,089</u>	<u>-</u>	<u>-</u>	
<b>Other investments:</b>						
Equity securities.....	3,091,713	3,091,713	-	-	-	
Fixed income.....	9,231,131	9,231,131	-	-	-	
Money market mutual funds.....	406,413	406,413	-	-	-	
Total other investments.....	<u>12,729,257</u>	<u>12,729,257</u>	<u>-</u>	<u>-</u>	<u>-</u>	
Total investments measured at fair value.....	<u>\$ 32,544,562</u>	<u>\$ 29,508,473</u>	<u>\$ 3,036,089</u>	<u>\$ -</u>	<u>-</u>	
<b>Investments measured at amortized cost:</b>						
MMDT - Cash portfolio.....	<u>110,984,343</u>					
<b>Investments measured at net asset value:</b>						
Pension Reserve Investment Trust (PRIT).....	<u>124,707,314</u>					
Total investments.....	<u>\$ 268,236,219</u>					

Equity securities, U.S. Treasury Notes, 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 and Government Sponsored Enterprises 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. MMDT, which is an external investment pool that is overseen by the Treasurer of the Commonwealth of Massachusetts, meets the criteria established by GASB 79, "Certain External

# **Town of Wellesley, Massachusetts**

## **Notes to the Basic Financial Statements**

**June 30, 2024**

Investment Pools and Pool Participants”, to report its investments at amortized cost; therefore the Town reports its investments in MMDT at amortized cost which approximates the net asset value of \$1.00 per share. MMDT has a maturity of less than 1 year and is not rated.

### **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, 2023:

#### **Investments measured at amortized cost:**

MMDT - Cash portfolio.....	\$	991,532
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#### **Investments measured at net asset value:**

Pension Reserve Investment Trust (PRIT).....	<u>281,930,049</u>
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Total investments.....	\$ <u>282,921,581</u>
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The System’s investments in PRIT and MMDT are the same as the Town’s investments as previously described.

# Town of Wellesley, Massachusetts

## Notes to the Basic Financial Statements

**June 30, 2024**

### **NOTE 3 – RECEIVABLES**

At June 30, 2024, 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
<b>Receivables:</b>			
Real estate and personal property taxes....	\$ 2,244,580	\$ -	\$ 2,244,580
Tax liens.....	1,627,982	-	1,627,982
Community preservation fund surcharge...	4,713	-	4,713
Motor vehicle excise taxes.....	588,830	(58,883)	529,947
Departmental and other.....	1,156,531	-	1,156,531
Intergovernmental.....	<u>684,006</u>	-	<u>684,006</u>
 Total.....	 <u>\$ 6,306,642</u>	 <u>\$ (58,883)</u>	 <u>\$ 6,247,759</u>

- The allowance for uncollectible motor vehicle excise taxes relates primarily to balances outstanding five years and older.

At June 30, 2024, receivables for the sewer, water, and municipal light enterprise funds consist of the following:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<b>Receivables:</b>			
Water user charges.....	\$ 1,301,534	\$ -	\$ 1,301,534
Sewer user charges.....	918,936	-	918,936
Municipal light user charges.....	<u>5,174,303</u>	-	<u>5,174,303</u>
 Total.....	 <u>\$ 7,394,773</u>	 <u>\$ -</u>	 <u>\$ 7,394,773</u>

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 noted on the following page.

# Town of Wellesley, Massachusetts

## Notes to the Basic Financial Statements

**June 30, 2024**

	General Fund	Other Governmental Funds	Total
<b><u>Receivables:</u></b>			
Real estate and personal property taxes.....	\$ 1,546,582	\$ -	\$ 1,546,582
Tax liens.....	1,627,982	-	1,627,982
Motor vehicle excise taxes.....	529,947	-	529,947
Departmental and other.....	34,577	364,963	399,540
Intergovernmental - state highway.....	-	263,875	263,875
Intergovernmental - other.....	-	242,278	242,278
 Total.....	 \$ 3,739,088	 \$ 871,116	 \$ 4,610,204

## NOTE 4 – CAPITAL ASSETS

A summary of changes in capital asset activity for the year ended June 30, 2024, is as follows:

<b>Governmental Activities:</b>	Beginning Balance	Increases	Decreases	Ending Balance
<b><u>Capital assets not being depreciated:</u></b>				
Land.....	\$ 51,959,370	\$ -	\$ -	\$ 51,959,370
Construction in progress.....	58,865,992	74,371,281	(2,298,544)	130,938,729
 Total capital assets not being depreciated.....	 110,825,362	 74,371,281	 (2,298,544)	 182,898,099
<b><u>Capital assets being depreciated:</u></b>				
Improvements other than buildings.....	34,046,210	-	-	34,046,210
Buildings.....	299,590,783	1,068,426	-	300,659,209
Machinery and equipment.....	25,158,642	1,974,122	(342,405)	26,790,359
Public domain infrastructure.....	82,985,952	4,878,999	-	87,864,951
 Total capital assets being depreciated.....	 441,781,587	 7,921,547	 (342,405)	 449,360,729
<b><u>Less accumulated depreciation for:</u></b>				
Improvements other than buildings.....	(24,684,769)	(1,449,219)	-	(26,133,988)
Buildings.....	(141,700,550)	(11,806,639)	-	(153,507,189)
Machinery and equipment.....	(16,654,625)	(1,073,332)	342,405	(17,385,552)
Public domain infrastructure.....	(47,228,622)	(2,366,120)	-	(49,594,742)
 Total accumulated depreciation.....	 (230,268,566)	 (16,695,310)	 342,405	 (246,621,471)
 Total capital assets being depreciated, net.....	 211,513,021	 (8,773,763)	 -	 202,739,258
 Total governmental activities capital assets, net.....	 \$ 322,338,383	 \$ 65,597,518	 \$ (2,298,544)	 \$ 385,637,357

# Town of Wellesley, Massachusetts

## Notes to the Basic Financial Statements

**June 30, 2024**

<b>Business-Type Activities:</b>	Beginning Balance	Increases	Decreases	Ending Balance
<u><b>Capital assets not being depreciated:</b></u>				
Land and land rights.....	\$ 267,946	\$ -	\$ -	\$ 267,946
Construction in progress.....	1,731,316	1,633,381	(359,461)	3,005,236
Total capital assets not being depreciated.....	1,999,262	1,633,381	(359,461)	3,273,182
<u><b>Capital assets being depreciated:</b></u>				
Transmission Plant.....	13,473,343	11,221	-	13,484,564
Distribution plant.....	101,278,163	3,400,824	(110,868)	104,568,119
Other plant in service.....	68,055,667	1,777,180	-	69,832,847
Vehicles and other equipment.....	11,923,497	486,919	(234,711)	12,175,705
Total capital assets being depreciated.....	194,730,670	5,676,144	(345,579)	200,061,235
<u><b>Less accumulated depreciation for:</b></u>				
Transmission Plant.....	(11,504,331)	(240,247)	-	(11,744,578)
Distribution plant.....	(43,685,435)	(3,370,898)	110,868	(46,945,465)
Other plant in service.....	(34,797,017)	(1,355,514)	-	(36,152,531)
Vehicles and other equipment.....	(6,905,444)	(749,057)	234,711	(7,419,790)
Total accumulated depreciation.....	(96,892,227)	(5,715,716)	345,579	(102,262,364)
Total capital assets being depreciated, net.....	97,838,443	(39,572)	-	97,798,871
Total business-type activities capital assets, net.....	\$ 99,837,705	\$ 1,593,809	\$ (359,461)	\$ 101,072,053

Depreciation expense was charged to Town functions as follows:

### **Governmental Activities:**

General government.....	\$ 1,388,823
Public safety.....	885,843
Public education.....	8,527,860
Public works.....	4,494,122
Health and human services.....	275,300
Library and Recreation.....	1,123,362
 Total depreciation expense - governmental activities.....	 \$ 16,695,310

### **Business-Type Activities:**

Water.....	\$ 1,160,800
Sewer.....	522,449
Municipal Light.....	4,032,467
 Total depreciation expense - business-type activities.....	 \$ 5,715,716

# **Town of Wellesley, Massachusetts**

## **Notes to the Basic Financial Statements**

**June 30, 2024**

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

Interfund receivables and payables totaled \$69,165 as of June 30, 2024, and consisted of funds due to the general fund from the Highway fund. The outstanding balance resulted from the lag time between the dates that reimbursable expenditures are incurred, and reimbursements are received.

Interfund transfers for the year ended June 30, 2024, are summarized as follows:

Transfers Out:	Transfers In					Total
	General Fund	Capital Projects	Nonmajor Governmental Funds	Stormwater Enterprise fund		
General fund.....	\$ -	\$ 1,416,075	\$ 611,755	\$ 989,232	\$ 3,017,062	(1)
Capital Projects Fund.....	1,076	-	-	-	-	1,076 (2)
Nonmajor governmental funds....	659,604	511,097	89,538	-	1,260,239	(3)
Municipal light fund.....	1,000,000	-	-	-	1,000,000	(4)
Total.....	\$ 1,660,680	\$ 1,927,172	\$ 701,293	\$ 989,232	\$ 5,278,377	

- (1) Budgeted transfers from general fund to the capital project funds for HVAC equipment, and for the purchase of a fire engine. Also, this consists of a budgeted transfer from the general fund to the nonmajor funds for traffic and parking operations and an unbudgeted transfer for opioid settlement funds. Furthermore, to transfer funds from the general fund to establish new operations under a stormwater management enterprise fund.
- (2) Transfers from the capital projects fund to the general fund to close out old capital projects.
- (3) Budgeted transfers from the nonmajor governmental funds to fund general fund operations, transfers to capital projects, and transfers between various nonmajor funds.
- (4) 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. The Town did not have any short-term debt activity during the year ended June 30, 2024.

# Town of Wellesley, Massachusetts

## Notes to the Basic Financial Statements

**June 30, 2024**

### **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, 2024, and the debt service requirements for the governmental activities are as follows.

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2023			Outstanding at June 30, 2024		
				Issued	Redeemed				
<b>Inside Debt Limit</b>									
St. James Land.....	2045	5,000,000	3.38	\$ 3,940,000	\$ -	\$ 150,000	\$ 3,790,000		
Various Building Repairs.....	2035	2,290,000	3.48	1,380,000	-	115,000	1,265,000		
Police & Fire HVAC.....	2025	1,265,000	3.48	250,000	-	125,000	125,000		
School Auditorium Seats.....	2025	315,000	3.48	60,000	-	30,000	30,000		
494 Washington Street.....	2035	1,305,000	3.48	780,000	-	65,000	715,000		
Fuller Brook Park.....	2025	460,000	3.48	90,000	-	45,000	45,000		
DPW Park/ Highway Garage Construction.....	2026	575,000	3.48	165,000	-	55,000	110,000		
Police Station.....	2027	1,471,000	4.00	445,000	-	115,000	330,000		
Turf Field High School Stadium.....	2027	947,000	4.00	375,000	-	95,000	280,000		
Rt.9/Kingsbury Intersection.....	2028	501,000	5.00	250,000	-	50,000	200,000		
Town Hall Design.....	2033	820,000	5.00	550,000	-	55,000	495,000		
Town Hall Construction.....	2033	4,742,500	5.00	3,150,000	-	315,000	2,835,000		
Reconstruct Cliff Road.....	2028	1,772,000	5.00	875,000	-	175,000	700,000		
Worcester Street - 3 Land Parcels.....	2038	3,241,000	5.00	2,420,000	-	165,000	2,255,000		
Middle School Pipes.....	2029	2,505,000	4.00	1,470,000	-	245,000	1,225,000		
Hunnewell Feasibility Study.....	2024	1,000,000	4.00	200,000	-	200,000	-		
Sprague Chiller.....	2031	800,000	5.00	640,000	-	80,000	560,000		
Library Roof.....	2031	521,000	5.00	410,000	-	55,000	355,000		
Library Refresh.....	2028	2,000,000	5.00	1,425,000	-	285,000	1,140,000		
Great Plain Ave.....	2031	1,200,000	5.00	960,000	-	120,000	840,000		
Great Plain Ave Road Repair.....	2031	160,600	5.00	140,000	-	20,600	119,400		
Town Hall Interior Improvements.....	2027	1,850,333	5.00	1,480,000	-	370,333	1,109,667		
Grove Street Drainage and Paving/Sidewalks.....	2032	3,000,000	5.00	2,700,000	-	300,000	2,400,000		
<b>Subtotal Non Exempt.....</b>		<b>37,741,433</b>		<b>24,155,000</b>	<b>-</b>	<b>3,230,933</b>	<b>20,924,067</b>		

(continued)

# Town of Wellesley, Massachusetts

## Notes to the Basic Financial Statements

**June 30, 2024**

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2023	Issued	Redeemed	Outstanding at June 30, 2024
<b>2 1/2 % Exempt Debt</b>							
Middle School (Refunding).....	2025	\$ 4,345,000	1.46	\$ 850,000	-	\$ 430,000	\$ 420,000
Middle School Construction (Refunding).....	2026	3,770,000	3.48	1,300,000	-	415,000	885,000
Middle School Construction .....	2026	13,825,000	3.49-4.00	1,395,000	-	-	1,395,000
High School Expansion-Seaver Street.....	2028	5,173,000	3.40-4.00	859,000	-	175,000	684,000
High School Planning.....	2029	1,159,500	3.40-4.00	202,500	-	35,000	167,500
High School Feasibility.....	2029	3,771,200	3.40-4.00	706,200	-	120,000	586,200
High School Project.....	2029	11,663,000	3.40-4.00	783,000	-	365,000	418,000
High School Construction (refunding).....	2035	18,350,000	2.25-5.00	14,940,000	-	1,225,000	13,715,000
High School Construction (refunding).....	2031	8,907,500	3.60	7,150,000	-	885,000	6,265,000
Schofield/Fiske Design .....	2035	2,045,000	3.48	1,205,000	-	105,000	1,100,000
Schofield/Fiske Construction.....	2035	13,345,000	3.48	7,985,000	-	670,000	7,315,000
Middle School Windows .....	2025	1,430,000	3.48	280,000	-	140,000	140,000
North 40 (CPC Offset).....	2045	9,850,000	3.38	8,155,000	-	250,000	7,905,000
North 40 Tax Exempt.....	2045	13,635,000	3.38	13,075,000	-	70,000	13,005,000
North 40 Taxable.....	2045	11,505,000	3.38	7,150,000	-	620,000	6,530,000
Tolles Parsons Senior Center Construction.....	2031	1,950,000	3.48	1,005,000	-	130,000	875,000
Middle School Systems.....	2031	9,826,500	5.00	6,725,000	-	845,000	5,880,000
John Hardy Elementary School.....	2047	28,000,000	2.00-5.00	26,880,000	-	1,120,000	25,760,000
Hunnewell Elementary School Construction.....	2047	48,774,067	2.00-5.00	46,820,000	-	1,954,067	44,865,933
John Hardy Elementary School.....	2047	18,040,000	4.00 - 5.00	-	18,040,000	-	18,040,000
<b>Subtotal 2 1/2 % Exempt Debt.....</b>		<b>229,364,767</b>		<b>147,465,700</b>	<b>18,040,000</b>	<b>9,554,067</b>	<b>155,951,633</b>
Total General Obligation Bonds Payable.....		\$ 267,106,200		171,620,700	18,040,000	12,785,000	176,875,700
Add: Unamortized premium on bonds.....				13,761,599	960,000	1,520,402	13,201,197
Total Bonds Payable, net.....				\$ 185,382,299	\$ 19,000,000	\$ 14,305,402	\$ 190,076,897

(concluded)

The Town authorized funding for the Hunnewell and Hardy elementary school projects. The Hardy School is eligible for funding from the Massachusetts School Building Authority (MSBA). The MSBA project budget totaled \$72.5 million for the Hardy School, and the MSBA approved a reimbursement rate of 34.90% of eligible costs. Under the program, the assistance is paid to support construction costs to reduce the total debt service of the Town. Through the end of 2024, the Town recorded grant proceeds totaling \$11.2 million, of which includes \$8.1 million recognized in 2024.

# **Town of Wellesley, Massachusetts**

## **Notes to the Basic Financial Statements**

**June 30, 2024**

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

<b>Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2025.....\$ 14,050,000	\$ 6,455,115	\$ 20,505,115	
2026.....13,320,000	5,920,573	19,240,573	
2027.....12,175,000	5,317,569	17,492,569	
2028.....11,625,700	4,762,296	16,387,996	
2029.....10,980,000	4,235,444	15,215,444	
2030.....10,290,000	3,748,788	14,038,788	
2031.....10,325,000	3,300,624	13,625,624	
2032.....8,240,000	2,866,769	11,106,769	
2033.....7,895,000	2,580,475	10,475,475	
2034.....7,450,000	2,302,038	9,752,038	
2035.....7,465,000	2,069,619	9,534,619	
2036.....5,390,000	1,862,219	7,252,219	
2037.....5,445,000	1,710,638	7,155,638	
2038.....5,495,000	1,555,213	7,050,213	
2039.....5,390,000	1,396,119	6,786,119	
2040.....5,455,000	1,230,406	6,685,406	
2041.....5,520,000	1,060,175	6,580,175	
2042.....5,590,000	885,425	6,475,425	
2043.....5,660,000	707,875	6,367,875	
2044.....5,735,000	527,525	6,262,525	
2045.....5,800,000	344,275	6,144,275	
2046.....3,790,000	158,325	3,948,325	
2047.....3,790,000	52,775	3,842,775	
<b>Total.....\$ 176,875,700</b>	<b>\$ 55,050,280</b>	<b>\$ 231,925,980</b>	

# Town of Wellesley, Massachusetts

## Notes to the Basic Financial Statements

**June 30, 2024**

Details related to the Town's outstanding water enterprise fund general obligation indebtedness at June 30, 2024, and the debt service requirements are as follows:

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2023	Issued	Redeemed	Outstanding at June 30, 2024
<b>General Obligation Bonds:</b>							
Water Garage .....	2028	\$ 3,842,150	1.50 - 5.00	\$ 802,150	-	\$ 162,500	\$ 639,650
Water Meters.....	2028	<u>887,000</u>	5.00	<u>435,000</u>	<u>-</u>	<u>90,000</u>	<u>345,000</u>
Subtotal General Obligation Bonds Payable.....		<u>4,729,150</u>		<u>1,237,150</u>	<u>-</u>	<u>252,500</u>	<u>984,650</u>
<b>Direct Borrowings and Placements:</b>							
MWRA- Water Bond.....	2033	<u>1,572,000</u>	0.00	<u>1,572,000</u>	<u>-</u>	<u>157,200</u>	<u>1,414,800</u>
Total Bonds Payable.....		<u>\$ 6,301,150</u>		<u>2,809,150</u>	<u>-</u>	<u>409,700</u>	<u>2,399,450</u>
Add: Unamortized premium on bonds.....				<u>86,806</u>	<u>-</u>	<u>26,530</u>	<u>60,276</u>
Total Bonds Payable, net.....		<u>\$ 2,895,956</u>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ 436,230</u>	<u>\$ 2,459,726</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	Interest	
2025.....	\$ 250,000	\$ 42,836	\$ 292,836	\$ 157,200	\$ 157,200	\$ 450,036
2026.....	245,000	31,936	276,936	157,200	157,200	434,136
2027.....	245,000	21,286	266,286	157,200	157,200	423,486
2028.....	244,650	10,636	255,286	157,200	157,200	412,486
2029.....	-	-	-	157,200	157,200	157,200
2030.....	-	-	-	157,200	157,200	157,200
2031.....	-	-	-	157,200	157,200	157,200
2032.....	-	-	-	157,200	157,200	157,200
2033.....	<u>-</u>	<u>-</u>	<u>-</u>	<u>157,200</u>	<u>157,200</u>	<u>157,200</u>
Total.....	<u>\$ 984,650</u>	<u>\$ 106,694</u>	<u>\$ 1,091,344</u>	<u>\$ 1,414,800</u>	<u>\$ 1,414,800</u>	<u>\$ 2,506,144</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. At June 30, 2024, the outstanding principal amount of these loans for the water enterprise fund totaled \$1.4 million.

# Town of Wellesley, Massachusetts

## Notes to the Basic Financial Statements

**June 30, 2024**

Details related to the Town's outstanding sewer enterprise fund general obligation indebtedness at June 30, 2024, and the debt service requirements are as follows:

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2023	Issued	Redeemed	Outstanding at June 30, 2024
<b>General Obligation Bonds:</b>							
Sewer Garage.....	2028	\$ 3,842,150	1.50 - 5.00	\$ 802,150	\$ -	\$ 162,500	\$ 639,650
<b>Direct Borrowing and Placements:</b>							
MWRA - Sewer Bond....	2026	345,457	0.00	207,275	\$ -	\$ 69,092	138,183
MWRA - Sewer Bond....	2034	537,500	0.00	- 537,500	\$ 537,500	\$ -	537,500
Subtotal Direct Borrowings and Placements...		<u>882,957</u>		<u>207,275</u>	<u>537,500</u>	<u>69,092</u>	<u>675,683</u>
Total Bonds Payable.....		<u>\$ 4,725,107</u>		<u>1,009,425</u>	<u>537,500</u>	<u>231,592</u>	<u>1,315,333</u>
Add: Unamortized premium on bonds.....				49,714	- 16,610	33,104	
Total Bonds Payable, net.....		<u>\$ 1,059,139</u>		<u>\$ 537,500</u>	<u>\$ 248,202</u>	<u>\$ 1,348,437</u>	

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

Year	General Obligation Bonds:			Direct Borrowings:		Grand Total
	Principal	Interest	Total	Principal	Interest	
2025.....\$ 160,000	\$ 160,000	25,586	\$ 185,586	\$ 122,842	\$ 308,428	
2026.....160,000	160,000	19,186	179,186	122,842	302,028	
2027.....160,000	160,000	12,786	172,786	53,750	226,536	
2028.....159,650	159,650	6,386	166,036	53,749	219,785	
2029.....-	-	-	-	53,750	53,750	
2030.....-	-	-	-	53,750	53,750	
2031.....-	-	-	-	53,750	53,750	
2032.....-	-	-	-	53,750	53,750	
2033.....-	-	-	-	53,750	53,750	
2034.....-	-	-	-	53,750	53,750	
Total.....\$ 639,650	<u>\$ 63,944</u>	<u>\$ 703,594</u>	<u>\$ 675,683</u>	<u>\$ 1,379,277</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. At June 30, 2024, the outstanding principal amount of these loans for the sewer enterprise fund totaled \$676,000.

# Town of Wellesley, Massachusetts

## Notes to the Basic Financial Statements

**June 30, 2024**

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, 2024, the Town had the following authorized and un-issued debt:

Purpose	Amount
Water Projects.....	\$ 536,431
MWRA Sewer Inflow/Infiltration.....	345,458
John D. Hardy Elementary School Replacement Facility.....	14,835,890
Water System Reconstruction.....	2,500,000
Sewer Inflow/Infiltration Reconstruction.....	295,000
Water System Improvements.....	500,000
Stormwater.....	<u>985,000</u>
 Total.....	 <u>\$ 19,997,779</u>

### Changes in Long-term Liabilities

During the year ended June 30, 2024, the following changes occurred in long-term liabilities:

	Beginning Balance	Bonds and Notes Issued	Bonds and Notes Redeemed	Other Increases	Other Decreases	Ending Balance	Due Within One Year
<b>Governmental Activities:</b>							
Long-term general obligation bonds payable....	\$ 171,620,700	\$ 18,040,000	\$ (12,785,000)	\$ -	\$ -	\$ 176,875,700	\$ 14,050,000
Add: Unamortized premium on bonds.....	13,761,599	960,000	(1,520,402)	-	-	13,201,197	1,580,470
Total bonds payable.....	185,382,299	19,000,000	(14,305,402)	-	-	190,076,897	15,630,470
Compensated absences.....	623,332	-	-	377,044	(374,000)	626,376	375,800
Workers' compensation.....	531,000	-	-	905,000	(742,000)	694,000	368,000
Net pension liability.....	38,205,119	-	-	7,425,406	(17,387,374)	28,243,151	-
Net OPEB liability.....	36,236,995	-	-	11,374,756	(10,116,369)	37,495,382	-
 Total governmental activity							
long-term liabilities.....	\$ 260,978,745	\$ 19,000,000	\$ (14,305,402)	\$ 20,082,206	\$ (28,619,743)	\$ 257,135,806	\$ 16,374,270
<b>Business-Type Activities:</b>							
Long-term general obligation bonds payable....	\$ 2,039,299	\$ -	\$ (414,999)	\$ -	\$ -	\$ 1,624,300	\$ 410,000
Long-term direct borrowing payable.....	1,779,275	537,500	(226,292)	-	-	2,090,483	280,042
Add: Unamortized premium on bonds.....	136,520	-	(43,140)	-	-	93,380	39,000
Total bonds payable.....	3,955,094	537,500	(684,431)	-	-	3,808,163	729,042
Compensated absences.....	67,210	-	-	25,296	(40,326)	52,180	31,308
Net pension liability.....	6,735,396	-	-	1,229,717	(2,976,223)	4,988,890	-
Net OPEB liability/(asset), net.....	(1,532,555)	-	-	830,375	(1,064,230)	(1,766,410)	-
 Total business-type activity							
long-term liabilities.....	\$ 9,225,145	\$ 537,500	\$ (684,431)	\$ 2,085,388	\$ (4,080,779)	\$ 7,082,823	\$ 760,350

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, \$694,000 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

# **Town of Wellesley, Massachusetts**

## **Notes to the Basic Financial Statements**

**June 30, 2024**

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, 2024, \$3,753,091, \$791,572, \$1,815,741, and \$941,912 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 hierarchy as noted on the following page.

# Town of Wellesley, Massachusetts

## Notes to the Basic Financial Statements

**June 30, 2024**

	General	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
<b>Fund Balances:</b>				
Nonspendable:				
Permanent fund principal.....	\$ -	\$ -	\$ 386,018	\$ 386,018
Restricted for:				
Capital projects.....	- 12,776,350	- -	12,776,350	12,776,350
School lunch.....	- -	712,120	712,120	712,120
Community Preservation Fund.....	- -	12,075,816	12,075,816	12,075,816
State and Federal Grant Programs.....	- -	1,261,937	1,261,937	1,261,937
Receipts Reserved.....	- -	2,419,995	2,419,995	2,419,995
Revolving.....	- -	4,903,023	4,903,023	4,903,023
Recreation Revolving.....	- -	438,105	438,105	438,105
Other Special Revenue for Governmental Purposes.....	- -	5,339,018	5,339,018	5,339,018
Permanent fund.....	- -	1,356,380	1,356,380	1,356,380
Committed to:				
Executive Director's Office.....	164,818	- -	- -	164,818
Climate Action Committee.....	56,000	- -	- -	56,000
Information Technology.....	408,904	- -	- -	408,904
Town Clerk/Election and Registration.....	15,000	- -	- -	15,000
Council on Aging.....	35,143	- -	- -	35,143
Youth Commission.....	90,000	- -	- -	90,000
Board of Assessors.....	93,000	- -	- -	93,000
Planning Board.....	75,000	- -	- -	75,000
Facilities Maintenance.....	1,823,626	- -	- -	1,823,626
Police Department.....	89,314	- -	- -	89,314
Fire Department.....	145,772	- -	- -	145,772
Engineering.....	180,000	- -	- -	180,000
Highway.....	706,780	- -	- -	706,780
Park.....	213,861	- -	- -	213,861
Recycling and Disposal.....	197,847	- -	- -	197,847
Public Works Management.....	1,049,218	- -	- -	1,049,218
Library Trustees.....	174,815	- -	- -	174,815
Natural Resources Commission.....	325,607	- -	- -	325,607
Wellesley Public Schools.....	458,341	- -	- -	458,341
Assigned to:				
Executive Director's Office.....	700	- -	- -	700
Climate Action Committee.....	120	- -	- -	120
Central Administrative Services.....	3,069	- -	- -	3,069
Finance Department.....	10	- -	- -	10
Information Technology.....	115,920	- -	- -	115,920
Treasurer/Collector.....	205	- -	- -	205
Council on Aging.....	7,038	- -	- -	7,038
Board of Assessors.....	1,200	- -	- -	1,200
Zoning Board of Appeals.....	192	- -	- -	192
Youth Commission.....	5,895	- -	- -	5,895
Audit Committee.....	5,500	- -	- -	5,500
Law.....	39,000	- -	- -	39,000
Planning Board.....	450	- -	- -	450
Human Resources Board.....	24,679	- -	- -	24,679
Facilities Maintenance.....	108,764	- -	- -	108,764
Police Department.....	229,893	- -	- -	229,893
Special School Police.....	490	- -	- -	490
Fire Department.....	102,152	- -	- -	102,152
Engineering.....	3,408	- -	- -	3,408
Highway.....	28,161	- -	- -	28,161
Park.....	13,363	- -	- -	13,363
Recycling and Disposal.....	183,119	- -	- -	183,119
Public Works Management.....	1,075	- -	- -	1,075
Library Trustees.....	4,192	- -	- -	4,192
Board of Health.....	6,229	- -	- -	6,229
Wellesley Public Schools.....	793,121	- -	- -	793,121
2025 Tax Rate Reductions.....	2,250,000	- -	- -	2,250,000
Unassigned.....	49,864,909	- -	- -	49,864,909
Total Fund Balances.....	\$ 60,095,900	\$ 12,776,350	\$ 28,892,412	\$ 101,764,662

# **Town of Wellesley, Massachusetts**

## **Notes to the Basic Financial Statements**

**June 30, 2024**

### **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 \$11.7 million at June 30, 2023, 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, 2023, 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.

# **Town of Wellesley, Massachusetts**

## **Notes to the Basic Financial Statements**

**June 30, 2024**

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

		Current Year				
Balance at	Claims and					
Beginning of	Changes in	Claims	Payments	Balance at	Current	
Year	Estimate			Year-End	Portion	
2023.....	\$ 521,000	\$ 798,000	\$ (788,000)	\$ 531,000	\$ 276,000	
2024.....	531,000	905,000	(742,000)	694,000	368,000	

## **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 and other employee benefit 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, 2023. The Town's portion of the collective pension expense, contributed by the Commonwealth, of

# **Town of Wellesley, Massachusetts**

## **Notes to the Basic Financial Statements**

**June 30, 2024**

\$17,655,329 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 \$189,089,676 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, 2023, the WCRS membership consists of the following:

Active members.....	656
Inactive members.....	432
Retirees and beneficiaries currently receiving benefits	<u>436</u>
Total.....	<u>1,524</u>

### *Contributions*

Chapter 32 of the MGL governs the contributions of plan members and member units. Active plan members are required to contribute at rates ranging from 5% to 9% of gross regular compensation with an additional 2% contribution required for compensation exceeding \$30,000. The percentage rate is keyed to the date upon which an employee's membership commences. The member units are required to pay into the WCRS a legislatively mandated 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, 2023, was an actuarially determined amount of \$10,338,575. This amount when

# **Town of Wellesley, Massachusetts**

## **Notes to the Basic Financial Statements**

**June 30, 2024**

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 \$10,355,519, which is equal to 23.30% of covered payroll. The Town's proportionate share of the required contribution was \$10,248,920. The Town contributed \$10,282,500, \$33,580 in excess of the required amount.

### *Pension Liabilities*

The components of the net pension liability of the participating member units at December 31, 2023, were as follows:

	Total System	Town Share	Housing Authority Share
Total pension liability.....	\$ 316,606,931	\$ 313,861,338	\$ 2,745,593
Total pension plan's fiduciary net position.....	<u>(283,084,183)</u>	<u>(280,629,297)</u>	<u>(2,454,886)</u>
Total net pension liability.....	<u>\$ 33,522,748</u>	<u>\$ 33,232,041</u>	<u>\$ 290,707</u>
The pension plan's fiduciary net position as a percentage of the total pension liability.....	89.41%	89.41%	89.41%

At June 30, 2024, the Town reported a liability of \$33,232,041 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2023. 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, 2023, the Town's proportion was 99.13%, which decreased from its proportion measured at December 31, 2022, of 99.17%.

### *Pension Expense*

For the year ended June 30, 2024, the Town recognized pension expense of \$8,721,999. At June 30, 2024, the Town reported deferred outflows and (inflows) of resources related to pensions of \$11,838,659 and (\$6,131,312), respectively, from difference between expected and actual experience, changes of assumptions, differences between projected and actual earnings, and the proportionate share of contributions.

# Town of Wellesley, Massachusetts

## Notes to the Basic Financial Statements

**June 30, 2024**

The balances of deferred outflows and inflows at June 30, 2024, consist of the following:

<u>Deferred Category</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Net</u>
Differences between expected and actual experience.....	\$ 30,434	\$ (2,288,778)	\$ (2,258,344)
Difference between projected and actual earnings, net.....	4,094,897	-	4,094,897
Changes in assumptions.....	6,868,058	(3,010,977)	3,857,081
Changes in proportion and proportionate share of contributions.....	<u>845,270</u>	<u>(831,557)</u>	<u>13,713</u>
 Total deferred outflows/(inflows) of resources.....	 \$ <u>11,838,659</u>	 \$ <u>(6,131,312)</u>	 \$ <u>5,707,347</u>

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:

2025.....	\$ 295,605
2026.....	2,502,031
2027.....	6,392,790
2028.....	<u>(3,483,079)</u>
 Total.....	 \$ <u>5,707,347</u>

*Actuarial Assumptions* – The total pension liability as of December 31, 2023, was determined by an actuarial valuation as of January 1, 2023, using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation date..... January 1, 2023

Actuarial cost method..... Entry Age Normal Cost Method.

Amortization method..... Amortization payments on the unfunded liability increasing by 3% per year.

Remaining amortization period..... As of July 1 2023, 8 years for the unfunded liability.

Asset valuation method..... As of January 1, 2023, gradually adjusting to 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 from 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 \$19,000 of retirement allowance.

# Town of Wellesley, Massachusetts

## Notes to the Basic Financial Statements

**June 30, 2024**

### Mortality Rates:

Pre-Retirement..... RP-2014 Blue Collar Employee Mortality Table set forward one year for females projected generationally with Scale MP-2021.

Healthy Retiree..... RP-2014 Blue Collar Healthy Annuitant Mortality Table set forward one year for females project generationally with Scale MP-2021.

Disabled Retiree..... RP-2014 Blue Collar Healthy Annuitant Mortality Table set forward one year and projected generationally with Scale MP-2021.

Investment rate of return/Discount rate..... 6.00%, net of pension plan investment expense, including inflation.

### *Investment Policy*

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of December 31, 2023, and the target allocations as of December 31, 2023, are summarized in the following table:

Asset Class	Long-Term Expected Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity.....	22.00%	6.29%
International developed markets equity.....	9.50%	6.39%
International emerging markets equity.....	4.50%	7.63%
Core fixed income.....	15.00%	1.72%
High-yield bonds.....	9.00%	3.43%
Real estate.....	10.00%	3.24%
Timber.....	4.00%	3.72%
Hedge fund, GTAA, Risk parity.....	10.00%	2.87%
Private equity.....	16.00%	9.43%
Total.....	<u>100.00%</u>	

# **Town of Wellesley, Massachusetts**

## **Notes to the Basic Financial Statements**

**June 30, 2024**

### *Rate of Return*

For the year ended December 31, 2023, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 11.16%. 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, 2023 and December 31, 2022. 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.....	\$ 71,547,944	\$ 33,232,041	\$ 1,245,727
Total System's net pension liability.....	\$ 72,173,830	\$ 33,522,748	\$ 1,256,624

### *Changes in Assumptions*

None.

### *Changes in Plan Provisions*

The Retirement Board approved a one time increase in the COLA from 3% to 5% effective July 1, 2022 and increased the COLA Base from \$18,000 to \$19,000 effective July 1, 2023.

# **Town of Wellesley, Massachusetts**

## **Notes to the Basic Financial Statements**

**June 30, 2024**

### **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 \$9.4 million during 2024, 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, 2024, the Town’s average contribution rate was 8.44% 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 2024, the Town pre-funded future OPEB liabilities in the amount of \$3.4 million 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, 2024, the net position of this fund totaled \$124.7 million.

The Town’s governmental operations and water 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 and sewer business-type activities have adopted more aggressive funding schedules. As a result, the municipal light department and sewer department have reported a net OPEB assets totaling \$2.3 million and \$69,235, respectively. The governmental operations and water department have reported net OPEB liabilities totaling \$37.5 million and \$582,130, respectively.

# **Town of Wellesley, Massachusetts**

## **Notes to the Basic Financial Statements**

**June 30, 2024**

The net assets have been blended with the net OPEB liabilities 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, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2022.

### *Employees Covered by Benefit Terms*

The following table represents the Plan's membership at June 30, 2024:

Active members.....	839
Inactive members currently receiving benefits...	<u>940</u>
Total.....	<u>1,779</u>

### *Components of OPEB Liability*

The following table represents the components of the Plan's OPEB liability as of June 30, 2024:

Total OPEB liability.....	\$ 160,436,286
Less: OPEB plan's fiduciary net position.....	<u>(124,707,314)</u>
Net OPEB liability/(asset).....	\$ <u>35,728,972</u>
The OPEB plan's fiduciary net position as a percentage of the total OPEB liability.....	77.73%

# **Town of Wellesley, Massachusetts**

## **Notes to the Basic Financial Statements**

**June 30, 2024**

### *Significant Actuarial Methods and Assumptions*

The total OPEB liability in the December 31, 2022, actuarial valuation was determined by using the following actuarial assumptions, applied to all periods included in the measurement that was updated to June 30, 2024, to be in accordance with GASB #74 and GASB #75 as follows:

Valuation date.....	Actuarially determined contribution for the fiscal year ending June 30, 2024 was determined with the December 31, 2022, actuarial valuation.
Actuarial cost method.....	Entry age normal - level percentage of payroll.
Amortization method.....	Payments increase at 3.0% per year.
Remaining amortization period.....	14 years as of July 1, 2023.
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 (Non-Medicare): 9.14%, then 7.75% graded by 0.25% for 13 years to an ultimate level of 4.50% Medical and Prescription Drug (Medicare): 7.09%, 17.47% then 7.50% graded by 0.25% for 12 years to an ultimate level of 4.50% Medical Part B Premium: 4.50%.
Mortality rates.....	Pre-Retirement (Non-Teachers): RP-2014 Blue Collar Employee Mortality Table projected generationally with Scale MP-2021 set forward one year for females.  Healthy (Non-Teachers): RP-2014 Blue Collar Healthy Annuitant Mortality Table projected generationally with Scale MP-2021 set forward one year for females.  Disabled (Non-Teachers): RP-2014 Blue Collar Healthy Annuitant Mortality Table projected generationally with Scale MP-2021 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.

# **Town of Wellesley, Massachusetts**

## **Notes to the Basic Financial Statements**

**June 30, 2024**

### *Rate of Return*

For the year ended June 30, 2024, the annual money-weighted rate of return on investments, net of investment expense, was 9.64%. 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:

<u>Asset Class</u>	<u>Long-Term Expected Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity.....	22.00%	6.29%
International developed markets equity..	9.50%	6.39%
International emerging markets equity....	4.50%	7.63%
Core fixed income.....	15.00%	1.72%
High yield fixed income.....	9.00%	3.43%
Real estate.....	10.00%	3.24%
Commodities.....	4.00%	3.72%
Hedge Fund, GTAA, Risk parity.....	10.00%	2.87%
Private equity.....	16.00%	9.43%
 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.

# **Town of Wellesley, Massachusetts**

## **Notes to the Basic Financial Statements**

**June 30, 2024**

### *Discount Rate*

The discount rate used to measure the total OPEB liability was 6.00% as of June 30, 2024 and as of June 30, 2023. 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	Discount Rate	1% Increase
	<u>(5.00%)</u>	<u>(6.00%)</u>	<u>(7.00%)</u>
Net OPEB liability/(asset), net.....	<u>\$ 57,781,884</u>	<u>\$ 35,728,972</u>	<u>\$ 17,580,184</u>

### *Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates*

The following table presents the net other postemployment benefit liability, calculated using the current healthcare trend rate of 8.00%, 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.....	<u>\$ 13,787,041</u>	<u>\$ 35,728,972</u>	<u>\$ 63,186,821</u>

# Town of Wellesley, Massachusetts

## Notes to the Basic Financial Statements

**June 30, 2024**

### *Changes in the Net OPEB Liability*

	Increase (Decrease)		
	Plan		
	Total OPEB Liability (a)	Fiduciary Net Position (b)	Net OPEB Liability/(asset) (a) - (b)
Balances at June 30, 2023.....	\$ 145,096,179	\$ 110,391,739	\$ 34,704,440
<b>Changes for the year:</b>			
Service cost.....	4,931,842	-	4,931,842
Interest.....	8,826,420	-	8,826,420
Contributions - employer.....	-	9,369,384	(9,369,384)
Net investment income.....	-	10,874,575	(10,874,575)
Changes in assumptions.....	7,510,229	-	7,510,229
Benefit payments.....	<u>(5,928,384)</u>	<u>(5,928,384)</u>	<u>-</u>
Net change.....	<u>15,340,107</u>	<u>14,315,575</u>	<u>1,024,532</u>
Balances at June 30, 2024.....	<u>\$ 160,436,286</u>	<u>\$ 124,707,314</u>	<u>\$ 35,728,972</u>

### *OPEB Expense and Deferred Outflows of Resources Related to OPEB*

For the financial reporting year ended June 30, 2024, the Town recognized OPEB expense of \$5,389,336 and reported deferred outflows/(inflows) of resources related to OPEB from the following sources:

Deferred Category	Deferred Outflows of Resources	Deferred Inflows of Resources	Net
Differences between expected and actual experience.....	\$ 121,248	\$ (11,953,955)	\$ (11,832,707)
Difference between projected and actual earnings, net.....	-	(2,618,147)	(2,618,147)
Changes in assumptions.....	11,671,486	(307,985)	11,363,501
Changes in proportion and proportionate share of contributions.....	<u>428,301</u>	<u>(428,301)</u>	<u>-</u>
Total deferred outflows/(inflows) of resources.....	<u>\$ 12,221,035</u>	<u>\$ (15,308,388)</u>	<u>\$ (3,087,353)</u>

# **Town of Wellesley, Massachusetts**

## **Notes to the Basic Financial Statements**

**June 30, 2024**

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:

2025.....	\$ (2,315,117)
2026.....	1,528,366
2027.....	(2,904,304)
2028.....	<u>603,702</u>
 Total.....	 <u>\$ (3,087,353)</u>

### *Changes of Assumptions*

The medical and prescription drug trend assumption was revised to reflect known increases in the estimated impact of the Inflation Reduction Act of 2022.

### *Changes in Plan Provisions*

None.

## **NOTE 12 – FINANCIAL STATEMENTS FOR INDIVIDUAL PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS**

GAAP requires that all Pension and Other Employee Benefit Trust Funds be combined and presented in one column in the Fiduciary Funds financial statements and that the individual financial statements for each trust fund plan are reported in the notes to the financial statements.

Provided on the following page are the individual financial statements for the pension and OPEB plans that are included in the Fiduciary Funds as Pension and Other Employee Benefit Trust Funds.

# Town of Wellesley, Massachusetts

## Notes to the Basic Financial Statements

**June 30, 2024**

	Pension Trust Fund (as of December 31, 2023)	Other Postemployment Benefit Trust Fund	Total Pension and Other Employee Benefit Trust Funds
<b>ASSETS</b>			
Cash and cash equivalents.....	\$ 1,205,998	\$ -	\$ 1,205,998
Investments:			
Investments in Pension Reserve Investment Trust.....	281,930,049	124,707,314	406,637,363
Receivables, net of allowance for uncollectibles:			
Departmental and other.....	679,059	-	679,059
Other assets.....	<u>2,033</u>	<u>-</u>	<u>2,033</u>
<b>TOTAL ASSETS.....</b>	<b><u>283,817,139</u></b>	<b><u>124,707,314</u></b>	<b><u>408,524,453</u></b>
<b>LIABILITIES</b>			
Warrants payable.....	<u>732,956</u>	<u>-</u>	<u>732,956</u>
<b>NET POSITION</b>			
Restricted for pensions.....	283,084,183	-	283,084,183
Restricted for other postemployment benefits.....	<u>-</u>	<u>124,707,314</u>	<u>124,707,314</u>
<b>TOTAL NET POSITION.....</b>	<b><u>\$ 283,084,183</u></b>	<b><u>\$ 124,707,314</u></b>	<b><u>\$ 407,791,497</u></b>

# Town of Wellesley, Massachusetts

## Notes to the Basic Financial Statements

**June 30, 2024**

	Pension Trust Fund (as of December 31, 2023)	Other Postemployment Benefit Trust Fund	Total Pension and Other Postemployment Benefit Trust Funds
<b>ADDITIONS</b>			
Contributions:			
Employer contributions.....	\$ 10,355,519	\$ 3,441,000	\$ 13,796,519
Employer contributions for OPEB payments.....	-	5,928,384	5,928,384
Member contributions.....	4,476,216	-	4,476,216
Transfers from other systems.....	689,352	-	689,352
3(8)c contributions from other systems.....	540,829	-	540,829
Workers compensation settlements.....	10,909	-	10,909
Member makeup payments and redeposits.....	21,827	-	21,827
Intergovernmental.....	<u>50,411</u>	<u>-</u>	<u>50,411</u>
Total contributions.....	<u>16,145,063</u>	<u>9,369,384</u>	<u>25,514,447</u>
Net investment income:			
Investment income.....	29,594,093	11,483,229	41,077,322
Less: investment expense.....	<u>(1,350,669)</u>	<u>(608,654)</u>	<u>(1,959,323)</u>
Net investment income.....	<u>28,243,424</u>	<u>10,874,575</u>	<u>39,117,999</u>
<b>TOTAL ADDITIONS.....</b>	<b><u>44,388,487</u></b>	<b><u>20,243,959</u></b>	<b><u>64,632,446</u></b>
<b>DEDUCTIONS</b>			
Administration.....	328,460	-	328,460
Transfers to other systems.....	1,617,358	-	1,617,358
3(8)c transfer to other systems.....	569,462	-	569,462
Retirement benefits and refunds.....	15,393,756	-	15,393,756
Other postemployment benefit payments.....	<u>-</u>	<u>5,928,384</u>	<u>5,928,384</u>
<b>TOTAL DEDUCTIONS.....</b>	<b><u>17,909,036</u></b>	<b><u>5,928,384</u></b>	<b><u>23,837,420</u></b>
<b>NET INCREASE IN NET POSITION.....</b>	<b><u>26,479,451</u></b>	<b><u>14,315,575</u></b>	<b><u>40,795,026</u></b>
<b>NET POSITION AT BEGINNING OF YEAR.....</b>	<b><u>256,604,732</u></b>	<b><u>110,391,739</u></b>	<b><u>366,996,471</u></b>
<b>NET POSITION AT END OF YEAR.....</b>	<b><u>\$ 283,084,183</u></b>	<b><u>\$ 124,707,314</u></b>	<b><u>\$ 407,791,497</u></b>

# **Town of Wellesley, Massachusetts**

## **Notes to the Basic Financial Statements**

**June 30, 2024**

### **NOTE 13 – COMMITMENTS**

The Town is committed to completing various projects throughout the Town which will be funded with long-term debt totaling approximately \$20.0 million.

The general fund has various commitments for goods and services related to encumbrances and articles totaling \$8.0 million.

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, 2024:

Energy Purchase Commitments							
Megawatt-Hour (MWH)							
Fiscal Year	Projected MWH's	(1) Committed MWH's	Average Cost Per MWH	Total Commitments	Average Cost Per MWH	Total Energy Charges	
2024	\$ 257,643	\$ 257,813	\$ 59.26	\$ 15,279,083	\$ 59.08	\$ 15,222,843	
2025	241,664	263,099	59.01	15,525,376	58.71	14,188,600	
2026	243,877	270,027	59.09	15,955,375	59.20	14,437,388	
2027	246,137	252,995	58.75	14,862,281	58.71	14,451,666	
2028	246,697	243,135	58.78	14,292,401	59.97	14,793,367	
2029	245,778	225,997	58.62	13,247,329	59.02	14,506,322	
	\$ 1,481,796	\$ 1,513,066		\$ 89,161,845		\$ 87,600,186	

Amounts are based on Energy New England's analysis, through June 2028, 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, 2024, and June 30, 2023.

## **Town of Wellesley, Massachusetts**

### **Notes to the Basic Financial Statements**

**June 30, 2024**

#### **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; energy storage for peak electric use times; and infrastructure such as public charging stations for electric vehicles, and other similar programs. In 2024, collections from the program totaled approximately \$1,051,000 and the Plant spent \$408,000 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 2024, the Plant had approximately 305 users who selected this 100% option, of which 301 are residential and 4 are commercial. This program's collections totaled \$154,000 in 2024 and expenses totaled \$154,000.

#### **NOTE 15 – BATTERY ENERGY STORAGE SYSTEM ENERGY SERVICES AGREEMENT**

On September 23, 2022, the Wellesley Municipal Light Plant (WMLP) entered into a Shared Savings Agreement (Agreement) with Wellesley Bess LLC (Company), a limited liability company formed for the purposes of acquiring, developing, constructing, owning and operating a Battery Energy Storage System (System or BESS).

The Agreement stipulates that the Company would provide and WMLP would receive and pay for peak shaving services provided by the Company's operation of the BESS. The WMLP is estimated to realize cost savings through the avoidance of Forward Capacity Market and Transmission peaks charges that the WMLP would have otherwise incurred through power expenses allocated by the Independent System Operator (ISO) New England. Both the WMLP and the Company would share the monetary value of the cost savings that are realized by the WMLP.

In August of 2024 the project was deemed substantially complete. Testing will occur during the month of September and the system will be brought online in October of 2024.

While the cost savings estimates may be substantial, the ultimate future cost savings of this 20-year agreement cannot be accurately determined, especially for the outer years, because of the considerable uncertainties that exist. The full extent of the financial impact cannot be determined at the date of the financial statements.

# **Town of Wellesley, Massachusetts**

## **Notes to the Basic Financial Statements**

**June 30, 2024**

### **NOTE 16 – 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, 2024, 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, 2024, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2024.

#### 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. The Town’s interim PFAS system at Morses Pond Treatment Plant is operational and functioning. The Town is assessing the updated requirements of the Environmental Protection Agency and continues to address these matters in the Town’s capital plan.

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, 2024. The full extent of the financial impact cannot be determined at the date of the financial statements.

### **NOTE 17 – SUBSEQUENT EVENTS**

Management has evaluated subsequent events through December 24, 2024, which is the date the financial statements were available to be issued.

# **Town of Wellesley, Massachusetts**

## **Notes to the Basic Financial Statements**

**June 30, 2024**

### **NOTE 18 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS**

During 2024, the following GASB pronouncements were implemented:

- GASB Statement #100, *Accounting Changes and Error Corrections*. This pronouncement did not impact the Town's Annual Comprehensive Financial Report.

The following GASB pronouncements will be implemented in the future:

- The GASB Issued Statement #101, *Compensated Absences*, which is required to be implemented in 2025.
- The GASB Issued Statement #102, *Certain Risk Disclosures*, which is required to be implemented in 2025.
- The GASB Issued Statement #103, *Financial Reporting Model Improvements*, which is required to be implemented in 2026.
- The GASB Issued Statement #104, *Disclosure of Certain Capital Assets*, which is required to be implemented in 2026.

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.

# Town of Wellesley, Massachusetts

## General Fund Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual

**Year Ended June 30, 2024**

	Budgeted Amounts		Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Original Budget	Final Budget			
<b>REVENUES:</b>					
Real estate and personnel property taxes, net of tax refunds.....	\$ 171,017,009	\$ 171,017,009	\$ 171,399,465	\$ -	\$ 382,456
Tax liens.....	-	-	281,376	-	281,376
Motor vehicle and other excise taxes.....	5,500,000	5,500,000	7,059,229	-	1,559,229
Meals tax.....	651,441	651,441	914,342	-	262,901
Penalties and interest on taxes.....	250,000	250,000	616,947	-	366,947
Payments in lieu of taxes.....	76,400	76,400	76,298	-	(102)
Intergovernmental.....	11,514,947	11,514,947	11,500,294	-	(14,653)
Departmental and other.....	3,943,159	3,943,159	6,465,320	-	2,522,161
Investment income.....	370,000	370,000	7,259,809	-	6,889,809
<b>TOTAL REVENUES.....</b>	<b>193,322,956</b>	<b>193,322,956</b>	<b>205,573,080</b>	<b>-</b>	<b>12,250,124</b>
<b>EXPENDITURES:</b>					
GENERAL GOVERNMENT:					
Executive Director's Office:					
Personnel Services.....	591,120	595,343	544,518	-	50,825
Expenses.....	1,198,911	159,203	103,560	700	54,943
Capital Outlay.....	147,262	172,262	7,444	164,818	-
	<u>1,937,293</u>	<u>926,808</u>	<u>655,522</u>	<u>165,518</u>	<u>105,768</u>
Climate Action Committee:					
Personnel Services.....	152,067	154,954	154,954	-	-
Expenses.....	9,910	9,910	4,445	120	5,345
Capital Outlay.....	56,000	56,000	-	56,000	-
	<u>217,977</u>	<u>220,864</u>	<u>159,399</u>	<u>56,120</u>	<u>5,345</u>
Central Administrative Services:					
Expenses.....	151,300	151,300	134,335	3,069	13,896
Finance Department:					
Personnel Services.....	510,364	518,122	460,349	-	57,773
Expenses.....	13,850	13,850	10,003	10	3,837
	<u>524,214</u>	<u>531,972</u>	<u>470,352</u>	<u>10</u>	<u>61,610</u>
Information Technology:					
Personnel Services.....	770,489	794,056	670,423	-	123,633
Expenses.....	854,831	845,419	690,650	115,920	38,849
Capital Outlay.....	508,418	517,830	108,926	408,904	-
	<u>2,133,738</u>	<u>2,157,305</u>	<u>1,469,999</u>	<u>524,824</u>	<u>162,482</u>
Treasurer/Collector:					
Personnel Services.....	368,484	374,226	344,715	-	29,511
Expenses.....	131,036	131,036	113,192	205	17,639
	<u>499,520</u>	<u>505,262</u>	<u>457,907</u>	<u>205</u>	<u>47,150</u>
Town Report:					
Expenses.....	2,500	2,500	1,922	-	578
Council on Aging:					
Personnel Services.....	453,888	457,773	430,630	-	27,143
Expenses.....	72,954	75,868	63,465	7,038	5,365
Capital Outlay.....	47,892	44,978	9,835	35,143	-
	<u>574,734</u>	<u>578,619</u>	<u>503,930</u>	<u>42,181</u>	<u>32,508</u>
Veterans' Services:					
Expenses.....	63,394	113,894	113,701	-	193

*See notes to required supplementary information.*

# Town of Wellesley, Massachusetts

## General Fund Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual (Continued)

**Year Ended June 30, 2024**

	<u>Budgeted Amounts</u>		Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Original Budget	Final Budget			
Youth Commission:					
Personnel Services.....	95,240	98,003	97,438	-	565
Expenses.....	20,917	20,917	14,684	5,895	338
Capital Outlay.....	90,000	90,000	-	90,000	-
	<u>206,157</u>	<u>208,920</u>	<u>112,122</u>	<u>95,895</u>	<u>903</u>
Housing Development Corporation:					
Expenses.....	6,500	6,500	4,385	-	2,115
Historical Commission:					
Expenses.....	900	900	478	-	422
Memorial Day:					
Expenses.....	5,950	3,450	3,272	-	178
Celebrations Committee:					
Expenses.....	5,000	7,500	7,500	-	-
Zoning Board of Appeals:					
Personnel Services.....	83,318	85,204	82,096	-	3,108
Expenses.....	9,403	9,403	7,049	192	2,162
	<u>92,721</u>	<u>94,607</u>	<u>89,145</u>	<u>192</u>	<u>5,270</u>
Law:					
Expenses.....	507,794	507,794	321,545	39,000	147,249
Risk Management:					
Expenses.....	736,000	736,000	620,099	-	115,901
Audit Committee:					
Expenses.....	60,850	60,850	55,030	5,500	320
Street Lighting:					
Expenses.....	142,000	142,000	131,223	-	10,777
Town Clerk/Election and Registration:					
Personnel Services.....	346,204	348,193	335,935	-	12,258
Expenses.....	92,475	92,540	78,133	-	14,407
Capital Outlay.....	33,000	33,000	18,000	15,000	-
	<u>471,679</u>	<u>473,733</u>	<u>432,068</u>	<u>15,000</u>	<u>26,665</u>
Board of Assessors:					
Personnel Services.....	324,873	319,048	303,895	-	15,153
Expenses.....	3,150	107,150	102,436	1,200	3,514
Capital Outlay.....	186,000	93,000	-	93,000	-
	<u>514,023</u>	<u>519,198</u>	<u>406,331</u>	<u>94,200</u>	<u>18,667</u>
Planning Board:					
Personnel Services.....	366,553	378,718	357,785	-	20,933
Expenses.....	81,655	81,655	29,312	450	51,893
Capital Outlay.....	75,000	75,000	-	75,000	-
	<u>523,208</u>	<u>535,373</u>	<u>387,097</u>	<u>75,450</u>	<u>72,826</u>
Human Resources Board:					
Personnel Services.....	443,178	480,272	416,582	21,450	42,240
Expenses.....	304,622	75,666	66,393	3,229	6,044
	<u>747,800</u>	<u>555,938</u>	<u>482,975</u>	<u>24,679</u>	<u>48,284</u>
Advisory Committee:					
Personnel Services.....	13,000	23,801	23,180	-	621
Expenses.....	17,300	17,300	14,841	-	2,459
	<u>30,300</u>	<u>41,101</u>	<u>38,021</u>	<u>-</u>	<u>3,080</u>

*See notes to required supplementary information.*

# Town of Wellesley, Massachusetts

## General Fund Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual (Continued)

**Year Ended June 30, 2024**

	Budgeted Amounts		Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Original Budget	Final Budget			
Advisory Committee - Reserve Fund: Expenses.....	175,000	175,000	-	-	175,000
<b>TOTAL GENERAL GOVERNMENT.....</b>	<b>10,330,552</b>	<b>9,257,388</b>	<b>7,058,358</b>	<b>1,141,843</b>	<b>1,057,187</b>
<b>FACILITIES MAINTENANCE:</b>					
Personnel Services.....	5,220,790	5,253,966	5,082,705	138	171,123
Expenses.....	3,966,486	3,966,690	3,592,517	108,626	265,547
Capital Outlay.....	3,487,650	3,487,650	1,630,390	1,823,626	33,634
<b>TOTAL FACILITIES MAINTENANCE.....</b>	<b>12,674,926</b>	<b>12,708,306</b>	<b>10,305,612</b>	<b>1,932,390</b>	<b>470,304</b>
<b>PUBLIC SAFETY:</b>					
Police Department:					
Personnel Services.....	6,538,148	6,903,714	6,902,802	-	912
Expenses.....	1,044,739	1,044,739	814,008	229,893	838
Capital Outlay.....	92,525	92,525	3,211	89,314	-
	<b>7,675,412</b>	<b>8,040,978</b>	<b>7,720,021</b>	<b>319,207</b>	<b>1,750</b>
Special School Police:					
Personnel Services.....	136,878	136,878	48,137	-	88,741
Expenses.....	4,183	4,183	1,285	490	2,408
	<b>141,061</b>	<b>141,061</b>	<b>49,422</b>	<b>490</b>	<b>91,149</b>
Fire Department:					
Personnel Services.....	5,957,091	6,624,589	6,606,528	-	18,061
Expenses.....	407,805	497,805	394,341	102,152	1,312
Capital Outlay.....	454,419	454,419	308,516	145,772	131
	<b>6,819,315</b>	<b>7,576,813</b>	<b>7,309,385</b>	<b>247,924</b>	<b>19,504</b>
Building Department:					
Personnel Services.....	604,304	622,851	621,552	-	1,299
Expenses.....	39,100	39,100	23,529	-	15,571
	<b>643,404</b>	<b>661,951</b>	<b>645,081</b>	<b>-</b>	<b>16,870</b>
Sealer of Weights and Measurers:					
Personnel Services.....	15,660	15,660	12,916	-	2,744
Expenses.....	2,550	2,550	2,013	-	537
	<b>18,210</b>	<b>18,210</b>	<b>14,929</b>	<b>-</b>	<b>3,281</b>
<b>TOTAL PUBLIC SAFETY.....</b>	<b>15,297,402</b>	<b>16,439,013</b>	<b>15,738,838</b>	<b>567,621</b>	<b>132,554</b>
<b>PUBLIC WORKS:</b>					
Engineering:					
Personnel Services.....	591,328	391,198	372,496	-	18,702
Expenses.....	69,471	40,540	37,132	3,408	-
Capital Outlay.....	180,000	180,000	-	180,000	-
	<b>840,799</b>	<b>611,738</b>	<b>409,628</b>	<b>183,408</b>	<b>18,702</b>
Highway:					
Personnel Services.....	1,255,628	926,325	926,325	-	-
Expenses.....	646,918	365,100	245,751	28,161	91,188
Capital Outlay.....	2,067,937	2,110,357	1,403,577	706,780	-
	<b>3,970,483</b>	<b>3,401,782</b>	<b>2,575,653</b>	<b>734,941</b>	<b>91,188</b>
Fleet Maintenance:					
Personnel Services.....	208,392	249,878	249,878	-	-
Expenses.....	44,331	44,331	44,331	-	-
	<b>252,723</b>	<b>294,209</b>	<b>294,209</b>	<b>-</b>	<b>-</b>

*See notes to required supplementary information.*

# Town of Wellesley, Massachusetts

## General Fund Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual (Continued)

**Year Ended June 30, 2024**

	Budgeted Amounts		Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Original Budget	Final Budget			
Park:					
Personnel Services.....	1,455,303	1,538,423	1,538,423	-	-
Expenses.....	520,048	520,048	436,946	13,363	69,739
Capital Outlay.....	915,931	915,931	702,070	213,861	-
	<u>2,891,282</u>	<u>2,974,402</u>	<u>2,677,439</u>	<u>227,224</u>	<u>69,739</u>
Recycling and Disposal:					
Personnel Services.....	1,243,904	1,259,488	1,235,613	-	23,875
Expenses.....	1,837,172	1,836,484	1,592,396	183,119	60,969
Capital Outlay.....	238,879	239,397	41,550	197,847	-
	<u>3,319,955</u>	<u>3,335,369</u>	<u>2,869,559</u>	<u>380,966</u>	<u>84,844</u>
Management:					
Personnel Services.....	440,406	399,343	396,695	-	2,648
Expenses.....	24,580	24,524	20,763	1,075	2,686
Capital Outlay.....	1,717,053	1,717,054	667,836	1,049,218	-
	<u>2,182,039</u>	<u>2,140,921</u>	<u>1,085,294</u>	<u>1,050,293</u>	<u>5,334</u>
Winter Maintenance:					
Expenses.....	379,177	779,177	494,068	-	285,109
TOTAL PUBLIC WORKS.....	<u>13,836,458</u>	<u>13,537,598</u>	<u>10,405,850</u>	<u>2,576,832</u>	<u>554,916</u>
WELLESLEY FREE LIBRARY:					
Library Trustees:					
Personnel Services.....	2,238,157	2,323,480	2,252,389	-	71,091
Expenses.....	716,749	730,619	726,322	4,192	105
Capital Outlay.....	253,621	253,621	78,806	174,815	-
	<u>3,208,527</u>	<u>3,307,720</u>	<u>3,057,517</u>	<u>179,007</u>	<u>71,196</u>
RECREATION:					
Recreation Commission:					
Personnel Services.....	394,072	410,012	410,012	-	-
Expenses.....	32,269	32,270	17,225	-	15,045
	<u>426,341</u>	<u>442,282</u>	<u>427,237</u>	<u>-</u>	<u>15,045</u>
HEALTH:					
Board of Health:					
Personnel Services.....	911,198	948,120	807,201	-	140,919
Expenses.....	187,560	171,132	112,366	6,229	52,537
	<u>1,098,758</u>	<u>1,119,252</u>	<u>919,567</u>	<u>6,229</u>	<u>193,456</u>
Mental Health Services:					
Expenses.....	268,404	268,404	268,356	-	48
	<u>1,367,162</u>	<u>1,387,656</u>	<u>1,187,923</u>	<u>6,229</u>	<u>193,504</u>
NATURAL RESOURCES:					
Natural Resources Commission:					
Personnel Services.....	292,659	300,837	300,837	-	-
Expenses.....	53,948	50,864	39,555	-	11,309
Capital Outlay.....	407,804	410,888	77,735	325,607	7,546
	<u>754,411</u>	<u>762,589</u>	<u>418,127</u>	<u>325,607</u>	<u>18,855</u>
Morses Pond:					
Personnel Services.....	-	-	-	-	-
Expenses.....	155,750	155,750	149,331	-	6,419
Capital Outlay.....	1,825	1,825	1,825	-	-
	<u>157,575</u>	<u>157,575</u>	<u>151,156</u>	<u>-</u>	<u>6,419</u>
TOTAL NATURAL RESOURCES.....	<u>911,986</u>	<u>920,164</u>	<u>569,283</u>	<u>325,607</u>	<u>25,274</u>

*See notes to required supplementary information.*

# Town of Wellesley, Massachusetts

## General Fund Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual (Continued)

**Year Ended June 30, 2024**

	Budgeted Amounts		Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Original Budget	Final Budget			
WELLESLEY PUBLIC SCHOOLS.....	97,140,266	97,140,261	89,921,805	6,279,964	938,492
<b>EMPLOYEE BENEFITS:</b>					
Group Insurance:					
Expenses.....	21,365,965	21,179,565	20,866,675	-	312,890
Medical - Police & Fire:					
Expenses.....	100,000	100,000	73,987	-	26,013
Worker's Compensation:					
Expenses.....	700,070	700,070	700,070	-	-
Other Postemployment Benefits Liability Fund:					
Expenses.....	3,450,000	3,450,000	3,293,629	-	156,371
Retirement Contribution:					
Expenses.....	8,846,365	8,846,365	8,846,365	-	-
Unemployment Compensation:					
Expenses.....	100,000	100,000	100,000	-	-
Compensated Absences:					
Expenses.....	120,000	130,400	130,339	-	61
<b>TOTAL EMPLOYEE BENEFITS.....</b>	<b>34,682,400</b>	<b>34,506,400</b>	<b>34,011,065</b>	<b>-</b>	<b>495,335</b>
State and County Charges.....	1,395,057	1,395,057	1,407,314	-	(12,257)
Debt service:					
Principal.....	12,785,000	12,785,000	12,785,000	-	-
Interest.....	6,531,316	6,531,316	6,358,672	-	172,644
Total debt service.....	19,316,316	19,316,316	19,143,672	-	172,644
<b>TOTAL EXPENDITURES.....</b>	<b>210,587,393</b>	<b>210,358,161</b>	<b>193,234,474</b>	<b>13,009,493</b>	<b>4,114,194</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....</b>					
	(17,264,437)	(17,035,205)	12,338,606	(13,009,493)	16,364,318
<b>OTHER FINANCING SOURCES (USES):</b>					
Use of prior year fund balance to fund carryovers.....	13,072,192	13,072,192	-	-	(13,072,192)
Free cash.....	1,624,787	2,384,787	-	-	(2,384,787)
Free cash voted to fund fiscal year 2024 budget.....	2,500,000	2,500,000	-	-	(2,500,000)
Transfers in.....	1,991,248	1,991,248	2,001,286	-	10,038
Transfers out.....	(1,923,790)	(2,913,022)	(3,125,774)	-	(212,752)
<b>TOTAL OTHER FINANCING SOURCES (USES).....</b>	<b>17,264,437</b>	<b>17,035,205</b>	<b>(1,124,488)</b>	<b>-</b>	<b>(18,159,693)</b>
<b>NET CHANGE IN FUND BALANCE.....</b>	<b>-</b>	<b>-</b>	<b>11,214,118</b>	<b>(13,009,493)</b>	<b>(1,795,375)</b>
<b>BUDGETARY FUND BALANCE, Beginning of year.....</b>	<b>46,962,693</b>	<b>46,962,693</b>	<b>46,962,693</b>	<b>-</b>	<b>-</b>
<b>BUDGETARY FUND BALANCE, End of year.....</b>	<b>\$ 46,962,693</b>	<b>\$ 46,962,693</b>	<b>\$ 58,176,811</b>	<b>\$ (13,009,493)</b>	<b>\$ (1,795,375)</b>

*See notes to required supplementary information.*

## ***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.

# Town of Wellesley, Massachusetts

## Schedule of the Changes in the Net Pension Liability and Related Ratios

### Wellesley Contributory Retirement System

	December 31, 2014	December 31, 2015	December 31, 2016	December 31, 2017	December 31, 2018	December 31, 2019	December 31, 2020	December 31, 2021	December 31, 2022	December 31, 2023
<b>Total pension liability:</b>										
Service cost.....	\$ 5,067,998	\$ 5,629,329	\$ 5,835,095	\$ 6,056,541	\$ 6,304,678	\$ 6,466,006	\$ 6,653,787	\$ 7,592,740	\$ 8,065,078	\$ 7,924,314
Interest.....	13,553,363	14,040,337	14,622,378	14,872,702	15,690,721	16,505,745	17,178,584	17,198,697	17,837,029	18,102,051
Differences between expected and actual experience.....	(4,690,325)	-	(3,526,008)	-	2,850,684	184,200	(4,805,590)	-	(1,060,404)	-
Changes of benefit terms.....	10,614,112	-	2,112,997	-	-	-	-	-	-	4,948,639
Changes in assumptions.....	-	-	-	2,765,608	-	-	20,784,416	-	(4,555,975)	-
Benefit payments.....	(10,336,763)	(11,105,145)	(11,400,054)	(11,400,176)	(11,790,962)	(13,619,213)	(12,756,204)	(14,081,067)	(15,153,648)	(16,289,216)
Net change in total pension liability.....	14,208,385	8,564,521	7,644,408	12,294,675	13,055,121	9,536,738	27,054,993	10,710,370	5,132,080	14,685,788
Total pension liability - beginning.....	193,719,852	207,928,237	216,492,758	224,137,166	236,431,841	249,486,962	259,023,700	286,078,693	296,789,063	301,921,143
Total pension liability - ending (a).....	\$ 207,928,237	\$ 216,492,758	\$ 224,137,166	\$ 236,431,841	\$ 249,486,962	\$ 259,023,700	\$ 286,078,693	\$ 296,789,063	\$ 301,921,143	\$ 316,606,931
<b>Plan fiduciary net position:</b>										
Employer contributions.....	\$ 7,070,467	\$ 7,304,832	\$ 7,562,273	\$ 7,835,775	\$ 8,371,229	\$ 8,868,984	\$ 9,454,478	\$ 9,776,446	\$ 10,054,016	\$ 10,355,519
Member contributions.....	3,393,034	3,478,496	3,608,960	3,783,992	3,918,951	3,869,218	4,016,762	4,186,703	4,350,408	4,490,645
Net investment income (loss).....	10,717,718	1,152,712	11,291,223	27,868,069	(4,523,402)	29,988,757	25,663,288	47,476,307	(32,437,096)	28,250,965
Administrative expenses.....	(226,954)	(250,722)	(245,349)	(243,555)	(224,469)	(255,811)	(205,532)	(284,741)	(262,337)	(328,462)
Retirement benefits and refunds.....	(10,336,763)	(11,105,145)	(11,400,054)	(11,400,176)	(11,790,962)	(13,619,213)	(12,756,204)	(14,081,067)	(15,153,648)	(16,289,216)
Other receipts.....	-	-	-	-	-	-	402	6,011	-	-
Net increase (decrease) in fiduciary net position.....	10,617,502	580,173	10,817,053	27,844,105	(4,248,653)	28,851,935	26,173,194	47,079,659	(33,448,657)	26,479,451
Fiduciary net position - beginning of year.....	142,338,421	152,955,923	153,536,096	164,353,149	192,197,254	187,948,601	216,800,536	242,973,730	290,053,389	256,604,732
Fiduciary net position - end of year (b).....	\$ 152,955,923	\$ 153,536,096	\$ 164,353,149	\$ 192,197,254	\$ 187,948,601	\$ 216,800,536	\$ 242,973,730	\$ 290,053,389	\$ 256,604,732	\$ 283,084,183
Net pension liability - ending (a)-(b).....	\$ 54,972,314	\$ 62,956,662	\$ 59,784,017	\$ 44,234,587	\$ 61,538,361	\$ 42,223,164	\$ 43,104,963	\$ 6,735,674	\$ 45,316,411	\$ 33,522,748
Plan fiduciary net position as a percentage of the total pension liability.....	73.56%	70.92%	73.33%	81.29%	75.33%	83.70%	84.93%	97.73%	84.99%	89.41%
Covered payroll.....	\$ 35,228,283	\$ 35,959,727	\$ 36,836,364	\$ 38,226,711	\$ 39,169,350	\$ 40,682,134	\$ 40,939,192	\$ 42,492,899	\$ 42,803,291	\$ 44,453,210
Net pension liability as a percentage of covered payroll.....	156.05%	175.08%	162.30%	115.72%	157.11%	103.79%	105.29%	15.85%	105.87%	75.41%
Discount rate.....	7.000%	6.750%	6.750%	6.625%	6.625%	6.625%	6.00%	6.00%	6.00%	6.00%

*See notes to required supplementary information.*

# Town of Wellesley, Massachusetts

## 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, 2023.....	\$ 10,338,575	\$ (10,355,519)	\$ (16,944)	\$ 44,453,210	23.30%
December 31, 2022.....	10,034,958	(10,054,016)	(19,058)	42,803,291	23.49%
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%

*See notes to required supplementary information.*

## **Town of Wellesley, Massachusetts**

### **Schedule of Investment Returns**

#### **Wellesley Contributory Retirement System**

<u>Year</u>	Annual money-weighted rate of return, net of investment expense
December 31, 2023.....	11.16%
December 31, 2022.....	-11.34%
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%

*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.

## Town of Wellesley, Massachusetts

### 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, 2023.....	99.13%	\$ 33,232,041	\$ 44,067,715	75.41%	89.41%
December 31, 2022.....	99.17%	44,940,515	42,448,024	105.87%	84.99%
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%

*See notes to required supplementary information.*

## Town of Wellesley, Massachusetts

### 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, 2024.....	\$ 10,248,920	\$ (10,282,500)	\$ (33,580)	\$ 44,897,742	22.90%
June 30, 2023.....	9,951,668	(9,983,171)	(31,503)	43,231,324	23.09%
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%

*See notes to required supplementary information.*

## **Town of Wellesley, Massachusetts**

### **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
2024.....	\$ 189,089,676	\$ 17,655,329	58.48%
2023.....	186,752,539	15,362,218	57.75%
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%

*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.

## Town of Wellesley, Massachusetts

### 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	June 30, 2023	June 30, 2024
<b>Total OPEB Liability</b>								
Service Cost.....	\$ 3,695,446	\$ 3,793,326	\$ 4,018,416	\$ 4,217,478	\$ 4,247,728	\$ 4,994,842	\$ 5,348,412	\$ 4,931,842
Interest.....	7,545,735	7,990,117	8,431,566	8,120,416	8,470,561	8,509,474	9,400,896	8,826,420
Changes of benefit terms.....	-	-	-	-	(888,614)	-	(19,227,500)	-
Differences between expected and actual experience.....	-	(5,332,500)	-	-	(1,847,908)	7,093,397	6,729,387	1,040,455
Changes of assumptions.....	-	(4,380,595)	-	(5,088,867)	(5,468,869)	(5,936,215)	7,510,229	7,510,229
Benefit payments.....	(4,614,800)	(5,078,148)	(5,619,307)	(5,088,867)	(5,468,869)	(5,518,162)	(5,928,384)	(5,928,384)
Net change in total OPEB liability.....	6,626,381	(3,007,800)	6,830,675	5,401,119	13,454,203	14,297,488	(8,955,899)	15,340,107
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>	<u>154,052,078</u>	<u>145,096,179</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>	<u>\$ 145,096,179</u>	<u>\$ 160,436,286</u>
<b>Plan fiduciary net position</b>								
Employer contributions.....	\$ 3,464,970	\$ 3,646,371	\$ 3,645,843	\$ 3,648,209	\$ 3,493,370	\$ 3,616,009	\$ 3,631,505	\$ 3,441,000
Employer contributions for OPEB payments.....	4,614,800	5,078,148	5,619,307	5,088,867	5,468,869	5,936,215	5,518,162	5,928,384
Net investment income (loss).....	5,975,037	5,307,352	3,713,928	1,392,631	22,763,568	(4,077,957)	5,940,942	10,874,575
Benefit payments.....	(4,614,800)	(5,078,148)	(5,619,307)	(5,088,867)	(5,468,869)	(5,936,215)	(5,518,162)	(5,928,384)
Net change in plan fiduciary net position.....	9,440,007	8,953,723	7,359,771	5,040,840	26,256,938	(461,948)	9,572,447	14,315,575
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>	<u>100,819,292</u>	<u>110,391,739</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>	<u>\$ 110,391,739</u>	<u>\$ 124,707,314</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>	<u>\$ 34,704,440</u>	<u>\$ 35,728,972</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%	76.08%	77.73%
Covered-employee payroll.....	\$ 96,595,069	\$ 98,526,970	\$ 100,497,509	\$ 102,507,459	\$ 104,557,608	\$ 106,648,760	\$ 108,781,735	\$ 110,957,370
Net OPEB liability as a percentage of covered-employee payroll.....	65.64%	52.21%	50.66%	50.02%	36.80%	49.91%	31.90%	32.20%
Discount rate.....	6.750%	6.750%	6.625%	6.625%	6.00%	6.00%	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.*

## Town of Wellesley, Massachusetts

### 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, 2024.....	\$ 8,132,926	\$ (9,369,384)	\$ (1,236,458)	\$ 110,957,370	8.44%
June 30, 2023.....	8,056,967	(9,149,667)	(1,092,700)	108,781,735	8.41%
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.*

## **Town of Wellesley, Massachusetts**

### **Schedule of Investment Returns**

#### **Other Postemployment Benefit Plan**

<u>Year</u>	<u>Annual money-weighted rate of return, net of investment expense</u>
June 30, 2024.....	9.64%
June 30, 2023.....	5.83%
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.

# **Town of Wellesley, Massachusetts**

## **Notes to the Required Supplementary Information**

### **For the Year Ended June 30, 2024**

#### **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 2024 budget included \$199.4 million in appropriations and other amounts to be raised and \$13.1 million in amounts carried over from previous years. During 2024, the Town approved \$760,000 of supplemental appropriations primarily for public safety functional expenditures and winter maintenance. 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.

# **Town of Wellesley, Massachusetts**

## **Notes to the Required Supplementary Information**

### **For the Year Ended June 30, 2024**

A reconciliation of budgetary-basis to GAAP-basis results for the general fund for the year ended June 30, 2024, is presented below:

Net change in fund balance - budgetary basis.....	\$ 11,214,118
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#### Perspective differences:

Activity of the stabilization fund recorded in the general fund for GAAP.....	395,080
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#### Basis of accounting differences:

Net change in recording tax refunds payable.....	(18,569)
Net change in recording 60 day receipts.....	248,000
Net change in recording accrued expenditures.....	331,867
Recognition of revenue for on-behalf payments.....	17,655,329
Recognition of expenditures for on-behalf payments.....	<u>(17,655,329)</u>

Net change in fund balance - GAAP basis.....	\$ <u>12,170,496</u>
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#### Appropriation Deficits

During 2024, actual expenditures exceeded appropriations for state and county charges. State and county charges are assessments from the Commonwealth, which are directly deducted from local receipts provided by the State. The Town is not required to raise the state and county assessment deficit.

## **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

# **Town of Wellesley, Massachusetts**

## **Notes to the Required Supplementary Information**

### **For the Year Ended June 30, 2024**

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 - Town***

##### Schedule of the Town's Proportionate Share of the Net Pension Liability

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

##### Schedule of 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.

# **Town of Wellesley, Massachusetts**

## **Notes to the Required Supplementary Information**

### **For the Year Ended June 30, 2024**

#### Changes in Assumptions

None.

#### Changes in Plan Provisions

The Retirement Board approved a one time increase in the COLA from 3% to 5% effective July 1, 2022 and increased the COLA Base from \$18,000 to \$19,000 effective July 1, 2023.

## **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 noted on the following page.

# **Town of Wellesley, Massachusetts**

## **Notes to the Required Supplementary Information**

### **For the Year Ended June 30, 2024**

Valuation date.....	Actuarially determined contribution for the fiscal year ending June 30, 2024 was determined with the December 31, 2022, actuarial valuation.
Actuarial cost method.....	Entry age normal - level percentage of payroll.
Amortization method.....	Payments increase at 3.0% per year.
Remaining amortization period.....	14 years as of July 1, 2023.
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 (Non-Medicare): 9.14%, then 7.75% graded by 0.25% for 13 years to an ultimate level of 4.50% Medical and Prescription Drug (Medicare): 7.09%, 17.47% then 7.50% graded by 0.25% for 12 years to an ultimate level of 4.50% Medical Part B Premium: 4.50%.
Mortality rates.....	Pre-Retirement (Non-Teachers): RP-2014 Blue Collar Employee Mortality Table projected generationally with Scale MP-2021 set forward one year for females.  Healthy (Non-Teachers): RP-2014 Blue Collar Healthy Annuitant Mortality Table projected generationally with Scale MP-2021 set forward one year for females.  Disabled (Non-Teachers): RP-2014 Blue Collar Healthy Annuitant Mortality Table projected generationally with Scale MP-2021 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.

## **Town of Wellesley, Massachusetts**

### **Notes to the Required Supplementary Information**

**For the Year Ended June 30, 2024**

#### 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 medical and prescription drug trend assumption was revised to reflect known increases in the estimated impact of the Inflation Reduction Act of 2022.

#### 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.

***State and Federal Grant Programs*** – 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 Special Revenue for Governmental Purposes*** – 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.

# Town of Wellesley, Massachusetts

## Nonmajor Governmental Funds Combining Balance Sheet

June 30, 2024

Special Revenue Funds												Total Nonmajor Governmental Funds
	School Lunch	Community Preservation	State and Federal Grant Programs	Receipts Reserved	Revolving	Recreation Revolving	Other For Governmental Purposes	Highway Chapter 90	Subtotal	Permanent Fund		
<b>ASSETS</b>												
Cash and cash equivalents.....	\$ 714,498	\$ 12,119,080	\$ 1,339,999	\$ 2,479,336	\$ 4,998,369	\$ 480,892	\$ 5,056,337	-	\$ 27,188,511	\$ 461,383	\$ 27,649,894	
Investments.....	-	-	-	-	-	-	\$ 299,748	-	299,748	1,281,515	1,581,263	
Receivables, net of uncollectibles:												
Community preservation fund surcharge.....	-	4,713	-	-	-	-	-	-	4,713	-	4,713	
Departmental and other.....	-	-	-	-	364,963	-	745,528	-	1,110,491	-	1,110,491	
Intergovernmental.....	-	237,565	-	-	-	-	-	446,441	684,006	-	684,006	
TOTAL ASSETS.....	\$ 714,498	\$ 12,361,358	\$ 1,339,999	\$ 2,479,336	\$ 5,363,332	\$ 480,892	\$ 6,101,613	\$ 446,441	\$ 29,287,469	\$ 1,742,898	\$ 31,030,367	
<b>LIABILITIES</b>												
Warrants payable.....	\$ 2,378	\$ 10,099	\$ 40,344	\$ 56,000	\$ 5,985	\$ 30,827	\$ 40,699	\$ 113,401	\$ 299,733	\$ 500	\$ 300,233	
Accrued payroll.....	-	-	37,718	3,341	89,361	11,960	2,153	-	144,533	-	144,533	
Due to other funds.....	-	-	-	-	-	-	-	69,165	69,165	-	69,165	
Other liabilities.....	-	-	-	-	-	-	719,743	-	719,743	-	719,743	
TOTAL LIABILITIES.....	2,378	10,099	78,062	59,341	95,346	42,787	762,595	182,566	1,233,174	500	1,233,674	
<b>DEFERRED INFLOWS OF RESOURCES</b>												
Taxes paid in advance.....	-	33,165	-	-	-	-	-	-	33,165	-	33,165	
Unavailable revenue.....	-	242,278	-	-	364,963	-	-	263,875	871,116	-	871,116	
TOTAL DEFERRED INFLOWS OF RESOURCES.....	-	275,443	-	-	364,963	-	-	263,875	904,281	-	904,281	
<b>FUND BALANCES</b>												
Nonspendable.....	-	-	-	-	-	-	-	-	-	386,018	386,018	
Restricted.....	712,120	12,075,816	1,261,937	2,419,995	4,903,023	438,105	5,339,018	-	27,150,014	1,356,380	28,506,394	
TOTAL FUND BALANCES.....	712,120	12,075,816	1,261,937	2,419,995	4,903,023	438,105	5,339,018	-	27,150,014	1,742,398	28,892,412	
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES.....</b>	<b>\$ 714,498</b>	<b>\$ 12,361,358</b>	<b>\$ 1,339,999</b>	<b>\$ 2,479,336</b>	<b>\$ 5,363,332</b>	<b>\$ 480,892</b>	<b>\$ 6,101,613</b>	<b>\$ 446,441</b>	<b>\$ 29,287,469</b>	<b>\$ 1,742,898</b>	<b>\$ 31,030,367</b>	

# Town of Wellesley, Massachusetts

## Nonmajor Governmental Funds Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

**Year Ended June 30, 2024**

	Special Revenue Funds									Permanent Fund	Total Nonmajor Governmental Funds	
	School Lunch	Community Preservation	State and Federal Grant Programs	Receipts Reserved	Revolving	Recreation Revolving	Other For Governmental Purposes	Highway Chapter 90	Subtotal			
<b>REVENUES:</b>												
Charges for services.....	\$ 579,620	\$ -	\$ -	\$ 22,349	\$ -	\$ -	\$ 867,517	\$ -	\$ 1,469,486	\$ -	\$ 1,469,486	
Parking meter receipts.....				759,966					759,966		759,966	
Intergovernmental.....	1,677,446	329,314	6,690,100		270,372		2,923,316	1,245,062	13,135,610		13,135,610	
Departmental and other.....					4,789,288	1,379,899	258,806			6,427,993		6,427,993
Community preservation surcharge.....		1,612,458								1,612,458		1,612,458
Contributions and donations.....					299,805		1,841,122		2,140,927	12,000	2,152,927	
Investment income.....			624,845	535					625,380	101,595	726,975	
<b>TOTAL REVENUES.....</b>	<b>2,257,066</b>	<b>2,566,617</b>	<b>6,690,635</b>	<b>782,315</b>	<b>5,359,465</b>	<b>1,379,899</b>	<b>5,890,761</b>	<b>1,245,062</b>	<b>26,171,820</b>	<b>113,595</b>	<b>26,285,415</b>	
<b>EXPENDITURES:</b>												
Current:												
General government.....				245,951		144,518		481,367		871,836	68,613	940,449
Natural resources.....					-	7,765		15,817		23,582	2,702	26,284
Public safety.....				294,749	269,751	1,634,176		168,185		2,366,861		2,366,861
Public education.....	1,936,580		3,928,363		2,990,606		4,287,456		13,143,005	11,818	13,154,823	
Public works.....			2,131,088		439,877		49,781	1,245,062	3,865,808		3,865,808	
Health.....				78,025		9,920		17,693		105,638		105,638
Recreation.....				2,750			1,323,322	81,946		1,408,018		1,408,018
Library.....				59,648		21,378		300,731		381,757	18,700	400,457
Community preservation.....		402,637								402,637		402,637
Traffic and parking management.....				713,380						713,380		713,380
<b>TOTAL EXPENDITURES.....</b>	<b>1,936,580</b>	<b>402,637</b>	<b>6,740,574</b>	<b>983,131</b>	<b>5,248,240</b>	<b>1,323,322</b>	<b>5,402,976</b>	<b>1,245,062</b>	<b>23,282,522</b>	<b>101,833</b>	<b>23,384,355</b>	
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....</b>	<b>320,486</b>	<b>2,163,980</b>	<b>(49,939)</b>	<b>(200,816)</b>	<b>111,225</b>	<b>56,577</b>	<b>487,785</b>	<b>-</b>	<b>2,889,298</b>	<b>11,762</b>	<b>2,901,060</b>	
<b>OTHER FINANCING SOURCES (USES):</b>												
Transfers in.....					399,003	212,752		89,538		701,293		701,293
Transfers out.....				(550,644)	(519,350)	-	(105,245)	(85,000)		(1,260,239)		(1,260,239)
<b>TOTAL OTHER FINANCING SOURCES (USES).....</b>	<b>-</b>	<b>(550,644)</b>	<b>(519,350)</b>	<b>399,003</b>	<b>107,507</b>	<b>(85,000)</b>	<b>89,538</b>	<b>-</b>	<b>(558,946)</b>	<b>-</b>	<b>(558,946)</b>	
<b>NET CHANGE IN FUND BALANCES.....</b>	<b>320,486</b>	<b>1,613,336</b>	<b>(569,289)</b>	<b>198,187</b>	<b>218,732</b>	<b>(28,423)</b>	<b>577,323</b>	<b>-</b>	<b>2,330,352</b>	<b>11,762</b>	<b>2,342,114</b>	
<b>FUND BALANCES AT BEGINNING OF YEAR.....</b>	<b>391,634</b>	<b>10,462,480</b>	<b>1,831,226</b>	<b>2,221,808</b>	<b>4,684,291</b>	<b>466,528</b>	<b>4,761,695</b>	<b>-</b>	<b>24,819,662</b>	<b>1,730,636</b>	<b>26,550,298</b>	
<b>FUND BALANCES AT END OF YEAR.....</b>	<b>\$ 712,120</b>	<b>\$ 12,075,816</b>	<b>\$ 1,261,937</b>	<b>\$ 2,419,995</b>	<b>\$ 4,903,023</b>	<b>\$ 438,105</b>	<b>\$ 5,339,018</b>	<b>\$ -</b>	<b>\$ 27,150,014</b>	<b>\$ 1,742,398</b>	<b>\$ 28,892,412</b>	

## ***Internal Service Funds***

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

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

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

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

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

# Town of Wellesley, Massachusetts

## Internal Service Funds Combining Statement of Net Position

**June 30, 2024**

	Fleet Maintenance	Health Insurance	Unemployment	Workers' Compensation	Total Internal Service Funds
<b>ASSETS</b>					
CURRENT:					
Cash and cash equivalents.....	\$ 51,768	\$ 470,494	\$ 44,666	\$ 5,076	\$ 572,004
Investments.....	-	-	950,392	1,116,655	2,067,047
Receivables, net of allowance for uncollectibles:					
Departmental and other.....	-	11,463	-	-	11,463
<b>TOTAL ASSETS</b> .....	<b>51,768</b>	<b>481,957</b>	<b>995,058</b>	<b>1,121,731</b>	<b>2,650,514</b>
<b>LIABILITIES</b>					
CURRENT:					
Warrants payable.....	1,373	5,270	-	-	6,643
Accrued payroll.....	-	473,695	-	-	473,695
Workers' compensation.....	-	-	-	368,000	368,000
Total current liabilities.....	1,373	478,965	-	368,000	848,338
NONCURRENT:					
Workers' compensation.....	-	-	-	326,000	326,000
<b>TOTAL LIABILITIES</b> .....	<b>1,373</b>	<b>478,965</b>	<b>-</b>	<b>694,000</b>	<b>1,174,338</b>
<b>NET POSITION</b>					
Unrestricted.....	\$ 50,395	\$ 2,992	\$ 995,058	\$ 427,731	\$ 1,476,176

**Town of Wellesley, Massachusetts**

**Internal Service Funds**  
**Combining Statement of Revenues, Expenses and Changes in Net Position**

**Year Ended June 30, 2024**

	Fleet Maintenance	Health Insurance	Unemployment	Workers' Compensation	Total Internal Service Funds
<b>OPERATING REVENUES:</b>					
Employee contributions.....	\$ -	\$ 8,683,820	\$ -	\$ -	\$ 8,683,820
Employer contributions.....	-	21,430,240	-	-	21,430,240
Charges for services.....	1,404,346	-	100,000	730,000	2,234,346
TOTAL OPERATING REVENUES .....	1,404,346	30,114,060	100,000	730,000	32,348,406
<b>OPERATING EXPENSES:</b>					
Employee benefits.....	-	30,121,239	72,915	742,208	30,936,362
Fleet maintenance.....	1,358,152	-	-	-	1,358,152
TOTAL OPERATING EXPENSES.....	1,358,152	30,121,239	72,915	742,208	32,294,514
OPERATING INCOME (LOSS).....	46,194	(7,179)	27,085	(12,208)	53,892
<b>NONOPERATING REVENUES (EXPENSES):</b>					
Investment income.....	-	-	39,612	79,461	119,073
CHANGE IN NET POSITION.....	46,194	(7,179)	66,697	67,253	172,965
NET POSITION AT BEGINNING OF YEAR.....	4,201	10,171	928,361	360,478	1,303,211
NET POSITION AT END OF YEAR.....	\$ 50,395	\$ 2,992	\$ 995,058	\$ 427,731	\$ 1,476,176

# Town of Wellesley, Massachusetts

## Internal Service Funds Combining Statement of Cash Flows

**Year Ended June 30, 2024**

	Fleet Maintenance	Health Insurance	Unemployment	Workers' Compensation	Total Internal Service Funds
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES:</u></b>					
Receipts from customers and users.....	\$ -	\$ 8,690,997	\$ -	\$ -	\$ 8,690,997
Receipts from interfund services provided.....	1,404,346	21,430,240	100,000	730,000	23,664,586
Payments for interfund services used.....	(1,397,742)	(30,075,615)	(72,915)	(579,208)	(32,125,480)
NET CASH FROM OPERATING ACTIVITIES.....	6,604	45,622	27,085	150,792	230,103
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES:</u></b>					
Purchase of investments.....	- -	- -	(22,031)	(264,790)	(286,821)
Investment income.....	- -	- -	39,612	79,461	119,073
NET CASH FROM INVESTING ACTIVITIES.....	- -	- -	17,581	(185,329)	(167,748)
NET CHANGE IN CASH AND CASH EQUIVALENTS.....	6,604	45,622	44,666	(34,537)	62,355
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR.....	45,164	424,872	- -	39,613	509,649
CASH AND CASH EQUIVALENTS, END OF YEAR.....	\$ 51,768	\$ 470,494	\$ 44,666	\$ 5,076	\$ 572,004
<b><u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES:</u></b>					
Operating income (loss).....	\$ 46,194	\$ (7,179)	\$ 27,085	\$ (12,208)	\$ 53,892
Adjustments to reconcile operating income (loss) to net cash from operating activities:					
Changes in assets and liabilities:					
Departmental and other.....	- -	7,177	- -	- -	7,177
Warrants payable.....	(39,590)	5,270	- -	- -	(34,320)
Accrued payroll.....	- -	40,354	- -	- -	40,354
Workers' compensation.....	- -	- -	- -	163,000	163,000
Total adjustments.....	(39,590)	52,801	- -	163,000	176,211
NET CASH FROM OPERATING ACTIVITIES.....	\$ 6,604	\$ 45,622	\$ 27,085	\$ 150,792	\$ 230,103

# *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.



Police Department Hybrid Cruiser  
Photo courtesy of Town of Wellesley

Town of Wellesley, Massachusetts  
Annual Comprehensive Financial Report  
For the year ended June 30, 2024

# ***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.*

## Town of Wellesley, Massachusetts

### Net Position by Component

#### Last Ten Years

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Governmental activities</b>										
Net investment in capital assets.....	\$ 141,158,278	\$ 148,818,623	\$ 155,132,937	\$ 157,153,332	\$ 162,153,159	\$ 162,479,778	\$ 166,963,845	\$ 173,603,803	\$ 188,561,362	\$ 215,208,177
Restricted.....	10,394,774	10,572,176	10,236,030	10,715,597	11,918,885	12,883,650	13,494,223	17,161,426	18,786,037	20,419,169
Unrestricted.....	(1,065,091)	(126,380)	(60,532,686)	(56,118,900)	(61,737,797)	(45,077,981)	(31,580,628)	(13,628,765)	(1,281,081)	3,039,082
<b>Total governmental activities net position.....</b>	<b>\$ 150,487,961</b>	<b>\$ 159,264,419</b>	<b>\$ 104,836,281</b>	<b>\$ 111,750,029</b>	<b>\$ 112,334,247</b>	<b>\$ 130,285,447</b>	<b>\$ 148,877,440</b>	<b>\$ 177,136,464</b>	<b>\$ 206,066,318</b>	<b>\$ 238,666,428</b>
<b>Business-type activities</b>										
Net investment in capital assets.....	\$ 84,703,679	\$ 85,594,311	\$ 87,359,541	\$ 87,482,288	\$ 88,572,516	\$ 88,576,032	\$ 91,095,111	\$ 93,340,179	\$ 96,012,889	\$ 97,368,112
Restricted.....	2,000,000	2,000,000	2,000,000	2,000,000	1,000,000	1,000,000	1,000,000	1,000,000	3,063,993	3,348,540
Unrestricted.....	7,808,653	12,792,675	11,907,658	9,481,231	7,303,769	7,743,526	9,373,516	10,722,603	13,878,523	21,067,786
<b>Total business-type activities net position.....</b>	<b>\$ 94,512,332</b>	<b>\$ 100,386,986</b>	<b>\$ 101,267,199</b>	<b>\$ 98,963,519</b>	<b>\$ 96,876,285</b>	<b>\$ 97,319,558</b>	<b>\$ 101,468,627</b>	<b>\$ 105,062,782</b>	<b>\$ 112,955,405</b>	<b>\$ 121,784,438</b>
<b>Primary government</b>										
Net investment in capital assets.....	\$ 225,861,957	\$ 234,412,934	\$ 242,492,478	\$ 244,635,620	\$ 250,725,675	\$ 251,055,810	\$ 258,058,956	\$ 266,943,982	\$ 284,574,251	\$ 312,576,289
Restricted.....	12,394,774	12,572,176	12,236,030	12,715,597	12,918,885	13,883,650	14,494,223	18,161,426	21,850,030	23,767,709
Unrestricted.....	6,743,562	12,666,295	(48,625,028)	(46,637,669)	(54,434,028)	(37,334,455)	(22,207,112)	(2,906,162)	12,597,442	24,106,868
<b>Total primary government net position.....</b>	<b>\$ 245,000,293</b>	<b>\$ 259,651,405</b>	<b>\$ 206,103,480</b>	<b>\$ 210,713,548</b>	<b>\$ 209,210,532</b>	<b>\$ 227,605,005</b>	<b>\$ 250,346,067</b>	<b>\$ 282,199,246</b>	<b>\$ 319,021,723</b>	<b>\$ 360,450,866</b>

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.

# Town of Wellesley, Massachusetts

## Changes in Net Position

### Last Ten Years

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Expenses</b>										
Governmental activities:										
General government.....	\$ 14,818,677	\$ 16,065,450	\$ 8,805,331	\$ 8,814,934	\$ 9,652,907	\$ 10,204,381	\$ 10,467,922	\$ 10,958,616	\$ 12,402,900	\$ 12,073,624
Facilities maintenance.....	-	-	11,880,224	12,350,521	13,992,663	12,484,919	13,141,670	11,941,920	13,287,414	14,156,474
Natural resources.....	-	-	636,909	725,662	650,341	578,406	685,339	676,064	802,668	814,513
Public safety.....	18,190,686	19,814,209	17,132,944	17,548,998	19,494,235	18,065,791	16,528,319	14,950,639	20,277,444	22,811,429
Public education.....	107,336,897	111,214,742	118,927,884	122,811,840	129,130,514	127,392,966	134,824,373	125,111,284	130,815,799	144,433,762
Public works.....	11,612,335	11,467,571	14,112,079	13,920,456	14,862,889	14,829,916	15,186,863	15,541,723	17,619,602	15,408,045
Health.....	1,771,888	1,762,755	1,103,030	1,001,200	1,188,145	1,292,687	1,372,574	1,284,722	1,585,051	1,804,992
Library.....	4,092,547	4,509,513	4,251,592	4,420,548	4,477,590	4,582,627	4,206,811	4,010,995	5,330,772	5,762,209
Recreation.....	2,861,127	2,798,705	3,176,831	2,607,564	2,549,221	1,992,957	981,190	1,654,409	2,105,835	2,305,860
Traffic and parking management.....	651,374	761,292	832,610	789,994	725,300	1,039,262	663,265	632,053	742,804	713,380
Community preservation.....	35,941	75,855	187,011	687,669	357,988	331,855	240,468	153,550	137,844	402,637
Interest.....	3,080,832	5,219,877	4,830,418	4,391,453	4,416,324	4,008,703	3,752,244	4,157,954	5,953,469	4,905,304
Total government activities expenses.....	<b>164,452,304</b>	<b>173,689,969</b>	<b>185,876,863</b>	<b>190,070,839</b>	<b>201,498,117</b>	<b>196,804,470</b>	<b>202,051,038</b>	<b>191,073,929</b>	<b>211,061,602</b>	<b>225,592,229</b>
Business-type activities:										
Sewer.....	7,183,205	7,065,470	7,403,979	7,452,341	7,548,483	7,725,163	7,691,315	7,916,278	7,669,340	8,486,469
Water.....	6,293,253	5,741,906	6,100,706	6,707,078	6,736,557	7,879,097	7,633,496	7,174,603	8,694,792	9,766,876
Stormwater.....	-	-	-	-	-	-	-	-	-	978,162
Municipal light.....	33,471,296	31,752,049	33,237,686	38,605,006	39,338,634	34,014,913	34,296,172	34,756,415	35,449,813	35,272,264
Total business-type activities expenses.....	<b>46,947,754</b>	<b>44,559,425</b>	<b>46,742,371</b>	<b>52,764,425</b>	<b>53,623,674</b>	<b>49,619,173</b>	<b>49,620,983</b>	<b>49,847,296</b>	<b>51,813,945</b>	<b>54,503,771</b>
Total primary government expenses.....	<b>\$ 211,400,058</b>	<b>\$ 218,249,394</b>	<b>\$ 232,619,234</b>	<b>\$ 242,835,264</b>	<b>\$ 255,121,791</b>	<b>\$ 246,423,643</b>	<b>\$ 251,672,021</b>	<b>\$ 240,921,225</b>	<b>\$ 262,875,547</b>	<b>\$ 280,096,000</b>
<b>Program Revenues</b>										
Governmental activities:										
Education charges for services.....	\$ 4,133,754	\$ 4,588,795	\$ 4,868,667	\$ 4,968,173	\$ 5,242,307	\$ 4,102,835	\$ 1,894,437	\$ 3,879,929	\$ 3,639,467	\$ 4,466,059
Public safety charges for services.....	4,095,532	4,272,574	3,852,917	6,577,435	5,600,029	4,395,145	5,618,531	4,844,361	6,066,895	5,829,984
Other charges for services.....	3,739,997	4,044,264	4,804,745	4,061,182	4,249,760	3,337,844	3,160,222	3,740,089	4,161,944	4,494,509
Education operating grants and contributions.....	21,027,295	26,120,256	30,971,700	32,205,325	33,102,976	38,117,534	45,911,233	32,119,179	33,301,387	37,159,724
Other operating grants and contributions.....	752,440	1,358,563	872,209	1,063,246	1,493,174	3,346,835	2,302,433	5,844,112	2,902,555	2,188,282
Education capital grant and contributions.....	-	1,174,029	3,020,319	-	-	-	-	592,026	2,153,068	8,142,280
Other capital grant and contributions.....	1,950,446	2,446,151	1,028,260	580,951	1,169,737	1,968,482	748,470	1,484,735	2,638,059	3,773,871
Total government activities program revenues.....	<b>35,699,464</b>	<b>44,004,632</b>	<b>49,418,817</b>	<b>49,456,312</b>	<b>50,857,983</b>	<b>55,268,675</b>	<b>59,635,326</b>	<b>52,504,431</b>	<b>54,863,375</b>	<b>66,054,709</b>
Business-type activities:										
Municipal light charges for services.....	34,209,512	34,885,519	34,592,292	35,313,607	37,268,992	35,661,467	37,299,444	37,663,105	39,783,403	42,539,846
Sewer and water charges for services.....	14,350,065	14,683,479	15,837,178	15,119,727	15,088,805	14,859,420	16,204,322	15,138,294	19,727,494	18,105,880
Operating grants and contributions.....	-	-	-	-	-	-	-	-	71,520	-
Municipal light capital grant and contributions.....	1,151,012	1,636,744	663,708	880,585	771,777	541,559	454,547	1,640,052	1,124,151	1,085,346
Sewer and water capital grant and contributions.....	-	228,337	-	146,826	-	-	811,739	-	-	1,612,500
Total business-type activities program revenues.....	<b>49,710,589</b>	<b>51,434,079</b>	<b>51,093,178</b>	<b>51,460,745</b>	<b>53,129,574</b>	<b>51,062,446</b>	<b>54,770,052</b>	<b>54,441,451</b>	<b>60,706,568</b>	<b>63,343,572</b>
Total primary government program revenues.....	<b>\$ 85,410,053</b>	<b>\$ 95,438,711</b>	<b>\$ 100,511,995</b>	<b>\$ 100,917,057</b>	<b>\$ 103,987,557</b>	<b>\$ 106,331,121</b>	<b>\$ 114,405,378</b>	<b>\$ 106,945,882</b>	<b>\$ 115,569,943</b>	<b>\$ 129,398,281</b>
<b>Net (Expense)/Revenue</b>										
Governmental activities.....										
Business-type activities.....	\$ (128,752,840)	\$ (129,685,337)	\$ (136,458,046)	\$ (140,614,527)	\$ (150,640,134)	\$ (141,535,795)	\$ (142,415,712)	\$ (138,569,498)	\$ (156,198,227)	\$ (159,537,520)
Total primary government net expense.....	<b>\$ (125,990,005)</b>	<b>\$ (122,810,683)</b>	<b>\$ (132,107,239)</b>	<b>\$ (141,918,207)</b>	<b>\$ (151,134,234)</b>	<b>\$ (140,092,522)</b>	<b>\$ (137,266,643)</b>	<b>\$ (133,975,343)</b>	<b>\$ (147,305,604)</b>	<b>\$ (150,697,719)</b>

# Town of Wellesley, Massachusetts

## Changes in Net Position (Continued)

### Last Ten Years

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>General Revenues and other Changes in Net Position</b>										
Governmental activities:										
Real estate and personal property taxes, net of tax refunds payable and tax liens.....	\$ 120,017,005	\$ 127,800,794	\$ 131,146,331	\$ 135,997,161	\$ 140,554,509	\$ 144,857,998	\$ 149,157,707	\$ 155,928,386	\$ 167,102,451	\$ 171,545,098
Community preservation surcharge.....	1,084,562	1,153,629	1,201,441	1,247,964	1,301,988	1,341,104	1,383,742	1,416,834	1,568,581	1,612,458
Motor vehicle and other excise taxes.....	5,065,773	5,464,687	5,265,624	5,847,263	5,919,710	5,650,461	5,622,515	5,716,542	5,670,815	7,200,187
Meals tax.....	583,551	620,369	637,046	658,814	684,631	611,589	470,833	653,495	799,721	914,342
Nonrestricted grants, contributions, and other.....	1,793,829	1,794,382	2,102,798	1,735,859	2,057,273	1,914,868	2,457,810	2,199,463	2,596,703	2,456,670
Unrestricted investment income (loss).....	262,241	627,934	582,309	1,041,214	2,229,856	2,357,181	915,098	(86,198)	6,389,810	8,398,107
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	10,768
Total governmental activities.....	129,806,961	138,461,795	141,935,549	147,528,275	153,747,967	157,733,201	161,007,705	166,828,522	185,128,081	192,137,630
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)	(10,768)
Total primary government.....	\$ 128,806,961	\$ 137,461,795	\$ 140,935,549	\$ 146,528,275	\$ 152,747,967	\$ 156,733,201	\$ 160,007,705	\$ 165,828,522	\$ 184,128,081	\$ 192,126,862
<b>Changes in Net Position</b>										
Governmental activities.....	\$ 1,054,121	\$ 8,776,458	\$ 5,477,503	\$ 6,913,748	\$ 3,107,833	\$ 16,197,406	\$ 18,591,993	\$ 28,259,024	\$ 28,929,854	\$ 32,600,110
Business-type activities.....	1,762,835	5,874,654	3,350,807	(2,303,680)	(1,494,100)	443,273	4,149,069	3,594,155	7,892,623	8,829,033
Total primary government.....	\$ 2,816,956	\$ 14,651,112	\$ 8,828,310	\$ 4,610,068	\$ 1,613,733	\$ 16,640,679	\$ 22,741,062	\$ 31,853,179	\$ 36,822,477	\$ 41,429,143

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

Note: In 2024 the Town established new operations for stormwater management, which was established as an enterprise fund.

## Town of Wellesley, Massachusetts

### Fund Balances, Governmental Funds

#### Last Ten Years

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General Fund										
Committed.....	\$ 4,240,335	\$ 2,990,300	\$ 3,950,943	\$ 5,080,885	\$ 1,880,827	\$ 1,743,287	\$ 2,005,167	\$ 4,433,910	\$ 4,779,923	\$ 6,303,046
Assigned.....	3,726,971	3,834,068	5,949,459	3,478,397	5,021,045	6,332,723	5,573,169	4,011,368	5,644,649	3,927,945
Unassigned.....	14,521,699	18,092,104	18,566,100	20,788,871	24,245,720	26,918,753	34,191,300	39,870,878	37,500,832	49,864,909
Total general fund.....	<u>\$ 22,489,005</u>	<u>\$ 24,916,472</u>	<u>\$ 28,466,502</u>	<u>\$ 29,348,153</u>	<u>\$ 31,147,592</u>	<u>\$ 34,994,763</u>	<u>\$ 41,769,636</u>	<u>\$ 48,316,156</u>	<u>\$ 47,925,404</u>	<u>\$ 60,095,900</u>
All Other Governmental Funds										
Nonspendable.....	\$ 357,953	\$ 357,953	\$ 357,953	\$ 357,952	\$ 474,055	\$ 437,266	\$ 387,519	\$ 386,023	\$ 386,022	\$ 386,018
Restricted.....	34,628,603	29,736,594	20,707,687	26,564,000	28,739,533	24,372,120	33,145,424	111,395,628	84,284,050	41,282,744
Total all other governmental funds.....	<u>\$ 34,986,556</u>	<u>\$ 30,094,547</u>	<u>\$ 21,065,640</u>	<u>\$ 26,921,952</u>	<u>\$ 29,213,588</u>	<u>\$ 24,809,386</u>	<u>\$ 33,532,943</u>	<u>\$ 111,781,651</u>	<u>\$ 84,670,072</u>	<u>\$ 41,668,762</u>

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

# Town of Wellesley, Massachusetts

## Changes in Fund Balances, Governmental Funds

### Last Ten Years

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Revenues:</b>										
Real estate and personal property taxes, net of tax refunds.....	\$ 119,526,163	\$ 127,955,497	\$ 131,692,216	\$ 135,032,080	\$ 140,561,739	\$ 144,447,614	\$ 149,493,703	\$ 155,843,154	\$ 167,216,652	\$ 171,910,272
Motor vehicle and other excise taxes.....	4,956,214	5,616,703	5,544,062	5,843,270	5,901,008	5,534,128	5,582,870	5,738,573	5,712,236	7,059,229
Meals tax.....	583,551	620,369	637,046	658,814	684,631	611,589	470,833	653,495	799,721	914,342
Community preservation surcharge.....	1,084,562	1,153,629	1,201,441	1,247,964	1,301,988	1,341,104	1,383,742	1,416,834	1,568,581	1,612,458
Charges for service.....	1,215,693	1,291,915	1,482,112	1,503,011	1,549,919	1,102,284	204,022	778,871	1,541,079	1,469,486
Intergovernmental.....	24,027,252	29,706,452	36,376,415	34,095,554	35,948,591	41,425,334	49,800,383	38,793,414	41,948,652	50,433,513
Departmental and other.....	12,833,870	16,715,684	14,967,860	17,205,908	18,088,147	15,400,684	13,822,023	15,011,328	21,417,144	24,778,485
<b>Total Revenue.....</b>	<b>164,227,305</b>	<b>183,060,249</b>	<b>191,901,152</b>	<b>195,586,601</b>	<b>204,036,023</b>	<b>209,862,737</b>	<b>220,757,576</b>	<b>218,235,669</b>	<b>240,204,065</b>	<b>258,177,785</b>
<b>Expenditures:</b>										
General government.....	11,684,930	12,860,407	4,540,347	4,610,308	5,263,101	5,164,269	7,025,102	7,124,001	8,214,812	8,830,455
Facilities maintenance.....	-	-	8,539,854	8,692,135	9,858,158	9,226,047	9,064,289	8,396,523	9,098,438	10,064,765
Natural resources.....	-	-	440,230	510,259	465,353	415,933	495,394	476,376	573,390	595,567
Public safety.....	11,805,762	12,339,995	12,296,502	13,592,778	13,889,443	13,892,751	14,668,588	14,911,699	16,534,308	17,149,095
Public education.....	77,020,768	77,139,421	79,160,007	84,322,361	86,595,124	87,167,344	90,011,076	91,517,951	94,502,716	100,799,272
Public works.....	9,215,863	8,640,708	7,909,141	8,301,071	8,290,037	8,355,908	8,821,106	9,540,649	10,540,210	10,227,309
Health.....	1,182,446	1,127,921	707,180	754,201	828,863	997,006	1,162,678	1,198,288	1,230,472	1,348,137
Recreation.....	1,584,791	1,488,351	2,246,211	1,847,868	1,975,394	1,740,630	929,511	1,548,888	1,727,652	2,168,897
Library.....	2,486,348	2,663,336	2,734,755	2,921,632	2,624,097	2,911,780	3,035,952	3,031,601	3,188,700	3,457,974
Pension benefits - Teachers Retirement.....	7,856,302	11,839,507	16,440,703	17,404,000	17,746,000	22,691,000	26,216,317	13,886,186	15,362,218	17,655,329
Pension benefits.....	5,952,739	6,161,639	6,408,377	6,640,351	7,073,362	7,487,909	7,967,738	8,234,817	8,586,426	8,846,365
Employee benefits.....	20,025,444	20,170,637	20,188,388	21,869,262	21,387,830	21,980,846	22,326,853	22,208,024	24,038,041	25,209,031
Capital outlay .....	52,519,057	20,205,770	22,588,576	12,460,987	10,480,193	12,669,833	14,656,315	22,870,687	50,065,788	79,994,284
Community preservation.....	35,941	75,855	187,011	687,669	357,988	331,855	240,468	344,800	449,660	402,637
State and county charges.....	1,172,460	1,222,643	1,230,199	1,239,256	1,262,764	1,263,722	1,316,042	1,286,137	1,330,131	1,407,314
Other.....	651,374	761,292	832,610	789,994	725,300	1,039,262	663,265	632,053	742,804	713,380
Debt service.....										
Principal.....	8,825,000	11,245,000	11,380,000	11,840,000	11,643,000	11,020,000	9,970,000	10,820,000	14,685,000	12,785,000
Interest.....	3,364,814	5,502,309	5,227,790	4,883,736	5,022,317	5,235,696	4,690,924	4,713,529	7,835,630	6,364,556
<b>Total Expenditures.....</b>	<b>215,384,039</b>	<b>193,444,791</b>	<b>203,057,880</b>	<b>203,367,868</b>	<b>205,488,324</b>	<b>213,591,791</b>	<b>223,261,618</b>	<b>222,742,209</b>	<b>268,706,396</b>	<b>308,019,367</b>
<b>Excess (Deficiency) of revenues over (under) expenditures.....</b>	<b>(51,156,734)</b>	<b>(10,384,542)</b>	<b>(11,156,728)</b>	<b>(7,781,267)</b>	<b>(1,452,301)</b>	<b>(3,729,054)</b>	<b>(2,504,042)</b>	<b>(4,506,540)</b>	<b>(28,502,331)</b>	<b>(49,841,582)</b>
<b>Other Financing Sources (Uses)</b>										
Issuance of bonds.....	68,840,000	15,445,700	5,860,000	12,443,000	4,245,000	18,530,000	14,347,500	81,785,000	-	18,040,000
Issuance of refunding bonds.....	-	-	-	-	-	-	8,907,500	-	-	-
Premium from issuance of bonds.....	1,973,541	1,612,743	392,000	1,076,230	298,376	2,905,345	2,977,679	6,516,768	-	960,000
Premium from issuance of refunding bonds.....	-	-	-	-	-	-	2,207,059	-	-	-
Payments to refunded bond escrow agent.....	(4,274,541)	(11,738,443)	-	-	-	(21,000,000)	(11,000,000)	-	-	-
Transfers in.....	10,797,345	7,523,635	1,852,893	1,906,337	4,694,134	4,632,213	3,286,535	8,291,699	18,420,443	4,289,145
Transfers out.....	(8,839,156)	(4,923,635)	(1,869,135)	(906,337)	(3,694,134)	(3,632,213)	(3,286,535)	(7,291,699)	(17,420,443)	(4,278,377)
Total other financing sources (uses).....	68,497,189	7,920,000	6,235,758	14,519,230	5,543,376	1,435,345	17,439,738	89,301,768	1,000,000	19,010,768
Net change in fund balance.....	\$ 17,340,455	\$ (2,464,542)	\$ (4,920,970)	\$ 6,737,963	\$ 4,091,075	\$ (2,293,709)	\$ 14,935,696	\$ 84,795,228	\$ (27,502,331)	\$ (30,830,814)
Debt service as a percentage of noncapital expenditures.....	7.48%	9.67%	9.20%	8.76%	8.55%	8.09%	7.03%	7.77%	10.30%	8.40%

Notes: In 2015 Intergovernmental revenues and Teacher's pension benefits were lower due to the way the State calculated these amounts in that year.

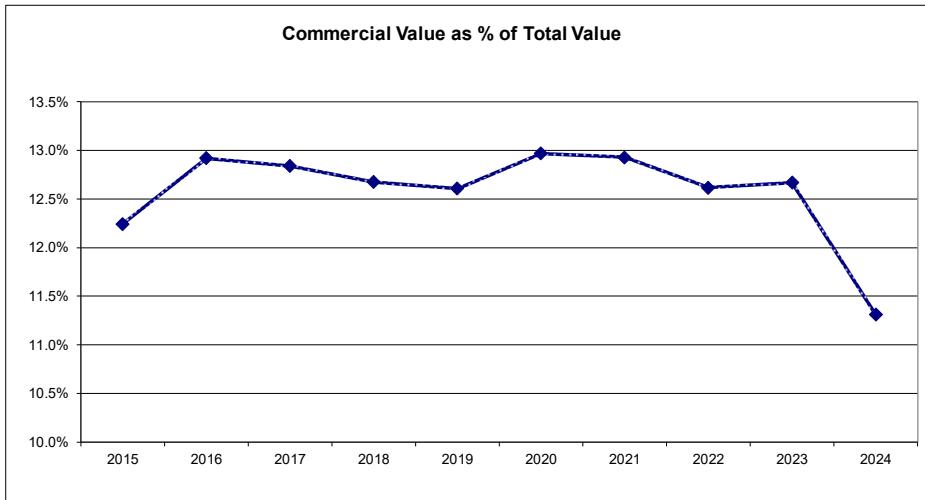
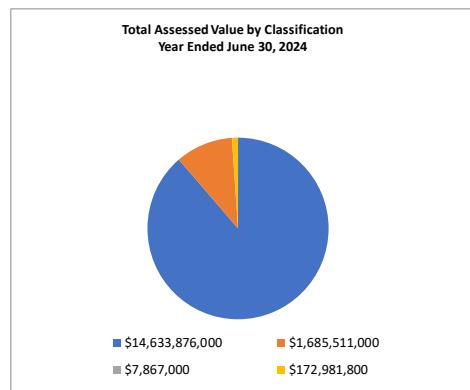
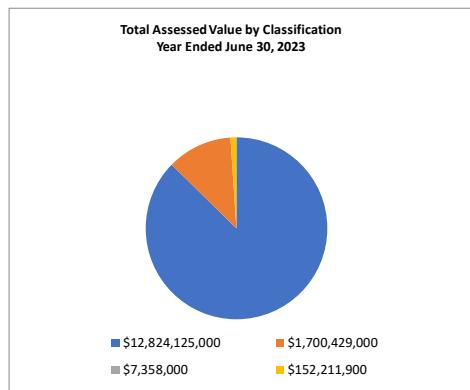
In 2017 the Town ACFR renamed/revised the functional expenditure groupings. Functional groupings prior to 2017 were not revised.

# Town of Wellesley, Massachusetts

## 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
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
2023	\$12,824,125,000	11.45	87.33%	\$1,700,429,000	\$7,358,000	\$152,211,900	\$1,859,998,900	11.45	12.67%	11.45	\$14,684,123,900
2024	\$14,633,876,000	10.41	88.69%	\$1,685,511,000	\$7,867,000	\$172,981,800	\$1,866,359,800	10.41	11.31%	10.41	\$16,500,235,800



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.

# Town of Wellesley, Massachusetts

## Principal Taxpayers

### Current Year and Nine Years Ago

Name	Nature of Business	2024			Percentage of Total Taxable Assessed Value	2015			Percentage of Total Taxable Assessed Value
		Assessed Valuation	Rank	Assessed Valuation		Assessed Valuation	Rank	Assessed Valuation	
John Hancock	Insurance and Financial Services	\$ 378,818,000	1	2.30%	\$ 170,925,000	1	1.65%		
Haynes Management	Office Buildings/Real Estate	171,612,000	2	1.04%	170,649,000	2	1.64%		
FR Linden Square, Federal Realty	Retail/Real Estate	143,175,000	3	0.87%	108,964,000	3	1.05%		
Wellesley College (only taxable properties)	Higher Education	127,091,000	4	0.77%	88,700,000	5	0.85%		
Wellesley Gateway (fka Harvard Pilgrim Health	Real Estate	121,959,000	5	0.74%	70,070,000	6	0.67%		
Wellesley St Ground Owner (fka Sun Life)	Insurance and Financial Services	114,608,000	6	0.69%	96,451,000	4	0.93%		
National Grid/Essex Gas	Utilities	74,026,000	7	0.45%	N/A	N/A	N/A		
Wellesley Washington Street / Waterstone	Senior Living	71,000,000	8	0.43%	34,000,000	7	0.33%		
Linear Realty	Retail	59,748,000	9	0.36%	N/A	N/A	N/A		
Babar, LLC	Various Commercial	54,240,000	10	0.33%	N/A	N/A	N/A		
Newton Wellesley Executive Office Park	Office Buildings	N/A	N/A	N/A	32,144,000	9	0.31%		
Hunnewell Family	Residential	N/A	N/A	N/A	32,637,000	8	0.31%		
Grignaffini & Sons	Real Estate Development	N/A	N/A	N/A	23,139,000	10	0.22%		
<b>Totals</b>		<b>\$ 1,316,277,000</b>		<b>7.98%</b>	<b>\$ 827,679,000</b>		<b>7.97%</b>		

Source: Board of Assessors

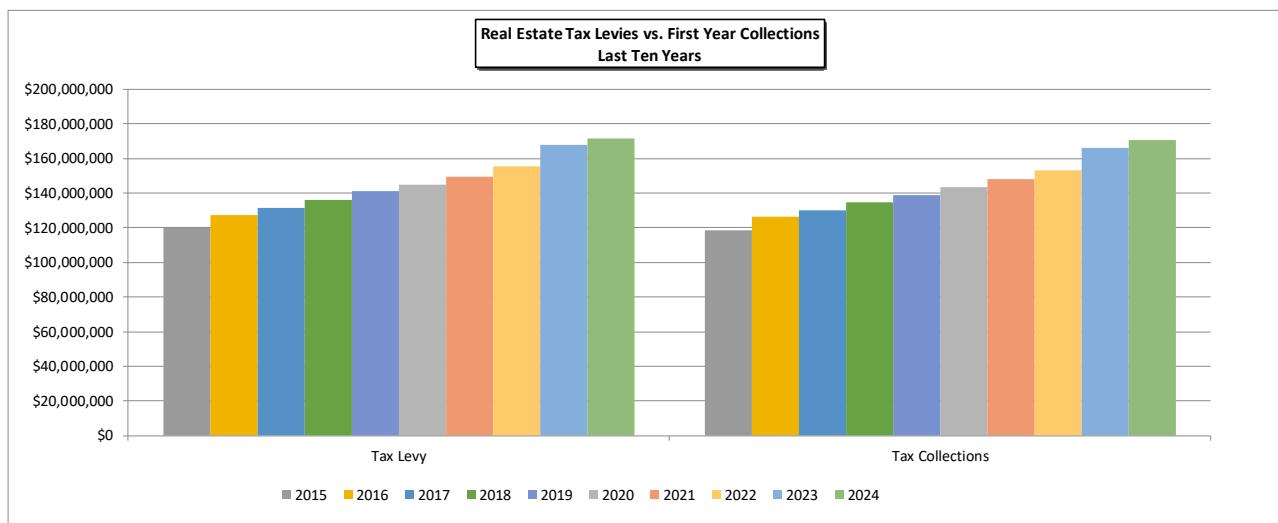
N/A = Value not included because not in the Top 10 taxpayers.

## Town of Wellesley, Massachusetts

### 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 (2)
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%	\$324,754	\$153,757,694	99.35%
2023	\$168,133,219	\$379,373	\$167,753,846	\$166,193,728	99.1%	\$823,705	\$167,017,432	99.56%
2024	\$171,767,455	\$301,520	\$171,465,934	\$170,539,181	99.5%	\$1,106,618	\$171,645,800	100.10%



Source: Assessor's Department, Town of Wellesley

(1) Includes tax liens.

(2) If the actual abatements and exemptions are lower than the estimate, the actual collections can exceed the net levy.

## Town of Wellesley, Massachusetts

### 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
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%
2023	29,550	\$2,874,092,100	\$14,684,123,900	\$185,382,299	\$6,274	6.45%	1.26%
2024	29,550	\$3,300,439,500	\$16,500,235,800	\$190,076,897	\$6,432	5.76%	1.15%

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
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%
2023	\$2,175,819	\$1,779,275	\$3,955,094	\$189,337,393	\$6,407	6.59%	1.29%
2024	\$1,717,680	\$2,090,483	\$3,808,163	\$193,885,060	\$6,561	5.87%	1.18%

(1) 2010/2020 Census, US Census Bureau

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

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

# **Town of Wellesley, Massachusetts**

## **Direct and Overlapping Governmental Activities Debt**

**As of June 30, 2024**

<u>Town of Wellesley, Massachusetts</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
<b>Debt repaid with property taxes:</b>			
Norfolk County.....	\$ 14,600,000	7.71%	\$ 1,125,660
Town direct debt.....	<u>190,076,897</u>		<u>190,076,897</u>
Total direct and overlapping debt.....	\$ <u>204,676,897</u>		\$ <u>191,202,557</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 FY24 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

## Town of Wellesley, Massachusetts

### Computation of Legal Debt Margin

#### Last Ten Years

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Equalized Valuation.....	\$ 10,212,968,600	\$ 11,749,686,900	\$ 11,749,686,900	\$ 11,377,539,600	\$ 11,377,539,600	\$ 13,524,019,800	\$ 13,524,019,800	\$ 14,471,634,900	\$ 14,471,634,900	\$ 18,013,343,600
Debt Limit -5% of Equalized Valuation...	\$ 510,648,430	\$ 587,484,345	\$ 587,484,345	\$ 568,876,980	\$ 568,876,980	\$ 676,200,990	\$ 676,200,990	\$ 723,581,745	\$ 723,581,745	\$ 900,667,180
Less:										
Outstanding debt applicable to limit.....	138,860,700	142,232,552	137,232,552	138,365,189	126,545,700	113,055,700	115,340,700	186,305,700	171,620,700	190,076,897
Authorized and unissued debt.....	13,269,526	18,282,590	13,856,229	8,125,350	11,938,021	11,962,297	14,005,451	52,687,464	58,087,838	19,997,779
Legal debt margin.....	\$ 358,518,204	\$ 426,969,203	\$ 436,395,564	\$ 422,386,441	\$ 430,393,259	\$ 551,182,993	\$ 546,854,839	\$ 484,588,581	\$ 493,873,207	\$ 690,592,504
Total debt applicable to the limit as a percentage of debt limit.....	29.79%	27.32%	25.72%	25.75%	24.34%	18.49%	19.13%	33.03%	31.75%	23.32%

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

## **Town of Wellesley, Massachusetts**

### **Demographic and Economic Statistics**

#### **Last Ten Years**

<b>Year</b>	<b>Population Estimates</b>	<b>Personal Income</b>	<b>Per Capita Personal Income</b>	<b>Median Age</b>	<b>School Enrollment</b>	<b>Unemployment Rate</b>
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%
2023	29,550	\$2,874,092,100	\$97,262	38.2	4,158	3.0%
2024	29,550	\$3,300,439,500	\$111,690	37.6	4,069	3.9%

Sources: 2010/2020 US Census, Wellesley Public Schools, Mass. Executive Office of Labor and Workforce Development.

\* COVID - 19

## Town of Wellesley, Massachusetts

### Principal Employers (excluding the Town)

#### Current Year and Nine Years Ago

Employer	Nature of Business	2024		Percentage of Total Town Employment	2015		Percentage of Total Town Employment
		Employees	Rank		Employees	Rank	
Sun Life Financial	Insurance Company	1,237	1	8.81%	1,158	1	8.55%
Wellesley College	Higher Education	1,180	2	8.40%	1,100	2	8.13%
Babson College	Higher Education	1,025	3	7.30%	975	3	7.20%
Harvard Pilgrim Health Care	Insurance Company	434	4	3.09%	398	4	2.94%
Harvard Vanguard Medical Associates	Healthcare	351	5	2.50%	352	5	2.60%
Mass Bay Community College	Higher Education	287	6	2.04%	253	8	1.87%
Dana Hall School	Private School	270	7	1.92%	255	7	1.88%
Whole Foods	Grocery	240	8	1.71%	200	10	1.48%
Wellesley Country Club	Private Recreation Club	237	9	1.69%	239	9	1.77%
Roche Brothers	Grocery	224	10	1.59%	277	6	2.05%
		<u>5,485</u>		<u>39.04%</u>	<u>5,207</u>		<u>38.46%</u>

According to the Massachusetts Workforce Development Data, in June 2024 Wellesley had a total labor force of 14,048, of whom 13,503 were employed and 545 were unemployed.

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

N/A = No previous historical data

# Town of Wellesley, Massachusetts

## Operating Indicators by Function/Program

### Last Ten Years

<b>Function/Program</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
General Government										
Facilities maintenance work orders....	1,371	1,102	1,006	1,763	1,525	1,329	1,081	1,236	1,339	1,221
Building										
New home building permits.....	69	69	79	37	45	49	51	65	44	36
Residential Additions.....	119	108	100	83	97	68	113	94	86	82
Residential Alterations.....	425	419	348	332	348	300	349	332	442	251
Residential Demolition.....	65	104	89	36	45	44	49	57	47	41
Commercial Alterations.....	103	121	104	120	143	57	69	81	81	80
Police										
Physical arrests.....	206	167	169	140	189	146	146	129	94	64
Motor vehicle violations.....	8,460	7,681	6,723	7,041	5,717	5,046	2,280	3,178	2,652	4,794
Police personnel and officers.....	58	58	59	60	60	60	60	60	60	60
Fire										
Inspections.....	2,469	2,222	1,967	2,130	2,158	1,150	1,350	1,570	1,673	2,157
Emergency responses.....	4,140	4,233	4,221	4,311	4,226	3,878	3,534	4,015	4,207	4,411
Fire personnel and officers.....	57	57	58	58	57	57	57	57	57	58
Education										
Number of public school students.....	4,970	4,923	4,917	4,908	4,863	4,758	4,362	4,280	4,158	4,069
Health services										
Number of vaccinations.....	680	669	946	712	1,040	1,045	1,639	984	726	722
Reported Disease Investigations.....	197	174	283	283	194	581	1,347	4,428	1,287	640
Library										
Volumes in circulation.....	743,337	739,316	760,434	774,617	782,598	628,787	511,552	517,471	629,713	665,333
eBook Collection (1).....	66,894	171,292	85,824	90,966	60,153	62,856	122,673	76,244	97,737	103,061
Reference Questions Answered.....	110,256	86,184	106,089	110,760	133,368	126,684	51,996	27,237	36,026	46,402
Recreation										
Total program revenue.....	\$1,060,831	\$1,205,072	\$1,369,561	\$1,417,819	\$1,582,803	\$1,265,017	\$576,836	\$1,051,155	\$1,381,025	\$1,502,058
Programs Ran.....	605	610	702	1,021	774	569	787	880	576	
Program Participants.....	6,920	9,551	7,267	7,241	9,624	9,280	4,339	6,312	5,804	5,261
Morses Pond Attendance.....	24,170	24,263	28,387	23,367	18,199	21,619	42,405	14,674	8,077	6,780
Traffic and parking management										
Total parking revenue.....	\$832,488	\$905,227	\$881,374	\$874,404	\$950,212	\$730,185	\$165,953	\$420,885	\$623,669	\$782,316
Meters Repaired.....	659	302	unavailable	212	88	33	45	60	130	150
Sewer										
Number of accounts.....	8,093	8,181	8,129	8,173	8,059	8,188	8,207	8,252	8,269	8,248
Feet rodded/flushed.....	293,000	254,755	303,770	233,573	158,144	111,070	51,760	176,100	88,951	49,685
Water										
Number of accounts.....	8,296	8,388	8,373	8,357	8,250	8,381	13,495	8,396	8,388	8,381
Consumption in gallons (millions).....	919	942	973	915	849	897	1,002	891	1,118	823
Daily consumption (millions).....	2.52	2.57	3.00	2.50	2.33	2.45	2.74	2.44	3.06	2.25
Municipal Light										
Total kilowatt hour sales.....	245,245,456	236,712,233	240,208,941	237,285,787	250,561,304	237,580,900	242,118,183	241,048,682	240,762,544	244,479,367
Municipal kilowatt hour usage.....	11,527,241	11,283,168	11,626,264	11,712,227	11,459,336	9,875,581	9,983,606	10,178,223	10,316,110	10,687,549
Streetlight kilowatt hour usage (2).....	1,879,505	1,880,308	1,880,192	1,880,192	970,060	925,581	925,681	925,681	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.

## Town of Wellesley, Massachusetts

### Full-time Equivalent Town Employees by Function

#### Last Ten Years

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Function</b>										
General government.....	72	74	78	79	79	80	80	80	79	79
Public safety.....	122	122	124	124	125	125	125	125	125	125
School custodians.....	40	40	40	39	39	39	39	39	39	39
* Public education.....	804	822	843	853	868	885	887	888	880	870
Public works.....	89	89	87	87	89	89	89	89	89	89
Health services.....	5	5	5	5	5	6	7	8	9	11
Library.....	31	31	31	31	31	31	31	31	37	37
Recreation.....	5	5	5	5	5	5	5	5	5	5
Water/Sewer.....	29	29	28	28	28	28	28	27	27	27
Municipal light.....	33	32	32	32	32	32	32	32	32	32
<b>Total .....</b>	<b>1,230</b>	<b>1,249</b>	<b>1,273</b>	<b>1,283</b>	<b>1,301</b>	<b>1,320</b>	<b>1,323</b>	<b>1,324</b>	<b>1,322</b>	<b>1,314</b>

Source: Various Town Departments, Payroll count

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

## Town of Wellesley, Massachusetts

### Capital Asset Statistics by Function/Program

#### Last Ten Years

<u>Function/Program</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>	<u>2023</u>	<u>2024</u>
General Government										
Number of buildings.....	4	4	5	5	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	600	600
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

# Town of Wellesley, Massachusetts

## Free Cash and Stabilization Fund Balances

### Last Ten Years

<u>Year</u>	<u>Free Cash</u>	Stabilization Funds			
		<u>General</u>	<u>Baler Fund</u>	<u>IOD Fund</u>	<u>SPED Fund</u>
2024.....	\$ 28,171,581	\$ 3,753,091	\$ 941,912	\$ 791,572	\$ 1,815,741
2023.....	27,250,546	3,599,216	892,656	727,805	1,687,559
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	-

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