



TOWN OF NORWELL, MASSACHUSETTS

Annual Comprehensive Financial Report
For the Year Ended June 30, 2022

(With Independent Auditor's Report Thereon)

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TOWN OF NORWELL, MASSACHUSETTS

**Annual Comprehensive Financial Report
Annual Financial Statements**

For the Year Ended June 30, 2022

**Prepared by:
The Finance Department**

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**TOWN OF NORWELL, MASSACHUSETTS
Annual Comprehensive Financial Report
For the Fiscal Year Ended June 30, 2022**

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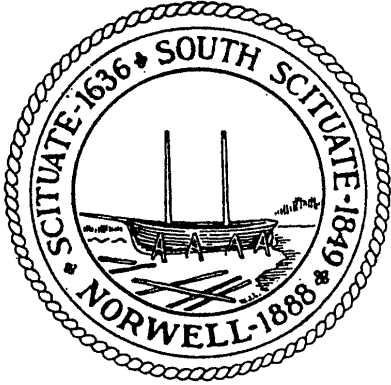


Photo by Will Saunders

View from a bench off of Stony Brook Lane, overlooking the North River. An osprey perch was recently installed in the marsh by Conservation in 2021.

**INTRODUCTORY
SECTION**

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TOWN OF NORWELL
DEPARTMENT OF FINANCE
345 Main Street
Norwell, MA 02061
(781) 659-8010

LETTER OF TRANSMITTAL

December 16, 2022

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

At the close of each fiscal year, State law requires the Town of Norwell to publish a complete set of financial statements presented in conformance with *Generally Accepted Accounting Principles* (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants.

Pursuant to that requirement, we hereby issue the Annual Comprehensive Financial Report (ACFR) of the Town of Norwell, Massachusetts, for the fiscal year ending June 30, 2022 for your review.

This report consists of management's representations concerning the finances of the Town of Norwell. Consequently, management assumes full responsibility for the completeness and reliability of the information presented in this report. To provide a reasonable basis for making these representations, management of the Town of Norwell has established a comprehensive internal control framework that is designed to both protect the government's assets from loss, theft, or misuse, and to compile sufficient, reliable information for the preparation of the Town of Norwell's financial statements in compliance with GAAP. Because the cost of internal controls should not outweigh their benefits, the Town of Norwell'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, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The Town of Norwell's financial statements have been audited by Melanson, P.C., a firm of licensed, certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town of Norwell for the fiscal year ended June 30, 2022 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by

management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion on the Town of Norwell's financial statements for the fiscal year ended June 30, 2022, and further, 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.

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 of Norwell's MD&A can be found immediately following the report of the independent auditors.

Profile of the Town of Norwell

The Town of Norwell is an affluent, semi-rural town located 20 miles southeast of Boston in Plymouth County, Massachusetts. First settled in 1634 as a part of the settlement of Scituate, the Town was officially created in 1849 as South Scituate, and then in 1888 changed its name to Norwell. The Town occupies a land area of approximately 21.2 square miles, has a current population of approximately 11,000, and is situated near the junction of Massachusetts Route 3, the main highway to Boston. In addition to Route 3, Routes 53, 123, and 228 are the principal highways and roads serving the Town, providing an excellent location for commuters, residents, and businesses.

The Town of Norwell is governed by an open Town Meeting form of government and an elected 5-member Select Board. The Select Board serves as the Town's policy maker and appoints a Town Administrator responsible for assisting them in the formulation of policy and administering the day-to-day affairs of the Town. An elected, 5-member School Committee appoints a School Superintendent who administers the school system of the Town. Both the School Committee and Select Board are elected at-large to 3-year terms. An appointed Advisory Board, consisting of nine members, makes recommendations to Town Meeting on operating budgets and other financial matters.

Appropriations are authorized annually by the legislative body at an open Town Meeting. Appropriations are usually limited in time and amount as to when they may be expended. Any part of the general appropriation not spent by June 30th automatically reverts to surplus unless it is a specific appropriation which is carried forward from year to year until spent for the designated purpose or transferred by town meeting vote to another account. Our legal level of budgetary control is at the object level except for the school which has bottom line autonomy per the provisions of Massachusetts General Law.

The Town of Norwell provides a full range of services, including police and fire protection, building inspections, licenses and permits, vital statistics, K-12 public education, construction and maintenance of streets and infrastructure, solid waste collection, recycling, and disposal, health and

human services, cultural and recreational services, public water, administrative, and financial services. Emergency communications have been regionalized with the towns of Hingham, Cohasset, and Hull since fiscal year 2012, the emergency communication center is located in the Town of Hingham. In addition, animal control services have been regionalized since 2016, we are currently regionalized with the town of Cohasset.

A new police headquarters building was constructed and added to the fire department headquarters building in 2015. In July 2017, the Town received a provisional construction grant award from the Massachusetts Public Library Construction Program in the amount of \$6.36 million to construct a new library. The Town authorized a debt exclusion borrowing up to \$14.9 million in December 2017. We are pleased to say the new Norwell Public Library (NPL) opened to in person services to the public in June 2021 and the project was fully complete January 2022. Since then, the Norwell Public Library has received numerous honorable mentions and awards related to the design and construction of the new library, including but not limited to: LEED Silver Certified by the U.S. Green Building Council, 2021 AIA New England Citation Award, 2022 Woodworks Wood Design Award, 2022 BSA Honor Award for Design Excellence, NPL was listed as one of the Top Ten Libraries by Best Things Massachusetts.

In addition to the Norwell Public Library, both the James Library & Center for the Arts and the South Shore Natural Science Center host various enriching events for the public and offer arts, science, and library services independently, attracting visitors to Norwell from surrounding communities.



Norwell Public Library

Retrieved December 16, 2022: <https://www.archdaily.com/967209/norwell-public-library-oudens-ello-architecture/6121a1aa5a3e0801642a89a2-norwell-public-library-oudens-ello-architecture-photo>

Several significant recreational areas are located throughout the Town providing a variety of outdoor activities including walking, picnicking, bicycling, fishing, boating, and kayaking. Wompatuck State Park is a great asset located in the northeast section of Town. The Town and the state's Department of Conservation & Recreation (DCR) recently opened a new entrance to and parking area in Norwell, making it easier for all residents south of the park to access the miles of trails within Wompatuck State Park. Much of Norwell's eastern border lies along the beautiful

North River leading to the Atlantic Ocean, where many shipbuilding companies once stood. The Norris Reservation provides 2 miles of walking trails through the woods with benches along the North River. The Jacobs Pond Conservation area provides trails for walking and wildlife viewing, along with boardwalks and a handicap accessible floating dock with for kayaking and fishing. The Town of Norwell has spent over \$2.7 million and many years developing a system of pathways, connecting the many trail systems throughout the Town for recreational purposes.



Photo by Donna Mangan

Factors Affecting Financial Condition

The Town of Norwell continues to reflect a strong economic condition. Per capita income is significantly higher than State and U.S. averages. Norwell’s unemployment rate remains low at 2.7% as of November 2022 which is lower than the state average and less than the U.S. rate of 3.5% as of December 2022. The Town remains a very desirable community given its proximity and accessibility to Boston, its high level of public services and amenities, and its highly ranked school system.

Since the Town adopted the Community Preservation Act, effective in FY2003, which allows for a 3% surcharge on real estate bills with a state match, the Town has collected approximately \$17.2 million from the surcharge and \$7.9 million in state matches. Appropriations from the CPA fund totaling \$26.2 million have provided funding for many projects under the following categories: historic preservation, affordable housing, and open space and recreation. Funds dedicated for recreational purposes include playgrounds, athletic fields, docks, town landings, and walking and bike trail systems. In fiscal year 2019, the Town appropriated \$3.88 million for the acquisition of 124.2 acres off Main Street known as the Carleton property. The acquisition of this property was a goal of the Town for many years as stated in the Town’s Master Plan and Open Space and Recreation Plan. The citizens remain committed to the viability of the program as appropriations continue to be approved annually at Annual and Special Town Meetings.

The Town is primarily a residential community with high-end development and a small, but stable, commercial/industrial base, which has contributed to strong property tax base growth during the past decade. The residential housing market is strong, reflecting the great interest in the community, especially due to the excellent reputation of the school system. The average assessed value of a single-family home in Norwell in FY2022 was \$707,105, which is approximately 11.69% of the income per capita for Norwell of \$101,540 as reported by the Department of Revenue. There continues to be reinvestment in single-family properties through renovations or replacement of older homes. There are also proposals for new development in Norwell, including a variety of commercial projects. The Town has two industrial parks with good occupancy rates including medical facilities, which continue to strengthen.

The Town continues to be a very desirable location for development for many reasons, including its proximity to Route 3, the main highway to the city of Boston.

The Town remains strongly committed to protecting and investing in its infrastructure. Between 2018 and 2022, over \$11.5 million have been dedicated to roads, school parking lots, sidewalks, and drainage projects. The Town has added over 7 miles of new sidewalk infrastructure. In fiscal year 2022 an additional 6 miles of public roads were paved, bringing the total to 41 miles of paving since fiscal year 2018. With proper maintenance, it is estimated the newly paved roads should have a life span of 12-15 years. During this same timeframe, the state's Chapter 90 program reimbursed the town over \$3.4 million for road and sidewalk projects.

High end electric car manufacturer TESLA opened a new dealership in Norwell in 2021. Exotic car dealership McLaren of Boston opened in Norwell in 2017. In addition to other high-end dealerships currently in Norwell, the sale of new TESLA and McLaren cars have contributed to increased tax revenues. It also speaks to the confidence these high-end dealers have in doing business in the Town of Norwell. Norwell's location, economy, supportive residents, and strong management team are all part of this appeal. State grant revenues have also increased since the Town of Norwell has participated in the Community Compact Best Practices Program, a Commonwealth of Massachusetts incentive program established for communities for the purpose of promoting the implementation of various best practices. Since fiscal year 2016, the Town has received \$128,500 in grant funds for commercial development, efficiency, and regionalization studies, to establish a multi-year capital plan and digital records management system.

Since the Town was designated a Green Community by the Department of Energy Resources in fiscal year 2016, the Town received \$499,142 in grant funds for purposes of improving energy efficiency and increasing the use of renewable energy. The Town has been proactive in taking cost-saving measures in energy consumption and in fiscal year 2022 saved over \$88,000 due to the use of solar panels and the purchase of net metering credits.

Excellent collection rates and quarterly tax billings have eliminated the need for the Town to borrow on a short-term basis to maintain cash flow. The Town's investment options are governed by Massachusetts General Laws and focus on the sound principles of safety, liquidity, and yield.

Relevant Financial Policies

Long-term Financial Planning – The Town has sustained quality municipal and school services despite years of reduced state aid through prudent budgeting, user fee adjustments, strong tax collections, modification of employee health benefits, and continued property growth.

The COVID-19 pandemic provided an unprecedented challenge to the Town's public health, public safety, schools, and finances. In response, the Town continued to follow its fiscally conservative policies which put the Town in a position to make it through this extremely scary and difficult time without the need to transfer funds from stabilization accounts. Management and employees worked as a team to be fiscally conservative and diligently tracked all COVID-19 related expenses.

In fiscal year 2022 the town received over \$1 million in CARES Act reimbursements from Plymouth County. In addition, the Town received its first tranche of federal funding from the American Rescue Plan Act (ARPA) to assist in pandemic related recovery programs.

Over the past four decades, health insurance cost increases have outpaced the rate of inflation. This trend flipped in the latter part of 2022 for the first time in many years. It is difficult to predict, but we do anticipate it to flip back where health care costs will outpace inflation again and continue in the long-term. Due to new legislation passed by the State, municipalities now have the power to implement plan design changes without following the traditional collective bargaining process. However, any change in contribution rates are still subject to that process. Municipalities can also elect to join the State insurance program under the Group Insurance Commission (GIC) as an alternative. In addition, all eligible retirees are required to join a Medicare plan, which will reduce Town costs.

The Town currently participates in the MIIA Health Benefits Trust, one of the largest municipal purchasing collaboratives in the nation and partner with Blue Cross Blue Shield of Massachusetts for its health insurance program. Since the town began participating in the MIIA Health Benefits trust we have experienced less volatility in terms of premium increases. Efforts were made to bundle employee paid voluntary additional coverages, such as dental and vision, with our medical insurance coverage under MIIA resulting in a 0.5% permanent discount off our health insurance rate. The Town offers a health insurance opt-out stipend incentive to eligible employees as an incentive to transfer to other available plans outside of the Town.

Credit Rating – The Town continues to manage its financial affairs in a prudent manner. Due to the Town’s consistent and strong financial outlook, the Town has maintained a credit rating of “AAA” from Standard and Poor’s since 2009, the highest bond rating given to any government within the State. The Town’s management is viewed as “very strong” with strong, well embedded, and likely sustainable financial management policies and practices.

When budgeting, management’s initiatives include conservative revenue and expenditure assumptions with a five-year historical trend analysis. Management maintains a five-year capital improvement plan and a formal five-year budget forecast.

Norwell also maintains basic debt and formal investment policies and provides reports to the Board of Selectmen. The debt management policy establishes an annual debt service ceiling of 10% and a floor of 2% on all bonded general fund debt, including debt exclusions, net of all subsidies. The policy also targets the retirement of 60% of debt within 10 years. These policies support the Town’s commitment to invest in its infrastructure.

Management’s adopted reserve policy calls for the maintenance of unassigned fund balance, plus an unrestricted stabilization fund balance, equal to no less than 5% of annual general fund expenditures, coupled with a target goal of 10-15%, to which the Town currently adheres. Strong budgetary flexibility is evident with an unassigned fund balance in 2022 of 16.1% of operating expenditures, or \$9.761 million. In addition, the Stabilization Fund is restricted to non-recurring

and/or capital expenditures no greater than 20% in the aggregate of the unrestricted stabilization fund balance in any fiscal year. Management evaluates the Town's fiscal policies on an annual basis to determine if the Town achieved the goals set forth by the policies which are fundamental to the budget process.

The Town annually adds to the Capital Expenditure Stabilization Fund established for funding future capital projects and supporting capital spending. Per the fiscal policy, any amount appropriated from the Fund shall be replenished within two fiscal years, in most cases, from "free cash". In FY2022, the Town appropriated \$356,172 bringing the fund balance up to \$2,087,612. In years when there is annual debt dropping off, management initiates appropriations into the Capital Expenditure Stabilization Fund as part of the Town's annual operating budget to maintain level debt in the operating budget. The Town's certified "free cash" has sustained an average of \$2.3 million for the past 4 years and for the past several years, up to \$200,000 of the amount certified has been unappropriated as a management initiative resulting in a more favorable "free cash" position in the subsequent fiscal year.

Pension and other post-employment benefits – The Town of Norwell is a member of the Plymouth County Retirement System (the System) and fully funds each year's annual required contribution to the pension plan as determined by the actuary. Norwell's proportionate share of the System's net pension liability is 3.7029%. The System has a net pension liability of \$467.8 million, with Norwell's proportionate share being \$17.320 million.

The Town of Norwell also provides post-employment health care benefits for certain retirees and their dependents, paid for on a pay-as-you-go basis. In accordance with the GASB Statement 75, the Town has updated its actuarial valuation. On the most recent actuarial valuation report as of June 30, 2022, Norwell's Net OPEB liability was an estimated \$37.88 million. The Town established an OPEB trust fund account in FY 2013. Town meeting unanimously authorized dedicating 100% of the towns Meals Tax revenue to fund OPEB obligations at the May 2011 annual town meeting. Annual Meals Tax Revenues for the past 8 years average \$230,490. Management initiated annual operating budget appropriations between \$120,000 and \$130,000 into the trust for the past 8 years. In addition to meals tax revenues and annual operating budget appropriations; management submits a separate warrant article to request authorization to transfer additional funds to the OPEB trust fund from free cash when possible, reinforcing the Towns strong commitment to address this critical liability. In total, the Town has transferred over \$3.94 million into the OPEB trust in the last 10 years. The balance in the OPEB trust fund on June 30, 2022, was \$5.731 million. Moreover, in December of 2019, the Town formally adopted an OPEB funding policy and funding schedule based on the actuarially determined contributions required to fully fund the Trust in an approach that is equitable and sustainable.

Risk Management – The Town of Norwell manages its risk through a combination of self-insured programs for worker's compensation and unemployment, and as a member of the Massachusetts Interlocal Insurance Association (MIIA), a public entity risk pool, for property, casualty and liability. MIIA is self-sustaining through member premiums and reinsures through commercial companies for stop loss insurance.

Awards and Acknowledgements

The Town anticipates being awarded the Government Finance Officers Association, Certificate of Achievement for Excellence in Financial Reporting for its annual comprehensive financial report (ACFR) for the fiscal year ended June 30, 2021. This will be the sixth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the government had to publish an easily readable and efficiently organized ACFR that satisfied both generally accepted accounting principles and applicable program requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current ACFR continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for award.

Acknowledgements – The preparation of this report would not have been possible without the efficient and dedicated services of the staff of the Finance Department. We would like to express our appreciation to all the members of the departments who assisted and contributed to the preparation of this report. Credit must also be given to the Board of Selectmen, Town Counsel, and the Advisory Board for their unfailing support for maintaining the highest standards of professionalism in the management of the Town, including its finances. Thank you to the residents of Norwell for your support and participation not only at Town Meeting but also for those of you who volunteer on various boards and committees, your work is invaluable. Special thanks are due to the audit firm of Melanson, for their advice and assistance in the preparation of this annual comprehensive financial report and for the encouragement given to the financial departments during this process and throughout the year.

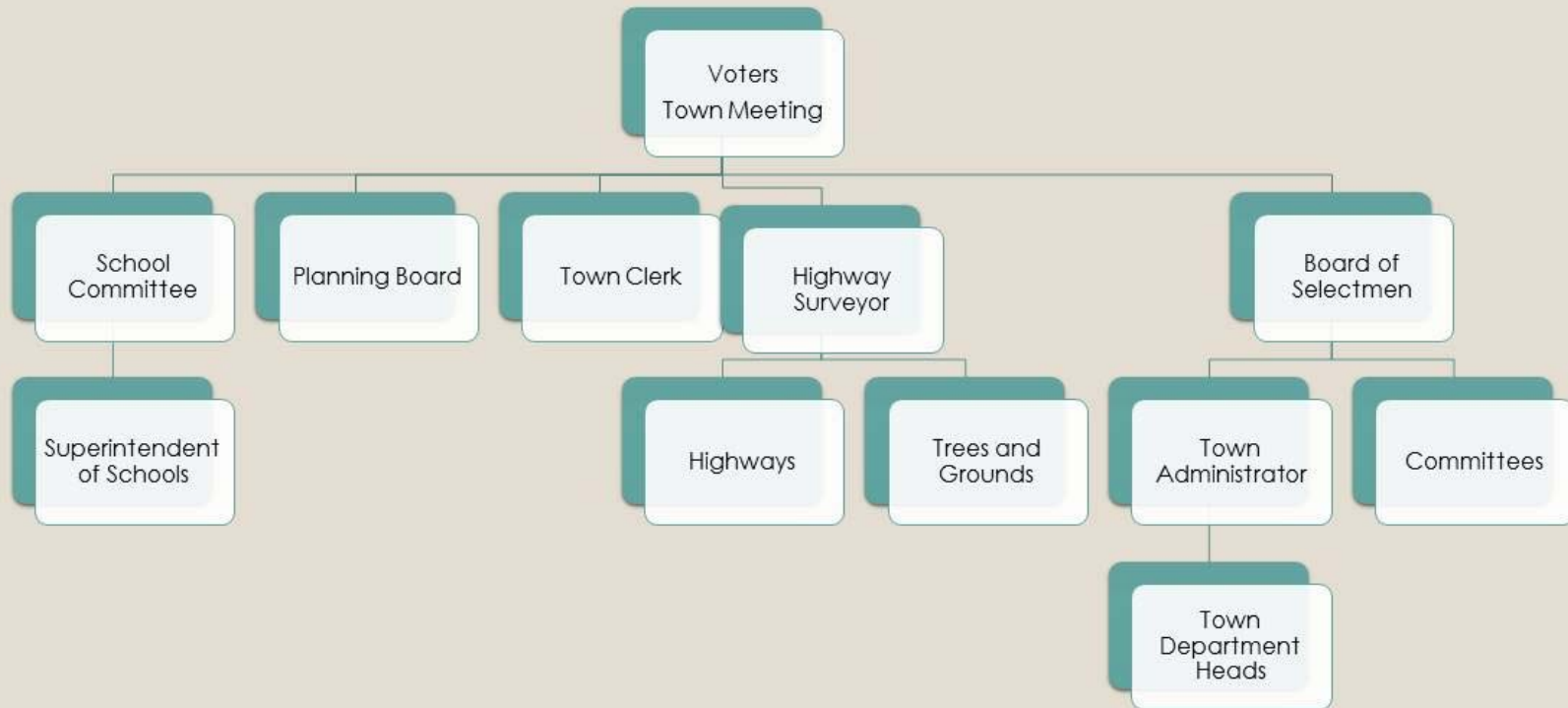


Peter J. Morin
Town Administrator



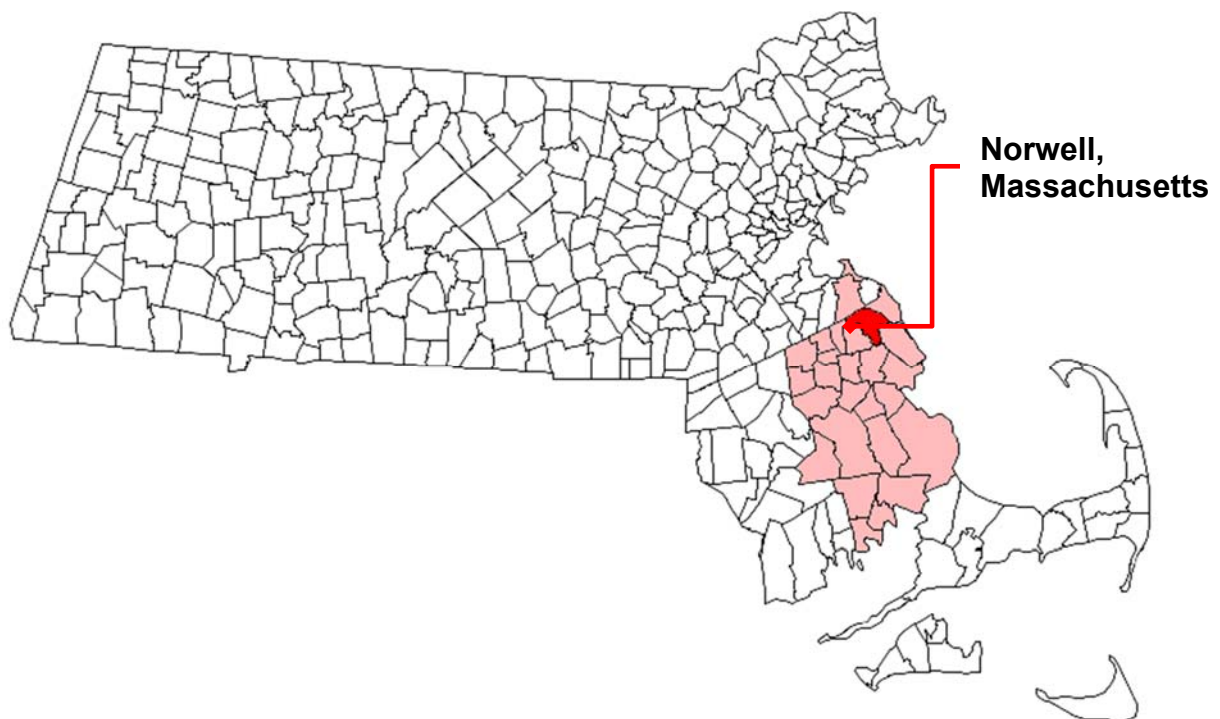
Darleen L. Sullivan
Finance Director/Treasurer/Collector

Town of Norwell



Principal Town Officials

| <u>Title</u> | <u>Name</u> | <u>Term</u> | <u>Term Expires</u> |
|--|------------------------|-----------------|---------------------|
| Selectman | Jason Brown | Elected/3 yrs | 2025 |
| Selectman | Bruce Graham | Elected/3 yrs | 2025 |
| Selectman | Thomas Andrew Reardon | Elected/3 yrs | 2024 |
| Selectman | Peter Smellie | Elected/3 yrs | 2024 |
| Selectman | Ellen Allen | Elected/3 yrs | 2023 |
| Town Administrator | Peter Morin | Appointed/3 yrs | 2023 |
| Finance Director/Treasurer /Collector | Darleen Sullivan | Appointed/3 yrs | 2024 |
| Town Accountant | Christine McCarthy | Appointed/3 yrs | 2024 |
| Assistant Assessor | Meredith Rafiki | Appointed/3 yrs | 2024 |
| Town Clerk | Patricia Anderson | Elected/3 yrs | 2023 |
| Assessor | Mary Granville | Elected/3 yrs | 2025 |
| Assessor | Theodore Dawe | Elected/3 yrs | 2024 |
| Assessor | Mary Horowitz | Elected/3 yrs | 2023 |
| Police Chief | Edward Lee | Appointed/3 yrs | 2024 |
| Fire Chief | David Kean | Appointed/3 yrs | 2024 |
| Highway Surveyor/Director | Glenn Ferguson | Elected/3 yrs | 2025 |
| School Committee | Christina Kane | Elected/3 yrs | 2025 |
| School Committee | Patrick Reed | Elected/3 yrs | 2025 |
| School Committee | Kristin McEachem | Elected/3 yrs | 2024 |
| School Committee | Lia DiFrisco (Interim) | Elected/3 yrs | 2023 |
| School Committee | Alison Link | Elected/3 yrs | 2023 |
| School Superintendent | Matthew Keegan | Appointed/5 yrs | 2027 |



**Norwell,
Massachusetts**



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Town of Norwell
Massachusetts**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morrill

Executive Director/CEO

As of issuance of the financial statements, the June 30, 2021 Certificate of Achievement was not available.



Photo by Norwell Spotlight TV

Fifty-nine acre Jacobs Pond, which is part of a larger 270-acre conservation site off Jacobs Lane in Norwell features various recreational activities including hiking, boating, fishing and picnicking. In the background you can see Hornstra Farms, one of the last working dairy farms in the South Shore area of Massachusetts.

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**FINANCIAL
SECTION**



INDEPENDENT AUDITOR'S REPORT

To the Select Board
Town of Norwell, Massachusetts

Report on 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 Norwell, Massachusetts (the Town), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements 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 Norwell, Massachusetts, as of June 30, 2022, 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 (GAAS) 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 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.

Change in Accounting Principle

As discussed in the notes to the financial statements, in the year ending June 30, 2022, the Town adopted new GASB Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

Merrimack, New Hampshire
Andover, Massachusetts
Greenfield, Massachusetts
Ellsworth, Maine



Responsibilities of Management for the Financial Statements

The Town's 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's 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 GAAS 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 GAAS 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's 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’s 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 Management’s Discussion and Analysis, the budgetary comparison for the General Fund, and certain pension and OPEB schedules be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with evidence sufficient 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’s basic financial statements. The supplementary statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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



Other Information

Management is responsible for the other information included in the Annual Comprehensive Financial Report (ACFR). The other information comprises the introductory and statistical sections but does not include the financial statements and our auditor's report thereon. Our opinions on the 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 financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the 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 January 16, 2023 on our consideration of the Town's 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's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Melanson".

Andover, Massachusetts
January 16, 2023

BASIC FINANCIAL STATEMENTS

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Town of Norwell, Massachusetts (the Town), we offer readers this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2022.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the basic financial statements. The basic financial statements are comprised of three components (1) government-wide financial statements, (2) fund financial statements, and (3) notes to financial statements. This report also contains required and other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of our finances in a manner similar to a private-sector business.

The Statement of Net Position presents information on all assets, liabilities, and deferred outflows and inflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position is improving or deteriorating.

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

Both of the government-wide financial statements distinguish functions that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities include general government, public safety, education, public works, health and human services, and culture and recreation. The business-type activities include water activities.

Fund Financial Statements

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

Governmental Funds

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Town's near-term financing decisions. Reconciliations are provided to facilitate the comparison between governmental funds and governmental activities.

Proprietary Funds

Proprietary fund reporting focuses on the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows.

Enterprise funds are used to report activity for which a fee is charged to external users, and must be used when one of the following criteria are met (1) activity is financed with debt that is secured solely by a pledge of the net revenues from fees and charges, (2) laws or regulations require the activity's costs of providing services be recovered with fees and charges, and (3) the pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs such as depreciation or debt service. The primary focus on these criteria is on fees charged to external users. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements, only in more detail. Specifically, enterprise funds are used to account for water operations, which is considered to be a major fund.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the Town. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Town's 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.

Required and Other Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information which is required to be disclosed by accounting principles generally accepted in the United States of America, and other supplementary information.

Financial Highlights

- As of the close of the current fiscal year, net position of governmental activities was \$57,186,930, a change of \$7,939,789, and net position of business-type activities was \$8,260,399, a change of \$48,690.
- As of the close of the current fiscal year, governmental funds reported combined ending fund balances of \$35,908,505, a change of \$12,185,463 in comparison to the prior year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$9,761,497 a change of \$1,584,254 in comparison to the prior year.

Government-Wide Financial Analysis

The following is a summary of condensed government-wide financial data for the current and prior fiscal year.

| | NET POSITION (in thousands) | | | | | |
|---------------------------------------|--------------------------------|------------------|-----------------------------|-----------------|------------------|------------------|
| | Governmental Activities | | Business-Type Activities | | Total | |
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Assets | | | | | | |
| Current and other assets | \$ 43,085 | \$ 35,754 | \$ 2,040 | \$ 2,207 | \$ 45,125 | \$ 37,961 |
| Capital assets | <u>109,361</u> | <u>112,448</u> | <u>9,995</u> | <u>10,232</u> | <u>119,356</u> | <u>122,680</u> |
| Total Assets | 152,446 | 148,202 | 12,035 | 12,439 | 164,481 | 160,641 |
| Deferred Outflows of Resources | 3,227 | 2,218 | 148 | 102 | 3,375 | 2,320 |
| Liabilities | | | | | | |
| Other liabilities | 3,763 | 11,616 | 17 | 190 | 3,780 | 11,806 |
| Long-term liabilities | <u>79,049</u> | <u>79,067</u> | <u>3,226</u> | <u>3,656</u> | <u>82,275</u> | <u>82,723</u> |
| Total Liabilities | 82,812 | 90,683 | 3,243 | 3,846 | 86,055 | 94,529 |
| Deferred Inflows of Resources | 15,674 | 10,490 | 679 | 483 | 16,353 | 10,973 |
| Net Position | | | | | | |
| Net investment in capital assets | 97,777 | 93,158 | 9,265 | 9,437 | 107,042 | 102,595 |
| Restricted | 5,939 | 5,463 | - | - | 5,939 | 5,463 |
| Unrestricted | <u>(46,529)</u> | <u>(49,374)</u> | <u>(1,005)</u> | <u>(1,225)</u> | <u>(47,534)</u> | <u>(50,599)</u> |
| Total Net Position | \$ <u>57,187</u> | \$ <u>49,247</u> | \$ <u>8,260</u> | \$ <u>8,212</u> | \$ <u>65,447</u> | \$ <u>57,459</u> |

As noted earlier, net position may serve over time as a useful indicator of the Town's financial position. At the close of the most recent fiscal year, total net position was \$65,447,329, a change of \$7,988,479 in comparison to the prior year.

The largest portion of net position \$107,041,738 reflects our investment in capital assets (e.g., land, buildings and improvements, machinery, equipment and furnishings, infrastructure and

construction in progress), less any related debt used to acquire those assets that is still outstanding. These capital assets are used 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 net position \$5,939,672 represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position reflects a deficit of \$47,534,081 primarily resulting from unfunded pension and OPEB liabilities.

CHANGE IN NET POSITION
(in thousands)

| | Governmental Activities | | Business-Type Activities | | Total | |
|--|----------------------------|------------------|-----------------------------|-----------------|------------------|------------------|
| | <u>2022</u> | <u>2021</u> | <u>2022</u> | <u>2021</u> | <u>2022</u> | <u>2021</u> |
| Revenues | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 4,218 | \$ 2,949 | \$ 1,911 | \$ 2,125 | \$ 6,129 | \$ 5,074 |
| Operating grants and contributions | 17,254 | 18,150 | - | - | 17,254 | 18,150 |
| Capital grants and contributions | 1 | 1,568 | - | - | 1 | 1,568 |
| General revenues: | | | | | | |
| Property taxes | 50,939 | 49,274 | - | - | 50,939 | 49,274 |
| Excise Taxes | 2,708 | 2,590 | - | - | 2,708 | 2,590 |
| Grants and contributions not restricted to specific programs | 1,470 | 1,379 | - | - | 1,470 | 1,379 |
| Investment income | 47 | 341 | - | - | 47 | 341 |
| Miscellaneous | <u>1,313</u> | <u>960</u> | <u>-</u> | <u>-</u> | <u>1,313</u> | <u>960</u> |
| Total Revenues | 77,950 | 77,211 | 1,911 | 2,125 | 79,861 | 79,336 |
| Expenses | | | | | | |
| General government | 4,970 | 5,947 | - | - | 4,970 | 5,947 |
| Public safety | 8,849 | 7,920 | - | - | 8,849 | 7,920 |
| Education | 45,477 | 48,462 | - | - | 45,477 | 48,462 |
| Public works | 6,353 | 4,037 | - | - | 6,353 | 4,037 |
| Human services | 1,891 | 1,900 | - | - | 1,891 | 1,900 |
| Culture and recreation | 1,924 | 1,227 | - | - | 1,924 | 1,227 |
| Interest on long-term debt | 546 | 600 | - | - | 546 | 600 |
| Water services | <u>-</u> | <u>-</u> | <u>1,863</u> | <u>1,937</u> | <u>1,863</u> | <u>1,937</u> |
| Total Expenses | <u>70,010</u> | <u>70,093</u> | <u>1,863</u> | <u>1,937</u> | <u>71,873</u> | <u>72,030</u> |
| Change in Net Position | 7,940 | 7,118 | 48 | 188 | 7,988 | 7,306 |
| Net Position - Beginning of Year | <u>49,247</u> | <u>42,129</u> | <u>8,212</u> | <u>8,024</u> | <u>57,459</u> | <u>50,153</u> |
| Net Position - End of Year | <u>\$ 57,187</u> | <u>\$ 49,247</u> | <u>\$ 8,260</u> | <u>\$ 8,212</u> | <u>\$ 65,447</u> | <u>\$ 57,459</u> |

Governmental Activities

Governmental activities for the year resulted in a change in net position of \$7,939,789. Key elements of this change are as follows:

| | | |
|---|----|------------------|
| General Fund operations | \$ | 2,124,486 |
| Change in net pension liability, net of related deferrals | | 1,059,844 |
| Change in net OPEB liability, net of related deferrals | | 4,438,570 |
| Other | | <u>316,889</u> |
| Total | \$ | <u>7,939,789</u> |

Business-Type Activities

Business-type activities for water operations for the year resulted in a change in net position of \$48,690. The change in net position results from revenues recognized greater than budgetary expectations.

Financial Analysis of the Town's Funds

As noted earlier, fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

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

General Fund

The General Fund is the chief operating fund. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$9,761,497 while total fund balance was \$17,225,850. Unassigned fund balance increased by \$1,584,254 primarily from favorable budgetary results of \$5,243,105, less \$1,651,000 of "Free Cash" used to supplement the fiscal year 2022 budget, and \$2,021,000 appropriated for capital expenditures and OPEB. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to General Fund expenditures. Refer to the table below.

| <u>General Fund</u> | <u>6/30/22</u> | <u>6/30/21</u> | <u>Change</u> | <u>% of General Fund Expenditures*</u> |
|-------------------------|----------------|----------------|---------------|--|
| Unassigned fund balance | \$ 9,761,497 | \$ 8,177,243 | \$ 1,584,254 | 16.1% |
| Total fund balance | \$ 17,225,850 | \$ 15,101,364 | \$ 2,124,486 | 28.4% |

* Expenditure amounts used to calculate the above percentages have been adjusted to exclude the on-behalf payment from the Commonwealth to the Massachusetts Teachers Retirement System of \$4,579,168.

The total fund balance of the General Fund changed by \$2,124,486 during the current fiscal year. Key factors in this change are as follows:

| | |
|---|---------------------|
| Use of free cash as a funding source | \$ (2,831,730) |
| Revenues in excess of budget | 3,763,771 |
| Expenditures less than budget | 1,138,662 |
| Increase in stabilization fund balances | 1,342,599 |
| Other | <u>(1,288,816)</u> |
| Total | \$ <u>2,124,486</u> |

Included in the total fund balance of the General Fund are the Town's stabilization accounts with the following balances:

| | <u>6/30/22</u> | <u>6/30/21</u> | <u>Change</u> |
|--------------------------------------|---------------------|---------------------|---------------------|
| General Stabilization Fund | \$ 2,675,610 | \$ 2,168,012 | \$ 507,598 |
| Capital Stabilization Fund | 2,187,613 | 1,724,973 | 462,640 |
| Athletic Field Stabilization Fund | 557,427 | 485,123 | 72,304 |
| Special Education Stabilization Fund | <u>402,959</u> | <u>102,902</u> | <u>300,057</u> |
| Total | \$ <u>5,823,609</u> | \$ <u>4,481,010</u> | \$ <u>1,342,599</u> |

Other Major Funds

The fund balance of the Community Preservation Fund changed by \$969,436, primarily due to an increase in the receipt of state matching funds in fiscal year 2022.

The fund balance of the Highway, Roads, Trees and Building Fund changed by \$4,912,031 primarily from timing differences between the receipt and disbursement of grants and permanent financing of capital projects.

Nonmajor Governmental Funds

The fund balance of nonmajor governmental funds changed by \$4,179,510 primarily from timing differences between the receipt and disbursement of grants and permanent financing of capital projects.

Proprietary Funds

Proprietary funds provide the same type of information found in the business-type activities reported in the government-wide financial statements, but in more detail.

Unrestricted net position of the enterprise fund at the end of the year amounted to \$(1,004,823), a change of \$234,587 in comparison to the prior year.

Other factors concerning the finances of proprietary funds have already been addressed in the entity-wide discussion of business-type activities.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget resulted in an overall change in appropriations of \$4,614,497. The major reason for this increase was changes in budgeted articles, and COVID-19 expenditures.

These increases were funded by the use of free cash of \$1,180,730, as well as the current year spending of prior year encumbrances of \$3,433,767. Additionally, there were other budgetary reclassifications during the fiscal year which had no impact on the Town's total budget.

The Town's actual revenues as compared to budget show a \$2,812,582 favorable variance, the largest of which, \$978,235 resulted from the Town's conservative approach to budgeting for motor vehicle excise revenue.

Capital Assets and Debt Administration

Capital Assets

Total investment in capital assets for governmental and business-type activities at year-end amounted to \$119,355,048 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery, equipment and furnishings, infrastructure and construction in progress.

Additional information on capital assets can be found in the Notes to Financial Statements.

Long-Term Debt

At the end of the current fiscal year, total bonded and direct debt outstanding was \$23,128,783, all of which was backed by the full faith and credit of the Town.

The Town maintained its AAA rating from S&P for general obligation debt.

Additional information on long-term debt can be found in the Notes to Financial Statements.

Requests for Information

This financial report is designed to provide a general overview of the Town of Norwell's finances for all those with an interest in the Town's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Office of Finance Director
Town of Norwell
345 Main Street
Norwell, Massachusetts 02061

TOWN OF NORWELL, MASSACHUSETTS

Statement of Net Position
June 30, 2022

| | Governmental <u>Activities</u> | Business-Type <u>Activities</u> | <u>Total</u> |
|--|-----------------------------------|------------------------------------|----------------------|
| Assets | | | |
| Current: | | | |
| Cash and short-term investments | \$ 36,010,982 | \$ 1,338,640 | \$ 37,349,622 |
| Investments | 3,238,218 | - | 3,238,218 |
| Receivables, net of allowance for uncollectibles: | | | |
| Property taxes | 764,059 | - | 764,059 |
| Excises | 186,143 | - | 186,143 |
| User fees | - | 700,643 | 700,643 |
| Departmental and other | 284,571 | - | 284,571 |
| Intergovernmental | 204,385 | - | 204,385 |
| Leases | <u>83,728</u> | <u>-</u> | <u>83,728</u> |
| Total Current Assets | 40,772,086 | 2,039,283 | 42,811,369 |
| Noncurrent: | | | |
| Receivables, net of allowance for uncollectibles: | | | |
| Property taxes | 769,821 | - | 769,821 |
| Intergovernmental | 656,580 | - | 656,580 |
| Betterments not yet due | 54,116 | - | 54,116 |
| Leases | 833,983 | - | 833,983 |
| Capital Assets: | | | |
| Nondepreciable capital assets | 36,379,425 | 828,057 | 37,207,482 |
| Other capital assets, net of accumulated depreciation | <u>72,980,401</u> | <u>9,167,165</u> | <u>82,147,566</u> |
| Total Noncurrent Assets | <u>111,674,326</u> | <u>9,995,222</u> | <u>121,669,548</u> |
| Total Assets | 152,446,412 | 12,034,505 | 164,480,917 |
| Deferred Outflows of Resources | | | |
| Related to pension | 2,465,134 | 113,458 | 2,578,592 |
| Related to OPEB | <u>761,410</u> | <u>35,044</u> | <u>796,454</u> |
| Total Deferred Outflows of Resources | 3,226,544 | 148,502 | 3,375,046 |
| Liabilities | | | |
| Current: | | | |
| Warrants and accounts payable | 538,019 | 10,704 | 548,723 |
| Accrued liabilities | 571,067 | 6,956 | 578,023 |
| Tax refunds payable | 156,315 | - | 156,315 |
| Unearned revenue | 583,737 | - | 583,737 |
| Other current liabilities | 1,913,388 | - | 1,913,388 |
| Current portion of long-term liabilities: | | | |
| Bonds and loans payable | 2,901,834 | 65,000 | 2,966,834 |
| Compensated absences | <u>146,646</u> | <u>3,330</u> | <u>149,976</u> |
| Total Current Liabilities | 6,811,006 | 85,990 | 6,896,996 |
| Noncurrent: | | | |
| Bonds and loans payable, net of current portion | 20,434,934 | 665,000 | 21,099,934 |
| Compensated absences, net of current portion | 2,786,270 | 63,261 | 2,849,531 |
| Net pension liability | 16,558,562 | 762,110 | 17,320,672 |
| Net OPEB liability | <u>36,220,805</u> | <u>1,667,066</u> | <u>37,887,871</u> |
| Total Noncurrent Liabilities | <u>76,000,571</u> | <u>3,157,437</u> | <u>79,158,008</u> |
| Total Liabilities | 82,811,577 | 3,243,427 | 86,055,004 |
| Deferred Inflows of Resources | | | |
| Related to pension | 4,587,205 | 211,127 | 4,798,332 |
| Related to OPEB | 10,169,533 | 468,054 | 10,637,587 |
| Related to lease | <u>917,711</u> | <u>-</u> | <u>917,711</u> |
| Total Deferred Inflows of Resources | 15,674,449 | 679,181 | 16,353,630 |
| Net Position | | | |
| Net investment in capital assets | 97,776,516 | 9,265,222 | 107,041,738 |
| Restricted for: | | | |
| Town revolving funds | 2,088,189 | - | 2,088,189 |
| School grants | 580,757 | - | 580,757 |
| Conservation | 522,506 | - | 522,506 |
| Community housing | 733,038 | - | 733,038 |
| Town grants | 206,235 | - | 206,235 |
| School lunch | 728,913 | - | 728,913 |
| Permanent funds: | | | |
| Nonexpendable | 600,806 | - | 600,806 |
| Expendable | 479,228 | - | 479,228 |
| Unrestricted | <u>(46,529,258)</u> | <u>(1,004,823)</u> | <u>(47,534,081)</u> |
| Total Net Position | <u>\$ 57,186,930</u> | <u>\$ 8,260,399</u> | <u>\$ 65,447,329</u> |

The accompanying notes are an integral part of these financial statements.

TOWN OF NORWELL, MASSACHUSETTS

Statement of Activities
For the Year Ended June 30, 2022

| | | Program Revenues | | | Net (Expenses) Revenues |
|---------------------------------|---------------|-------------------------|--|--|----------------------------|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | |
| Governmental Activities | | | | | |
| General government | \$ 4,970,166 | \$ 590,777 | \$ 2,907,559 | \$ - | \$ (1,471,830) |
| Public safety | 8,848,580 | 1,538,553 | 37,698 | - | (7,272,329) |
| Education | 45,476,866 | 1,347,179 | 12,276,252 | - | (31,853,435) |
| Public works | 6,352,961 | 35,552 | 1,941,421 | 500 | (4,375,488) |
| Health and human services | 1,891,107 | 123,371 | 56,033 | - | (1,711,703) |
| Culture and recreation | 1,923,978 | 582,292 | 34,592 | - | (1,307,094) |
| Interest on long-term debt | 546,598 | - | - | - | (546,598) |
| Total Governmental Activities | 70,010,256 | 4,217,724 | 17,253,555 | 500 | (48,538,477) |
| Business-Type Activities | | | | | |
| Water services | 1,862,681 | 1,911,371 | - | - | 48,690 |
| Total Business-Type Activities | 1,862,681 | 1,911,371 | - | - | 48,690 |
| Total | \$ 71,872,937 | \$ 6,129,095 | \$ 17,253,555 | \$ 500 | \$ (48,489,787) |

(continued)

The accompanying notes are an integral part of these financial statements.

TOWN OF NORWELL, MASSACHUSETTS

Statement of Activities
For the Year Ended June 30, 2022

(continued)

| | Governmental <u>Activities</u> | Business-Type <u>Activities</u> | <u>Total</u> |
|---|-----------------------------------|------------------------------------|-----------------------------|
| Change in net (expenses) revenues from previous page | \$ (48,538,477) | \$ 48,690 | \$ (48,489,787) |
| General Revenues and Contributions | | | |
| Property taxes | 50,938,991 | - | 50,938,991 |
| Excise taxes | 2,707,504 | - | 2,707,504 |
| Grants and contributions not restricted to specific programs | 1,469,927 | - | 1,469,927 |
| Investment income | 46,576 | - | 46,576 |
| Miscellaneous | <u>1,315,268</u> | <u>-</u> | <u>1,315,268</u> |
| Total General Revenues and Contributions | <u>56,478,266</u> | <u>-</u> | <u>56,478,266</u> |
| Change in Net Position | 7,939,789 | 48,690 | 7,988,479 |
| Net Position | | | |
| Beginning of Year | <u>49,247,141</u> | <u>8,211,709</u> | <u>57,458,850</u> |
| End of Year | \$ <u><u>57,186,930</u></u> | \$ <u><u>8,260,399</u></u> | \$ <u><u>65,447,329</u></u> |

The accompanying notes are an integral part of these financial statements.

TOWN OF NORWELL, MASSACHUSETTS

Governmental Funds
Balance Sheet
June 30, 2022

| | General Fund | Community Preservation Fund | Highway, Roads, Trees, and Building Fund | Nonmajor Governmental Funds | Total Governmental Funds |
|---|-----------------------------|-----------------------------------|--|-----------------------------------|--------------------------------|
| Assets | | | | | |
| Cash and short-term investments | \$ 15,370,517 | \$ 6,760,905 | \$ 5,132,412 | \$ 8,747,149 | \$ 36,010,983 |
| Investments | 3,238,218 | - | - | - | 3,238,218 |
| Receivables: | | | | | |
| Property taxes | 1,692,499 | - | - | - | 1,692,499 |
| Excises | 292,398 | - | - | - | 292,398 |
| Departmental and other | 184,049 | 11,865 | - | 88,657 | 284,571 |
| Intergovernmental | 98,181 | - | - | 106,204 | 204,385 |
| Leases | 917,711 | - | - | - | 917,711 |
| Betterments not yet due | - | - | - | 54,116 | 54,116 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total Assets | <u>\$ 21,793,573</u> | <u>\$ 6,772,770</u> | <u>\$ 5,132,412</u> | <u>\$ 8,996,126</u> | <u>\$ 42,694,881</u> |
| Liabilities | | | | | |
| Warrants and accounts payable | \$ 363,604 | \$ 24,869 | \$ - | \$ 149,546 | \$ 538,019 |
| Accrued liabilities | 442,278 | - | - | - | 442,278 |
| Tax refunds payable | 156,315 | - | - | - | 156,315 |
| Unearned revenue | - | - | - | 583,737 | 583,737 |
| Other liabilities | 518,868 | - | - | 1,394,520 | 1,913,388 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total Liabilities | 1,481,065 | 24,869 | - | 2,127,803 | 3,633,737 |
| Deferred Inflows of Resources | | | | | |
| Unavailable revenues | 2,168,947 | 11,865 | - | 54,116 | 2,234,928 |
| Related to leases | 917,711 | - | - | - | 917,711 |
| Fund Balances | | | | | |
| Nonspendable | - | - | - | 600,806 | 600,806 |
| Restricted | 241,659 | 6,736,036 | 5,132,412 | 6,280,435 | 18,390,542 |
| Committed | 7,136,232 | - | - | - | 7,136,232 |
| Assigned | 86,462 | - | - | - | 86,462 |
| Unassigned | 9,761,497 | - | - | (67,034) | 9,694,463 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total Fund Balances | <u>17,225,850</u> | <u>6,736,036</u> | <u>5,132,412</u> | <u>6,814,207</u> | <u>35,908,505</u> |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | <u>\$ 21,793,573</u> | <u>\$ 6,772,770</u> | <u>\$ 5,132,412</u> | <u>\$ 8,996,126</u> | <u>\$ 42,694,881</u> |

The accompanying notes are an integral part of these financial statements.

TOWN OF NORWELL, MASSACHUSETTS

Reconciliation of Total Governmental Fund Balances
to Net Position of Governmental Activities
in the Statement of Net Position
June 30, 2022

| | |
|--|-----------------------------|
| Total Governmental Fund Balances | \$ 35,908,505 |
| • Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds. | 109,359,826 |
| • Long-term receivable not reported in governmental funds. | 656,580 |
| • Revenues are reported on the accrual basis of accounting and are not deferred until collection. | 1,970,054 |
| • In the Statement of Activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due. | (128,790) |
| • Long-term liabilities are not due and payable in the current period and, therefore, are not reported in governmental funds: | |
| Bonds and loans payable | (23,336,768) |
| Net pension liability | (18,680,633) |
| Net OPEB liability | (45,628,928) |
| Compensated absences | <u>(2,932,916)</u> |
| Net Position of Governmental Activities | \$ <u>57,186,930</u> |

The accompanying notes are an integral part of these financial statements.

TOWN OF NORWELL, MASSACHUSETTS

Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2022

| | <u>General</u> | Community Preservation <u>Fund</u> | Highway, Roads, Trees, and Building <u>Fund</u> | Nonmajor Governmental <u>Funds</u> | Total Governmental <u>Funds</u> |
|--|----------------------|--|---|--|---------------------------------------|
| Revenues | | | | | |
| Property taxes | \$ 49,568,150 | \$ 1,268,780 | \$ - | \$ - | \$ 50,836,930 |
| Excises | 2,681,130 | - | - | - | 2,681,130 |
| Penalties, interest, and other taxes | 140,532 | - | - | - | 140,532 |
| Charges for services | 1,328,334 | - | - | 1,986,528 | 3,314,862 |
| Intergovernmental | 11,883,957 | 663,015 | - | 6,632,534 | 19,179,506 |
| Licenses and permits | 861,972 | - | - | - | 861,972 |
| Fines and forfeitures | 28,568 | - | - | - | 28,568 |
| Investment income (loss) | 27,232 | 29,590 | - | (10,246) | 46,576 |
| Miscellaneous | 893,547 | - | - | 278,241 | 1,171,788 |
| | <u>67,413,422</u> | <u>1,961,385</u> | <u>-</u> | <u>8,887,057</u> | <u>78,261,864</u> |
| Expenditures | | | | | |
| General government | 2,539,872 | 891,949 | - | 435,488 | 3,867,309 |
| Public safety | 7,025,540 | - | - | 682,090 | 7,707,630 |
| Education | 35,263,322 | - | - | 4,598,188 | 39,861,510 |
| Public works | 3,891,537 | - | 185,009 | 1,885,748 | 5,962,294 |
| Health and human services | 1,632,716 | - | - | 103,904 | 1,736,620 |
| Culture and recreation | 845,426 | - | - | 570,226 | 1,415,652 |
| Employee benefits | 9,682,395 | - | - | - | 9,682,395 |
| Debt service: | | | | | |
| Principal | 2,565,625 | - | - | 7,515 | 2,573,140 |
| Interest | 412,378 | - | - | - | 412,378 |
| Intergovernmental | 1,470,125 | - | - | - | 1,470,125 |
| | <u>65,328,936</u> | <u>891,949</u> | <u>185,009</u> | <u>8,283,159</u> | <u>74,689,053</u> |
| Excess (deficiency) of revenues over expenditures | 2,084,486 | 1,069,436 | (185,009) | 603,898 | 3,572,811 |
| Other Financing Sources (Uses) | | | | | |
| Proceeds of bonds | - | - | 4,823,500 | 3,286,500 | 8,110,000 |
| Bond premiums | - | - | 273,540 | 229,112 | 502,652 |
| Transfers in | 40,000 | - | - | 100,000 | 140,000 |
| Transfers out | - | (100,000) | - | (40,000) | (140,000) |
| | <u>40,000</u> | <u>(100,000)</u> | <u>5,097,040</u> | <u>3,575,612</u> | <u>8,612,652</u> |
| Change in Fund Balance | 2,124,486 | 969,436 | 4,912,031 | 4,179,510 | 12,185,463 |
| Fund Balances, at Beginning of Year, as reclassified | <u>15,101,364</u> | <u>5,766,600</u> | <u>220,381</u> | <u>2,634,697</u> | <u>23,723,042</u> |
| Fund Balances, at End of Year | <u>\$ 17,225,850</u> | <u>\$ 6,736,036</u> | <u>\$ 5,132,412</u> | <u>\$ 6,814,207</u> | <u>\$ 35,908,505</u> |

The accompanying notes are an integral part of these financial statements.

TOWN OF NORWELL, MASSACHUSETTS

Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2022

| | | | | | | | | | | | | | | | | | | | | | | | |
|---|----------------------------|----------------|---------|--------------|-------------|--|-------------|--|-----------|--|-----------|--|---------|---|-----------|--|-----------|-------------------------------------|--------|---|--------|--|------------------|
| Net Changes in Fund Balances - Total Governmental Funds | \$ 12,185,463 | | | | | | | | | | | | | | | | | | | | | | |
| <ul style="list-style-type: none"> • 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: <table style="width: 100%; margin-left: 20px;"> <tr> <td style="width: 80%;">Capital outlay</td> <td style="text-align: right;">352,009</td> </tr> <tr> <td>Depreciation</td> <td style="text-align: right;">(3,439,792)</td> </tr> </table> • 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, however, has any effect on net position: <table style="width: 100%; margin-left: 20px;"> <tr> <td style="width: 80%;">Issuance of general obligation bonds and loans</td> <td style="text-align: right;">(8,110,000)</td> </tr> <tr> <td>Repayments of general obligation bonds and loans</td> <td style="text-align: right;">2,392,515</td> </tr> <tr> <td>Premiums received on issuance of general obligation bonds, net</td> <td style="text-align: right;">(478,467)</td> </tr> </table> • Revenues in the Statement of Activities that do not provide current financial resources are fully deferred in the Statement of Revenues, Expenditures, and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable (i.e., real estate and personal property, motor vehicle excise, etc.) differ between the two statements. This amount represents the net change in unavailable revenue, net of change in allowance for doubtful accounts. <table style="width: 100%; margin-left: 20px;"> <tr> <td style="width: 80%;"></td> <td style="text-align: right;">120,753</td> </tr> </table> • 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: <table style="width: 100%; margin-left: 20px;"> <tr> <td style="width: 80%;">Change in net pension liability and related deferred outflows and inflows</td> <td style="text-align: right;">1,059,844</td> </tr> <tr> <td>Change in net OPEB liability and related deferred outflows and inflows</td> <td style="text-align: right;">4,438,570</td> </tr> <tr> <td>Change in accrued employee benefits</td> <td style="text-align: right;">22,128</td> </tr> <tr> <td>Change in accrued interest on bonds payable</td> <td style="text-align: right;">22,221</td> </tr> </table> • Other differences. <table style="width: 100%; margin-left: 20px;"> <tr> <td style="width: 80%;"></td> <td style="text-align: right;"><u>(625,455)</u></td> </tr> </table> | | Capital outlay | 352,009 | Depreciation | (3,439,792) | Issuance of general obligation bonds and loans | (8,110,000) | Repayments of general obligation bonds and loans | 2,392,515 | Premiums received on issuance of general obligation bonds, net | (478,467) | | 120,753 | Change in net pension liability and related deferred outflows and inflows | 1,059,844 | Change in net OPEB liability and related deferred outflows and inflows | 4,438,570 | Change in accrued employee benefits | 22,128 | Change in accrued interest on bonds payable | 22,221 | | <u>(625,455)</u> |
| Capital outlay | 352,009 | | | | | | | | | | | | | | | | | | | | | | |
| Depreciation | (3,439,792) | | | | | | | | | | | | | | | | | | | | | | |
| Issuance of general obligation bonds and loans | (8,110,000) | | | | | | | | | | | | | | | | | | | | | | |
| Repayments of general obligation bonds and loans | 2,392,515 | | | | | | | | | | | | | | | | | | | | | | |
| Premiums received on issuance of general obligation bonds, net | (478,467) | | | | | | | | | | | | | | | | | | | | | | |
| | 120,753 | | | | | | | | | | | | | | | | | | | | | | |
| Change in net pension liability and related deferred outflows and inflows | 1,059,844 | | | | | | | | | | | | | | | | | | | | | | |
| Change in net OPEB liability and related deferred outflows and inflows | 4,438,570 | | | | | | | | | | | | | | | | | | | | | | |
| Change in accrued employee benefits | 22,128 | | | | | | | | | | | | | | | | | | | | | | |
| Change in accrued interest on bonds payable | 22,221 | | | | | | | | | | | | | | | | | | | | | | |
| | <u>(625,455)</u> | | | | | | | | | | | | | | | | | | | | | | |
| Change in Net Position of Governmental Activities | \$ <u>7,939,789</u> | | | | | | | | | | | | | | | | | | | | | | |

The accompanying notes are an integral part of these financial statements.

TOWN OF NORWELL, MASSACHUSETTS

Proprietary Funds
Statement of Net Position
June 30, 2022

| | Business-Type Activities |
|---|--------------------------|
| | <u>Enterprise Funds</u> |
| | Water <u>Fund</u> |
| Assets | |
| Current: | |
| Cash and short-term investments | \$ 1,338,640 |
| User fees receivable | <u>700,643</u> |
| Total Current Assets | 2,039,283 |
| Noncurrent: | |
| Capital assets | |
| Nondepreciable capital assets | 828,057 |
| Other capital assets, net of accumulated depreciation | <u>9,167,165</u> |
| Total Noncurrent Assets | <u>9,995,222</u> |
| Total Assets | 12,034,505 |
| Deferred Outflows of Resources | |
| Related to pension | 113,458 |
| Related to OPEB | <u>35,044</u> |
| Total Deferred Outflows of Resources | 148,502 |
| Liabilities | |
| Current: | |
| Warrants and accounts payable | 10,704 |
| Accrued liabilities | 6,956 |
| Current portion of long-term liabilities: | |
| Bonds payable | 65,000 |
| Compensated absences | <u>3,330</u> |
| Total Current Liabilities | 85,990 |
| Noncurrent: | |
| Bonds payable, net of current portion | 665,000 |
| Compensated absences, net of current portion | 63,261 |
| Net pension liability | 762,110 |
| Net OPEB liability | <u>1,667,066</u> |
| Total Noncurrent Liabilities | <u>3,157,437</u> |
| Total Liabilities | 3,243,427 |
| Deferred Inflows of Resources | |
| Related to pension | 211,127 |
| Related to OPEB | <u>468,054</u> |
| Total Deferred Inflows of Resources | 679,181 |
| Net Position | |
| Net investment in capital assets | 9,265,222 |
| Unrestricted | <u>(1,004,823)</u> |
| Total Net Position | <u>\$ 8,260,399</u> |

The accompanying notes are an integral part of these financial statements.

TOWN OF NORWELL, MASSACHUSETTS

Proprietary Funds
Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2022

| | Business-Type Activities |
|---------------------------------|--------------------------|
| | <u>Enterprise Funds</u> |
| | <u>Water</u> |
| | <u>Fund</u> |
| Operating Revenues | |
| Charges for services | \$ 1,905,694 |
| Other | <u>5,677</u> |
| Total Operating Revenues | 1,911,371 |
| Operating Expenses | |
| Salaries and benefits | 363,607 |
| Other operating expenses | 1,081,539 |
| Depreciation | <u>392,304</u> |
| Total Operating Expenses | <u>1,837,450</u> |
| Operating Income | 73,921 |
| Nonoperating Expenses | |
| Interest expense | <u>(25,231)</u> |
| Change in Net Position | 48,690 |
| Net Position, Beginning of Year | <u>8,211,709</u> |
| Net Position, End of Year | <u>\$ 8,260,399</u> |

The accompanying notes are an integral part of these financial statements.

TOWN OF NORWELL, MASSACHUSETTS

Proprietary Funds
Statement of Cash Flows
For the Year Ended June 30, 2022

| | Business-Type Activities <u>Enterprise Funds</u> Water <u>Fund</u> |
|---|---|
| Cash Flows From Operating Activities | |
| Receipts from customers and users | \$ 1,866,497 |
| Payments to employees | (648,366) |
| Payments to vendors | <u>(1,198,786)</u> |
| Net Cash Provided by Operating Activities | 19,345 |
| Cash Flows From Capital and Related Financing Activities | |
| Acquisition and construction of capital assets | (155,319) |
| Principal payments on bonds | (65,000) |
| Interest expense | <u>(11,319)</u> |
| Net Cash (Used For) Capital and Related Financing Activities | <u>(231,638)</u> |
| Net Change in Cash and Short-Term Investments | (212,293) |
| Cash and Short-Term Investments, Beginning of Year | <u>1,550,933</u> |
| Cash and Short-Term Investments, End of Year | \$ <u><u>1,338,640</u></u> |
| Reconciliation of Operating Income to Net Cash Provided by Operating Activities | |
| Operating income (loss) | \$ 73,921 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | |
| Depreciation | 392,304 |
| Changes in assets, liabilities, and deferred outflows/inflows: | |
| User fees receivable | (44,874) |
| Deferred outflows - related to pension | (23,497) |
| Deferred outflows - related to OPEB | (22,900) |
| Warrants and accounts payable | (102,766) |
| Accrued liabilities | (46,176) |
| Net pension liability | (141,476) |
| Net OPEB liability | (261,563) |
| Deferred inflows - related to pension | 116,194 |
| Deferred inflows - related to OPEB | <u>80,178</u> |
| Net Cash Provided By Operating Activities | \$ <u><u>19,345</u></u> |

The accompanying notes are an integral part of these financial statements.

TOWN OF NORWELL, MASSACHUSETTS

Fiduciary Funds
Statement of Fiduciary Net Position
June 30, 2022

| | Other Post-Employment Benefit <u>Trust Fund</u> | Private Purpose Trust <u>Funds</u> |
|--|--|---|
| Assets | | |
| Cash and short-term investments | \$ 166,892 | \$ 142,651 |
| Investments: | | |
| Corporate bonds | 336,659 | - |
| Corporate equities | 3,006,136 | - |
| Equity mutual funds | 1,118,462 | - |
| Federal agency securities | 141,830 | - |
| Fixed income mutual funds | 587,857 | - |
| U.S. Treasury notes | <u>373,262</u> | <u>-</u> |
| Total Investments | <u>5,564,206</u> | <u>-</u> |
| Total Assets | 5,731,098 | 142,651 |
| Net Position | | |
| Restricted for OPEB | 5,731,098 | - |
| Restricted for individuals and organizations | <u>-</u> | <u>142,651</u> |
| Total Net Position | <u>\$ 5,731,098</u> | <u>\$ 142,651</u> |

The accompanying notes are an integral part of these financial statements.

TOWN OF NORWELL, MASSACHUSETTS

Fiduciary Funds
Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2022

| | Other Post-Employment Benefit <u>Trust Fund</u> | Private Purpose <u>Trust Funds</u> |
|---|--|--|
| Additions | | |
| Contributions: | | |
| Employer | \$ <u>2,500,593</u> | \$ <u>4,500</u> |
| Total Contributions | 2,500,593 | 4,500 |
| Investment Income | | |
| Decrease in fair value of investments | <u>(330,355)</u> | <u>(2,078)</u> |
| Net Investment Income | <u>(330,355)</u> | <u>(2,078)</u> |
| Total Additions | 2,170,238 | 2,422 |
| Deductions | | |
| Benefit payments to plan members, beneficiaries, and other systems | 1,905,820 | - |
| Other | <u>18,900</u> | <u>8,750</u> |
| Total Deductions | <u>1,924,720</u> | <u>8,750</u> |
| Change in Net Position | 245,518 | (6,328) |
| Restricted Net Position | | |
| Beginning of Year | <u>5,485,580</u> | <u>148,979</u> |
| End of Year | <u>\$ 5,731,098</u> | <u>\$ 142,651</u> |

The accompanying notes are an integral part of these financial statements.

TOWN OF NORWELL, MASSACHUSETTS

Notes to Financial Statements

1. Summary of Significant Accounting Policies

The accounting policies of the Town of Norwell, Massachusetts (the Town), conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental and financial reporting principles. The following is a summary of the significant policies of the Town:

Reporting Entity

The Town is a municipal corporation governed by an elected Select Board. As required by GAAP, these financial statements present the Town and applicable component units for which the Town is considered to be financially accountable. In fiscal year 2022, it was determined that no entities met the component unit requirements of GASB 14 (as amended).

Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given 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 (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Fund Financial Statements

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter 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.

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*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. 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. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as *program revenues* include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes and excises.

Fund Financial Statements

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers property tax revenues to be available if they are collected within 60 days of the end of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, certain expenditures such as debt service, claims and judgments, compensated absences, OPEB, and pension are recorded only when payment is due.

The Town reports the following major governmental funds:

- The *General Fund* is the Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The *Community Preservation Fund* accounts for the acquisition, creation, and preservation of open space, historic resources, and community housing.
- The *Highway, Roads, Trees, and Building Fund* accounts for funds used for the Town's public works projects.

The proprietary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Under this method, revenues are recognized when earned and expenses are recorded when 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 a proprietary fund's principal ongoing operations. The principal operating revenues of an enterprise fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. The Town reports one major proprietary fund for water operations.

The fiduciary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Under this method, revenues are recognized when earned and expenses are recorded when liabilities are incurred.

The Town reports the following fiduciary funds:

- The *Other Post-Employment Benefit Trust Fund* is used to accumulate resources for health and life insurance benefits for retired employees.
- The *Private Purpose Trust Funds* are used to account for trust arrangements, other than those properly reported in the permanent fund, under which principal and investment income exclusively benefit individuals or private organizations.

Cash and Investments

Cash balances from all funds, except those required to be segregated by law, are combined to form a consolidation of cash. Cash balances are invested to the extent available, and interest earnings are recognized in the General Fund. Certain special revenue, proprietary, and fiduciary funds segregate cash, and investment earnings become a part of those funds.

Deposits with financial institutions consist primarily of demand deposits, certificates of deposits, and savings accounts. Generally, a cash and investment pool is maintained that is available for use by all funds. Each fund's portion of this pool is reflected on the financial statements under the caption "cash and short-term investments".

For purposes of the Statement of Cash Flows, the proprietary funds consider investments with original maturities of three months or less to be short-term investments.

Investments, generally, are presented at fair value. Where applicable, fair values are based on quotations from national securities exchanges, except for certain investments that are required to be presented using net asset value (NAV). The NAV per share is the amount of net assets attributable to each share outstanding at the close of the period. Investments measured using NAV for fair value are not subject to fair value level classification.

The Town invests in the Massachusetts Municipal Depository Trust (MMDT) Cash Portfolio, an external investment pool overseen by the Treasurer of the Commonwealth of Massachusetts. This cash portfolio meets the requirements of GASB Statement No. 79, *Certain External Investment*

Pools and Pool Participants, where investments are valued at amortized cost, which approximates the net asset value of \$1 per share.

Investments are carried at fair value, except certificates of deposit which are reported at cost.

Property Tax Limitations

Legislation known as “Proposition 2½” has limited the amount of revenue that can be derived from property taxes. The prior fiscal year’s tax levy limit is used as a base and cannot increase by more than 2.5% (excluding new growth), unless an override is voted. Certain provisions of Proposition 2 ½ can be overridden by a referendum.

Leases

The Town recognizes leases receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements. At the commencement of a lease, the Town initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term on a straight-line basis over its useful life. The following key assumptions are made:

- The Town uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease, including renewal terms reasonably certain to be exercised. Lease receipts included in the measurement of the lease receivable are comprised of fixed payments from the lessee.

The Town monitors changes in circumstances that would require a remeasurement of its leases receivable and will remeasure the leases receivable if certain changes occur that are expected to significantly affect the amount of the leases receivable.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the proprietary fund statements. Capital assets are defined by the Town as assets with an initial individual cost of more than \$10,000 and an estimated useful life in excess of five years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets’ lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

| <u>Assets</u> | <u>Years</u> |
|-----------------------|--------------|
| Buildings | 40 |
| Building improvements | 20 |
| Infrastructure | 30 - 75 |
| Vehicles | 5 |
| Office equipment | 5 |
| Computer equipment | 5 |

Compensated Absences

It is the Town’s policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vested sick and vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt, and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position.

Fund Equity

Fund equity at the governmental fund financial reporting level is classified as “fund balance”. Fund equity for all other reporting is classified as “net position”.

Fund Balance

Generally, fund balance represents the difference between the current assets/deferred outflows and current liabilities/deferred inflows. The Town has implemented GASB Statement No. 54 (GASB 54), *Fund Balance Reporting and Governmental Fund Type Definitions*, which enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying existing governmental fund type definitions, as follows:

- *Nonspendable* represents amounts that cannot be spent because they are either (1) not in spendable form or (2) legally or contractually required to be maintained intact. This fund balance classification includes General Fund reserves for prepaid expenditures and nonmajor governmental fund reserves for the principal portion of permanent trust funds.
- *Restricted* represents amounts that are restricted to specific purposes by constraints imposed by creditors, grantors, contributors, or laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling

legislation. This fund balance classification includes General Fund encumbrances funded by bond issuances, various special revenue funds, and the income portion of permanent trust funds.

- *Committed* represents amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Town's highest level of decision-making authority. This fund balance classification includes General Fund encumbrances for non-lapsing special article appropriations approved at Town Meeting, special purpose stabilization funds, surplus appropriated for specific expenditure purposes, and various special revenue funds.
- *Assigned* represents amounts that are constrained by the Town's intent to use these resources for a specific purpose. This fund balance classification includes General Fund encumbrances that have been established by various Town departments for the expenditure of current year budgetary financial resources upon vendor performance in the subsequent budgetary period, and surplus set aside to be used in the subsequent year's budget to reduce taxes.
- *Unassigned* represents amounts that are available to be spent in future periods, general stabilization funds, and deficit funds. The General Fund is the only fund that reports a positive unassigned fund balance.

When an expenditure is incurred that would qualify for payment from multiple fund balance types, the Town uses the following order to liquidate liabilities: restricted, committed, assigned, and unassigned.

Net Position

Net position represents the difference between assets/deferred outflows and liabilities/deferred inflows. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on use either through enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The remaining net position is reported as unrestricted.

Use of Estimates

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 disclosures for contingent assets and liabilities at the date of the basic financial statements and the reported amounts of revenues and expenditures/expenses during the fiscal year. Actual results could vary from estimates that were used.

2. Stewardship, Compliance, and Accountability

Budgetary Information

At the annual Town Meeting, the Advisory Board presents an operating and capital budget for the proposed expenditures of the fiscal year commencing the following July 1. The budget, as enacted by Town Meeting, establishes the legal level of control and specifies that certain appropriations are to be funded by particular revenues. The original budget is amended during the fiscal year at special town meetings as required by changing conditions. In cases of extraordinary or unforeseen expenses, the Finance Committee is empowered to transfer funds from the reserve fund (a contingency appropriation) to a departmental appropriation. “Extraordinary” includes expenses which are not in the usual line, or are great or exceptional. “Unforeseen” includes expenses which are not foreseen as of the time of the annual meeting when appropriations are voted.

The legal spending limit mirrors the way the budget is voted at Town Meeting. Typically, each department is limited by two categories, salaries and expenses. Certain items may exceed the line item budget as approved if it is for an emergency and for the safety of the general public. These items are limited by Massachusetts General Laws and must be raised in the next year’s tax rate.

Formal budgetary integration is employed as a management control device during the year for the General Fund and proprietary funds.

At year-end, appropriation balances lapse, except for certain unexpended capital items and encumbrances which will be honored during the subsequent year.

Deficit Fund Equity

Certain individual funds reflected deficit balances as of June 30, 2022. It is anticipated that the deficits in these funds will be eliminated through future departmental revenues, bond proceeds, and transfers from other funds.

3. Deposits and Investments - Town

Massachusetts General Laws (MGL) Chapter 44, Section 55 place certain limitation on the nature of deposits and investments available to the Town. Deposits, including demand deposits, money markets, certificates of deposits in any one financial institution, may not exceed 60% of the capital and surplus of such institution unless collateralized by the institution involved. Investments may be made in unconditionally guaranteed U.S. government obligations having maturities of a year or less from the date of purchase, or through repurchase agreements with maturities of no greater than 90 days in which the underlying securities consist of such obligations. Other allowable investments include certificates of deposits having a maturity date of up to 3 years from the date of purchase, national banks, and Massachusetts Municipal Depository Trust (MMDT). MMDT, which is an external investment pool overseen by the Treasurer of the Commonwealth of Massachusetts, that meets the criteria established by Governmental Accounting Standards Board

Statement No. 79, *Certain External Investment Pools and Pool Participants*. MMDT has an average maturity of less than 1 year and is not rated or subject to custodial credit risk disclosure. MGL Chapter 44, Section 54 provides additional investment options for certain special revenue, trust, and OPEB funds.

Deposits

Custodial Credit Risk

Custodial credit risk is the risk that in the event of bank failure, the Town’s deposits may not be returned. The Town does not have formal deposit policies related to the custodial credit risk of deposits.

As of June 30, 2022, \$4,710,135, of the Town’s bank balance of \$38,973,545 was exposed to custodial credit risk as uninsured and uncollateralized, and \$29,528,840 was collateralized by securities held by the pledging financial institution. Additionally, \$4,734,570 was invested in MMDT, which is not subject to this disclosure.

Investments

The following is a summary of the Town’s investments as of June 30, 2022:

| <u>Investment Type</u> | <u>Amount</u> |
|---------------------------|---------------------|
| Corporate bonds | \$ 619,517 |
| Corporate equities | 980,300 |
| Federal agency securities | 381,550 |
| Fixed income mutual funds | 478,883 |
| U.S. Treasury notes | <u>777,968</u> |
| Total Investments | <u>\$ 3,238,218</u> |

Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, the Town will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Town does not have formal investment policies related to custodial credit risk.

As of June 30, 2022, \$2,759,335 of the Town’s investments were subject to custodial credit risk exposure because the related securities were uninsured, unregistered, and held by the Town’s brokerage firm, as follows:

| <u>Investment Type</u> | <u>Amount</u> | Held by Counterparty's <u>Trust or Agent</u> |
|---------------------------|---------------------|--|
| Corporate bonds | \$ 619,517 | \$ 619,517 |
| Corporate equities | 980,300 | 980,300 |
| Federal agency securities | 381,550 | 381,550 |
| U.S. Treasury notes | <u>777,968</u> | <u>777,968</u> |
| Total | \$ <u>2,759,335</u> | \$ <u>2,759,335</u> |

Credit Risk – Investments in Debt Securities

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. The Town does not have formal investment policies related to credit risk.

As of June 30, 2022, the credit quality ratings, as rated by S&P Global Ratings, of the Town's debt securities were as follows (U.S. Treasury Notes have an implied rating of AAA):

| <u>Investment Type</u> | <u>Amount</u> | <u>Rating as of Year End</u> | | | |
|---------------------------|---------------------|------------------------------|-------------------|-------------------|-------------------|
| | | <u>AAA</u> | <u>A</u> | <u>BBB</u> | <u>Unrated</u> |
| Corporate bonds | \$ 619,517 | \$ - | \$ 362,874 | \$ 256,643 | \$ - |
| Federal agency securities | 381,550 | 381,550 | - | - | - |
| Fixed income mutual funds | <u>478,883</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>478,883</u> |
| Total | \$ <u>1,479,950</u> | \$ <u>381,550</u> | \$ <u>362,874</u> | \$ <u>256,643</u> | \$ <u>478,883</u> |

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributable to the magnitude of the Town's investment in a single issuer. The Town places no limit on the amount invested in any one issuer. The Town does not have formal investment policies related to concentration of credit risk exposure.

As of June 30, 2022, the Town did not have investments in any one issue that exceeded 5% of total investments.

Interest Rate Risk – Investments in Debt Securities

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 does not have formal investment policies limiting investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Information about the sensitivity of the fair values of the Town’s investments to market interest rate fluctuations were as follows at June 30, 2022:

| <u>Investment Type</u> | <u>Amount</u> | <u>Investment Maturities (in Years)</u> | | |
|---------------------------|---------------------|---|---------------------|-------------------|
| | | <u>Less Than 1</u> | <u>1-5</u> | <u>6-10</u> |
| Corporate bonds | \$ 619,517 | \$ - | \$ 552,467 | \$ 67,050 |
| Federal agency securities | 381,550 | 174,765 | 99,074 | 107,711 |
| Fixed income mutual funds | 478,883 | - | - | 478,883 |
| U.S. Treasury notes | <u>777,968</u> | <u>-</u> | <u>509,646</u> | <u>268,322</u> |
| Total | <u>\$ 2,257,918</u> | <u>\$ 174,765</u> | <u>\$ 1,161,187</u> | <u>\$ 921,966</u> |

Foreign Currency Risk

Foreign currency risk is the risk that changes in foreign exchange rates will adversely affect the fair value of an investment. The Town does not have formal investment policies related to foreign currency risk.

At June 30, 2022, none of the Town’s investments were exposed to foreign currency risk.

Fair Value

The Town categorizes its fair value measurements within the fair value hierarchy established by Governmental Accounting Standards Board Statement No. 72, *Fair Value Measurement and Application* (GASB 72).

The hierarchy is based on the valuation inputs used to measure the fair value of the asset or liability and give the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The hierarchy categorizes the inputs to valuation techniques used for fair value measurement into three levels as follows:

- Level 1 – inputs that reflect quoted prices (unadjusted) in active markets for identical assets or liabilities that are accessible at the measurement date.
- Level 2 – inputs other than quoted prices that are observable for an asset or liability either directly or indirectly, including inputs in markets that are not considered to be active. Because they must often be priced on the basis of transactions involving similar but not identical securities or do not trade with sufficient frequency, certain directly held securities are categorized as Level 2.

- Level 3 – unobservable inputs based on the best information available, using assumptions in determining the fair value of investments and derivative instruments.

In instances where inputs used to measure fair value fall into different levels in the fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation.

The Town has the following fair value measurements as of June 30, 2022:

| <u>Investment Type</u> | <u>Amount</u> | <u>Fair Value Measurements Using:</u> | | |
|----------------------------------|---------------------|---|--|--|
| | | <u>Quoted prices in active markets for identical assets (Level 1)</u> | <u>Significant observable inputs (Level 2)</u> | <u>Significant unobservable inputs (Level 3)</u> |
| Investments by fair value level: | | | | |
| Corporate bonds | \$ 619,517 | \$ - | \$ 619,517 | \$ - |
| Corporate equities | 980,300 | 980,300 | - | - |
| Federal agency securities | 381,550 | - | 381,550 | - |
| Fixed income mutual funds | 478,883 | - | 478,883 | - |
| U.S. Treasury notes | <u>777,968</u> | <u>777,968</u> | <u>-</u> | <u>-</u> |
| Total | <u>\$ 3,238,218</u> | <u>\$ 1,758,268</u> | <u>\$ 1,479,950</u> | <u>\$ -</u> |

Equity securities classified in Level 1 are valued using prices quoted in active markets for those securities.

Debt securities classified in Level 2 are valued using either a bid evaluation or a matrix pricing technique. Bid evaluations may include market quotations, yields, maturities, call features, and ratings. Matrix pricing is used to value securities based on the securities relationship to benchmark quote prices. Level 2 debt securities have non-proprietary information that is readily available to market participants, from multiple independent sources, which are known to be actively involved in the market.

4. Investments - OPEB Trust Fund

Generally, the OPEB Trust Fund’s investment policies mirror that the Town as discussed in the previous note.

The following is a summary of the OPEB Trust Fund’s investments as of June 30, 2022:

| <u>Investment Type</u> | <u>Amount</u> |
|---------------------------|---------------------|
| Corporate bonds | \$ 336,659 |
| Corporate equities | 3,006,136 |
| Equity mutual funds | 1,118,462 |
| Federal agency securities | 141,830 |
| Fixed income mutual funds | 587,857 |
| U.S. Treasury notes | <u>373,262</u> |
| Total | \$ <u>5,564,206</u> |

Custodial Credit Risk

As of June 30, 2022, \$4,445,744 of the OPEB Trust Fund’s total investments were subject to custodial credit risk exposure because the related securities were uninsured, unregistered, and/or held by the OPEB Trust Fund’s brokerage firm, which is also the counterparty to these securities as follows:

| <u>Investment Type</u> | <u>Amount</u> | Held by <u>Counterparty's Trust or Agent</u> |
|---------------------------|---------------------|---|
| Corporate bonds | \$ 336,659 | \$ 336,659 |
| Corporate equities | 3,006,136 | 3,006,136 |
| Federal agency securities | 141,830 | 141,830 |
| Fixed income mutual funds | 587,857 | 587,857 |
| U.S. Treasury notes | <u>373,262</u> | <u>373,262</u> |
| Total | \$ <u>4,445,744</u> | \$ <u>4,445,744</u> |

Credit Risk – Investments in Debt Securities

As of June 30, 2022, the credit quality ratings as rated by S&P Global Ratings, of the OPEB Trust Fund's debt securities were as follows (All U.S. Treasury notes have an implied credit rating of AAA.):

| <u>Investment Type</u> | <u>Amount</u> | <u>Rating as of Year End</u> | | | |
|---------------------------|---------------------|------------------------------|------------------|-------------------|-------------------|
| | | <u>AAA</u> | <u>AA</u> | <u>A</u> | <u>Unrated</u> |
| Corporate bonds | \$ 336,659 | \$ 24,027 | \$ 73,515 | \$ 214,156 | \$ 24,961 |
| Federal agency securities | 141,830 | 141,830 | - | - | - |
| Fixed income mutual funds | <u>587,857</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>587,857</u> |
| Total | <u>\$ 1,066,346</u> | <u>\$ 165,857</u> | <u>\$ 73,515</u> | <u>\$ 214,156</u> | <u>\$ 612,818</u> |

Concentration of Credit Risk

Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from concentration of credit disclosure.

As of June 30, 2022, the OPEB Trust Fund does not have an investment in one issuer greater than 5% of total investments.

Interest Rate Risk

Information about the sensitivity of the fair values of the OPEB Trust Fund's investments to market interest rate fluctuations is as follows at June 30, 2022:

| <u>Investment Type</u> | <u>Amount</u> | <u>Investment Maturities (in Years)</u> | | |
|---------------------------|---------------------|---|-------------------|-------------------|
| | | <u>Less Than 1</u> | <u>1-5</u> | <u>6-10</u> |
| Corporate bonds | \$ 336,659 | \$ 74,942 | \$ 239,565 | \$ 22,152 |
| Federal agency securities | 141,830 | 24,988 | 101,792 | 15,050 |
| Fixed income mutual funds | <u>587,857</u> | <u>-</u> | <u>-</u> | <u>587,857</u> |
| U.S. Treasury notes | <u>373,262</u> | <u>-</u> | <u>210,221</u> | <u>163,041</u> |
| Total | <u>\$ 1,439,608</u> | <u>\$ 99,930</u> | <u>\$ 551,578</u> | <u>\$ 788,100</u> |

Foreign Currency Risk

Foreign currency risk is the risk that changes in foreign exchange rates will adversely affect the fair value of an investment. The OPEB Trust Fund does not have formal investment policies related to foreign currency risk.

At June 30, 2022, none of the OPEB Trust Fund's investments were exposed to foreign currency risk.

Fair Value

The OPEB Trust Fund has the following fair value measurements as of June 30, 2022:

| <u>Investment Type</u> | <u>Amount</u> | <u>Fair Value Measurements Using:</u> | | |
|----------------------------------|---------------------|---|---|---|
| | | Quoted prices in active markets for identical assets <u>(Level 1)</u> | Significant observable inputs <u>(Level 2)</u> | Significant unobservable inputs <u>(Level 3)</u> |
| Investments by fair value level: | | | | |
| Corporate bonds | \$ 336,659 | \$ - | \$ 336,659 | \$ - |
| Corporate equities | 3,006,136 | 3,006,136 | - | - |
| Equity mutual funds | 1,118,462 | 1,118,462 | - | - |
| Federal agency securities | 141,830 | - | 141,830 | - |
| Fixed income mutual funds | 587,857 | - | 587,857 | - |
| U.S. Treasury notes | <u>373,262</u> | <u>373,262</u> | <u>-</u> | <u>-</u> |
| Total | <u>\$ 5,564,206</u> | <u>\$ 4,497,860</u> | <u>\$ 1,066,346</u> | <u>\$ -</u> |

Equity securities classified in Level 1 are valued using prices quoted in active markets for those securities.

Debt securities classified in Level 2 are valued using either a bid evaluation or a matrix pricing technique. Bid evaluations may include market quotations, yields, maturities, call features, and ratings. Matrix pricing is used to value securities based on the securities relationship to benchmark quote prices. Level 2 debt securities have non-proprietary information that is readily available to market participants, from multiple independent sources, which are known to be actively involved in the market.

5. Property Taxes and Excises Receivable

Real and personal property taxes are based on market values assessed as of each January 1. By law, all taxable property must be assessed at 100% of fair cash value. Also by law, property taxes must be levied at least 30 days prior to their due date. Once levied, these taxes are recorded as receivables, net of estimated uncollectible balances. Property tax revenues have been recorded using the accrual and modified accrual basis of accounting on the government-wide and fund basis statements, respectively.

The Town bills and collects its property taxes on a quarterly basis following the January 1 assessment. The due dates for those quarterly tax billings are August 1, November 1, February 1, and May 1. Property taxes that remain unpaid after the respective due dates are subject to penalties and interest charges.

Based on the Town’s experience, most property taxes are collected during the year in which they are assessed. Liening of properties on which taxes remain unpaid generally occurs annually. The Town ultimately has the right to foreclose on all properties where the taxes remain unpaid.

A statewide property tax limitation known as “Proposition 2 ½” limits the amount of increase in the property tax levy in any fiscal year. Generally, Proposition 2 ½ limits the total levy to an amount not greater than 2 ½% of the total assessed value of all taxable property within the Town. Secondly, the tax levy cannot increase by more than 2 1/2 % of the prior year’s levy plus the taxes on property newly added to the tax rolls. The actual fiscal year 2022 tax levy reflected an excess capacity of \$21,617.

Motor vehicle excise taxes are assessed annually for every motor vehicle and trailer registered in the Commonwealth of Massachusetts. The Registry of Motor Vehicles annually calculates the value of all registered motor vehicles for the purpose of excise assessment. The amount of motor vehicle excise tax due is calculated using a fixed rate of \$25 per \$1,000 of value.

Boat excise taxes are assessed annually for all water vessels, including documented boats and ships, used or capable of being used for transportation on water. A boat excise is assessed by the community where the vessel is moored. July 1 is the assessing date for all vessels, and the boat excise due is calculated using a fixed rate of \$10 per \$1,000 of value.

Property taxes and excise receivables at June 30, 2022 consisted of the following (in thousands):

| | Gross Amount <u>(fund basis)</u> | Allowance for Doubtful <u>Accounts</u> | Current <u>Portion</u> | Long- Term <u>Portion</u> |
|-------------------------|--|--|---------------------------|---------------------------------|
| Real estate taxes | \$ 482 | \$ (48) | \$ 434 | \$ - |
| Personal property taxes | 59 | (25) | 34 | - |
| Tax liens | 855 | (85) | - | 770 |
| Deferred taxes | <u>296</u> | <u>-</u> | <u>296</u> | <u>-</u> |
| Total property taxes | <u>\$ 1,692</u> | <u>\$ (158)</u> | <u>\$ 764</u> | <u>\$ 770</u> |
| Motor vehicle excise | \$ 288 | \$ (106) | \$ 182 | |
| Boat excise | <u>4</u> | <u>-</u> | <u>4</u> | |
| Total excises | <u>\$ 292</u> | <u>\$ (106)</u> | <u>\$ 186</u> | |

6. User Fees Receivable

Receivables for user charges and betterments at June 30, 2022 consisted of the following:

| | |
|--------------------|-------------------|
| Billed user fees | \$ 116,673 |
| Unbilled user fees | <u>583,970</u> |
| Total user fees | <u>\$ 700,643</u> |

Management estimates that there are no uncollectible user fees. Therefore, no allowance for doubtful accounts is included.

7. Intergovernmental Receivables

This balance represents reimbursements requested from federal and state agencies for expenditures incurred in fiscal year 2022.

8. Interfund Transfers

The Town reports interfund transfers between various funds. Most transfers result from budgetary or statutory actions, whereby funds are moved to accomplish various expenditure purposes. Major interfund transfers for the year ended June 30, 2022 are as follows:

| <u>Governmental Funds</u> | <u>Transfers In</u> | <u>Transfers Out</u> |
|--------------------------------------|---------------------|----------------------|
| General Fund | \$ 40,000 | \$ - |
| Community Preservation Fund | - | (100,000) |
| Nonmajor Governmental Funds: | | |
| Community Housing Trust | 100,000 | |
| Special Revenue Fund | | <u>(40,000)</u> |
| Subtotal Nonmajor Governmental Funds | <u>100,000</u> | <u>(40,000)</u> |
| Total | <u>\$ 140,000</u> | <u>\$ (140,000)</u> |

The transfer into the General Fund was from the Town Revolving Fund as follows: \$25,000 from the sale of lots, \$12,500 from waterways, and \$2,500 from wetland protection. The Town's other routine transfers include transfers made to move (1) unrestricted revenues or balances that have been collected or accumulated in the General Fund to other funds based on budgetary authorization, and (2) revenues from a fund that by statute or budgetary authority must collect them to funds that are required by statute or budgetary authority to expend them.

9. Capital Assets

Capital asset activity for the year ended June 30, 2022 was as follows (in thousands):

| | Beginning <u>Balance</u> | <u>Increases</u> | <u>Decreases</u> | Ending <u>Balance</u> |
|--|-----------------------------|------------------|--------------------|--------------------------|
| Governmental Activities | | | | |
| Capital Assets, Being Depreciated: | | | | |
| Buildings and improvements | \$ 78,190 | \$ 13,713 | \$ - | \$ 91,903 |
| Machinery, equipment, and furnishings | 14,174 | 352 | (62) | 14,464 |
| Infrastructure | <u>37,708</u> | <u>12</u> | <u>-</u> | <u>37,720</u> |
| Total Capital Assets, Being Depreciated | 130,072 | 14,077 | (62) | 144,087 |
| Less Accumulated Depreciation For: | | | | |
| Buildings and improvements | (35,928) | (1,489) | - | (37,417) |
| Machinery, equipment, and furnishings | (9,231) | (834) | 62 | (10,003) |
| Infrastructure | <u>(22,570)</u> | <u>(1,117)</u> | <u>-</u> | <u>(23,687)</u> |
| Total Accumulated Depreciation | <u>(67,729)</u> | <u>(3,440)</u> | <u>62</u> | <u>(71,107)</u> |
| Capital Assets, Being Depreciated, Net | 62,343 | 10,637 | - | 72,980 |
| Capital Assets, Not Being Depreciated: | | | | |
| Land | 34,195 | - | - | 34,195 |
| Construction in progress (CIP) | <u>15,910</u> | <u>-</u> | <u>(13,724)</u> | <u>2,186</u> |
| Total Capital Assets, Not Being Depreciated | <u>50,105</u> | <u>-</u> | <u>(13,724)</u> | <u>36,381</u> |
| Governmental Activities Capital Assets, Net | <u>\$ 112,448</u> | <u>\$ 10,637</u> | <u>\$ (13,724)</u> | <u>\$ 109,361</u> |
| | | | | |
| | Beginning <u>Balance</u> | <u>Increases</u> | <u>Decreases</u> | Ending <u>Balance</u> |
| Business-Type Activities | | | | |
| Capital Assets, Being Depreciated: | | | | |
| Buildings and improvements | \$ 7,571 | \$ - | \$ - | \$ 7,571 |
| Machinery, equipment, and furnishings | 1,839 | - | - | 1,839 |
| Infrastructure | <u>11,882</u> | <u>155</u> | <u>-</u> | <u>12,037</u> |
| Total Capital Assets, Being Depreciated | 21,292 | 155 | - | 21,447 |
| Less Accumulated Depreciation For: | | | | |
| Buildings and improvements | (4,238) | (146) | - | (4,384) |
| Machinery, equipment, and furnishings | (1,690) | (38) | - | (1,728) |
| Infrastructure | <u>(5,960)</u> | <u>(208)</u> | <u>-</u> | <u>(6,168)</u> |
| Total Accumulated Depreciation | <u>(11,888)</u> | <u>(392)</u> | <u>-</u> | <u>(12,280)</u> |
| Capital Assets, Being Depreciated, Net | 9,404 | (237) | - | 9,167 |
| Capital Assets, Not Being Depreciated: | | | | |
| Land | <u>828</u> | <u>-</u> | <u>-</u> | <u>828</u> |
| Total Capital Assets, Not Being Depreciated | <u>828</u> | <u>-</u> | <u>-</u> | <u>828</u> |
| Business-Type Activities Capital Assets, Net | <u>\$ 10,232</u> | <u>\$ (237)</u> | <u>\$ -</u> | <u>\$ 9,995</u> |

Depreciation expense was charged to functions of the Town as follows (in thousands):

| Governmental Activities | |
|-------------------------------------|-----------------|
| General government | \$ 406 |
| Public safety | 560 |
| Education | 1,239 |
| Public works | 1,115 |
| Health and human services | 28 |
| Culture and recreation | <u>92</u> |
| Total Governmental Activities | \$ <u>3,440</u> |
| Business-Type Activities | |
| Water | \$ <u>392</u> |

10. Deferred Outflows of Resources

Deferred outflows of resources represent the consumption of net assets by the Town that apply to future reporting periods. Deferred outflows of resources have a positive effect on net position, similar to assets. Deferred outflows of resources related to pension and OPEB, in accordance with GASB Statements No. 68 and 75, are more fully discussed in the corresponding pension and OPEB notes.

11. Tax Refunds Payable

This balance consists of an estimate of refunds due to property taxpayers for potential abatements. These cases are currently pending with the State of Massachusetts Appellate Tax Board.

12. Unearned Revenue

Unearned revenue represents grant funds received by the Town from the American Rescue Plan Act (ARPA). These funds will be used for COVID-19 related expenditures or negative economic impacts of COVID-19 over the next several years.

13. Long-Term Debt

General Obligation Bonds and Loans

The Town issues general obligation bonds (including direct placements) and direct borrowings to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities. General obligation bonds and direct borrowings outstanding are as follows:

Governmental Activities

| | Original Issue | Serial Maturities Through | Interest Rate(s) % | Amount Outstanding as of 6/30/22 |
|----------------------------------|-------------------|---------------------------------|-----------------------|---|
| <u>General Obligation Bonds</u> | | | | |
| Public offerings: | | | | |
| School | \$ 300,000 | 11/15/22 | 3.45% | \$ 15,000 |
| School | 17,300,000 | 11/15/22 | 5.70% | 865,000 |
| Refunding | 6,975,000 | 02/15/25 | 1.25% | 1,505,000 |
| General Obligation Bond of 2014 | 7,322,000 | 03/15/34 | 2.75% | 3,620,000 |
| General Obligation Bond of 2016 | 3,800,000 | 06/30/31 | 2.00% | 1,980,000 |
| Road and Parking Lot Improvement | 1,440,000 | 03/01/28 | 2.21% | 860,000 |
| Library Construction | 6,020,000 | 11/15/35 | 1.70% | 5,410,000 |
| General Obligation Bond of 2022 | 8,110,000 | 10/15/28 | 5.00% | <u>8,110,000</u> |
| Total general obligation bonds | | | | 22,365,000 |
| <u>Loans - Direct Borrowings</u> | | | | |
| MWPAT - Title V - Pool 8 | \$ 55,466 | 08/01/22 | 0.00% | 3,143 |
| MWPAT - Title V - Pool 13 | 69,826 | 07/15/27 | 0.00% | 20,952 |
| MWPAT - Title V - Pool 17 | 17,620 | 07/15/33 | 0.00% | <u>9,688</u> |
| Total loans - direct borrowings | | | | <u>33,783</u> |
| Total Governmental Activities | | | | <u>\$ 22,398,783</u> |

Business-Type Activities

| | Original Issue | Serial Maturities Through | Interest Rate(s) % | Amount Outstanding as of 6/30/22 |
|---------------------------------|-------------------|---------------------------------|-----------------------|---|
| <u>General Obligation Bonds</u> | | | | |
| Public offerings: | | | | |
| Water Mains | \$ 1,250,000 | 03/15/34 | 2.74% | \$ <u>730,000</u> |
| Total general obligation bonds | | | | <u>730,000</u> |
| Total Business-Type Activities | | | | <u>\$ 730,000</u> |

Future Debt Service

The annual payments to retire all general obligation bonds and loans as of June 30, 2022 are as follows:

| Governmental Activities | <u>Bonds - Public Offerings</u> | | <u>Loans - Direct Borrowings</u> | |
|------------------------------------|---------------------------------|---------------------|----------------------------------|-----------------|
| | <u>Principal</u> | <u>Interest</u> | <u>Principal</u> | <u>Interest</u> |
| 2023 | \$ 2,845,000 | \$ 734,104 | \$ 7,516 | \$ - |
| 2024 | 1,965,000 | 590,642 | 4,373 | - |
| 2025 | 1,935,000 | 522,007 | 4,373 | - |
| 2026 | 1,450,000 | 453,977 | 4,373 | - |
| 2027 | 1,440,000 | 392,915 | 4,373 | - |
| 2028 - 2032 | 6,070,000 | 1,205,215 | 7,894 | - |
| 2033 - 2037 | 4,110,000 | 474,900 | 881 | - |
| 2038 - 2042 | <u>2,550,000</u> | <u>116,033</u> | <u>-</u> | <u>-</u> |
| Total | \$ <u>22,365,000</u> | \$ <u>4,489,793</u> | \$ <u>33,783</u> | \$ <u>-</u> |

| Business-Type Activities | <u>Bonds - Public Offerings</u> | |
|-------------------------------------|---------------------------------|-------------------|
| | <u>Principal</u> | <u>Interest</u> |
| 2023 | \$ 65,000 | \$ 23,850 |
| 2024 | 65,000 | 21,900 |
| 2025 | 60,000 | 19,950 |
| 2026 | 60,000 | 18,150 |
| 2027 | 60,000 | 16,200 |
| 2028 - 2032 | 300,000 | 51,600 |
| 2033 - 2037 | <u>120,000</u> | <u>6,300</u> |
| Total | \$ <u>730,000</u> | \$ <u>157,950</u> |

Changes in Long-Term Liabilities

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

| | Beginning Balance | Additions | Reductions | Ending Balance | Less Current Portion | Equals Long-Term Portion |
|-----------------------------------|----------------------|-----------------|--------------------|-------------------|----------------------------|--------------------------------|
| Governmental Activities | | | | | | |
| Bonds payable: | | | | | | |
| Public offerings | \$ 16,640 | \$ 8,110 | \$ (2,385) | \$ 22,365 | \$ (2,845) | \$ 19,520 |
| Loans payable (direct borrowings) | 42 | - | (8) | 34 | (8) | 26 |
| Unamortized premium | 460 | 502 | (24) | 938 | (49) | 889 |
| Subtotal | 17,142 | 8,612 | (2,417) | 23,337 | (2,902) | 20,435 |
| Compensated absences | 2,955 | 147 | (169) | 2,933 | (147) | 2,786 |
| Net pension liability | 19,632 | - | (3,073) | 16,559 | - | 16,559 |
| Net OPEB liability | 41,904 | - | (5,683) | 36,221 | - | 36,221 |
| Total | \$ <u>81,633</u> | \$ <u>8,759</u> | \$ <u>(11,342)</u> | \$ <u>79,050</u> | \$ <u>(3,049)</u> | \$ <u>76,001</u> |
| Business-Type Activities | | | | | | |
| Bonds payable: | | | | | | |
| Public offerings | \$ 795 | \$ - | \$ (65) | \$ 730 | \$ (65) | \$ 665 |
| Compensated absences | 98 | - | (34) | 64 | (3) | 61 |
| Net pension liability | 904 | - | (142) | 762 | - | 762 |
| Net OPEB liability | 1,929 | - | (262) | 1,667 | - | 1,667 |
| Total | \$ <u>3,726</u> | \$ <u>-</u> | \$ <u>(503)</u> | \$ <u>3,223</u> | \$ <u>(68)</u> | \$ <u>3,155</u> |

Long-Term Debt Supporting Governmental and Business-Type Activities

Bonds and loans issued by the Town for various municipal projects are approved by Town Meeting and repaid with revenues recorded in the General Fund and user fees recorded in the enterprise fund. All other long-term debt is repaid from the funds that the cost relates to, primarily the General Fund and the enterprise fund.

14. Deferred Inflows of Resources

Deferred inflows of resources are the acquisition of net assets by the Town that apply to future reporting periods. Deferred inflows of resources have a negative effect on net position, similar to liabilities. Deferred inflows of resources related to pension and OPEB, in accordance with GASB Statements No. 68 and 75, will be recognized as expense in future years and is more fully described in the corresponding pension and OPEB notes. Deferred inflows related to leases will be recognized as revenue over the lease term. *Unavailable revenues* are reported in the governmental funds balance sheet in connection with receivables for which revenues are not considered available to liquidate liabilities of the current year.

15. Governmental Funds – Fund Balances

The Town's fund balances at June 30, 2022 are comprised of the following:

| | General Fund | Community Preservation Fund | Highway, Roads, Trees, and Building Fund | Nonmajor Governmental Funds | Total Governmental Funds |
|---------------------------------------|-----------------|-----------------------------------|--|-----------------------------------|--------------------------------|
| Nonspendable | | | | | |
| Permanent funds | \$ - | \$ - | \$ - | \$ 600,806 | \$ 600,806 |
| Total Nonspendable | - | - | - | 600,806 | 600,806 |
| Restricted | | | | | |
| Bonded projects | - | - | 5,132,412 | 941,569 | 6,073,981 |
| Special revenue funds: | | | | | |
| Town revolving funds | - | - | - | 2,088,189 | 2,088,189 |
| School grant | - | - | - | 580,757 | 580,757 |
| Conservation | - | - | - | 522,506 | 522,506 |
| Community housing | - | - | - | 733,038 | 733,038 |
| Town grant | - | - | - | 206,235 | 206,235 |
| School lunch | - | - | - | 728,913 | 728,913 |
| Reserve for excluded debt | 241,659 | - | - | - | 241,659 |
| Community preservation | - | 6,736,036 | - | - | 6,736,036 |
| Permanent funds | - | - | - | 479,228 | 479,228 |
| Total Restricted | 241,659 | 6,736,036 | 5,132,412 | 6,280,435 | 18,390,542 |
| Committed | | | | | |
| For continuing appropriations: | | | | | |
| General government | 583,530 | - | - | - | 583,530 |
| Public safety | 30,784 | - | - | - | 30,784 |
| Education | 193,737 | - | - | - | 193,737 |
| Public works | 1,071,346 | - | - | - | 1,071,346 |
| Health and human services | 87,836 | - | - | - | 87,836 |
| Capital stabilization* | 2,187,613 | - | - | - | 2,187,613 |
| Athletic field stabilization* | 557,427 | - | - | - | 557,427 |
| Special education stabilization* | 402,959 | - | - | - | 402,959 |
| For capital expenditures | 1,821,000 | - | - | - | 1,821,000 |
| OPEB | 200,000 | - | - | - | 200,000 |
| Total Committed | 7,136,232 | - | - | - | 7,136,232 |
| Assigned | | | | | |
| General government | 4,850 | - | - | - | 4,850 |
| Public safety | 2,216 | - | - | - | 2,216 |
| Education | 78,181 | - | - | - | 78,181 |
| Public works | 875 | - | - | - | 875 |
| Health and human services | 190 | - | - | - | 190 |
| Culture and recreation | 150 | - | - | - | 150 |
| Total Assigned | 86,462 | - | - | - | 86,462 |
| Unassigned | | | | | |
| General Fund | 7,085,887 | - | - | - | 7,085,887 |
| General stabilization | 2,675,610 | - | - | - | 2,675,610 |
| Deficit funds | - | - | - | (67,034) | (67,034) |
| Total Unassigned | 9,761,497 | - | - | (67,034) | 9,694,463 |
| Total Fund Balances | \$ 17,225,850 | \$ 6,736,036 | \$ 5,132,412 | \$ 6,814,207 | \$ 35,908,505 |

* Massachusetts General Law Ch. 40 §5B allows for the establishment of stabilization funds for one or more different purposes. The creation of a fund requires two-thirds vote of the legislative body and must clearly define the purpose of the fund. Any change to the purpose of the fund, along with any additions to or appropriations from the fund, requires a two-thirds vote of the legislative body.

16. Restricted Net Position

The Town's restricted net position at June 30, 2022 are comprised of the following:

| <u>Purpose</u> | <u>Governmental Activities</u> |
|-------------------------------|------------------------------------|
| Town revolving funds | \$ 2,088,189 |
| School grants | 580,757 |
| Conservation | 522,506 |
| Community housing | 733,038 |
| Town grants | 206,235 |
| School lunch | 728,913 |
| Nonexpendable permanent funds | 600,806 |
| Expendable permanent funds | <u>479,228</u> |
| Total | \$ <u>5,939,672</u> |

17. Plymouth County Retirement System

The Town follows the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, with respect to employees' retirement funds.

Plan Description

Substantially all employees of the Town (except teachers and administrators under contract employed by the School Department) are members of the Plymouth County Contributory Retirement System (the System), a cost-sharing, multiple-employer, public employee retirement system (PERS). Eligible employees must participate in the System. The System provides pension benefits, deferred allowances, and death and disability benefits. Chapter 32 of Massachusetts General Laws establishes the authority of the System, contribution percentages and benefits paid. The System Retirement Board does not have the authority to amend benefit provisions. Additional information is disclosed in the System's annual financial reports publicly available from the System located at 10 Cordage Park Circle, Suite 234, Plymouth, Massachusetts 02360.

Participant Contributions

Participants contribute a set percentage of their gross regular compensation annually. Employee contribution percentages are specified in Chapter 32 of Massachusetts General Laws. The employee's individual contribution percentage is determined by their date of entry into the System. In addition, all employees hired on or after January 1, 1979 contribute an additional 2% on all gross regular compensation over the rate of \$30,000 per year. The percentages are as follows:

| | |
|-------------------------------------|----|
| Before January 1, 1975 | 5% |
| January 1, 1975 - December 31, 1983 | 7% |
| January 1, 1984 - June 30, 1996 | 8% |
| Beginning July 1, 1996 | 9% |

For those members entering the System on or after April 2, 2012 in Group 1, the contribution rate will be reduced to 6% when at least 30 years of creditable service has been attained.

Participant Retirement Benefits

A retirement allowance consists of two parts: an annuity and a pension. A member’s accumulated total deductions and a portion of the interest they generate constitute the annuity. The difference between the total retirement allowance and the annuity is the pension. The average retirement benefit is approximately 80-85% pension and 15-20% annuity.

The System provides for retirement allowance benefits up to a maximum of 80% of a member’s highest 3-year average annual rate of regular compensation for those hired prior to April 2, 2012 and the highest 5-year average annual rate of regular compensation for those first becoming members of the System on or after that date. However, per Chapter 176 of the Acts of 2011, for members who retire on or after April 2, 2012, if in the 5 years of creditable service immediately preceding retirement, the difference in the annual rate of regular compensation between any 2 consecutive years exceeds 100%, the normal yearly amount of the retirement allowance shall be based on the average annual rate of regular compensation received by the member during the period of 5 consecutive years preceding retirement. Benefit payments are based upon a member’s age, length of creditable service, level of compensation, and group classification.

There are four classes of membership in the retirement system, but one of these classes, Group 3, is made up exclusively of the Massachusetts State Police. The other three classes are as follows:

- Group 1 – General employees, including clerical, administrative, technical, and all other employees not otherwise classified.
- Group 2 – Certain specified hazardous duty positions.
- Group 4 – Police officers, firefighters, and other specified hazardous positions.

A retirement allowance may be received at any age, upon attaining 20 years of service. The plan also provides for retirement at age 55 if the participant was a member prior to January 1, 1978, with no minimum vesting requirements. If the participant was a member on or after January 1, 1978 and a member of Groups 1 or 2, then a retirement allowance may be received if the participant (1) has at least 10 years of creditable service, (2) is age 55, (3) voluntarily left Town employment on or after that date, and (4) left accumulated annuity deductions in the fund. Members of Group 4 have no minimum vesting requirements, however, must be at least age 55. Groups 2 and 4 require that participants perform the duties of the Group position for at least 12 months immediately prior to retirement.

A participant who became a member on or after April 2, 2012 is eligible for a retirement allowance upon 10 years creditable service and reaching ages 60 or 55 for Groups 1 and 2, respectively. Participants in Group 4 must be at least age 55. Groups 2 and 4 require that participants perform the duties of the group position for at least 12 months immediately prior to retirement.

Methods of Payment

A member may elect to receive his or her retirement allowance in one of three forms of payment as follows:

- Option A – Total annual allowance, payable in monthly installments, commencing at retirement and terminating at the member’s death.
- Option B – A reduced annual allowance, payable in monthly installments, commencing at retirement and terminating at the death of the member, provided however, that if the total amount of the annuity portion received by the member is less than the amount of his or her accumulated deductions, including interest, the difference or balance of his accumulated deductions will be paid in a lump sum to the retiree’s beneficiary or beneficiaries of choice.
- Option C – A reduced annual allowance, payable in monthly installments, commencing at retirement. At the death of the retired employee, 2/3 of the allowance is payable to the member’s designated beneficiary (who may be the spouse, or former spouse who has not remarried, child, parent, sister, or brother of the employee) for the life of the beneficiary. For members who retired on or after January 12, 1988, if the beneficiary pre-deceases the retiree, the benefit payable increases (or “pops up” to Option A) based on the factor used to determine the Option C benefit at retirement. For members who retired prior to January 12, 1988, if the System has accepted Section 288 of Chapter 194 of the Acts of 1998 and the beneficiary pre-deceases the retiree, the benefit payable “pops up” to Option A in the same fashion. The Option C became available to accidental disability retirees on November 7, 1996.

Participant Refunds

Employees who resign from service and who are not eligible to receive a retirement allowance are entitled to request a refund of their accumulated total deductions. Members voluntarily withdrawing with at least 10 years of service or involuntarily withdrawing, receive 100% of the regular interest that has accrued on those accumulated total deductions. Members voluntarily withdrawing with less than 10 years of service get credited interest each year at a rate of 3%.

Employer Contributions

Employers are required to contribute at actuarially determined rates as accepted by the Public Employee Retirement Administration Commission (PERAC).

The Town’s contribution to the System for the year ended June 30, 2022 was \$3,089,469, which was equal to its annual required contribution.

Summary of Significant Accounting Policies

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 the System and additions to/deductions from System’s fiduciary net position have been determined on the same basis as they are reported by System. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension

At June 30, 2022, the Town reported a liability of \$17,320,672 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2022. 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 employers, actuarially determined. At December 31, 2021, the Town’s proportion was 3.703%, an increase of 0.199% from its proportion measured as of December 31, 2020.

For the year ended June 30, 2022, the Town recognized pension expense of \$1,980,846. In addition, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of <u>Resources</u> | Deferred Inflows of <u>Resources</u> |
|--|---|--|
| Differences between expected and actual experience | \$ 1,921,013 | \$ - |
| Changes of assumptions | 58,842 | - |
| Net difference between projected and actual earnings on pension plan investments | - | 4,752,526 |
| Changes in proportion and differences between contributions and proportionate share of contributions | <u>598,737</u> | <u>45,806</u> |
| Total | <u>\$ 2,578,592</u> | <u>\$ 4,798,332</u> |

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as increases (decreases) in pension expense as follows:

| <u>Year ended June 30:</u> | |
|----------------------------|-----------------------|
| 2023 | \$ 403,378 |
| 2024 | (1,261,017) |
| 2025 | (731,262) |
| 2026 | <u>(630,839)</u> |
| Total | \$ <u>(2,219,740)</u> |

Actuarial Assumptions

The total pension in the latest actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement date of December 31, 2021:

| | |
|---|-------------------------------|
| Valuation date | January 1, 2022 |
| Actuarial cost method | Entry Age |
| Actuarial assumptions: | |
| Investment rate of return | 7.88% |
| Projected salary increases | 3.75% |
| Post-retirement cost-of-living adjustment | 3.00%, for the first \$16,000 |

It is assumed that both pre-retirement mortality and beneficiary mortality is represented by the RP-2014 Blue Collar Mortality with Scale MP-2016, fully generational. Mortality for retired members for Group 1 and 2 is represented by the RP-2014 Blue Collar Mortality Table set forward 5 years for males and 3 years for females, fully generational. Mortality for retired members for Group 4 is represented by the RP-2014 Blue Collar Mortality Table set forward 3 years for males, and 6 years for females, fully generational. Mortality for disabled members for Group 1 and 2 is represented by the RP-2000 Mortality Table set forward 6 years. Mortality for disabled members for Group 4 is represented by the RP-2000 Mortality Table set forward 2 years. Generational adjusting is based on Scale MP-2016.

The actuarial assumptions used in the January 1, 2022 valuation were based on the results of the 2015 Experience Study.

Target Allocations

The long-term expected rate of return on pension plan investments was selected from a best estimate range determined using the building block approach. Under this method, an expected future real return range (expected returns, net of pension plan investment expense and inflation) is calculated separately for each asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return net of investment expenses by the target asset allocation percentage and by adding expected inflation. The target

allocation and best estimates of arithmetic real rates of return for each major class are summarized in the following table:

| <u>Asset Class</u> | <u>Target Asset Allocation</u> | <u>Long-term Expected Real Rate of Return</u> |
|--------------------------------|--------------------------------|---|
| Domestic equity | 23.00% | 6.80% |
| International developed equity | 3.00% | 7.50% |
| Emerging markets equity | 9.00% | 4.60% |
| Global equity | 11.00% | 7.20% |
| Core bonds | 10.00% | 2.40% |
| Value-added fixed income | 7.00% | 4.00% |
| Hedge funds | 7.00% | 4.40% |
| Real estate | 10.00% | 7.40% |
| Private equity | 12.00% | 7.30% |
| Real assets | 6.00% | 7.70% |
| Cash and Cash Equivalent | <u>2.00%</u> | 1.70% |
| Total | <u>100.00%</u> | |

Discount Rate

The discount rate used to measure the total pension liability was 7.875%. The projection of cash flows used to determine the discount rate assumed that the plan member contributions will be made at the current contribution rate and that employer contributions will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments to current active and inactive 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 Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Town’s proportionate share of the net pension liability calculated using the discount rate of 7.875%, as well as what the Town’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate:

| 1% Decrease <u>(6.875%)</u> | Current Discount Rate <u>(7.875%)</u> | 1% Increase <u>(8.875%)</u> |
|--------------------------------|--|--------------------------------|
| \$24,546,226 | \$ 17,320,672 | \$ 11,161,726 |

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued System financial report.

18. Massachusetts Teachers' Retirement System (MTRS)

Plan Description

The Massachusetts Teachers' Retirement System (MTRS) is a public employee retirement system (PERS) that administers a cost-sharing, multi-employer, defined benefit plan, as defined in Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans*. MTRS is managed by the Commonwealth of Massachusetts on behalf of municipal teachers and municipal teacher retirees. The Commonwealth of Massachusetts is a nonemployer contributor and is responsible for all 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 does not issue a stand-alone audited financial report.

Management of MTRS is vested in the Massachusetts Teachers' Retirement Board (MTRB), which consists of seven members—two elected by the MTRS members, one who is chosen by the six other MTRB members, the State Treasurer (or their designee), the State Auditor (or their designee), a member appointed by the Governor, and the Commissioner of Education (or their designee), who serves ex-officio as the Chairman of the MTRB.

Benefits Provided

MTRS provides retirement, disability, survivor, and death benefits to members and their beneficiaries. Massachusetts General Laws (MGL) establishes uniform benefit and contribution requirements for all contributory PERS. These requirements provide for superannuation retirement allowance benefits up to a maximum of 80% of a member's highest 3-year average annual rate of regular compensation. For employees hired after April 1, 2012, retirement allowances are calculated on the basis of the last 5 years or any 5 consecutive years, whichever is greater in terms of compensation. Benefit payments are based upon a member's age, length of creditable service, and group creditable service, and group classification. The authority for amending these provisions rests with the Legislature.

Members become vested after 10 years of creditable service. A superannuation retirement allowance may be received upon the completion of 20 years of creditable service or upon reaching the age of 55 with 10 years of service. Normal retirement for most employees occurs at age 65. Most employees who joined the system after April 1, 2012 cannot retire prior to age 60.

The MTRS' funding policies have been established by Chapter 32 of the MGL. The Legislature has the authority to amend these policies. The annuity portion of the MTRS retirement allowance is funded by employees, who contribute a percentage of their regular compensation. Costs of administering the plan are funded out of plan assets.

Contributions

Member contributions for MTRS vary depending on the most recent date of membership:

| <u>Membership Date</u> | <u>% of Compensation</u> |
|------------------------|---|
| Prior to 1975 | 5% of regular compensation |
| 1975 to 1983 | 7% of regular compensation |
| 1984 to 6/30/1996 | 8% of regular compensation |
| 7/1/1996 to present | 9% of regular compensation |
| 7/1/2001 to present | 11% of regular compensation (for teachers hired after 7/1/01 and those accepting provisions of Chapter 114 of the Acts of 2000) |
| 1979 to present | An additional 2% of regular compensation in excess of \$30,000 |

In addition, members who join MTRS on or after April 2, 2012 will have their withholding rates reduced to 8% for those participating in retirement, otherwise the withholdings are reduced to 6% plus 2% on earnings over \$30,000 a year after achieving 30 years of creditable service.

Actuarial Assumptions

The net pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of January 1, 2021 rolled forward to June 30, 2021. This valuation used the following assumptions:

- (a) 7.00% (changed from 7.15%) investment rate of return, (b) 3.50% interest rate credited to the annuity savings fund and (c) 3.00% cost of living increase on the first \$13,000 per year.
- Salary increases are based on analyses of past experience but range from 4.00% to 7.50% depending on length of service.
- Experience study is dated July 21, 2014 and encompasses the period January 1, 2006 to December 31, 2011, updated to reflect post-mortality from 2012 – 2020.
- Mortality rates were as follows:
 - Pre-retirement – reflects Pub-2010 Teachers Employees mortality table (headcount weighted) projected generationally with Scale MP-2020 (gender distinct).
 - Post-retirement – reflects Pub-2010 Teachers Retirees mortality table (headcount weighted) projected generationally with Scale MP-2020 (gender distinct).
 - Disability – assumed to be in accordance with the Pub-2010 Teachers Retirees Mortality Table (headcount weighted) projected generationally with Scale MP-2020 (gender distinct).

Target Allocations

Investment assets of the MTRS are with the Pension Reserves Investment Trust (PRIT) Fund. 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 rates of return 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 rates of return by the target asset allocation percentage. Best estimates of geometric rates of return for each major asset class included in the PRIT Fund's target asset allocation as of June 30, 2021 are summarized in the following table:

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|---------------------------------|--------------------------|---|
| Global equity | 39.00% | 4.80% |
| Core fixed income | 15.00% | 0.30% |
| Private equity | 13.00% | 7.80% |
| Portfolio completion strategies | 11.00% | 2.90% |
| Real estate | 10.00% | 3.70% |
| Value added fixed income | 8.00% | 3.90% |
| Timber/natural resources | <u>4.00%</u> | 4.30% |
| Total | <u>100.00%</u> | |

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the Commonwealth of Massachusetts' contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rates. Based on those assumptions, the 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 Analysis

The following illustrates the sensitivity of the collective net pension liability to changes in the discount rate. In particular, the table presents the MTRS collective net pension liability assuming it was calculated using a single discount rate that is one-percentage-point lower or one-percentage-point higher than the current discount rate:

| 1% Decrease <u>(6.00%)</u> | Current Discount Rate <u>(7.00%)</u> | 1% Increase <u>(8.00%)</u> |
|----------------------------------|---|----------------------------------|
| \$ 29,687,706 | \$ 22,706,876 | \$ 16,882,184 |

Special Funding Situation

The Commonwealth of Massachusetts is a nonemployer contributor and is required by statute to make all actuarial determined employer contributions on behalf of the member employers. Therefore, these employers are considered to be in a special funding situation as defined by

Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions* (GASB 68) and the Commonwealth of Massachusetts is a nonemployer contributing entity in MTRS. Since the employers do not contribute directly to MTRS, there is no net pension liability to recognize for each employer.

Town Proportions

In fiscal year 2021 (the most recent measurement period), the Town's proportionate share of the MTRS' collective net pension liability was \$59,467,899 based on a proportionate share of 0.261894%. As required by GASB 68, the Town has recognized its portion of the Commonwealth of Massachusetts' contribution of \$4,579,168 as both a revenue and expenditure on the Statement of Revenues, Expenditures, and Changes in Fund Balance, and its portion of the collective pension expense of \$4,772,051 as both a revenue and expense on the Statement of Activities.

19. Other Post-Employment Benefits

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB)*, replaces the requirements of GASB Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. This applies if a trust fund has been established to fund future OPEB costs. In fiscal year 2009, the Town established a single-employer defined benefit OPEB Trust Fund to provide funding for future employee health care costs. The OPEB Trust Fund does not issue a stand-alone financial report.

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. This statement identifies the methods and assumptions that are required to be used to project benefit payments, discounted projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

All the following OPEB disclosures are based on a measurement date of June 30, 2022.

General Information about the OPEB Plan

Plan Description

The Town provides post-employment healthcare benefits for retired employees through the Town's plan. The Town provides health insurance coverage through Medex2, Fallon Health Select, Network Blue, BCBS Blue Care Elect PPO, and UniCare State Indemnity. The benefits, benefit levels, employee contributions, and employer contributions are governed by Chapter 32 of Massachusetts General Laws.

Benefits Provided

The Town provides medical and prescription drug insurance to retirees and their covered dependents. All active employees who retire from the Town and meet the eligibility criteria will receive these benefits.

Funding Policy

The Town’s funding policy includes financing the implicit subsidy on a pay-as-you-go basis, as required by statute. Additional contributions are based on annual budget limitations/authorizations.

Plan Membership

At June 30, 2022, the following employees were covered by the benefit terms:

| | |
|--------------------------------------|-------------------|
| Inactive employees or beneficiaries | |
| currently receiving benefit payments | 402 |
| Active employees | <u>463</u> |
| Total | <u><u>865</u></u> |

Investments

The OPEB trust fund assets consist of corporate bonds, equities, mutual funds, and federal securities.

Rate of return

For the year ended June 30, 2022, the annual money-weighted rate of return on investments, net of investment expense, was (5.23)%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Actuarial Assumptions and Other Inputs

The net OPEB liability was determined by an actuarial valuation as of July 1, 2022, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

| | |
|-----------------------------|--|
| Inflation | 3.00% |
| Salary increases | 3.00%, average, including inflation |
| Investment rate of return | 7.50%, net of OPEB plan investment expense |
| Discount rate | 7.50% |
| Healthcare cost trend rates | 4.50% for 2021 and beyond |
| Funding assumption | In year 2030, the Town will utilize funds (approximately \$2 million) that were previously utilized for funding the net pension liability to fund the net OPEB liability. |
| Participation rate | 90% of future Town and School retirees are assumed to participate in the retiree medical plan. 85% of future Town and School retirees are assumed to elect life insurance. |

Mortality rates for both pre-retirement mortality and beneficiary mortality is represented by the RP-2014 Blue Collar Mortality with Scale MP-2015, fully generational. Mortality for retired members for Group 1 and 2 is represented by the RP-2014 Blue Collar Mortality Table set forward 5 years for males and 3 years for females, fully generational. Mortality for retired members for Group 4 is represented by the RP-2014 Blue Collar Mortality Table set forward 3 years for males, and 6 years for females, fully generational. Mortality for disabled members for Group 1 and 2 is represented by the RP-2000 Mortality Table set forward 6 years. Mortality for disabled members for Group 4 is represented by the RP-2000 Mortality Table set forward 2 years. Generational adjusting is based on Scale MP-2015.

Target Allocations

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 investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the target asset allocation as of June 30, 2022 are summarized in the following table.

| <u>Asset Class</u> | <u>Target Asset Allocation</u> | <u>Long-term Expected Real Rate of Return</u> |
|----------------------------|--------------------------------|---|
| Common Stock | 45.00% | 9.25% |
| Diversifying Funds | 19.00% | 9.25% |
| Fixed Income | 14.00% | 5.00% |
| International Equity | 9.00% | 9.00% |
| Diversifying Taxable | 8.00% | 5.00% |
| Money Market | 3.00% | 2.00% |
| International Fixed Income | 2.00% | 4.00% |
| Total | <u>100.00%</u> | |

Contributions

In addition to the implicit subsidy contribution, the Town’s policy is to contribute amounts provided annually by the budget.

Discount Rate

The discount rate used to measure the net OPEB liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate.

Based on those assumptions, the OPEB plan fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

Net OPEB Liability

The components of the net OPEB liability, measured as of June 30, 2022, were as follows:

| | |
|--|----------------------|
| Total OPEB liability | \$ 43,618,969 |
| Plan fiduciary net position | <u>5,731,098</u> |
| Net OPEB liability | <u>\$ 37,887,871</u> |
| Plan fiduciary net position as a percentage of the total OPEB liability | 13.14% |

The fiduciary net position has been determined on the same basis used by the OPEB Plan. For this purpose, the Plan recognizes benefit payments when due and payable.

Changes in the Net OPEB Liability

The following summarizes the changes in the net OPEB liability for the past year:

| | Increase (Decrease) | | |
|---|--------------------------------|--|------------------------------------|
| | Total OPEB Liability (a) | Plan Fiduciary Net Position (b) | Net OPEB Liability (a) - (b) |
| Balances, beginning of year | \$ 49,318,068 | \$ 5,485,580 | \$ 43,832,488 |
| Changes for the year: | | | |
| Service cost | 1,234,880 | - | 1,234,880 |
| Interest | 3,721,295 | - | 3,721,295 |
| Contributions - employer | - | 2,500,593 | (2,500,593) |
| Net investment income | - | (330,355) | 330,355 |
| Differences between expected and actual experience | (8,749,454) | - | (8,749,454) |
| Administrative expense | - | (18,900) | 18,900 |
| Benefit payments | <u>(1,905,820)</u> | <u>(1,905,820)</u> | <u>-</u> |
| Net Changes | <u>(5,699,099)</u> | <u>245,518</u> | <u>(5,944,617)</u> |
| Balances, end of year | <u>\$ 43,618,969</u> | <u>\$ 5,731,098</u> | <u>\$ 37,887,871</u> |

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

The following presents the net OPEB liability, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current discount rate:

| 1% Decrease (6.50%) | Current Discount Rate (7.50%) | 1% Increase (8.50%) |
|---------------------------|--|---------------------------|
| \$ 43,782,950 | \$ 37,887,871 | \$ 33,034,422 |

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

The following presents the net OPEB liability, as well as what the net OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage-point lower or one percentage-point higher than the current healthcare cost trend rates:

| 1% Decrease (3.50%) | Current Healthcare Cost Trend Rates (4.50%) | 1% Increase (5.50%) |
|---------------------------|---|---------------------------|
| \$ 32,339,613 | \$ 37,887,871 | \$ 44,722,458 |

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

For the year ended June 30, 2022, the Town recognized an OPEB expense of \$2,142,263. At June 30, 2022, the Town reported deferred outflows and inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of <u>Resources</u> | Deferred Inflows of <u>Resources</u> |
|---|---|--|
| Differences between expected and actual experience | \$ 596,958 | \$ 7,308,206 |
| Changes in assumptions | - | 3,329,381 |
| Net difference between projected and actual earnings on OPEB investment | <u>199,496</u> | <u>-</u> |
| Total | <u>\$ 796,454</u> | <u>\$ 10,637,587</u> |

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

| <u>Year Ended June 30:</u> | |
|----------------------------|------------------------------|
| 2023 | \$ (4,845,643) |
| 2024 | (1,341,476) |
| 2025 | (1,490,580) |
| 2026 | (1,332,574) |
| 2027 | (584,496) |
| Thereafter | <u>(246,364)</u> |
| Total | \$ <u><u>(9,841,133)</u></u> |

20. Commitments and Contingencies

COVID-19

The COVID-19 outbreak in the United States (and across the globe) has resulted in economic uncertainties. There is considerable uncertainty around the duration and scope of the economic disruption. The extent of the impact of COVID-19 on the Town's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on individuals served by the Town, employees, and vendors, all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact the Town's financial condition or results of operations is uncertain.

Outstanding Legal Issues

On an ongoing basis, there are typically pending legal issues in which the Town is involved. The Town's management is of the opinion that the potential future settlement of these issues would not materially affect its financial statements taken as a whole.

Grants

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount of expenditures which may be disallowed by the grantor cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial.

Encumbrances

At year-end the Town's General Fund has \$86,462 in encumbrances that will be honored in the next fiscal year.

21. Change in Accounting Principle

During fiscal year 2022, the Town adopted Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. This statement redefines a lease as a the right to use another entity's asset over a definitive period of time.

22. Beginning Fund Balance Reclassification

The Town's major governmental funds for fiscal year 2022, as defined by Governmental Accounting Boards Statement No. 34 *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, have changed from the previous fiscal year. Accordingly, the following reconciliation is provided:

Fund Basis Financial Statements:

| | Library Construction <u>Fund</u> | Highway, Roads, Trees and Building <u>Fund</u> | Nonmajor Governmental <u>Funds</u> |
|--|--|---|--|
| As previously reported | \$ (2,828,772) | \$ - | \$ 5,683,850 |
| Library Construction Fund not major in fiscal year 2022 | 2,828,772 | - | (2,828,772) |
| Highway, Roads, Trees, and Building Fund major in fiscal year 2022 | <u>-</u> | <u>220,381</u> | <u>(220,381)</u> |
| As reclassified | <u>\$ -</u> | <u>\$ 220,381</u> | <u>\$ 2,634,697</u> |

23. Subsequent Events

Management has evaluated subsequent events through January 16, 2023, which is the date the financial statements were available to be issued.



Photo by Norwell Spotlight TV

2022 marked the 32nd Annual Great River Race, a 7.5 miles race for non-motorized crafts of any types including kayaks, canoes, and paddleboards. Organized by the North and South Rivers watershed association to support NSRWA environmental education and outdoor programs.

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REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF NORWELL, MASSACHUSETTS

Required Supplementary Information
Detail Schedule of Revenues
Budget and Actual - General Fund

For the Year Ended June 30, 2022

(Unaudited)

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | Variance with Final Budget Positive (Negative) |
|---|----------------------------|-------------------------|---------------------------|---|
| | <u>Original Budget</u> | <u>Final Budget</u> | | |
| <u>Taxes</u> | | | | |
| Property taxes | \$ 49,272,412 | \$ 49,272,412 | \$ 49,568,150 | \$ 295,738 |
| <u>Excises</u> | | | | |
| Motor vehicle excise | 1,700,000 | 1,700,000 | 2,678,235 | 978,235 |
| Other excise | 2,000 | 2,000 | 2,895 | 895 |
| Total Excises | 1,702,000 | 1,702,000 | 2,681,130 | 979,130 |
| <u>Penalties, Interest and Other Taxes</u> | | | | |
| Penalties and interest on taxes/excises | 145,000 | 145,000 | 140,532 | (4,468) |
| <u>Charges for Services</u> | | | | |
| Charges for Services - ambulance | 671,000 | 671,000 | 891,302 | 220,302 |
| Rentals | 158,000 | 158,000 | 357,177 | 199,177 |
| Departmental revenue - cemeteries | 35,682 | 35,682 | 34,802 | (880) |
| Other departmental revenue | 23,400 | 23,400 | 18,705 | (4,695) |
| Total Charges for Services | 888,082 | 888,082 | 1,301,986 | 413,904 |
| <u>Intergovernmental</u> | | | | |
| State aid | 5,430,981 | 5,430,981 | 5,635,980 | 204,999 |
| MSBA reimbursement | 656,581 | 656,581 | 656,581 | - |
| Total Intergovernmental | 6,087,562 | 6,087,562 | 6,292,561 | 204,999 |
| <u>Licenses, permits, and fees</u> | | | | |
| Fees | 190,000 | 190,000 | 259,253 | 69,253 |
| Licenses and permits | 600,000 | 600,000 | 608,892 | 8,892 |
| Total Licenses and Permits | 790,000 | 790,000 | 868,145 | 78,145 |
| <u>Fines and Forfeits</u> | | | | |
| Fines and forfeits | 22,000 | 22,000 | 28,869 | 6,869 |
| <u>Investment Income</u> | | | | |
| Investment income | 77,000 | 77,000 | 21,536 | (55,464) |
| <u>Miscellaneous</u> | | | | |
| Other miscellaneous | - | - | 893,729 | 893,729 |
| Total Revenues | 58,984,056 | 58,984,056 | 61,796,638 | 2,812,582 |
| <u>Other Financing Sources</u> | | | | |
| Transfers in | 507,888 | 507,888 | 1,459,077 | 951,189 |
| Fund balance reserved for excluded debt | 91,151 | 91,151 | 91,151 | - |
| Use of free cash | 1,651,000 | 2,831,730 | 2,831,730 | - |
| Use of overlay surplus | 300,000 | 300,000 | 300,000 | - |
| Use of prior year carryforwards | - | 3,433,767 | 3,433,767 | - |
| Total Other Financing Sources | 2,550,039 | 7,164,536 | 8,115,725 | 951,189 |
| Total Revenues and Other Financing Sources | \$ 61,534,095 | \$ 66,148,592 | \$ 69,912,363 | \$ 3,763,771 |

See Independent Auditor's Report and Notes to Required Supplementary Information.

TOWN OF NORWELL MASSACHUSETTS

Required Supplementary Information
Detail Schedule of Expenditures
Budget and Actual - General Fund

For the Year Ended June 30, 2022

(Unaudited)

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---------------------------------|--------------------|------------------|-------------------|---|
| | Original Budget | Final Budget | | |
| General Government | | | | |
| Town meeting & election | | | | |
| Salaries | \$ 1,500 | \$ 1,500 | \$ 406 | \$ 1,094 |
| Expenses | 9,040 | 9,040 | 9,026 | 14 |
| Selectmen | | | | |
| Salaries | 410,249 | 410,249 | 407,910 | 2,339 |
| Expenses | 39,300 | 42,493 | 37,949 | 4,544 |
| Articles | 35,000 | 564,387 | 564,387 | - |
| Advisory board | | | | |
| Expenses | 2,500 | 2,500 | 1,657 | 843 |
| Reserve fund | | | | |
| Reserve fund | 325,000 | 34,467 | - | 34,467 |
| Town Accountant | | | | |
| Salaries | 264,613 | 278,767 | 278,767 | - |
| Expenses | 50,850 | 66,288 | 49,122 | 17,166 |
| Articles | 63,000 | 121,138 | 121,138 | - |
| Assessors | | | | |
| Salaries | 156,429 | 156,429 | 154,985 | 1,444 |
| Expenses | 18,635 | 38,635 | 29,809 | 8,826 |
| Articles | - | 30,397 | 30,397 | - |
| Treasurer/Collector | | | | |
| Salaries | 338,233 | 364,391 | 364,391 | - |
| Expenses | 104,353 | 104,817 | 96,390 | 8,427 |
| Legal services | | | | |
| Legal expenses | 65,000 | 65,000 | 47,065 | 17,935 |
| Personnel board | | | | |
| Expenses | 500 | 500 | 325 | 175 |
| Information technology | | | | |
| Expenses | 101,000 | 188,000 | 181,268 | 6,732 |
| Town clerk | | | | |
| Salaries | 187,401 | 187,401 | 180,525 | 6,876 |
| Expenses | 6,375 | 6,375 | 6,325 | 50 |
| Elections | | | | |
| Salaries | 6,420 | 6,420 | 1,156 | 5,264 |
| Expenses | 8,725 | 8,725 | 8,718 | 7 |
| Board of registrars | | | | |
| Clerk of Board salary | 450 | 450 | 450 | - |
| Registrars expenses | 4,900 | 4,900 | 4,860 | 40 |
| Conservation commission | | | | |
| Conservation salaries | 105,246 | 105,246 | 101,673 | 3,573 |
| Conservation expenses | 34,700 | 48,478 | 34,712 | 13,766 |
| Articles | 81,000 | 90,283 | 90,283 | - |
| Planning board | | | | |
| Salaries | 107,120 | 107,120 | 97,651 | 9,469 |
| Planning board expenses | 7,326 | 7,326 | 5,548 | 1,778 |
| Articles | - | 2,275 | 2,275 | - |
| Board of appeals | | | | |
| Salaries | 22,530 | 22,625 | 22,625 | - |
| Expenses | 2,500 | 2,405 | 1,017 | 1,388 |
| Commission on disabilities | | | | |
| Expenses | 3,000 | 3,000 | 788 | 2,212 |
| Cushing memorial | | | | |
| Salaries | 41,453 | 41,453 | 39,849 | 1,604 |
| Expenses | 27,307 | 27,307 | 20,144 | 7,163 |
| Facilities department | | | | |
| Salaries | 128,555 | 131,838 | 131,838 | - |
| Expenses | 87,195 | 84,203 | 53,020 | 31,183 |
| Articles | - | 55,551 | 55,551 | - |
| Town reports | | | | |
| Expenses | 3,000 | 6,247 | 6,247 | - |
| Beautification | | | | |
| Expenses | 2,500 | 2,500 | 2,500 | - |
| Total General Government | <u>2,852,905</u> | <u>3,431,126</u> | <u>3,242,747</u> | <u>188,379</u> |

(continued)

See Independent Auditor's Report and Notes to Required Supplementary Information.

(continued)

| | Budgeted Amounts | | | Variance with Final Budget Positive (Negative) |
|--|--------------------|-------------------|-------------------|---|
| | Original Budget | Final Budget | Actual Amounts | |
| Public Safety | | | | |
| Police Department | | | | |
| Salaries | 3,034,419 | 3,018,233 | 2,966,518 | 51,715 |
| Expenses | 250,900 | 268,104 | 268,104 | - |
| Articles | 162,000 | 163,148 | 163,148 | - |
| Fire Department | | | | |
| Salaries | 2,424,350 | 2,430,156 | 2,430,156 | - |
| Expenses | 215,900 | 217,039 | 216,037 | 1,002 |
| Articles | 273,000 | 331,082 | 331,082 | - |
| Ambulance service | | | | |
| Expenses | 104,900 | 110,050 | 108,372 | 1,678 |
| Emergency management | | | | |
| Salaries | 1,000 | - | - | - |
| Expenses | 11,000 | 19,488 | 17,598 | 1,890 |
| Regional dispatch services | | | | |
| Regional dispatch expense | 567,593 | 567,593 | 567,592 | 1 |
| Building department | | | | |
| Salaries | 144,548 | 148,680 | 148,680 | - |
| Expenses | 96,012 | 91,880 | 76,471 | 15,409 |
| Sealer weights/measures | | | | |
| Salaries | 7,000 | 7,000 | 7,000 | - |
| Expenses | 1,515 | 1,515 | - | 1,515 |
| Animal control | | | | |
| Expenses | 18,200 | 18,200 | 9,787 | 8,413 |
| Harbormaster | | | | |
| Expenses | 12,500 | 12,500 | 10,419 | 2,081 |
| Total Public Safety | 7,324,837 | 7,406,168 | 7,322,339 | 83,829 |
| Education | | | | |
| School budget | 30,087,326 | 30,168,137 | 30,165,365 | 2,772 |
| Regional school assessment | 420,095 | 420,095 | 420,095 | - |
| Articles | 360,000 | 370,613 | 370,613 | - |
| Total Education | 30,867,421 | 30,958,845 | 30,956,073 | 2,772 |
| Public Works | | | | |
| Highway department | | | | |
| Salaries | 670,283 | 684,698 | 664,217 | 20,481 |
| Expenses | 311,353 | 810,385 | 793,265 | 17,120 |
| Snow removal and sanding | 259,100 | 581,100 | 580,603 | 497 |
| Articles | 1,217,700 | 2,389,966 | 2,389,966 | - |
| Trees and grounds | | | | |
| Salaries | 430,134 | 430,134 | 426,202 | 3,932 |
| Expenses | 162,900 | 170,850 | 170,743 | 107 |
| Articles | - | 20,615 | 20,615 | - |
| Street lighting | | | | |
| Street lighting expenses | 52,500 | 63,092 | 63,092 | - |
| Town cemetery | | | | |
| Expenses | 5,500 | 5,500 | 5,300 | 200 |
| Articles | - | 79,498 | 79,498 | - |
| Total Public Works | 3,109,470 | 5,235,838 | 5,193,501 | 42,337 |
| Health and Human Services | | | | |
| Board of health | | | | |
| Salaries | 128,203 | 160,866 | 88,224 | 72,642 |
| Expenses | 1,221,264 | 1,238,408 | 1,231,258 | 7,150 |
| Articles | 30,000 | 30,000 | 30,000 | - |
| Council on aging | | | | |
| Salaries | 279,482 | 300,760 | 243,476 | 57,284 |
| Expenses | 31,638 | 38,645 | 38,645 | - |
| Articles | - | 64,597 | 64,597 | - |
| Veterans | | | | |
| Salaries | 15,000 | 15,000 | 15,000 | - |
| Expenses | 2,500 | 2,500 | 173 | 2,327 |
| Veterans' benefits | 15,000 | 15,000 | 11,936 | 3,064 |
| Total Health and Human Services | 1,723,087 | 1,865,776 | 1,723,309 | 142,467 |

(continued)

See Independent Auditor's Report and Notes to Required Supplementary Information.

(continued)

| | Original <u>Budget</u> | Final <u>Budget</u> | Actual <u>(Budgetary Basis)</u> | Variance Positive <u>(Negative)</u> |
|--|---------------------------|------------------------|------------------------------------|---|
| <u>Culture and Recreation</u> | | | | |
| Library | | | | |
| Salaries | 534,678 | 534,678 | 491,702 | 42,976 |
| Expenses | 206,850 | 246,553 | 245,936 | 617 |
| Recreation | | | | |
| Recreation superintendent salary | 89,495 | 89,495 | 89,494 | 1 |
| Expenses | 15,500 | 15,500 | 15,500 | - |
| Historical commission | | | | |
| Salaries | - | 2,893 | 2,893 | - |
| Expenses | 4,000 | 4,000 | 50 | 3,950 |
| Total Culture and Recreation | <u>850,523</u> | <u>893,119</u> | <u>845,575</u> | <u>47,544</u> |
| <u>Employee Benefits & Unclassified</u> | | | | |
| Pensions | 3,324,169 | 3,351,112 | 3,350,204 | 908 |
| Unemployment compensation | 50,000 | 50,000 | 8,835 | 41,165 |
| Group insurance including "opt out" | 6,213,000 | 6,213,000 | 5,743,592 | 469,408 |
| Town insurance | 223,300 | 247,300 | 243,231 | 4,069 |
| Total Employee Benefits | <u>9,810,469</u> | <u>9,861,412</u> | <u>9,345,862</u> | <u>515,550</u> |
| <u>Debt Service</u> | | | | |
| Under levy debt service | 719,526 | 719,526 | 719,012 | 514 |
| Debt exclusion | 2,349,790 | 2,349,790 | 2,349,790 | - |
| Total Debt Service | <u>3,069,316</u> | <u>3,069,316</u> | <u>3,068,802</u> | <u>514</u> |
| <u>Intergovernmental</u> | | | | |
| State assessments | 1,585,395 | 1,585,395 | 1,470,125 | 115,270 |
| Total Expenditures | <u>61,193,423</u> | <u>64,306,995</u> | <u>60,621,675</u> | <u>1,138,662</u> |
| <u>Other Financing Uses</u> | | | | |
| Transfers out | 340,672 | 1,841,597 | 1,500,925 | 340,672 |
| Total Other Financing Uses | <u>340,672</u> | <u>1,841,597</u> | <u>1,500,925</u> | <u>340,672</u> |
| Total Expenditures and Other Financing Uses | <u>\$ 61,534,095</u> | <u>\$ 66,148,592</u> | <u>\$ 62,122,600</u> | <u>\$ 1,479,334</u> |

See Independent Auditor's Report and Notes to Required Supplementary Information.

**Notes to Required Supplementary Information
for General Fund Budget**

Budgetary Basis

The General Fund final appropriation appearing on the previous page represents the final amended budget after all reserve fund transfers and supplemental appropriations.

Budget/GAAP Reconciliation

The budgetary data for the General Fund is based upon accounting principles that differ from GAAP. Therefore, in addition to the GAAP basis financial statements, the results of operations of the General Fund are presented in accordance with budgetary accounting principles to provide a meaningful comparison to budgetary data.

The following is a summary of adjustments made to the actual revenues, expenditures, and other financing sources (uses) to conform to the budgetary basis of accounting.

| <u>General Fund</u> | <u>Revenues</u> | <u>Expenditures</u> | Other Financing <u>Sources (Uses)</u> |
|---|----------------------|----------------------|---|
| GAAP Basis | \$ 67,413,422 | \$ 65,328,936 | \$ 40,000 |
| Remove effect of combining stabilization and general fund | (86,427) | - | (906,172) |
| Reverse beginning of year appropriation carryforwards from expenditures | - | - | 3,433,767 |
| To record use of free cash | - | - | 2,831,730 |
| To record use of overlay surplus | - | - | 300,000 |
| To record use of debt reserves (fund balance) | - | - | 91,151 |
| To reverse the effect of non- budgeted State contributions | (4,579,168) | (4,579,168) | - |
| Other timing issues | <u>(951,189)</u> | <u>(128,093)</u> | <u>824,324</u> |
| Budgetary Basis | <u>\$ 61,796,638</u> | <u>\$ 60,621,675</u> | <u>\$ 6,614,800</u> |

TOWN OF NORWELL, MASSACHUSETTS

Required Supplementary Information
Schedule of Proportionate Share of the Net Pension Liability

(Unaudited)

Plymouth County Retirement System

| <u>Fiscal Year</u> | <u>Measurement Date</u> | <u>Proportion of the Net Pension Liability</u> | <u>Proportionate Share of the Net Pension Liability</u> | <u>Covered Payroll</u> | <u>Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll</u> | <u>Plan Fiduciary Net Position Percentage of the Total Pension Liability</u> |
|--------------------|-------------------------|--|---|------------------------|--|--|
| June 30, 2022 | December 31, 2021 | 3.703% | \$17,320,672 | \$ 11,984,822 | 144.52% | 67.90% |
| June 30, 2021 | December 31, 2020 | 3.504% | \$20,536,043 | \$ 11,396,561 | 180.20% | 67.90% |
| June 30, 2020 | December 31, 2019 | 3.524% | \$24,043,088 | \$ 10,354,506 | 232.20% | 61.61% |
| June 30, 2019 | December 31, 2018 | 3.471% | \$25,523,971 | \$ 10,700,440 | 238.53% | 56.11% |
| June 30, 2018 | December 31, 2017 | 3.541% | \$19,037,029 | \$ 10,307,611 | 184.69% | 65.56% |
| June 30, 2017 | December 31, 2016 | 3.508% | \$22,255,164 | \$ 9,911,164 | 224.55% | 58.20% |
| June 30, 2016 | December 31, 2015 | 3.439% | \$21,808,558 | \$ 9,955,304 | 219.06% | 56.80% |
| June 30, 2015 | December 31, 2014 | 3.439% | \$20,043,926 | \$ 9,595,474 | 208.89% | 58.88% |

Massachusetts Teachers' Retirement System

| <u>Fiscal Year</u> | <u>Measurement Date</u> | <u>Proportion of the Net Pension Liability</u> | <u>Proportionate Share of the Net Pension Liability</u> | <u>Commonwealth of Massachusetts' Total Proportionate Share of the Net Pension Liability Associated with the Town</u> | <u>Total Net Pension Liability Associated with the Town</u> | <u>Covered Payroll</u> | <u>Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll</u> | <u>Plan Fiduciary Net Position Percentage of the Total Pension Liability</u> |
|--------------------|-------------------------|--|---|---|---|------------------------|--|--|
| June 30, 2022 | June 30, 2021 | 0.261894% | \$ - | \$ 59,467,899 | \$ 59,467,899 | \$ 20,312,467 | - | 62.03% |
| June 30, 2021 | June 30, 2020 | 0.257574% | \$ - | \$ 73,524,137 | \$ 73,524,137 | \$ 19,515,782 | - | 50.67% |
| June 30, 2020 | June 30, 2019 | 0.259198% | \$ - | \$ 65,354,332 | \$ 65,354,332 | \$ 18,862,222 | - | 53.95% |
| June 30, 2019 | June 30, 2018 | 0.263260% | \$ - | \$ 62,422,350 | \$ 62,422,350 | \$ 18,488,397 | - | 54.84% |
| June 30, 2018 | June 30, 2017 | 0.264855% | \$ - | \$ 60,612,999 | \$ 60,612,999 | \$ 17,984,894 | - | 54.25% |
| June 30, 2017 | June 30, 2016 | 0.262380% | \$ - | \$ 58,662,628 | \$ 58,662,628 | \$ 16,631,974 | - | 52.73% |
| June 30, 2016 | June 30, 2015 | 0.255533% | \$ - | \$ 52,357,798 | \$ 52,357,798 | \$ 16,197,951 | - | 55.38% |
| June 30, 2015 | June 30, 2014 | 0.254049% | \$ - | \$ 40,384,465 | \$ 40,384,465 | \$ 15,576,999 | - | 61.64% |

Schedules are intended to show information for 10 years. Additional years will be displayed as they become available.

See notes to the Town's financial statements for summary of significant actuarial methods and assumptions.

See Independent Auditor's Report.

TOWN OF NORWELL, MASSACHUSETTS

Required Supplementary Information
Schedule of Pension Contributions

(Unaudited)

Plymouth County Contributory Retirement System

| Fiscal Year | Measurement Date | Actuarially Determined Contribution | Actuarially Determined Contribution | Contribution Deficiency (Excess) | Covered Payroll | Contributions as a Percentage of Covered Payroll |
|---------------|-------------------|-------------------------------------|-------------------------------------|----------------------------------|-----------------|--|
| June 30, 2022 | December 31, 2021 | \$ 3,089,469 | \$ 3,089,469 | \$ - | \$ 12,699,463 | 24.33% |
| June 30, 2021 | December 31, 2020 | \$ 2,816,209 | \$ 2,816,209 | \$ - | \$ 11,396,561 | 24.71% |
| June 30, 2020 | December 31, 2019 | \$ 2,600,777 | \$ 2,600,777 | \$ - | \$ 10,716,601 | 24.27% |
| June 30, 2019 | December 31, 2018 | \$ 2,523,519 | \$ 2,523,519 | \$ - | \$ 10,700,440 | 23.58% |
| June 30, 2018 | December 31, 2017 | \$ 2,419,382 | \$ 2,419,382 | \$ - | \$ 10,307,611 | 23.47% |
| June 30, 2017 | December 31, 2016 | \$ 2,336,032 | \$ 2,336,032 | \$ - | \$ 9,911,164 | 23.57% |
| June 30, 2016 | December 31, 2015 | \$ 2,158,588 | \$ 2,158,588 | \$ - | \$ 9,955,304 | 21.68% |
| June 30, 2015 | December 31, 2014 | \$ 1,997,369 | \$ 1,997,369 | \$ - | \$ 9,595,474 | 20.82% |

Massachusetts Teachers' Retirement System

| Fiscal Year | Measurement Date | Actuarially Determined Contribution Provided by Commonwealth | Actuarially Determined Contribution | Contribution Deficiency (Excess) | Covered Payroll | Contributions as a Percentage of Covered Payroll |
|---------------|------------------|--|-------------------------------------|----------------------------------|-----------------|--|
| June 30, 2022 | June 30, 2021 | \$ 4,579,168 | \$ 4,579,168 | \$ - | \$ 20,312,467 | 22.54% |
| June 30, 2021 | June 30, 2020 | \$ 4,001,242 | \$ 4,001,242 | \$ - | \$ 19,515,782 | 20.50% |
| June 30, 2020 | June 30, 2019 | \$ 3,742,073 | \$ 3,742,073 | \$ - | \$ 18,862,222 | 19.84% |
| June 30, 2019 | June 30, 2018 | \$ 3,461,298 | \$ 3,461,298 | \$ - | \$ 18,488,397 | 18.72% |
| June 30, 2018 | June 30, 2017 | \$ 3,272,318 | \$ 3,272,318 | \$ - | \$ 17,984,894 | 18.19% |
| June 30, 2017 | June 30, 2016 | \$ 2,950,676 | \$ 2,950,676 | \$ - | \$ 16,631,974 | 17.74% |
| June 30, 2016 | June 30, 2015 | \$ 2,611,368 | \$ 2,611,368 | \$ - | \$ 16,197,951 | 16.12% |
| June 30, 2015 | June 30, 2014 | \$ 2,381,399 | \$ 2,381,399 | \$ - | \$ 15,576,999 | 15.29% |

Schedules are intended to show information for 10 years. Additional years will be displayed as they become available.

See notes to the Town's financial statements for summary of significant actuarial methods and assumptions.

See Independent Auditor's Report.

TOWN OF NORWELL, MASSACHUSETTS

Required Supplementary Information
Other Post-Employment Benefits (OPEB)
Schedule of Changes in Net OPEB Liability

(Unaudited)

| | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Total OPEB Liability | | | | | | |
| Service cost | \$ 1,234,880 | \$ 1,181,703 | \$ 1,145,838 | \$ 1,096,497 | \$ 1,049,278 | \$ 2,742,065 |
| Interest | 3,721,295 | 3,519,282 | 3,257,799 | 3,092,582 | 2,719,106 | 2,641,209 |
| Differences between expected and actual experience | (8,749,454) | - | 1,307,622 | - | (1,378,023) | - |
| Changes of assumptions | - | - | - | - | (27,455,321) | - |
| Benefit payments, including refunds of member contributions | <u>(1,905,820)</u> | <u>(2,210,035)</u> | <u>(2,309,487)</u> | <u>(1,771,304)</u> | <u>(1,695,028)</u> | <u>(1,790,175)</u> |
| Net change in total OPEB liability | (5,699,099) | 2,490,950 | 3,401,772 | 2,417,775 | (26,759,988) | 3,593,099 |
| Total OPEB liability - beginning | <u>49,318,068</u> | <u>46,827,118</u> | <u>43,425,346</u> | <u>41,007,571</u> | <u>67,767,559</u> | <u>64,174,460</u> |
| Total OPEB liability - ending (a) | 43,618,969 | 49,318,068 | 46,827,118 | 43,425,346 | 41,007,571 | 67,767,559 |
| Plan Fiduciary Net Position | | | | | | |
| Contributions - employer | 2,500,593 | 2,634,068 | 2,691,119 | 2,147,107 | 2,061,866 | 2,124,096 |
| Net investment income | (330,355) | 1,103,087 | 99,001 | 266,789 | 183,545 | 107,829 |
| Benefit payments, including refunds of member contributions | (1,905,820) | (2,210,035) | (2,309,487) | (1,771,304) | (1,695,028) | (1,790,175) |
| Administrative expense | <u>(18,900)</u> | <u>(14,412)</u> | <u>(875)</u> | <u>(20,177)</u> | <u>(9,489)</u> | <u>(16,166)</u> |
| Net change in plan fiduciary net position | 245,518 | 1,512,708 | 479,758 | 622,415 | 540,894 | 425,584 |
| Plan fiduciary net position - beginning | <u>5,485,580</u> | <u>3,972,872</u> | <u>3,493,114</u> | <u>2,870,699</u> | <u>2,329,805</u> | <u>1,904,221</u> |
| Plan fiduciary net position - ending (b) | <u>5,731,098</u> | <u>5,485,580</u> | <u>3,972,872</u> | <u>3,493,114</u> | <u>2,870,699</u> | <u>2,329,805</u> |
| Net OPEB liability (asset) - ending (a-b) | <u>\$ 37,887,871</u> | <u>\$ 43,832,488</u> | <u>\$ 42,854,246</u> | <u>\$ 39,932,232</u> | <u>\$ 38,136,872</u> | <u>\$ 65,437,754</u> |

Schedules are intended to show information for 10 years. Additional years will be displayed as they become available.

See notes to the Town's financial statements for summary of significant actuarial methods and assumptions.

See Independent Auditor's Report.

TOWN OF NORWELL, MASSACHUSETTS

Required Supplementary Information
Other Post-Employment Benefits (OPEB)
Schedules of Net OPEB Liability, Contributions, and Investment Returns

(Unaudited)

| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Schedule of Net OPEB Liability | | | | | | |
| Total OPEB liability | \$ 43,618,969 | \$ 49,318,068 | \$ 46,827,118 | \$ 43,425,345 | \$ 41,007,571 | \$ 67,767,559 |
| Plan fiduciary net position | <u>5,730,098</u> | <u>5,485,580</u> | <u>3,972,871</u> | <u>3,493,114</u> | <u>2,870,698</u> | <u>2,329,805</u> |
| Net OPEB liability (asset) | <u>\$ 37,888,871</u> | <u>\$ 43,832,488</u> | <u>\$ 42,854,247</u> | <u>\$ 39,932,231</u> | <u>\$ 38,136,873</u> | <u>\$ 65,437,754</u> |
| Plan fiduciary net position as a percentage of the total OPEB liability | 13.1% | 11.1% | 8.5% | 8.0% | 7.0% | 3.4% |
| Covered employee payroll | \$ 35,495,939 | \$ 32,558,364 | \$ 31,457,357 | \$ 32,405,686 | \$ 31,309,842 | \$ 28,555,614 |
| Net OPEB liability as a percentage of covered employee payroll | 106.74% | 134.63% | 136.23% | 123.23% | 121.80% | 229.16% |
| Schedule of Contributions | | | | | | |
| Actuarially determined contribution | \$ 4,182,458 | \$ 4,557,226 | \$ 3,710,043 | \$ 3,492,295 | \$ 3,352,054 | \$ 3,421,857 |
| Contributions in relation to the actuarially determined contribution | <u>2,500,593</u> | <u>2,634,070</u> | <u>2,691,119</u> | <u>2,147,107</u> | <u>2,061,866</u> | <u>2,124,096</u> |
| Contribution deficiency (excess) | <u>\$ 1,681,865</u> | <u>\$ 1,923,156</u> | <u>\$ 1,018,924</u> | <u>\$ 1,345,188</u> | <u>\$ 1,290,188</u> | <u>\$ 1,297,761</u> |
| Covered employee payroll | \$ 35,495,939 | \$ 32,558,364 | \$ 31,457,357 | \$ 32,405,686 | \$ 31,309,842 | \$ 28,555,614 |
| Contributions as a percentage of covered employee payroll | 4.74% | 5.91% | 3.24% | 4.15% | 4.12% | 4.54% |
| Schedule of Investment Returns | | | | | | |
| Annual money weighted rate of return, net of investment expense | -5.23% | 27.01% | 3.04% | 8.61% | 7.20% | 4.71% |

Schedules are intended to show information for 10 years. Additional years will be displayed as they become available.

See notes to the Town's financial statements for summary of significant actuarial methods and assumptions.

See Independent Auditor's Report.

**SUPPLEMENTARY STATEMENTS
AND SCHEDULES**

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Combining Financial Statements

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special revenue funds are established to account for resources obtained and expended for specified purposes and restricted by law or local action.

Special revenue funds are established for the following purposes:

- School Lunch: To account for operating activities associated with the School Department student lunch program.
- Chapter 90: To account for grant funds received from the Commonwealth of Massachusetts associated with highway improvements.
- Town Grants: To account for grant funds received from the United States government, either directly or through the Commonwealth of Massachusetts, and designated for specific purposes
- School Grants: To account for grant funds received from the United States government, either directly or through the Commonwealth of Massachusetts, and designated for specific purposes.
- Community Housing: To account for activity of the Norwell Community Housing Trust fund. The purpose of the trust is to provide for the creation and preservation of affordable housing in the Town for the benefit of low- and moderate-income households.
- Conservation: To account for activities related to the protection and conservation of Norwell's conservation land.
- Town Revolving and Other Special Revenue Funds: To account for certain receipts, which according to Massachusetts General Laws, revolving funds can be spent without appropriation, for expenditures related to the source of the receipt. These funds are also used to account for septic and other activities as well as various donations and related expenditures.

CAPITAL PROJECT FUNDS

Capital project funds are established to account for resources obtained and expended for the acquisition of major capital facilities or equipment.

Capital project funds are established for the following purposes:

- Road Repair: To account for capital activities related to the repairing and repaving of existing or new roads.

- Library: To account for capital activities related to the construction of the Town's library.

PERMANENT FUND

Permanent funds established to account for certain assets held by the Town in a fiduciary capacity as trustee. Permanent funds are used to report principal balances legally restricted to the extent that only earnings, not principal, may be used for the support of certain Town programs.

- Permanent Fund: To account for the principal received for perpetual care and related interest. The interest income is used to maintain the community cemetery. The fund is also used to account for nonspendable gifts received by the library with income restricted for maintenance of the library grounds. It is also used to account for various other bequests to the Town designated for particular purposes.

TOWN OF NORWELL, MASSACHUSETTS

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2022

| | Special Revenue Funds | | | | | | | | |
|---|-----------------------|-------------|-------------------|-------------------|-------------------|-------------------|---------------------|-----------------------|---------------------|
| | School Lunch | Chapter 90 | Town Grants | School Grants | Community Housing | Conservation | Town Revolving | Other Special Revenue | Subtotal |
| Assets | | | | | | | | | |
| Cash and short-term investments | \$ 645,473 | \$ - | \$ 823,240 | \$ 601,272 | \$ 733,038 | \$ 522,506 | \$ 2,469,438 | \$ 923,209 | \$ 6,718,176 |
| Departmental and other receivables | - | - | - | - | - | - | - | 88,657 | 88,657 |
| Intergovernmental receivables | 106,204 | - | - | - | - | - | - | - | 106,204 |
| Betterments not yet due | - | - | - | - | - | - | 54,116 | - | 54,116 |
| Total Assets | <u>\$ 751,677</u> | <u>\$ -</u> | <u>\$ 823,240</u> | <u>\$ 601,272</u> | <u>\$ 733,038</u> | <u>\$ 522,506</u> | <u>\$ 2,523,554</u> | <u>\$ 1,011,866</u> | <u>\$ 6,967,153</u> |
| Liabilities | | | | | | | | | |
| Warrants and accounts payable | \$ 22,764 | \$ - | \$ 33,268 | \$ 20,515 | \$ - | \$ - | \$ 46,531 | \$ 19,098 | \$ 142,176 |
| Unearned revenue | - | - | 583,737 | - | - | - | - | - | 583,737 |
| Other liabilities | - | - | - | - | - | - | 334,718 | 1,059,802 | 1,394,520 |
| Total Liabilities | 22,764 | - | 617,005 | 20,515 | - | - | 381,249 | 1,078,900 | 2,120,433 |
| Deferred Inflows of Resources | - | - | - | - | - | - | 54,116 | - | 54,116 |
| Fund Balances | | | | | | | | | |
| Restricted | 728,913 | - | 206,235 | 580,757 | 733,038 | 522,506 | 2,088,189 | - | 4,859,638 |
| Unassigned | - | - | - | - | - | - | - | (67,034) | (67,034) |
| Total Fund Balances | <u>728,913</u> | <u>-</u> | <u>206,235</u> | <u>580,757</u> | <u>733,038</u> | <u>522,506</u> | <u>2,088,189</u> | <u>(67,034)</u> | <u>4,792,604</u> |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | <u>\$ 751,677</u> | <u>\$ -</u> | <u>\$ 823,240</u> | <u>\$ 601,272</u> | <u>\$ 733,038</u> | <u>\$ 522,506</u> | <u>\$ 2,523,554</u> | <u>\$ 1,011,866</u> | <u>\$ 6,967,153</u> |

(Continued)

(Continued)

| | <u>Capital Project Funds</u> | | | Permanent | Total |
|--|------------------------------|-------------------|-------------------|---------------------|---------------------|
| | <u>Road</u> | <u>Library</u> | <u>Subtotal</u> | Trust | Nonmajor |
| | <u>Repair</u> | | | <u>Fund</u> | Governmental |
| | | | | | <u>Funds</u> |
| Assets | | | | | |
| Cash and short-term investments | \$ 807,032 | \$ 134,537 | \$ 941,569 | \$ 1,087,404 | \$ 8,747,149 |
| Departmental and other receivables | - | - | - | - | 88,657 |
| Intergovernmental receivables | - | - | - | - | 106,204 |
| Betterments not yet due | - | - | - | - | 54,116 |
| | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>54,116</u> |
| Total Assets | \$ <u>807,032</u> | \$ <u>134,537</u> | \$ <u>941,569</u> | \$ <u>1,087,404</u> | \$ <u>8,996,126</u> |
| Liabilities | | | | | |
| Warrants and accounts payable | \$ - | \$ - | \$ - | \$ 7,370 | \$ 149,546 |
| Unearned revenue | - | - | - | - | 583,737 |
| Other liabilities | - | - | - | - | 1,394,520 |
| | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,394,520</u> |
| Total Liabilities | - | - | - | 7,370 | 2,127,803 |
| Deferred Inflows of Resources | - | - | - | - | 54,116 |
| Fund Balances | | | | | |
| Nonspendable | - | - | - | 600,806 | 600,806 |
| Restricted | 807,032 | 134,537 | 941,569 | 479,228 | 6,280,435 |
| Unassigned | - | - | - | - | (67,034) |
| | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(67,034)</u> |
| Total Fund Balances | <u>807,032</u> | <u>134,537</u> | <u>941,569</u> | <u>1,080,034</u> | <u>6,814,207</u> |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | \$ <u>807,032</u> | \$ <u>134,537</u> | \$ <u>941,569</u> | \$ <u>1,087,404</u> | \$ <u>8,996,126</u> |

TOWN OF NORWELL, MASSACHUSETTS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

| | Special Revenue Funds | | | | | | | | Subtotal |
|---|-----------------------|----------------|-------------------|-------------------|-------------------|-------------------|---------------------|-----------------------|---------------------|
| | School Lunch | Chapter 90 | Town Grants | School Grants | Community Housing | Conservation | Town Revolving | Other Special Revenue | |
| Revenues | | | | | | | | | |
| Charges for services | \$ 260,588 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 1,725,940 | \$ - | \$ 1,986,528 |
| Intergovernmental | 1,205,543 | 792,660 | 291,206 | 2,103,724 | - | - | 263,888 | 627,696 | 5,284,717 |
| Investment income (loss) | - | - | (404) | - | (13,706) | (7,419) | (177) | - | (21,706) |
| Miscellaneous | - | - | - | - | 192,662 | - | 52,679 | - | 245,341 |
| Total Revenues | 1,466,131 | 792,660 | 290,802 | 2,103,724 | 178,956 | (7,419) | 2,042,330 | 627,696 | 6,867,184 |
| Expenditures | | | | | | | | | |
| General government | - | - | 120,898 | - | 32,680 | 6,432 | 243,074 | - | 403,084 |
| Public safety | - | - | 21,097 | - | - | - | 831 | 660,162 | 682,090 |
| Education | 1,018,552 | - | - | 2,377,422 | - | - | 1,202,214 | - | 4,598,188 |
| Public works | - | 792,660 | - | - | - | - | - | - | 792,660 |
| Health and human services | - | - | 40,581 | - | - | - | 63,323 | - | 103,904 |
| Culture and recreation | - | - | 49,498 | - | - | - | 520,728 | - | 570,226 |
| Debt service | - | - | - | - | - | - | 7,515 | - | 7,515 |
| Total Expenditures | 1,018,552 | 792,660 | 232,074 | 2,377,422 | 32,680 | 6,432 | 2,037,685 | 660,162 | 6,497,505 |
| Excess (deficiency) of revenues over (under) expenditures | 447,579 | - | 58,728 | (273,698) | 146,276 | (13,851) | 4,645 | (32,466) | 337,213 |
| Other Financing Sources (Uses) | | | | | | | | | |
| Transfers in | - | - | - | - | 100,000 | - | - | - | 100,000 |
| Transfers out | - | - | - | - | - | - | (40,000) | - | (40,000) |
| Total Other Financing Sources (Uses) | - | - | - | - | 100,000 | - | (40,000) | - | 60,000 |
| Net change in fund balances | 447,579 | - | 58,728 | (273,698) | 246,276 | (13,851) | (35,355) | (32,466) | 397,213 |
| Fund Balances (Deficits), beginning of year | 281,334 | - | 147,507 | 854,455 | 486,762 | 536,357 | 2,123,544 | (34,568) | 4,395,391 |
| Fund Balances, end of year | \$ 728,913 | \$ - | \$ 206,235 | \$ 580,757 | \$ 733,038 | \$ 522,506 | \$ 2,088,189 | \$ (67,034) | \$ 4,792,604 |

(Continued)

(Continued)

| | <u>Capital Project Funds</u> | | | | Total Nonmajor Governmental Funds |
|--|------------------------------|-------------------|-------------------|---------------------------|--|
| | <u>Road Repair</u> | <u>Library</u> | <u>Subtotal</u> | <u>Permanent Fund</u> | |
| Revenues | | | | | |
| Charges for services | \$ - | \$ - | \$ - | \$ - | \$ 1,986,528 |
| Intergovernmental | - | 1,347,817 | 1,347,817 | - | 6,632,534 |
| Investment income (loss) | - | - | - | 11,460 | (10,246) |
| Miscellaneous | - | - | - | 32,900 | 278,241 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| Total Revenues | - | 1,347,817 | 1,347,817 | 44,360 | 8,887,057 |
| Expenditures | | | | | |
| General government | - | - | - | 32,404 | 435,488 |
| Public safety | - | - | - | - | 682,090 |
| Education | - | - | - | - | 4,598,188 |
| Public works | 753,512 | 339,576 | 1,093,088 | - | 1,885,748 |
| Health and human services | - | - | - | - | 103,904 |
| Culture and recreation | - | - | - | - | 570,226 |
| Debt service | - | - | - | - | 7,515 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| Total Expenditures | 753,512 | 339,576 | 1,093,088 | 32,404 | 8,283,159 |
| Excess (deficiency) of revenues over (under) expenditures | (753,512) | 1,008,241 | 254,729 | 11,956 | 603,898 |
| Other Financing Sources (Uses) | | | | | |
| Proceeds of bonds | 1,439,500 | 1,847,000 | 3,286,500 | - | 3,286,500 |
| Bond premiums | 121,044 | 108,068 | 229,112 | - | 229,112 |
| Transfers in | - | - | - | - | 100,000 |
| Transfers out | - | - | - | - | (40,000) |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| Total Other Financing Sources (Uses) | 1,560,544 | 1,955,068 | 3,515,612 | - | 3,575,612 |
| Net change in fund balances | 807,032 | 2,963,309 | 3,770,341 | 11,956 | 4,179,510 |
| Fund Balances (Deficits), beginning of year | - | (2,828,772) | (2,828,772) | 1,068,078 | 2,634,697 |
| Fund Balances, End of Year | \$ <u>807,032</u> | \$ <u>134,537</u> | \$ <u>941,569</u> | \$ <u>1,080,034</u> | \$ <u>6,814,207</u> |



Photo by Donna Mangan

The John Otis water tower built in the late nineteenth century is one of several water towers located in the Town of Norwell. The purpose of the tower was to provide an attractive enclosure around a storage tank supported thirty feet above ground which supplies water on an as-needed basis by a gravity system, distributing water around the property.

**STATISTICAL
SECTION**

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TOWN OF NORWELL, MASSACHUSETTS

STATISTICAL SECTION

The Town of Norwell'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.

| | <u>Page</u> |
|---|-------------|
| <i>Financial Trends</i> These schedules contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time. | 104 - 108 |
| <i>Revenue Capacity</i> These schedules contain information to help the reader assess the Town's most significant local revenue source, the property tax. | 109 - 111 |
| <i>Debt Capacity</i> 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. | 112 - 114 |
| <i>Demographic and Economic Information</i> These schedules offer demographic and economic indicators to help the reader understand the environment within which the Town's financial activities take place. | 115 - 116 |
| <i>Operating Information</i> These schedules contain service and infrastructure data to help the reader understand how the information in the Town's financial report relates to the service the Town provides and the activities it performs. | 117 - 119 |

TOWN OF NORWELL, MASSACHUSETTS
Net Position by Component
Last Ten Fiscal Years

| | 2013 | 2014 | 2015* | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|----------------|----------------|
| Government Activities | | | | | | | | | | |
| Net investment in capital assets | \$ 67,721,588 | \$ 70,949,123 | \$ 73,122,857 | \$ 75,406,012 | \$ 78,562,040 | \$ 81,964,782 | \$ 89,370,992 | \$ 91,938,150 | \$ 93,157,920 | \$ 97,776,516 |
| Restricted | 11,064,701 | 9,498,608 | 10,074,073 | 10,399,662 | 11,645,923 | 12,055,946 | 8,445,719 | 10,043,948 | 5,463,469 | 5,939,672 |
| Unrestricted | 5,280,125 | 2,316,581 | (16,350,243) | (18,605,444) | (22,998,329) | (58,598,293) | (61,741,471) | (59,816,182) | (49,374,248) | (46,529,258) |
| Total governmental activities net position | \$ 84,066,414 | \$ 82,764,312 | \$ 66,846,687 | \$ 67,200,230 | \$ 67,209,634 | \$ 35,422,435 | \$ 36,075,240 | \$ 42,165,916 | \$ 49,247,141 | \$ 57,186,930 |
| Business-type Activities | | | | | | | | | | |
| Net investment in capital assets | \$ 9,934,061 | \$ 9,759,859 | \$ 9,689,182 | \$ 9,605,608 | \$ 10,012,428 | \$ 9,992,712 | \$ 9,786,689 | \$ 9,511,381 | \$ 9,437,207 | \$ 9,265,222 |
| Unrestricted | 861,266 | 710,838 | (1,242,467) | (1,097,588) | (2,051,395) | (5,946,565) | (1,228,570) | (1,486,950) | (1,225,498) | (1,004,823) |
| Total business-type activities net position | \$ 10,795,327 | \$ 10,470,697 | \$ 8,446,715 | \$ 8,508,020 | \$ 7,961,033 | \$ 4,046,147 | \$ 8,558,119 | \$ 8,024,431 | \$ 8,211,709 | \$ 8,260,399 |
| Primary Government | | | | | | | | | | |
| Net investment in capital assets | \$ 77,655,649 | \$ 80,708,982 | \$ 82,812,039 | \$ 85,011,620 | \$ 88,574,468 | \$ 91,957,494 | \$ 99,157,681 | \$ 101,449,531 | \$ 102,595,127 | \$ 107,041,738 |
| Restricted | 11,064,701 | 9,498,608 | 10,074,073 | 10,399,662 | 11,645,923 | 12,055,946 | 8,445,719 | 10,043,948 | 5,463,469 | 5,939,672 |
| Unrestricted | 6,141,391 | 3,027,419 | (17,592,710) | (19,703,032) | (25,049,724) | (64,544,858) | (62,970,041) | (61,303,132) | (50,599,746) | (47,534,081) |
| Total primary government net position | \$ 94,861,741 | \$ 93,235,009 | \$ 75,293,402 | \$ 75,708,250 | \$ 75,170,667 | \$ 39,468,582 | \$ 44,633,359 | \$ 50,190,347 | \$ 57,458,850 | \$ 65,447,329 |

* Negative unrestricted net position results from implementing GASB 68 in fiscal year 2015; prior periods have not been restated.

Data source: Audited financial statements

| TOWN OF NORWELL, MASSACHUSETTS | | | | | | | | | | |
|---|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| Changes in Net Position | | | | | | | | | | |
| Last Ten Fiscal Years | | | | | | | | | | |
| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
| Expenses | | | | | | | | | | |
| Governmental Activities | | | | | | | | | | |
| General government | \$ 2,185,171 | \$ 2,705,467 | \$ 2,382,141 | \$ 3,682,858 | \$ 4,058,740 | \$ 3,237,189 | \$ 4,593,073 | \$ 4,449,682 | \$ 5,946,584 | \$ 4,970,166 |
| Public safety | 5,046,565 | 5,445,348 | 5,662,652 | 9,429,556 | 9,930,970 | 6,898,194 | 7,843,329 | 8,132,401 | 7,920,108 | 8,848,580 |
| Education | 31,864,627 | 33,342,133 | 31,172,630 | 37,001,437 | 40,677,506 | 42,028,517 | 44,354,880 | 46,623,371 | 48,462,293 | 45,476,866 |
| Public works | 2,259,253 | 2,979,230 | 3,180,171 | 2,827,045 | 5,184,519 | 4,047,461 | 3,897,408 | 4,083,984 | 4,037,492 | 6,352,961 |
| Health and human services | 1,010,648 | 1,166,852 | 1,240,050 | 1,824,023 | 1,717,504 | 1,618,647 | 1,806,967 | 1,805,745 | 1,899,766 | 1,891,107 |
| Cultural and recreation | 995,143 | 902,324 | 433,487 | 1,585,395 | 1,525,205 | 1,091,417 | 1,470,991 | 1,141,329 | 1,227,205 | 1,923,978 |
| Interest | 864,734 | 768,969 | 801,978 | 725,926 | 696,687 | 624,589 | 579,444 | 563,340 | 600,461 | 546,598 |
| Intergovernmental | 1,128,556 | 1,186,229 | 1,166,407 | 1,169,710 | 1,188,776 | ** | ** | ** | ** | ** |
| Employee benefits | 9,189,592 | 9,400,253 | 9,350,481 | * | * | * | * | * | * | * |
| Total governmental activities expenses | 54,544,289 | 57,896,805 | 55,389,997 | 58,245,950 | 64,979,907 | 59,546,014 | 64,546,092 | 66,799,852 | 70,093,909 | 70,010,256 |
| Business-type Activities | | | | | | | | | | |
| Water operations | 1,824,252 | 1,776,704 | 2,094,438 | 2,052,977 | 2,337,384 | 1,427,325 | 1,995,812 | 2,574,502 | 1,937,125 | 1,862,681 |
| Total business-type activities expenses | 1,824,252 | 1,776,704 | 2,094,438 | 2,052,977 | 2,337,384 | 1,427,325 | 1,995,812 | 2,574,502 | 1,937,125 | 1,862,681 |
| Total primary government expenses | \$ 56,368,541 | \$ 59,673,509 | \$ 57,484,435 | \$ 60,298,927 | \$ 67,317,291 | \$ 60,973,339 | \$ 66,541,904 | \$ 69,374,354 | \$ 72,031,034 | \$ 71,872,937 |
| Program Revenues | | | | | | | | | | |
| Governmental Activities | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| General government | \$ 552,251 | \$ 455,525 | \$ 427,815 | \$ 461,033 | \$ 448,022 | \$ 574,350 | \$ 527,305 | \$ 624,772 | \$ 401,233 | \$ 590,777 |
| Public safety | 1,191,348 | 1,372,358 | 1,339,043 | 1,242,920 | 1,245,075 | 1,234,145 | 1,242,317 | 1,250,010 | 1,437,745 | 1,538,553 |
| Education | 1,480,161 | 1,591,554 | 1,568,446 | 1,547,872 | 1,607,497 | 1,708,364 | 1,894,745 | 1,332,839 | 709,303 | 1,347,179 |
| Public works | 24,705 | 23,701 | 27,097 | 3,840 | 27,260 | 29,375 | 46,359 | 37,302 | 48,263 | 35,552 |
| Health and human services | 81,491 | 95,625 | 91,910 | 81,271 | 184,405 | 139,774 | 144,205 | 171,430 | 136,453 | 123,371 |
| Cultural and recreation | 275,567 | 267,222 | 291,943 | 364,544 | 422,244 | 470,182 | 446,219 | 492,766 | 216,077 | 582,292 |
| Operating grants and contributions | 10,482,485 | 10,712,205 | 8,139,289 | 9,734,290 | 11,705,925 | 12,027,585 | 12,715,450 | 15,111,153 | 18,149,859 | 17,253,555 |
| Capital grants and contributions | 582,798 | 406,197 | 1,057,513 | 7,500 | 1,587,755 | 2,519,056 | 1,980,726 | 1,708,865 | 1,568,453 | 500 |
| Total government activities program revenues | 14,670,806 | 14,924,387 | 12,943,056 | 13,443,270 | 17,228,183 | 18,702,831 | 18,997,326 | 20,729,137 | 22,667,386 | 21,471,779 |
| Business-type Activities | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| Water operations | 1,809,339 | 1,836,014 | 2,140,121 | 2,113,493 | 1,789,650 | 1,941,040 | 1,911,846 | 2,040,814 | 2,124,404 | 1,911,371 |
| Total business - type activities revenues | 1,809,339 | 1,836,014 | 2,140,121 | 2,113,493 | 1,789,650 | 1,941,040 | 1,911,846 | 2,040,814 | 2,124,404 | 1,911,371 |
| Total primary government revenues | \$ 16,480,145 | \$ 16,760,401 | \$ 15,083,177 | \$ 15,556,763 | \$ 19,017,833 | \$ 20,643,871 | \$ 20,909,172 | \$ 22,769,951 | \$ 24,791,790 | \$ 23,383,150 |
| Net (Expense)/Revenue | | | | | | | | | | |
| Governmental activities | \$ (39,873,483) | \$ (42,972,418) | \$ (42,446,941) | \$ (44,802,680) | \$ (47,751,724) | \$ (40,843,183) | \$ (45,548,766) | \$ (46,070,715) | \$ (47,426,523) | \$ (48,538,477) |
| Business-type activities | (14,913) | 59,310 | 45,683 | 60,516 | (547,734) | 513,715 | (83,966) | (533,688) | 187,279 | 48,690 |
| Total primary government net (expense) | \$ (39,888,396) | \$ (42,913,108) | \$ (42,401,258) | \$ (44,742,164) | \$ (48,299,458) | \$ (40,329,468) | \$ (45,632,732) | \$ (46,604,403) | \$ (47,239,244) | \$ (48,489,787) |

(continued)

Data source: Audited financial statements

* Beginning in FY16 the employee benefits have been allocated to the various function based on a % of total salaries and wages

**Beginning in FY18 the Intergovernmental have been allocated to the various applicable functions

| TOWN OF NORWELL, MASSACHUSETTS | | | | | | | | | | |
|--|----------------------|-----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Change in Net Position | | | | | | | | | | |
| Last Ten Fiscal Years | | | | | | | | | | |
| (continued) | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
| General Revenues and Other Changes in Net Position | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| Real estate and personal property-net of refunds payable | \$ 36,295,390 | \$ 37,432,458 | \$ 39,633,658 | \$ 41,361,357 | \$ 42,821,370 | \$ 43,983,864 | \$ 45,512,643 | \$ 46,905,811 | \$ 49,273,802 | \$ 50,938,991 |
| Excise tax | 1,914,269 | 1,995,931 | 2,080,619 | 2,054,655 | 2,500,919 | 2,397,739 | 2,467,306 | 2,495,355 | 2,589,710 | 2,707,504 |
| Penalties, interest, and other taxes | 153,885 | 101,053 | 135,049 | 136,001 | 262,384 | 164,894 | 384,712 | - | - | - |
| Grants, contributions - not restricted to specific programs | 1,005,969 | 1,141,390 | 1,095,663 | 1,150,859 | 1,242,395 | 1,279,617 | 1,246,581 | 1,297,255 | 1,378,608 | 1,469,927 |
| Investment income | 244,329 | 302,507 | 224,035 | 360,674 | 267,435 | 255,258 | 740,642 | 562,459 | 340,838 | 46,576 |
| Miscellaneous | 376,213 | 604,748 | 675,746 | 422,843 | 666,625 | 833,507 | 443,834 | 900,511 | 962,010 | 1,315,268 |
| Transfers | (218,466) | 92,229 | (149,106) | (330,166) | - | - | - | - | - | - |
| Total government activities | 39,771,589 | 41,670,316 | 43,695,664 | 45,156,223 | 47,761,128 | 48,914,879 | 50,795,718 | 52,161,391 | 54,544,968 | 56,478,266 |
| Business-type activities | | | | | | | | | | |
| Miscellaneous | 200 | 210 | 7,707 | 789 | 747 | 165 | 1,791 | - | - | - |
| Transfers | (170,000) | (384,150) | (170,000) | - | - | - | - | - | - | - |
| Total business type activities | (169,800) | (383,940) | (162,293) | 789 | 747 | 165 | 1,791 | - | - | - |
| Total primary government | \$ 39,601,789 | \$ 41,286,376 | \$ 43,533,371 | \$ 45,157,012 | \$ 47,761,875 | \$ 48,915,044 | \$ 50,797,509 | \$ 52,161,391 | \$ 54,544,968 | \$ 56,478,266 |
| Changes in Net Position | | | | | | | | | | |
| Governmental activities | \$ (101,894) | \$ (1,302,102) | \$ 1,248,723 | \$ 353,543 | \$ 9,404 | \$ 8,071,696 | \$ 5,246,952 | \$ 52,161,391 | \$ 7,118,445 | \$ 7,939,789 |
| Business-type activities | (184,713) | (324,630) | (116,610) | 61,305 | (546,987) | 513,880 | (82,175) | - | 187,279 | 48,690 |
| Total primary government changes in net position | \$ (286,607) | \$ (1,626,732) | \$ 1,132,113 | \$ 414,848 | \$ (537,583) | \$ 8,585,576 | \$ 5,164,777 | \$ 52,161,391 | \$ 7,305,724 | \$ 7,988,479 |

Data source: Audited financial statements

* Beginning in FY16, indirect costs are reported as an expense in the Enterprise fund instead of a transfer to the General Fund

| TOWN OF NORWELL, MASSACHUSETTS | | | | | | | | | | |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Fund Balance, Governmental Funds | | | | | | | | | | |
| Last Ten Fiscal Years | | | | | | | | | | |
| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
| General Fund | | | | | | | | | | |
| Restricted | \$ 1,225,093 | \$ 1,096,866 | \$ 975,117 | \$ 856,603 | \$ 742,773 | \$ 633,626 | \$ 529,163 | \$ 428,644 | \$ 332,809 | 241,659 |
| Committed | 3,568,755 | 2,316,942 | 2,143,807 | 3,257,901 | 2,431,456 | 2,550,552 | 3,056,284 | 4,332,963 | 4,058,570 | 7,136,232 |
| Assigned | 1,767,433 | 1,827,907 | 1,398,194 | 1,598,931 | 1,772,182 | 2,281,875 | 2,701,503 | 1,701,338 | 2,532,742 | 86,462 |
| Unassigned | 3,470,917 | 4,848,692 | 5,609,599 | 6,813,396 | 7,656,961 | 7,116,451 | 6,702,885 | 7,642,280 | 8,177,243 | 9,761,497 |
| Total general fund | \$ 10,032,198 | \$ 10,090,407 | \$ 10,126,717 | \$ 12,526,831 | \$ 12,603,372 | \$ 12,582,504 | \$ 12,989,835 | \$ 14,105,225 | \$ 15,101,364 | \$ 17,225,850 |
| All Other Governmental Funds | | | | | | | | | | |
| Nonspendable | \$ 378,092 | \$ 378,092 | \$ 378,092 | \$ 378,092 | \$ 378,092 | \$ 438,041 | \$ 471,786 | \$ 487,306 | \$ 596,471 | 600,806 |
| Restricted | 5,209,866 | 9,379,238 | 5,276,542 | 7,987,290 | 6,036,294 | 7,579,831 | 5,848,711 | 13,821,284 | 10,888,601 | 18,148,883 |
| Committed | 7,227,432 | 5,550,331 | 4,751,835 | 4,818,393 | 5,485,404 | 6,470,540 | 3,890,498 | 403,000 | - | - |
| Unassigned | - | (98,827) | - | (5,797) | (95,304) | (69,899) | - | (31,413.00) | (2,863,340.00) | (67,034) |
| Total all other governmental funds: | \$ 12,815,390 | \$ 15,208,834 | \$ 10,406,469 | \$ 13,177,978 | \$ 11,804,486 | \$ 14,418,513 | \$ 10,210,995 | \$ 14,680,177 | \$ 8,621,732 | \$ 18,682,655 |

Data source: Audited financial statements

| TOWN OF NORWELL, MASSACHUSETTS | | | | | | | | | | |
|---|---------------------|---------------------|-----------------------|---------------------|-----------------------|---------------------|-----------------------|---------------------|-----------------------|----------------------|
| Changes in Fund Balances, Governmental Funds | | | | | | | | | | |
| Last Ten Fiscal Years | | | | | | | | | | |
| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
| Revenues | | | | | | | | | | |
| Real estate and personal property taxes | | | | | | | | | | |
| net of tax refunds | \$ 36,265,288 | \$ 37,054,057 | \$ 39,454,128 | \$ 41,362,543 | \$ 42,805,647 | \$ 43,791,331 | \$ 45,621,001 | \$ 47,410,875 | \$ 49,079,357 | \$ 50,836,930 |
| Motor vehicle and other excise taxes | 1,865,981 | 2,044,029 | 2,036,241 | 2,098,707 | 2,404,146 | 2,480,786 | 2,437,802 | 2,421,952 | 2,628,828 | 2,681,130 |
| Penalties, interest and other taxes | 153,885 | 101,053 | 135,049 | 136,001 | 262,384 | 164,894 | 384,712 | 329,986 | 150,807 | 140,532 |
| Charges for services | 2,920,786 | 2,983,691 | 2,985,360 | 3,007,878 | 3,148,320 | 3,392,525 | 3,549,505 | 3,196,240 | 1,961,761 | 3,314,862 |
| Intergovernmental | 12,571,126 | 12,754,224 | 8,156,059 | 7,308,188 | 15,216,976 | 13,423,612 | 13,684,948 | 14,585,631 | 16,580,235 | 19,179,506 |
| License and permits | 680,108 | 758,958 | 756,884 | 670,575 | 680,383 | 760,230 | 662,364 | 710,388 | 995,348 | 861,972 |
| Fines and forfeitures | 55,649 | 56,820 | 39,027 | 43,241 | 50,433 | 48,914 | 35,783 | 25,326 | 20,772 | 28,568 |
| Investment income | 244,328 | 302,508 | 224,035 | 360,673 | 267,435 | 255,258 | 740,642 | 562,459 | 340,838 | 46,576 |
| Miscellaneous | 545,165 | 767,227 | 719,489 | 428,738 | 652,914 | 673,507 | 455,864 | 570,568 | 847,110 | 1,171,788 |
| Total Revenues | 55,302,316 | 56,822,567 | 54,506,272 | 55,416,544 | 65,488,638 | 64,991,057 | 67,572,621 | 69,813,425 | 72,605,056 | 78,261,864 |
| Expenditures | | | | | | | | | | |
| General government | 2,748,322 | 5,645,646 | 4,509,723 | 3,004,334 | 2,820,683 | 2,638,392 | 8,190,474 | 3,674,883 | 5,299,693 | 3,867,309 |
| Public safety | 5,086,805 | 6,921,003 | 9,073,088 | 6,008,793 | 6,250,471 | 6,295,464 | 6,179,976 | 7,462,452 | 7,301,989 | 7,707,630 |
| Education | 30,743,601 | 31,826,324 | 27,035,706 | 28,065,758 | 34,714,726 | 33,596,281 | 34,800,098 | 35,157,740 | 36,324,919 | 39,861,510 |
| Public works | 2,624,540 | 3,067,053 | 4,744,560 | 2,402,344 | 7,829,576 | 5,646,199 | 4,864,470 | 2,810,404 | 3,464,086 | 5,962,294 |
| Health and human services | 1,080,426 | 1,151,931 | 1,236,564 | 1,438,564 | 1,402,450 | 1,516,378 | 1,655,152 | 1,627,605 | 1,770,396 | 1,736,620 |
| Cultural and recreation | 965,075 | 958,703 | 1,027,489 | 1,028,334 | 1,065,959 | 1,217,351 | 2,203,544 | 6,488,439 | 9,500,897 | 1,415,652 |
| Employee benefits | 6,869,988 | 7,031,178 | 7,144,945 | 7,514,150 | 8,292,093 | 8,780,653 | 9,307,315 | 9,376,065 | 9,429,590 | 9,682,395 |
| Debt service | | | | | | | | | | |
| Principal | 1,841,101 | 1,978,107 | 2,382,761 | 2,356,842 | 2,524,169 | 2,402,474 | 2,342,444 | 2,237,444 | 2,532,444 | 2,573,140 |
| Interest | 864,734 | 768,969 | 801,978 | 725,926 | 696,687 | 624,589 | 603,213 | 504,738 | 666,819 | 412,378 |
| Intergovernmental | 1,128,556 | 1,186,229 | 1,166,407 | 1,169,710 | 1,188,776 | 1,280,117 | 1,226,422 | 1,392,486 | 1,398,036 | 1,470,125 |
| Total Expenditures⁽¹⁾ | 53,953,148 | 60,535,143 | 59,123,221 | 53,714,755 | 66,785,590 | 63,997,898 | 71,373,108 | 70,732,256 | 77,688,869 | 74,689,053 |
| Excess of revenues over/(under) expenditures | 1,349,168 | (3,712,576) | (4,616,949) | 1,701,789 | (1,296,952) | 993,159 | (3,800,487) | (918,831) | (5,083,813) | 3,572,811 |
| Other Financing Sources (Uses) | | | | | | | | | | |
| Issuance of bonds and notes | 862,620 | 6,072,000 | - | 3,800,000 | - | 1,600,000 | - | 6,020,000 | - | 8,110,000 |
| Bond premiums | - | - | - | - | - | - | - | 483,703 | 57,673 | 502,652 |
| Transfer in | 204,100 | 785,956 | 529,806 | 1,179,237 | 153,583 | 776,257 | 143,858 | 429,500 | (326,500) | 140,000 |
| Transfer out | (422,566) | (693,727) | (678,912) | (1,509,403) | (153,583) | (776,257) | (143,858) | (429,500) | 326,500 | (140,000) |
| Total other financing sources (uses) | 644,154 | 6,164,229 | (149,106) | 3,469,834 | - | 1,600,000 | - | 6,503,703 | 57,673 | 8,612,652 |
| Net change in fund balance | \$ 1,993,322 | \$ 2,451,653 | \$ (4,766,055) | \$ 5,171,623 | \$ (1,296,952) | \$ 2,593,159 | \$ (3,800,487) | \$ 5,584,872 | \$ (5,026,140) | \$ 12,185,463 |
| Debt Service as a percentage of non-capitalized expenditures ⁽²⁾ | * | * | * | 6.06% | 5.22% | 5.00% | 4.34% | 4.30% | 4.52% | 4.02% |

Data source: Audited financial statements

⁽¹⁾ Certain Capital Expenditures from various functions have been capitalized on the Statement of Net Assets/Position.

⁽²⁾ Capital Outlay Purchases from the Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities are used to calculate this ratio.

*Information is not available.

TOWN OF NORWELL, MASSACHUSETTS
 Assessed Value* of Taxable Property by Classification
 Last Ten Fiscal Years

| Fiscal Year | Assessed Value | | | | | | | |
|-------------|-------------------|----------------------|------------------|------------------|-------------------|------------------------|---------------------|------------------|
| | Residential Value | Residential Tax Rate | Commercial Value | Industrial Value | Personal Property | Total Commercial Value | Commercial Tax Rate | Total Town Value |
| 2013 | \$ 1,874,635,662 | \$16.10 | \$ 258,529,953 | \$ 53,020,900 | \$ 34,566,820 | \$ 346,117,673 | \$16.10 | \$ 2,220,753,335 |
| 2014 | \$ 1,900,143,842 | \$16.37 | \$ 282,402,983 | \$ 29,027,700 | \$ 35,078,510 | \$ 346,509,193 | \$16.37 | \$ 2,246,653,035 |
| 2015 | \$ 1,980,087,997 | \$16.50 | \$ 298,778,900 | \$ 30,163,100 | \$ 39,542,640 | \$ 368,484,640 | \$16.50 | \$ 2,348,572,637 |
| 2016 | \$ 2,057,192,147 | \$16.50 | \$ 301,907,024 | \$ 30,185,200 | \$ 44,773,220 | \$ 376,865,444 | \$16.50 | \$ 2,434,057,591 |
| 2017 | \$ 2,149,241,671 | \$16.45 | \$ 300,707,832 | \$ 29,870,800 | \$ 47,474,220 | \$ 378,052,852 | \$16.45 | \$ 2,527,294,523 |
| 2018 | \$ 2,254,980,142 | \$16.34 | \$ 301,706,404 | \$ 30,062,400 | \$ 47,593,920 | \$ 379,362,724 | \$16.34 | \$ 2,634,342,866 |
| 2019 | \$ 2,319,231,484 | \$16.40 | \$ 315,280,789 | \$ 30,177,300 | \$ 49,936,200 | \$ 395,394,289 | \$16.40 | \$ 2,714,625,773 |
| 2020 | \$ 2,359,178,932 | \$16.63 | \$ 317,751,447 | \$ 30,953,000 | \$ 53,673,680 | \$ 402,378,127 | \$16.63 | \$ 2,761,557,059 |
| 2021 | \$ 2,445,256,987 | \$16.94 | \$ 320,580,057 | \$ 31,654,400 | \$ 53,390,680 | \$ 405,625,137 | \$16.94 | \$ 2,850,882,124 |
| 2022 | \$ 2,586,136,671 | \$16.62 | \$ 326,094,860 | \$ 31,269,900 | \$ 60,783,730 | \$ 418,148,490 | \$16.62 | \$ 3,004,285,161 |

Data source: Town of Norwell Tax Recapitulation Sheets

*Assessed value is comparable to estimated actual value

TOWN OF NORWELL, MASSACHUSETTS

Principal Taxpayers
Current and Nine Years Ago

| Name of Business | Nature of Business | 2022 | | | 2013 | | |
|--------------------------------|---------------------------|------------------------|------|-----------------------------------|-------------------------|------|-----------------------------------|
| | | Assessed Valuation | Rank | % of Total Taxable Assessed Value | Assessed Valuation | Rank | % of Total Taxable Assessed Value |
| Foxrock Norwell Campus LLC | Medical Office | \$40,041,700 | 1 | 1.33% | 20,844,800 | 2 | 0.94% |
| Guttman Stephen J Trust | Shopping Plaza Queen Ann | 23,977,800 | 2 | 0.80% | \$21,327,800 | 1 | 0.96% |
| Massachusetts Electric Company | Utility | 22,068,920 | 3 | 0.73% | 7,147,950 | 7 | 0.32% |
| Clean Harbors Environmental | Environmental Cleanup | 21,484,210 | 4 | 0.72% | 15,823,070 | 3 | 0.71% |
| TRT Norwell LLC | Stop and Shop Supermarket | 11,592,730 | 5 | 0.39% | \$11,797,930 | 4 | 0.53% |
| Eversource Gas | Public Utility | 10,907,400 | 6 | 0.36% | | | 0.00% |
| Foxrock Assinippi Realty LLC | Charter School | 9,120,300 | 7 | 0.30% | | | 0.00% |
| Southwood at Norwell Nursing | Nursing Home | 8,732,300 | 8 | 0.29% | \$8,807,500 | 5 | 0.40% |
| Jumbo Capital Norwell | Office Building | 7,971,300 | 9 | 0.27% | 6,537,900 | 9 | 0.29% |
| AEP Realty Trust | Industrial Warehouse | 7,421,400 | 10 | 0.25% | | | 0.00% |
| Totals | | <u>\$163,318,060</u> | | <u>5.44%</u> | <u>\$ 92,286,950</u> | | <u>4.16%</u> |
| Total Town Assessed Value | | <u>\$3,004,285,161</u> | | | <u>\$ 2,220,753,335</u> | | |

Source: Board of Assessors, Town of Norwell

TOWN OF NORWELL, MASSACHUSETTS
Property Tax Levies and Collections
Last Ten Fiscal Years

| Fiscal Year | Total Tax Levy | Overlay Reserve for Abatements | Net Tax Levy | Collections During the Fiscal Year Payable | | Collections in Subsequent Years | Collections as of June 30, 2022 | |
|-------------|----------------|--------------------------------|---------------|--|----------------|---------------------------------|---------------------------------|------------------------------|
| | | | | Dollar Amount | % of Net Levy* | | Dollar Amount | % of Net Levy ⁽¹⁾ |
| 2013 | \$ 35,754,129 | \$ 752,740 | \$ 35,001,389 | \$ 35,193,799 | 100.55% | \$ 230,593 | \$ 35,424,392 | 101.2% |
| 2014 | \$ 36,777,710 | \$ 827,806 | \$ 35,949,904 | \$ 35,424,251 | 98.54% | \$ 1,068,042 | \$ 36,492,293 | 101.5% |
| 2015 | \$ 38,751,449 | \$ 1,091,564 | \$ 37,659,885 | \$ 38,079,123 | 101.11% | \$ 403,622 | \$ 38,482,745 | 102.2% |
| 2016 | \$ 40,161,914 | \$ 951,174 | \$ 39,210,740 | \$ 39,480,526 | 100.69% | \$ 286,821 | \$ 39,767,347 | 101.4% |
| 2017 | \$ 41,573,994 | \$ 804,836 | \$ 40,769,158 | \$ 40,961,100 | 100.47% | \$ 224,426 | \$ 41,185,526 | 101.0% |
| 2018 | \$ 43,045,164 | \$ 621,600 | \$ 42,423,564 | \$ 42,343,900 | 99.81% | \$ 268,314 | \$ 42,612,214 | 100.4% |
| 2019 | \$ 44,519,863 | \$ 713,303 | \$ 43,806,560 | \$ 43,628,330 | 99.59% | \$ 413,643 | \$ 44,041,973 | 100.5% |
| 2020 | \$ 45,924,694 | \$ 631,606 | \$ 45,293,088 | \$ 45,247,307 | 99.90% | \$ 433,556 | \$ 45,680,863 | 100.9% |
| 2021 | \$ 48,293,943 | \$ 1,361,960 | \$ 46,931,983 | \$ 47,455,925 | 101.12% | \$ 504,218 | \$ 47,960,143 | 102.2% |
| 2022 | \$ 49,931,219 | \$ 658,807 | \$ 49,272,412 | \$ 49,249,549 | 99.95% | \$ - | \$ 49,249,549 | 100.0% |

Data source: DLS Databank - Tax Levies by Class
Town of Norwell General Ledger
Bond Prospectus

*Net tax levy is calculated using estimated overlay reserved for abatements, not actual abatements.
Unused overlay can result in actual collections exceeding the budgeted tax.

TOWN OF NORWELL, MASSACHUSETTS
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

| | | Governmental Activities Debt | | | | | |
|-------------|------------|------------------------------|--------------------|--------------------------|-------------------|-------------------------------|------------------------------|
| Fiscal Year | Population | Total Personal Income | Assessed Valuation | General Obligation Bonds | Per Capita Income | Percentage of Personal Income | Percentage of Assessed Value |
| 2013 | 10,506 | \$ 679,107,840 | \$ 2,220,753,335 | \$ 18,153,083 | \$ 64,640 | 2.6731% | 0.8174% |
| 2014 | 10,557 | \$ 680,873,715 | \$ 2,246,653,035 | \$ 22,138,399 | \$ 64,495 | 3.2515% | 0.9854% |
| 2015 | 10,574 | \$ 755,025,896 | \$ 2,348,572,637 | \$ 19,774,124 | \$ 71,404 | 2.6190% | 0.8420% |
| 2016 | 10,723 | \$ 749,923,728 | \$ 2,434,057,591 | \$ 21,206,246 | \$ 69,936 | 2.8278% | 0.8712% |
| 2017 | 10,870 | \$ 859,197,410 | \$ 2,527,294,523 | \$ 18,737,753 | \$ 79,043 | 2.1808% | 0.7414% |
| 2018 | 10,984 | \$ 883,574,928 | \$ 2,634,342,866 | \$ 17,773,633 | \$ 80,442 | 2.0116% | 0.6747% |
| 2019 | 10,984 | \$ 977,949,456 | \$ 2,714,625,773 | \$ 15,431,186 | \$ 89,034 | 1.5779% | 0.5684% |
| 2020 | 10,984 | \$ 1,014,273,544 | \$ 2,761,557,059 | \$ 19,213,745 | \$ 92,341 | 1.8943% | 0.6958% |
| 2021 | 11,115 | \$ 1,039,396,995 | \$ 2,850,882,124 | \$ 16,681,301 | \$ 93,513 | 1.6049% | 0.5851% |
| 2022 | 11,351 | \$ 1,151,717,864 | \$ 3,004,285,161 | \$ 22,398,786 | \$ 101,464 | 1.9448% | 0.7456% |

| | | Business - Type Activities Debt | | Total Primary Government | | | |
|-------------|--------------|---------------------------------|--|--------------------------|-------------------|-------------------------------|------------------------------|
| Fiscal Year | Water Fund | | | Total Debt Outstanding | Per Capita Income | Percentage of Personal Income | Percentage of Assessed Value |
| 2013 | \$ 1,110,000 | | | \$ 19,263,083 | \$ 64,640 | 2.84% | 0.87% |
| 2014 | \$ 2,170,000 | | | \$ 24,308,399 | \$ 64,495 | 3.57% | 1.08% |
| 2015 | \$ 1,915,000 | | | \$ 21,689,124 | \$ 71,404 | 2.87% | 0.92% |
| 2016 | \$ 1,660,000 | | | \$ 22,866,246 | \$ 69,936 | 3.05% | 0.94% |
| 2017 | \$ 1,415,000 | | | \$ 20,152,753 | \$ 79,043 | 2.35% | 0.80% |
| 2018 | \$ 1,260,000 | | | \$ 19,033,633 | \$ 80,442 | 2.15% | 0.72% |
| 2019 | \$ 1,105,000 | | | \$ 16,536,186 | \$ 89,034 | 1.69% | 0.61% |
| 2020 | \$ 950,000 | | | \$ 20,163,745 | \$ 92,341 | 1.99% | 0.73% |
| 2021 | \$ 795,000 | | | \$ 17,476,301 | \$ 93,513 | 1.68% | 0.61% |
| 2022 | \$ 730,000 | | | \$ 23,128,786 | \$ 101,464 | 2.01% | 0.77% |

Data source: Massachusetts Department of Revenue, Local Services Division
Audited financial statements

TOWN OF NORWELL, MASSACHUSETTS
 Direct and Overlapping Governmental Activities Debt
 As of June 30, 2022

| | <u>Debt Outstanding 6/30/2022</u> | <u>Estimated Percentage Applicable⁽¹⁾</u> | <u>Estimated Share of Overlapping Debt⁽¹⁾</u> |
|-----------------------------------|---|--|--|
| Debt repaid with property taxes: | | | |
| Plymouth County | \$ 550,000 | 3.28% | <u>\$ 18,040</u> |
| Subtotal, overlapping debt | | | 18,040 |
| Town governmental direct debt | | | <u>22,398,786</u> |
| Total direct and overlapping debt | | | <u><u>\$ 22,416,826</u></u> |

Data source: Plymouth County Treasurer
 South Shore Regional Vocational School

⁽¹⁾ Estimated share based on debt service only.

TOWN OF NORWELL, MASSACHUSETTS
 Legal Debt Margin Information
 Last Ten Fiscal Years

| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Equalized Valuation ⁽¹⁾ | \$2,426,601,200 | \$2,356,322,900 | \$2,356,322,900 | \$2,543,299,700 | \$2,543,299,700 | \$2,807,594,400 | \$2,807,594,400 | \$2,967,834,000 | \$2,967,834,000 | \$3,200,575,000 |
| Debt Limit - 5% of equalized valuation | 121,330,060 | 117,816,145 | 117,816,145 | 127,164,985 | 127,164,985 | 140,379,720 | 140,379,720 | 148,391,700 | 148,391,700 | 160,028,750 |
| Less: | | | | | | | | | | |
| Total debt applicable to limitation ⁽²⁾ | 9,352,230 | 14,199,990 | 12,698,158 | 14,992,724 | 13,386,676 | 13,310,000 | 11,855,000 | 16,525,000 | 14,880,000 | 18,585,000 |
| Legal debt margin | \$111,977,830 | \$103,616,155 | \$105,117,987 | \$112,172,261 | \$113,778,309 | \$127,069,720 | \$128,524,720 | \$131,866,700 | \$133,511,700 | \$141,443,750 |
| Total debt applicable to the limit as a percentage of debt limit | 7.71% | 12.05% | 10.78% | 11.79% | 10.53% | 9.48% | 8.44% | 11.14% | 10.03% | 11.61% |

Data source:

⁽¹⁾ MA Bureau of Local Services (DataBank)

⁽²⁾ Town of Norwell

TOWN OF NORWELL, MASSACHUSETTS
Demographic and Economic Statistics
Last Ten Fiscal Years

| Fiscal Year | Population Estimates | Per Capita Personal Income | Median Age | School Enrollment | Unemployment Rate |
|-------------|----------------------|----------------------------|------------|-------------------|-------------------|
| 2013 | 10,506 | \$64,640 | 43.8 | 2,331 | 4.70% |
| 2014 | 10,557 | \$64,495 | 43.8 | 2,263 | 3.90% |
| 2015 | 10,574 | \$71,404 | 43.8 | 2,261 | 3.70% |
| 2016 | 10,723 | \$69,936 | 43.8 | 2,199 | 3.20% |
| 2017 | 10,870 | \$79,043 | 43.8 | 2,192 | 2.40% |
| 2018 | 10,984 | \$80,442 | 43.8 | 2,197 | 3.40% |
| 2019 | 10,984 | \$89,034 | 43.8 | 2,192 | 2.50% |
| 2020 | 10,984 | \$92,341 | 43.8 | 2,210 | 15.50%* |
| 2021 | 11,115 | \$93,513 | 43.8 | 2,182 | 6.49% |
| 2022 | 11,351 | \$101,464 | 43.8 | 2,186 | 4.90% |

Data source: DLS Databank - Labor Force
Town of Norwell City-data
DESE October 1 reports

*Related to ongoing COVID-19 pandemic

TOWN OF NORWELL, MASSACHUSETTS
Principal Employers
Current Year and Nine Years Ago

| Employer | Type of Business | 2022 | | | 2013 | | |
|-----------------------------------|---------------------------|---------------------|------|-------------------------------------|---------------------|------|-------------------------------------|
| | | Number of Employees | Rank | Percentage of Total Town Employment | Number of Employees | Rank | Percentage of Total Town Employment |
| Clean Harbors | Environmental Services | 508 | 1 | 9.56% | 460 | 3 | 8.49% |
| Southwood at Norwell Nursing Home | Nursing | 175 | 2 | 3.29% | - | - | 0.00% |
| South Shore Medical Center | Medical Services | 150 | 3 | 2.82% | - | - | 0.00% |
| Avedis Zildjian Company | Manufacturer | 130 | 4 | 2.45% | 100 | 9 | 1.85% |
| Super Stop & Shop | Supermarket | 125 | 5 | 2.35% | - | - | 0.00% |
| Big Y World Class Market | Supermarket | 125 | 6 | 2.35% | - | - | 0.00% |
| American Plumbing & Heating | Construction | 120 | 7 | 2.26% | - | - | 0.00% |
| Signet Electronics | IT/Technology | 108 | 8 | 2.03% | 150 | 7 | 2.77% |
| Computer Merchant | Computer Consulting | 100 | 9 | 1.88% | - | - | 0.00% |
| Congruity | Computer Processing | 100 | 10 | 1.88% | - | - | 0.00% |
| | Total Principal Employers | 1641 | | | 710 | | |
| | Total Town Employment (1) | <u>5316</u> | | | <u>5415</u> | | |

Data source: Executive Office of Labor and Workforce Development (EOLWD)

Notes:

(1) MA Bureau of Local Services (DataBank)

TOWN OF NORWELL, MASSACHUSETTS
Government Employees by Function - Full Time Equivalents
Last Ten Fiscal Years

| Function | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|-----------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| General Government: | 19.28 | 20.40 | 20.40 | 21.68 | 22.00 | 22.27 | 22.51 | 22.96 | 22.87 | 22.87 |
| Public Safety: | | | | | | | | | | |
| Police | 29.95 | 29.97 | 30.01 | 30.01 | 30.82 | 30.78 | 30.78 | 31.78 | 31.78 | 32.78 |
| Fire | 22.00 | 22.00 | 22.00 | 22.00 | 22.00 | 22.00 | 22.00 | 23.00 | 23.00 | 23.00 |
| Inspection | 1.89 | 1.89 | 1.89 | 1.89 | 1.89 | 2.27 | 2.43 | 3.63 | 3.63 | 2.77 |
| Sub-Total | 53.84 | 53.86 | 53.90 | 53.90 | 54.71 | 55.05 | 55.21 | 58.41 | 58.41 | 58.55 |
| Education: | 265.60 | 271.60 | 271.20 | 270.10 | 267.30 | 271.90 | 271.20 | 272.80 | 315.60 | 318.80 |
| Public Works: | | | | | | | | | | |
| Highway | 7.25 | 7.25 | 7.52 | 7.52 | 8.52 | 9.25 | 9.25 | 9.25 | 9.25 | 9.25 |
| Tree and Grounds | 6.00 | 6.00 | 6.00 | 6.00 | 6.00 | 6.00 | 7.00 | 7.00 | 7.00 | 8.00 |
| Water | 8.00 | 8.00 | 8.00 | 8.00 | 8.00 | 9.00 | 9.00 | 9.00 | 9.00 | 9.00 |
| Sub-Total | 21.25 | 21.25 | 21.52 | 21.52 | 22.52 | 24.25 | 25.25 | 25.25 | 25.25 | 26.25 |
| Health and Human Services: | | | | | | | | | | |
| Board of Health | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 |
| Council on Aging | 3.83 | 3.83 | 4.01 | 4.27 | 4.27 | 4.47 | 4.20 | 4.20 | 4.20 | 4.40 |
| Sub-Total | 5.83 | 5.83 | 6.01 | 6.27 | 6.27 | 6.47 | 6.20 | 6.20 | 6.20 | 6.40 |
| Culture and Recreation: | | | | | | | | | | |
| Library | 7.20 | 7.24 | 7.27 | 7.27 | 7.39 | 7.39 | 7.39 | 7.39 | 7.39 | 8.44 |
| Recreation | 1.60 | 1.60 | 1.60 | 1.60 | 1.60 | 1.60 | 1.60 | 1.60 | 1.60 | 1.60 |
| Sub-Total | 8.80 | 8.84 | 8.87 | 8.87 | 8.99 | 8.99 | 8.99 | 8.99 | 8.99 | 10.04 |
| TOTALS: | 374.60 | 381.78 | 381.90 | 382.34 | 381.79 | 388.93 | 389.36 | 394.61 | 437.32 | 442.91 |

Source: Town of Norwell Budget Manuals

TOWN OF NORWELL, MASSACHUSETTS
 Operating Indicators by Function
 Last Ten Fiscal Years

| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|-----------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Town Clerk | | | | | | | | | | |
| Registered Voters | 7,398 | 7,384 | 7,561 | 7,913 | 7,869 | 7,901 | 7,961 | 8,027 | 8,263 | 8,349 |
| Finance | | | | | | | | | | |
| Taxable property parcels assessed | 4,476 | 4,514 | 4,515 | 4,526 | 4,546 | 4,557 | 4,512 | 4,492 | 4,498 | 4,501 |
| Motor vehicles registered | 11,493 | 11,727 | 12,304 | 12,731 | 12,542 | 13,537 | 13,079 | 13,002 | 13,269 | 13,330 |
| Police | | | | | | | | | | |
| Physical arrests | 33 | 96 | 72 | 77 | 85 | 67 | 56 | 41 | 18 | 22 |
| Traffic violations | 1,211 | 2,395 | 1,557 | 1,295 | 1,645 | 2,504 | 2,072 | 1,425 | 977 | 921 |
| Fire | | | | | | | | | | |
| Calls answered | 2,322 | 2,169 | 2,385 | 2,380 | 2,257 | 1,976 | 2,031 | 2,251 | 2,152 | 2,674 |
| Emergency responses | 437 | 280 | 377 | 371 | 315 | 396 | 213 | 362 | 288 | 997 |
| Fires extinguished | 50 | 45 | 63 | 58 | 55 | 40 | 30 | 39 | 70 | 41 |
| Number of inspections conducted | 427 | 481 | 488 | 478 | 448 | 385 | 313 | 352 | 528 | 488 |
| Emergency medical responses | 1,173 | 1,300 | 1,303 | 1,285 | 1,220 | 922 | 1,287 | 1,319 | 1,318 | 1,768 |
| Building | | | | | | | | | | |
| Building permits issued | 530 | 550 | 626 | 686 | 617 | 531 | 530 | 535 | 596 | 407 |
| Estimated construction value | \$3,741,240 | \$3,997,910 | \$2,849,890 | \$3,317,700 | \$2,566,910 | \$2,901,780 | \$2,253,020 | \$2,870,787 | \$2,483,620 | \$1,987,765 |
| Public Library | | | | | | | | | | |
| Volumes of collections | 69,472 | 205,124 | 224,605 | 218,359 | 255,310 | 90,213 | 82,059 | 107,602 | 135,355 | 141,798 |
| Total circulation | 154,134 | 150,874 | 145,375 | 138,899 | 119,689 | 137,216 | 147,206 | 162,916 | 142,671 | 219,437 |
| Registered borrowers | 5,379 | 5,260 | 5,056 | 4,929 | 5,053 | 4,876 | 5,016 | 4,969 | 5,171 | 4,926 |
| Water | | | | | | | | | | |
| Water main breaks | 19.00 | 33.00 | 19.00 | 19.00 | 27.00 | 16.00 | 15.00 | 16.00 | 22.00 | 20.00 |
| Daily average consumption - MGD | 1.04 | 1.12 | 0.99 | 1.09 | 1.05 | 0.948 | 0.973 | 0.921 | 0.978 | 0.925 |
| Peak daily consumption - MGD | 2.08 | 1.89 | 1.74 | 1.99 | 1.81 | 1.74 | 1.75 | 1.57 | 1.84 | 1.81 |

Data source: Various Town departments
 Registered Voters - Town Report
 DLS Databank

TOWN OF NORWELL, MASSACHUSETTS
 Capital Assets Statistics by Function
 Last Ten Fiscal Years

| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Police | | | | | | | | | | |
| Number of stations | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Fire and Rescue | | | | | | | | | | |
| Number of stations | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Number of ladder trucks | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Number of pumpers | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| Number of support vehicles | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 6 | 6 | 6 |
| Public Works | | | | | | | | | | |
| Miles of street | 88.69 | 88.69 | 88.69 | 89.09 | 89.09 | 90.01 | 90.01 | 90.01 | 90.01 | 90.01 |
| Number of storm drains | 1507 | 1507 | 1507 | 1507 | 1507 | 1515 | 1515 | 1515 | 1669 | 1669 |
| Recreation | | | | | | | | | | |
| Number of parks | 21 | 23 | 23 | 23 | 23 | 23 | 23 | 23 | 23 | 26 |
| Park acreage | 1362 | 1401 | 1473 | 1475 | 1475 | 1475 | 1475 | 1475 | 1475 | 1803 |
| Ball fields | 11 | 11 | 11 | 11 | 11 | 11 | 11 | 11 | 11 | 11 |
| Tennis courts | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 |
| Water System | | | | | | | | | | |
| Miles of water mains | 87.75 | 88.84 | 89.09 | 89.59 | 89.59 | 89.78 | 89.78 | 89.84 | 89.84 | 89.84 |
| Number of service connections | 3604 | 3626 | 3609 | 3656 | 3670 | 3723 | 3725 | 3748 | 3748 | 3772 |
| Storage capacity in gallons (millions of gallons) | 2.07 | 2.07 | 2.07 | 2.07 | 2.07 | 2.07 | 2.07 | 2.1 | 2.1 | 2.10 |
| Maximum daily capacity of plant (millions of gallons) | 2.19 | 1.93 | 1.85 | 1.99 | 1.81 | 1.81 | 1.81 | 1.81 | 1.81 | 1.81 |
| Number of fire hydrants | 766 | 777 | 781 | 786 | 787 | 789 | 789 | 821 | 821 | 895 |

Data source: Town reports
 Various Town departments