

TOWN OF LYNNFIELD, MASSACHUSETTS

Comprehensive Annual Financial Report

For the Year Ended June 30, 2019



Lynnfield Town Common with the Center Church and Old Meeting House in the background. The bell was originally a fire bell that was located on top of the Old Meeting House in the early 1900s. It was later moved and placed on the common. – Photo courtesy of Bob Curtin

TOWN OF LYNNFIELD, MASSACHUSETTS

Comprehensive Annual Financial Report

For the Year Ended June 30, 2019



Robert Dolan
Town Administrator

Prepared by:

Julie McCarthy
Assistant Finance Director/Town Accountant



Lynnfield Ladder truck displaying the American Flag at Annual Fourth of July 5K. – Photo courtesy of Chief Glenn Davis

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Aerial view of the Lynnfield Common in the Fall. Picture includes the Lynnfield Public Library, The Old Meeting House, Center Congregational Church, and the Post Office. – Photo courtesy of Eric Hamlin

INTRODUCTORY SECTION



MarketStreet Lynnfield is the Town's Largest taxpayer. It is an upscale outdoor shopping center with a variety of retail, restaurants, and entertainment choices. – Photo courtesy of Eric Hamlin



TOWN OF LYNNFIELD

Julie McCarthy
Assistant Finance Director
55 Summer Street
Lynnfield MA 01940
Telephone: 781-334-9420

December 18, 2019

Letter of Transmittal

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

State law requires the Town of Lynnfield to publish at the close of each fiscal year, a complete set of financial statements, in conformity with U.S. generally accepted accounting principles (GAAP), that are audited in accordance with generally accepted auditing standards in the United States of America by a firm of licensed certified public accountants. Pursuant to that requirement, I hereby issue the Comprehensive Annual Financial Report (CAFR) of the Town of Lynnfield, Massachusetts, for the fiscal year ending June 30, 2019 for your review.

The report is designed to be used by the elected and appointed officials of the Town and others who are concerned with its management and progress such as bond analysts, banking institutions, and credit raters as well as residents and taxpayers of the Town of Lynnfield.

The report consists of management's representations concerning the finances of the Town of Lynnfield. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in the report. To provide a reasonable basis for making these representations, management of the Town of Lynnfield has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft or misuse and to compile sufficient information for the preparation of the Town of Lynnfield's financial statements in conformity with GAAP.

The Town of Lynnfield's financial statements have been audited by Melanson Heath, a firm of licensed certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the Town of Lynnfield for the year ending June 30, 2019, are free of material misstatement. The independent audit involved examining on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion on the Town of Lynnfield's

financial statements for the year ended June 30, 2019, and that they are, in fact, fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statement of the Town of Lynnfield was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair representation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the Town of Lynnfield's separately issued Single Audit Report.

Generally accepted accounting principles (GAAP) requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of an MD&A. This letter of transmittal is designed to complement, and should be read in conjunction with, the MD&A. The Town's MD&A can be found immediately following the independent auditor's report from Melanson Heath.

Profile of the Town

Lynnfield initially consisted of two separate villages with a single governing body. The Town of Lynnfield was settled in 1638 and was made a district entity separate from Lynn in 1782. It was later officially incorporated in 1814. With a population of approximately 12,000, it is located in what traditionally is known as the "North Shore" approximately 12 miles from Boston within Essex County. Lynnfield is an affluent suburban community with a total area of 10.5 miles. Lynnfield lies along the western border of Essex County, and is bordered by the towns of Wakefield to the southwest, Reading to the west, North Reading to the north and northwest, Peabody to the Northeast, Lynn to the southeast, and Saugus to the south.

The Town has access to Interstate 95 and US Route 1 that pass through Town. This provides residents with easy accessibility to various employment centers in the Boston area.

Lynnfield is governed by the open town meeting model with a three-member Board of Selectmen overseeing the operation of the Town. The Town Administrator is responsible for carrying out the policies and direction of the Board of Selectmen and managing the day-to-day operations of the Town. An elected, five-member School Committee appoints a School Superintendent who administers the school system. An appointed Finance Committee, consisting of eleven members, makes recommendations to Town Meeting on operating budgets, capital budgets and other financial matters.

The Town offers a full range of traditional municipal services including police and fire protection, K-12 education, street and sidewalk maintenance, curbside solid waste and recycling collection and disposal, services for senior citizens and veterans, a full-service Library, and recreational activities. The Town currently owns and operates two successful nine-hole golf courses; Reedy Meadow and King Rail. Lynnfield also has

a Cultural and Media Center which is a community meeting space and also houses the local Cable Access station.

Lynnfield Public Schools operate 4 public schools, Lynnfield High School, Lynnfield Middle School, Huckleberry Hill Elementary School and Summer Street Elementary School. The Essex North Shore Agricultural and Technical School in Middleton offers vocational technical education in grades 9 through 12.

Lynnfield is divided into two water districts: the Lynnfield Water District and the Lynnfield Center Water District. Both districts are chartered through the state legislature and exist separately from the Town government. Each holds its own annual meeting and elects its own Board of Water Commissioners.

The Town of Lynnfield is committed to preserve the character of our community through promoting programs and policies that preserve the friendly small-town community atmosphere.

Factors Affecting Financial Condition

Local Economy

Lynnfield has a very strong economy supported by the access to Boston's metropolitan area, high property values, and very good Town services, including highly rated public schools. The per capita income is significantly higher than state averages, and the unemployment rate 2.3% is lower than the state average of 3%. In 2019 the average home price in Lynnfield was \$667,800, an increase of 5.3% over the prior year. The Town of Lynnfield has a primarily residential tax base which has grown through rapidly rising home values. The commercial base has also continued to grow through the continued expansion of the MarketStreet development. Prior to the development of Market Street (2012) commercial property comprised only 8% of the Town's total value compared to 18.3% in 2019.

MarketStreet Lynnfield is a mixed-use development consisting of 395,000 s.f. of retail, restaurants and entertainment, a 180-unit residential community, and 80,000 s.f. of office space. Anchored by Whole Foods, the MarketStreet development features a classic main street appeal with a town square and village green. It is easily accessible with close proximity from Route 95. It has continued to expand, most recently with the addition of a 40,000 s.f. Lahey Health building that opened in 2018.

Since the opening of MarketStreet in 2013, the Town has received in excess of \$21 million in property taxes. Also, with the numerous new restaurants the Town's meals tax revenue has increased substantially with over \$2 million directly attributed to these new restaurants. Other revenues have increased, including motor vehicle taxes because of the additional cars at Arbor Point, the Residential complex at MarketStreet and other miscellaneous fees and licenses.

The Town's main source of revenue, property taxes, are capped by Proposition 2½ and can only be overridden by a majority vote at a Town election. While tax revenue increases

are limited, and state local aid has seen only minimal increases of less than 2%, local receipts have continued to substantially increase. In 2019 the Town collected in excess of \$5.8 million in local receipts, a 5% increase over the prior year.

Long –Term Financial Planning

Lynnfield is focused on addressing the numerous needs of the community.

The Town of Lynnfield has attained a solid financial rating of AA+ from Standard and Poor's since 2014. This reflects Lynnfield's strong budgetary flexibility, very strong liquidity with limited capital needs.

The Town of Lynnfield has a very conservative approach to budgeting. The Town maintains a 10-year capital improvement plan and also prepares a formal three-year budget forecast. The budget forecast is presented to the Board of Selectmen, School Committee, and the Finance Committee.

The Town of Lynnfield also has several formal financial policies in place. The Stabilization reserve maintains a balance of 3% to 5% of the operating budget, and is currently at 3.6%. Also, the Capital Facilities Maintenance Fund policy is to maintain a balance of 1% to 3% of our operating budget, and is currently 2.7%.

Lynnfield has also adopted a formal debt management policy that requires debt service to not exceed 10% of annual operating budget. Fiscal 2019 debt service budget of \$3.4 million was just 6.2% of the operating budget. The Town has total debt outstanding as of June 2019 of \$17,617,616; 79% of this debt will be paid within the next 6 years.

During 2019 the Town dedicated just under \$1,800,000 in free cash and one-time revenues to fund the capital plan related to building and equipment replacement and repair. Going forward, it is the goal of the Town to continue to aggressively fund capital needs annually on a cash basis. Additionally, \$300,000 was voted to increase reserves such as the Stabilization Fund and the Capital Facilities Maintenance Fund. Also, \$200,000 was funded in the Town's Other Post Employment Benefit Fund.

Relevant Financial Policies

The Town has continued to maintain quality municipal and school services despite years of reduced state aid through prudent budgeting, strong tax collections, conservative revenue estimates and continued property growth.

The Town's goals are to create a balanced and sustainable budget, with no use of non-recurring reserves to fund the operating budget, to maintain an aggressive capital plan, to continue to build the stabilization and capital facilities maintenance fund reserves, and to fund annually the OPEB Trust.

The Town of Lynnfield manages its risk through a combination of self-insured programs for unemployment and worker's compensation. The Town of Lynnfield is a member of Massachusetts Interlocal Insurance Association (MIIA). This is a member-based non-

profit that provides property and casualty and worker's compensation coverage to Massachusetts cities and towns. MIIA is self-supported through premiums and reinsures through commercial companies.

Major Initiative

A Strategic Planning Committee (SPC) was recently formed to advise the Board on the scope of upcoming capital projects, to examine and evaluate options regarding these projects, assist in their prioritization, examination of funding sources and strategies, and to analyze how these projects will fit in with the Town's spending and debt plan. Over the previous decade the Town has made historic investments in its public school buildings and athletic/recreation facilities. Over the next decade the Town sees positive opportunities to make considerable investment in Town infrastructure such as public safety buildings, our library, and town hall, to modernize operations and to invest and improve these important community services. This blue-ribbon committee is made up of some of the Lynnfield's most talented citizens, all experts in their fields, to lead this critical initiative in partnership with the Board of Selectmen, Town Administrator, and his senior staff. It will truly be a community guide for the coming decade, and advance the goal of the Town of Lynnfield to be a AAA bond rated community.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awards a Certificate of Achievement for Excellence in Financial Reporting. This is a very prestigious award and in order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A certificate of achievement is valid for one year only. We believe that our current comprehensive annual financial report will meet the Certificate of Achievement requirements, and are submitting it to the GFOA to determine its eligibility.

The preparation of this comprehensive document requires a significant investment of time and resources. I would like to express my sincere thanks to all departments who assisted and contributed to the efforts of this report. Also, a special thanks to Melanson Heath, our audit firm for all of their advice and assistance in the preparation of this report.

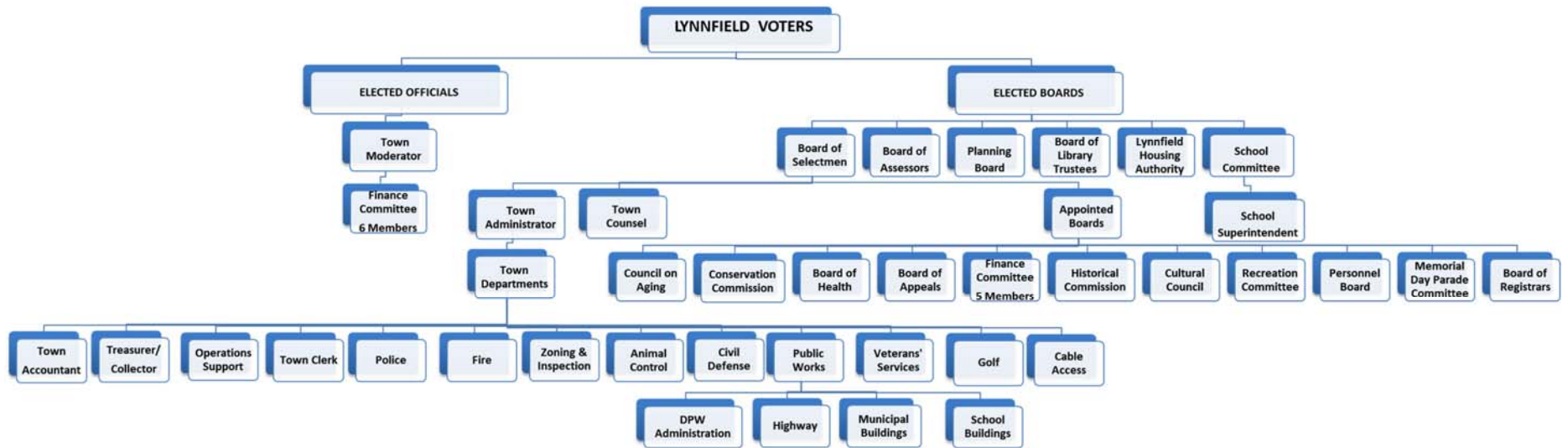
Respectfully submitted,



Robert Dolan
Town Administrator/Finance Director



Julie McCarthy
Assistant Finance Director/Town Accountant

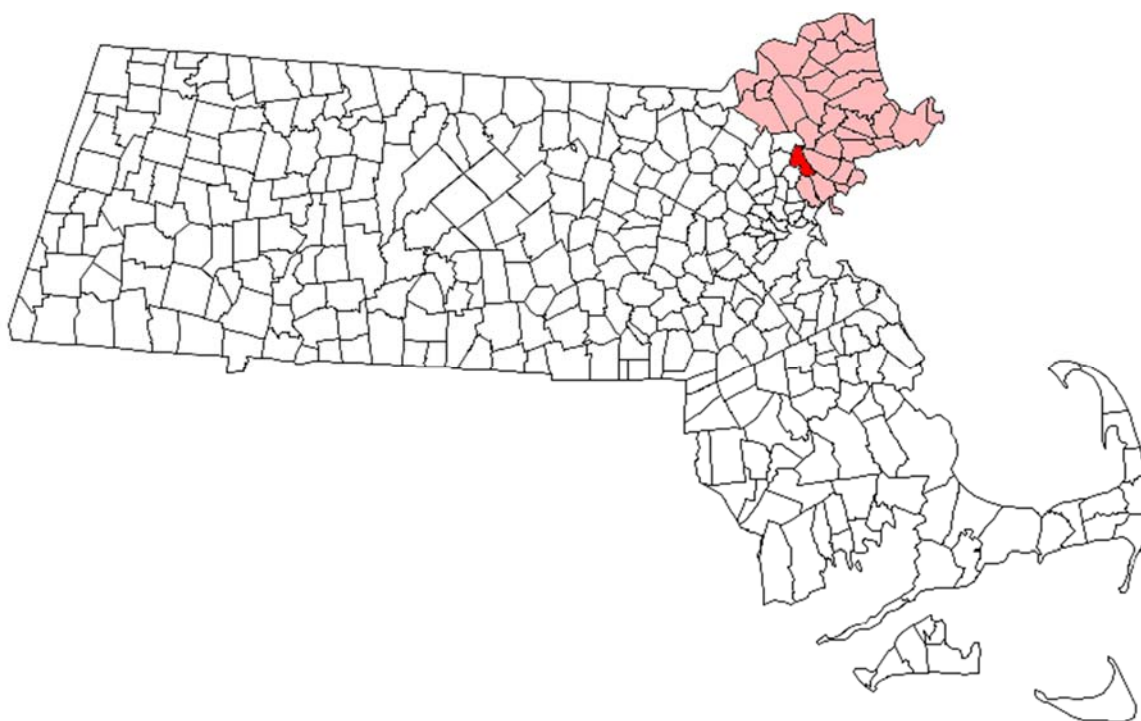


**Town of Lynnfield,
Massachusetts**

Principal Executive Officers

<u>Title</u>	<u>Name</u>	<u>Manner of Selection</u>	<u>Length of Term</u>	<u>Expiration of Term</u>
Clerk-Board of Selectmen	Richard Dalton	Elected	3 Years	2022
Chairman-Board of Selectmen	Philip B. Crawford	Elected	3 Years	2020
Vice Chairman-Board of Selectmen	Christopher J. Barrett	Elected	3 Years	2021
Town Administrator/ Director of Finance	Robert Dolan	Appointed	2 Years	2020
Asst. Finance Director/ Town Accountant	Julianne M. McCarthy	Appointed	2 Years	2020
Treasurer/Collector	Leslie Davidson	Appointed	Indefinite	2020
Town Clerk	Trudy Reid	Appointed	Indefinite	2020
Assessing Manager	Richard Simmons-Interim	Appointed	Indefinite	N/A
Assessor-Chairman	Donald P. Garrity	Elected	3 Years	2021
Assessor	Bonnie Celi	Elected	3 Years	2020
Assessor	Richard J. O'Neil, Jr.	Elected	3 Years	2022
Fire Chief	Glenn Davis	Appointed	Indefinite	N/A
Police Chief	David Breen	Appointed	Indefinite	N/A
Public Works Director	John Tomasz	Appointed	indefinite	N/A
School Superintendent	Jane Tremblay	Appointed	indefinite	N/A
School Director of Finance	Thomas Geary	Appointed	indefinite	N/A
Town Moderator	Joseph Markey	Elected	1 year	2020
Town Counsel	Thomas A. Mullen	Appointed	2 Years	2020

Geographic Location



FINANCIAL SECTION



Reedy Meadow in the Spring. Reedy Meadow is the largest freshwater cattail marsh in Massachusetts. It is located in Lynnfield and Wakefield. The Lynnfield portion of the meadow is owned by the Conservation Commission and is a National Natural Landmark. – Photo courtesy of Diane Hammerbeck

INDEPENDENT AUDITORS' REPORT

To the Board of Selectmen
Town of Lynnfield, Massachusetts

Additional Offices:

Nashua, NH
Manchester, NH
Greenfield, MA
Ellsworth, ME

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Lynnfield, Massachusetts, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on

the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Lynnfield, Massachusetts, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, and 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.

Other Information

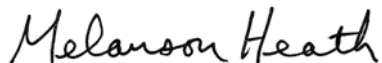
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Lynnfield, Massachusetts' basic financial statements. The accompanying supplementary information appearing on pages 85 through 95 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records

used to prepare the financial statements. The 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The Introductory and Statistical sections are presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated December 18, 2019 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 Government'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 cursive script that reads "Melanson Heath".

December 18, 2019

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MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Town of Lynnfield, 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, 2019.

A. 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 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/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 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, culture and recreation, interest on debt, and intergovernmental assessments. The business-type activities include golf course and emergency medical services 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. All of the 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 funds 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 a government'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 government's near-term financing decisions. Both the governmental funds Balance Sheet and the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

An annual appropriated budget is adopted for the general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

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 the golf course and emergency medical services operations.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Town's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

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

Other 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.

B. FINANCIAL HIGHLIGHTS

- As of the close of the current fiscal year, the difference between assets and deferred outflows, and liabilities and deferred inflows, is \$(36,073,500) (i.e., net position), a change of \$(3,931,954) in comparison to the prior year. The deficit balance is primarily due to the unfunded net pension liability and net OPEB liability.
- As of the close of the current fiscal year, governmental funds reported a combined ending fund balance of \$15,481,163, a change of \$2,335,890 in comparison to the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$7,471,257, a change of \$2,798,506 in comparison to the prior year.

C. GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following is a summary of condensed government-wide financial data for the current and prior fiscal years. All amounts are presented in thousands.

	<u>NET POSITION</u>					
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Current and other assets	\$ 19,813	\$ 18,723	\$ 680	\$ 716	\$ 20,493	\$ 19,439
Capital assets	<u>73,800</u>	<u>76,438</u>	<u>13,627</u>	<u>13,482</u>	<u>87,427</u>	<u>89,920</u>
Total assets	93,613	95,161	14,307	14,198	107,920	109,359
Deferred outflows of resources	4,364	2,952	-	-	4,364	2,952
Current liabilities	5,858	7,586	772	754	6,630	8,340
Noncurrent liabilities	<u>129,534</u>	<u>119,057</u>	<u>3,865</u>	<u>4,539</u>	<u>133,399</u>	<u>123,596</u>
Total liabilities	135,392	126,643	4,637	5,293	140,029	131,936
Deferred inflows of resources	8,328	12,516	-	-	8,328	12,516
Net investment in capital assets	59,818	60,053	9,093	8,295	68,911	68,348
Restricted	6,357	6,171	-	-	6,357	6,171
Unrestricted	<u>(111,918)</u>	<u>(107,270)</u>	<u>577</u>	<u>610</u>	<u>(111,341)</u>	<u>(106,660)</u>
Total net position	\$ <u><u>(45,743)</u></u>	\$ <u><u>(41,046)</u></u>	\$ <u><u>9,670</u></u>	\$ <u><u>8,905</u></u>	\$ <u><u>(36,073)</u></u>	\$ <u><u>(32,141)</u></u>

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At the close of the most recent fiscal year, total net position was \$(36,073,500), a change of \$(3,931,954) in comparison to the prior year.

The largest portion of net position \$68,911,178 reflects our investment in capital assets (e.g., land and construction in progress, land improvements, buildings and improvements, machinery, equipment and furnishings, and infrastructure), 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 \$6,356,808 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 \$(111,341,486) primarily resulting from unfunded pension and OPEB liabilities.

CHANGES IN NET POSITION

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Revenues:						
Program revenues:						
Charges for services	\$ 3,548	\$ 3,235	\$ 1,798	\$ 1,699	\$ 5,346	\$ 4,934
Operating grants and contributions	12,644	12,679	-	-	12,644	12,679
Capital grants and contributions	228	622	-	-	228	622
General revenues:						
Property taxes	46,282	42,874	-	-	46,282	42,874
Excises	3,597	3,670	-	-	3,597	3,670
Penalties and interest on taxes	710	655	-	-	710	655
Grants and contributions not restricted to specific programs	1,203	1,109	-	-	1,203	1,109
Investment income	279	57	3	2	282	59
Other	695	193	-	-	695	193
Total revenues	<u>69,186</u>	<u>65,094</u>	<u>1,801</u>	<u>1,701</u>	<u>70,987</u>	<u>66,795</u>
Expenses:						
General government	3,539	3,348	-	-	3,539	3,348
Public safety	7,216	6,912	-	-	7,216	6,912
Education	49,198	46,014	-	-	49,198	46,014
Public works	10,122	8,674	-	-	10,122	8,674
Health and human services	976	821	-	-	976	821
Culture and recreation	1,587	1,502	-	-	1,587	1,502
Interest on long-term debt	483	514	-	-	483	514
Intergovernmental	-	437	-	-	-	437
Golf course	-	-	1,035	1,072	1,035	1,072
Emergency medical services	-	-	784	676	784	676
Total expenses	<u>73,121</u>	<u>68,222</u>	<u>1,819</u>	<u>1,748</u>	<u>74,940</u>	<u>69,970</u>

(continued)

(continued)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
Change in net position before transfers and permanent fund contributions	(3,935)	(3,128)	(18)	(47)	(3,953)	(3,175)
Transfers in (out)	(783)	(911)	783	911	-	-
Permanent fund contributions	<u>21</u>	<u>19</u>	<u>-</u>	<u>-</u>	<u>21</u>	<u>19</u>
Change in net position	(4,697)	(4,020)	765	864	(3,932)	(3,156)
Net position - beginning of year	<u>(41,046)</u>	<u>(37,026)</u>	<u>8,905</u>	<u>8,041</u>	<u>(32,141)</u>	<u>(28,985)</u>
Net position - end of year	<u>\$ (45,743)</u>	<u>\$ (41,046)</u>	<u>\$ 9,670</u>	<u>\$ 8,905</u>	<u>\$ (36,073)</u>	<u>\$ (32,141)</u>

Governmental activities. Governmental activities for the year resulted in a change in net position of \$(4,697,643). Key elements of this change are as follows:

General fund operations	\$ 2,449,746
Road improvements funded by current year revenue	458,587
Machinery and equipment purchases funded by current year revenue	455,935
Depreciation expense in excess of principal debt service	(1,582,873)
Change in net pension liability and related deferred outflows and inflows of resources	(1,223,278)
Change in net OPEB liability and related deferred outflows and inflows of resources	(5,571,520)
Other	<u>315,760</u>
Total	<u>\$ (4,697,643)</u>

Business-type activities. Business-type activities for the year resulted in a change in net position of \$765,689. Key elements of this change are as follows:

Golf course operations (after general fund debt service subsidy)	\$ 822,724
Emergency medical services operations	<u>(57,035)</u>
Total	<u>\$ 765,689</u>

The increase in Golf Course operations resulted primarily because debt service, which was subsidized by the general fund, exceeded depreciation expense.

D. FINANCIAL ANALYSIS OF 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 a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, governmental funds reported combined ending fund balances of \$15,481,163, a change of \$2,335,890 in comparison to the prior year. Key elements of this change are as follows:

General fund change in fund balance (explained in more detail below)	\$ 2,449,746
Major special revenue fund change in fund balance	(4,663)
Major capital project fund change in fund balance	(262,012)
Nonmajor funds change in fund balance	<u>152,819</u>
Total	<u><u>\$ 2,335,890</u></u>

The Athletic Facilities Improvement Major Fund change in fund balance was caused by timing differences, which will reverse in fiscal 2020.

The Receipts Reserved Major Fund was essentially unchanged in fiscal 2019. Under Massachusetts General Laws, these revenues are restricted for future appropriation.

The general fund is the chief operating fund. At the end of the current fiscal year, unassigned fund balance of the general fund was \$7,471,257, while total fund balance was \$10,371,434. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures. Refer to the table below.

<u>General Fund</u>	<u>6/30/19</u>	<u>6/30/18</u>	<u>Change</u>	<u>% of Total General Fund Expenditures</u>
Unassigned fund balance	\$ 7,471,257	\$ 4,672,751	\$ 2,798,506	12.7%
Total fund balance	\$ 10,371,434	\$ 7,921,688	\$ 2,449,746	17.6%

The total fund balance of the general fund changed by \$2,449,746 during the current fiscal year. Key factors in this change are as follows:

Revenues in excess of budget	\$ 1,069,246
Expenditures less than budget	1,199,276
Use of free cash as a funding source	(2,583,566)
Change in stabilization funds balance	490,171
Change in tax refund liability	1,407,889
Other	<u>866,730</u>
Total	<u><u>\$ 2,449,746</u></u>

Major causes of revenue and expenditure budget variances are discussed in Section E. The use of free cash (component of general fund balance) was primarily used for capital-related purposes.

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

	<u>6/30/19</u>	<u>6/30/18</u>	<u>Change</u>
General stabilization fund	\$ 1,992,586	\$ 1,726,518	\$ 266,068
Capital facilities maintenance fund	1,469,533	1,319,853	149,680
Recreation capital fund	<u>318,469</u>	<u>244,046</u>	<u>74,423</u>
Total	<u>\$ 3,780,588</u>	<u>\$ 3,290,417</u>	<u>\$ 490,171</u>

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 proprietary funds at the end of the year amounted to \$576,756, a change of \$(32,868) 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.

E. GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the original budget and the final amended budget resulted in an overall change of \$861,242. This change consists of \$60,379 increase in appropriations and \$800,863 prior-year article carryforwards. The increase in appropriations relates to various amendments to supplement the budget where balances were below projected expenditures.

The majority of the revenue surplus related to motor vehicle excises and various licenses and permits, resulting from the Town's conservative revenue estimate. The largest appropriation turnbacks relate to property/liability insurances and health/life/disability insurances.

F. CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. Total investment in capital assets for governmental and business-type activities at year-end amounted to \$87,426,733 (net of accumulated depreciation). This investment in capital assets includes land and construction in progress, land improvements, buildings and building improvements, machinery, equipment and furnishings, and infrastructure assets.

Major capital asset events during the current fiscal year included the following:

- \$92,052 of construction in progress for various projects.

- \$678,101 for various machinery and equipment, including public safety and highway vehicles, and school buses.
- \$135,066 for various building improvements, including the fire station roof.
- \$720,599 for various infrastructure, including road improvements.
- Depreciation expense of \$(3,653,045).

Additional capital asset disclosures can be found in Note 9 of the accompanying Financial Statements.

Credit rating. As of June 30, 2019, the Town's Standard & Poor's credit rating is AA+/Stable.

Long-term debt. At the end of the current fiscal year, total bonded debt outstanding was \$17,617,616, all of which was backed by the full faith and credit of the Town.

Additional information on long-term debt can be found in the Note 16 to Financial Statements.

REQUESTS FOR INFORMATION

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

Office of Assistant Finance Director/Town Accountant
Town of Lynnfield, Massachusetts
55 Summer Street
Lynnfield, Massachusetts 01940

BASIC FINANCIAL STATEMENTS



Memory Day on the Common. – Photos courtesy of Bruce Siegel

TOWN OF LYNNFIELD, MASSACHUSETTS

STATEMENT OF NET POSITION

JUNE 30, 2019

	Governmental <u>Activities</u>	Business-Type <u>Activities</u>	<u>Total</u>
Assets			
Current:			
Cash and short-term investments	\$ 13,975,973	\$ 540,861	\$ 14,516,834
Investments	4,510,814	-	4,510,814
Receivables, net of allowance for uncollectibles:			
Property taxes	375,285	-	375,285
Excises	199,771	-	199,771
User fees	-	139,950	139,950
Departmental and other	14,502	-	14,502
Intergovernmental	239,543	-	239,543
Betterments	10,757	-	10,757
Noncurrent:			
Receivables, net of allowance for uncollectibles:			
Property taxes	383,490	-	383,490
Betterments	102,719	-	102,719
Capital assets			
Land and construction in progress	7,989,195	12,849,568	20,838,763
Other capital assets, net of accumulated depreciation	65,810,822	777,148	66,587,970
Deferred Outflows of Resources			
Related to pensions	4,343,736	-	4,343,736
Related to OPEB	19,923	-	19,923
Total Assets and Deferred Outflows of Resources	97,976,530	14,307,527	112,284,057
Liabilities			
Current:			
Warrants and accounts payable	952,784	31,793	984,577
Accrued liabilities	661,250	65,500	726,750
Tax refunds payable	11,699	-	11,699
Notes payable	1,282,000	-	1,282,000
Other current liabilities	765,425	-	765,425
Current portion of long-term liabilities:			
Bonds payable	1,867,026	675,000	2,542,026
Other liabilities	318,163	-	318,163
Noncurrent:			
Bonds payable, net of current portion	11,254,956	3,865,000	15,119,956
Net pension liability	34,542,647	-	34,542,647
Net OPEB liability	82,946,919	-	82,946,919
Other, net of current portion	789,495	-	789,495
Deferred Inflows of Resources			
Related to pensions	432,427	-	432,427
Related to OPEB	7,781,997	-	7,781,997
Other	113,476	-	113,476
Total Liabilities and Deferred Inflows of Resources	143,720,264	4,637,293	148,357,557
Net Position			
Net investment in capital assets	59,817,700	9,093,478	68,911,178
Restricted for:			
Grants and other statutory restrictions	5,352,821	-	5,352,821
Permanent funds:			
Nonexpendable	944,475	-	944,475
Expendable	59,512	-	59,512
Unrestricted	(111,918,242)	576,756	(111,341,486)
Total Net Position	\$ (45,743,734)	\$ 9,670,234	\$ (36,073,500)

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

TOWN OF LYNNFIELD, MASSACHUSETTS

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2019

		Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
		Charges for	Operating	Capital	Governmental	Business-	
		Services	Grants and	Grants and	Activities	Type	
			Contributions	Contributions		Activities	Total
		Expenses					
Governmental Activities							
General government	\$ 3,538,777	\$ 273,499	\$ 11,209	\$ -	\$ (3,254,069)	\$ -	\$ (3,254,069)
Public safety	7,216,296	659,480	205,118	-	(6,351,698)	-	(6,351,698)
Education	49,198,093	2,095,632	12,233,204	-	(34,869,257)	-	(34,869,257)
Public works	10,122,364	117,797	115,163	228,186	(9,661,218)	-	(9,661,218)
Health and human services	975,893	94,412	40,420	-	(841,061)	-	(841,061)
Culture and recreation	1,587,342	307,371	38,357	-	(1,241,614)	-	(1,241,614)
Interest	483,552	-	-	-	(483,552)	-	(483,552)
Total Governmental Activities	73,122,317	3,548,191	12,643,471	228,186	(56,702,469)	-	(56,702,469)
Business-Type Activities							
Golf course	1,035,456	1,007,033	-	-	-	(28,423)	(28,423)
Emergency medical services	783,803	791,153	-	-	-	7,350	7,350
Total Business-Type Activities	1,819,259	1,798,186	-	-	-	(21,073)	(21,073)
Total	\$ 74,941,576	\$ 5,346,377	\$ 12,643,471	\$ 228,186	(56,702,469)	(21,073)	(56,723,542)
General Revenues, Transfers, and Contributions							
Property taxes					46,282,176	-	46,282,176
Excises					3,597,245	-	3,597,245
Penalties, interest and other taxes					710,051	-	710,051
Grants and contributions not restricted to specific programs					1,203,261	-	1,203,261
Investment income					279,195	3,674	282,869
Miscellaneous					695,286	-	695,286
Transfers, net					(783,088)	783,088	-
Permanent fund contributions					20,700	-	20,700
Total general revenues, transfers, and contributions					52,004,826	786,762	52,791,588
Change in Net Position					(4,697,643)	765,689	(3,931,954)
Net Position							
Beginning of year					(41,046,091)	8,904,545	(32,141,546)
End of year					\$ (45,743,734)	\$ 9,670,234	\$ (36,073,500)

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

TOWN OF LYNNFIELD, MASSACHUSETTS

GOVERNMENTAL FUNDS

BALANCE SHEET

JUNE 30, 2019

	<u>General Fund</u>	<u>Receipts Reserved</u>	<u>Athletic Facilities Improvement</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets					
Cash and short-term investments	\$ 8,415,204	\$ 2,401,107	\$ 86,816	\$ 3,072,846	\$ 13,975,973
Investments	3,564,239	-	-	946,575	4,510,814
Receivables:					
Property taxes	849,419	-	-	-	849,419
Excises	234,701	-	-	-	234,701
Departmental and other	13,190	1,312	-	-	14,502
Intergovernmental	51,372	-	-	188,171	239,543
Due from other funds	223,581	-	-	-	223,581
Total Assets	<u>\$ 13,351,706</u>	<u>\$ 2,402,419</u>	<u>\$ 86,816</u>	<u>\$ 4,207,592</u>	<u>\$ 20,048,533</u>
Liabilities					
Warrants and accounts payable	\$ 872,578	\$ -	\$ 2,150	\$ 78,055	\$ 952,783
Accrued liabilities	479,108	-	-	-	479,108
Tax refunds payable	11,699	-	-	-	11,699
Notes payable	-	-	1,000,000	282,000	1,282,000
Due to other funds	-	-	-	223,581	223,581
Other liabilities	765,425	-	-	-	765,425
Total Liabilities	2,128,810	-	1,002,150	583,636	3,714,596
Deferred Inflows of Resources					
Unavailable revenues	851,462	1,312	-	-	852,774
Fund Balances					
Nonspendable	-	-	-	944,475	944,475
Restricted	-	2,401,107	-	3,104,840	5,505,947
Committed	1,512,793	-	-	-	1,512,793
Assigned	1,387,384	-	-	-	1,387,384
Unassigned	7,471,257	-	(915,334)	(425,359)	6,130,564
Total Fund Balances	<u>10,371,434</u>	<u>2,401,107</u>	<u>(915,334)</u>	<u>3,623,956</u>	<u>15,481,163</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 13,351,706</u>	<u>\$ 2,402,419</u>	<u>\$ 86,816</u>	<u>\$ 4,207,592</u>	<u>\$ 20,048,533</u>

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

TOWN OF LYNNFIELD, MASSACHUSETTS

**RECONCILIATION OF TOTAL GOVERNMENTAL FUND
BALANCES TO NET POSITION OF GOVERNMENTAL
ACTIVITIES IN THE STATEMENT OF NET POSITION**

JUNE 30, 2019

Total governmental fund balances	\$ 15,481,163
• Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	73,800,017
• Revenues are reported on the accrual basis of accounting and are not deferred until collection.	727,200
• Long-term liabilities, including bonds payable, net OPEB liability, and net pension liability are not due and payable in the current period; therefore, they are not reported in the governmental funds.	(131,719,206)
• Other	<u>(4,032,908)</u>
Net position of governmental activities	\$ <u><u>(45,743,734)</u></u>

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

TOWN OF LYNNFIELD, MASSACHUSETTS

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED JUNE 30, 2019

	General Fund	Receipts Reserved	Athletic Facilities Improvement	Nonmajor Governmental Funds	Total Governmental Funds
Revenues					
Property taxes	\$ 46,368,633	\$ -	\$ -	\$ -	\$ 46,368,633
Excises	3,581,298	-	-	-	3,581,298
Penalties, interest and other taxes	112,207	17,397	-	-	129,604
Payments in lieu of taxes	580,246	-	-	-	580,246
Charges for services	439,820	2,310	-	2,380,336	2,822,466
Intergovernmental	8,984,644	-	-	2,143,522	11,128,166
Licenses and permits	725,014	-	-	-	725,014
Fines and forfeitures	53,960	-	-	-	53,960
Investment income	231,805	-	-	42,953	274,758
Miscellaneous	<u>404,885</u>	<u>38,300</u>	<u>-</u>	<u>424,374</u>	<u>867,559</u>
Total Revenues	61,482,512	58,007	-	4,991,185	66,531,704
Expenditures					
General government	2,548,720	-	262,012	100,594	2,911,326
Public safety	5,320,761	-	-	65,561	5,386,322
Education	31,899,288	-	-	3,256,532	35,155,820
Public works	8,074,182	-	-	482,709	8,556,891
Health and human services	495,609	-	-	121,819	617,428
Culture and recreation	929,681	-	-	332,839	1,262,520
Employee benefits	6,529,495	-	-	-	6,529,495
Debt service	2,502,014	-	-	-	2,502,014
Intergovernmental	<u>490,910</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>490,910</u>
Total Expenditures	<u>58,790,660</u>	<u>-</u>	<u>262,012</u>	<u>4,360,054</u>	<u>63,412,726</u>
Excess (deficiency) of revenues over expenditures	2,691,852	58,007	(262,012)	631,131	3,118,978
Other Financing Sources (Uses)					
Transfers in	701,982	-	-	94,000	795,982
Transfers out	<u>(944,088)</u>	<u>(62,670)</u>	<u>-</u>	<u>(572,312)</u>	<u>(1,579,070)</u>
Total Other Financing Sources (Uses)	<u>(242,106)</u>	<u>(62,670)</u>	<u>-</u>	<u>(478,312)</u>	<u>(783,088)</u>
Change in fund balance	2,449,746	(4,663)	(262,012)	152,819	2,335,890
Fund Balance, at Beginning of Year, as reclassified	<u>7,921,688</u>	<u>2,405,770</u>	<u>(653,322)</u>	<u>3,471,137</u>	<u>13,145,273</u>
Fund Balance, at End of Year	<u>\$ 10,371,434</u>	<u>\$ 2,401,107</u>	<u>\$ (915,334)</u>	<u>\$ 3,623,956</u>	<u>\$ 15,481,163</u>

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

TOWN OF LYNNFIELD, 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, 2019

Net changes in fund balances - total governmental funds	\$ 2,335,890														
<ul style="list-style-type: none"> Governmental funds report capital outlays as expenditures. However, in the the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense: <table> <tr> <td>Capital outlay</td><td style="text-align: right;">1,403,652</td></tr> <tr> <td>Depreciation</td><td style="text-align: right;">(3,575,436)</td></tr> </table> The issuance of long-term debt (e.g., bonds and capital leases) provides current financial resources to governmental funds, while the repayment of the the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net position: <table> <tr> <td>Repayments of debt</td><td style="text-align: right;">1,992,563</td></tr> <tr> <td>Other</td><td style="text-align: right;">4,437</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 deferred revenue. <div style="text-align: right;">(69,528)</div> 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> <tr> <td>Net pension liability and related deferred outflows and inflows of resources</td><td style="text-align: right;">(1,223,278)</td></tr> <tr> <td>Net OPEB liability and related deferred outflows and inflows of resources</td><td style="text-align: right;">(5,571,520)</td></tr> <tr> <td>Other</td><td style="text-align: right;">(21,359)</td></tr> </table> Other differences <div style="text-align: right;"><u>26,936</u></div> 	Capital outlay	1,403,652	Depreciation	(3,575,436)	Repayments of debt	1,992,563	Other	4,437	Net pension liability and related deferred outflows and inflows of resources	(1,223,278)	Net OPEB liability and related deferred outflows and inflows of resources	(5,571,520)	Other	(21,359)	
Capital outlay	1,403,652														
Depreciation	(3,575,436)														
Repayments of debt	1,992,563														
Other	4,437														
Net pension liability and related deferred outflows and inflows of resources	(1,223,278)														
Net OPEB liability and related deferred outflows and inflows of resources	(5,571,520)														
Other	(21,359)														
Change in net position of governmental activities	\$ <u>(4,697,643)</u>														

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

TOWN OF LYNNFIELD, MASSACHUSETTS

GENERAL FUND

**STATEMENT OF REVENUES AND OTHER SOURCES, AND EXPENDITURES AND OTHER USES -
BUDGET AND ACTUAL**

FOR THE YEAR ENDED JUNE 30, 2019

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	
Revenues				
Property taxes	\$ 44,960,743	\$ 44,960,743	\$ 44,960,743	\$ -
Excise taxes	3,301,000	3,301,000	3,581,298	280,298
Penalties, interest and other taxes	65,000	65,000	112,207	47,207
Payments in lieu of taxes	515,000	515,000	580,246	65,246
Charges for services	416,000	416,000	439,820	23,820
Intergovernmental	5,625,239	5,625,239	5,673,421	48,182
Licenses and permits	500,000	500,000	725,014	225,014
Fines and forfeitures	61,000	61,000	53,960	(7,040)
Investment income	60,000	60,000	106,354	46,354
Miscellaneous	-	-	340,165	340,165
Total Revenues	55,503,982	55,503,982	56,573,228	1,069,246
Expenditures				
General government	2,789,170	2,755,218	2,351,369	403,849
Public safety	5,184,659	5,319,557	5,118,955	200,602
Education	28,394,815	28,394,815	28,391,362	3,453
Public works	7,157,640	7,157,640	7,063,167	94,473
Health and human services	540,668	540,668	500,578	40,090
Culture and recreation	965,275	965,775	924,098	41,677
Employee benefits	6,833,752	6,743,752	6,329,495	414,257
Miscellaneous	329,729	329,729	329,729	-
Debt service	3,391,097	3,391,097	3,386,414	4,683
Intergovernmental	423,159	423,159	490,910	(67,751)
Articles	2,219,187	3,068,983	3,005,040	63,943
Total Expenditures	58,229,151	59,090,393	57,891,117	1,199,276
Excess (deficiency) of revenues and other sources over expenditures and other uses	(2,725,169)	(3,586,411)	(1,317,889)	2,268,522
Other Financing Sources/(Uses)				
Use of free cash:				
Operating budget	155,456	215,835	215,835	-
Capital budget	2,167,731	2,167,731	2,167,731	-
Transfer to stabilization funds	200,000	200,000	200,000	-
Use of prior year assigned fund balance (carryforwards)	-	800,863	800,863	-
Transfers in	701,982	701,982	701,982	-
Transfers out	(500,000)	(500,000)	(500,000)	-
Total Other Financing Sources/(Uses)	2,725,169	3,586,411	3,586,411	-
Excess (deficiency) of revenues and other sources over expenditures and other uses	\$ -	\$ -	\$ 2,268,522	\$ 2,268,522

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

TOWN OF LYNNFIELD, MASSACHUSETTS

PROPRIETARY FUNDS

STATEMENT OF NET POSITION

JUNE 30, 2019

	Business-Type Activities Enterprise Funds		
	Golf Course Fund	Nonmajor Emergency Medical Services Fund	Total
Assets			
Current:			
Cash and short-term investments	\$ 374,666	\$ 166,195	\$ 540,861
User fee receivables, net of allowance	-	139,950	139,950
Total current assets	374,666	306,145	680,811
Noncurrent:			
Land and construction in progress	12,849,568	-	12,849,568
Capital assets, net of accumulated depreciation	444,196	332,952	777,148
Total noncurrent assets	13,293,764	332,952	13,626,716
Total Assets	13,668,430	639,097	14,307,527
Liabilities			
Current:			
Warrants and accounts payable	20,088	11,705	31,793
Accrued liabilities	65,500	-	65,500
Current portion of long-term liabilities:			
Bonds payable	675,000	-	675,000
Total current liabilities	760,588	11,705	772,293
Noncurrent:			
Bonds payable, net of current portion	3,865,000	-	3,865,000
Total noncurrent liabilities	3,865,000	-	3,865,000
Total Liabilities	4,625,588	11,705	4,637,293
Net Position			
Net investment in capital assets	8,760,525	332,953	9,093,478
Unrestricted	282,317	294,439	576,756
Total Net Position	\$ 9,042,842	\$ 627,392	\$ 9,670,234

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

TOWN OF LYNNFIELD, MASSACHUSETTS

PROPRIETARY FUNDS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION

FOR THE YEAR ENDED JUNE 30, 2019

	Business-Type Activities Enterprise Funds		
	Golf Course Fund	Nonmajor Emergency Medical Services Fund	Total
Operating Revenues			
Charges for services	\$ 1,007,033	\$ 791,153	\$ 1,798,186
Total Operating Revenues	1,007,033	791,153	1,798,186
Operating Expenses			
Salaries and benefits	516,796	571,302	1,088,098
Other operating expenses	310,898	154,599	465,497
Depreciation	19,707	57,902	77,609
Total Operating Expenses	847,401	783,803	1,631,204
Operating Income	159,632	7,350	166,982
Nonoperating Revenues (Expenses)			
Investment income	1,059	2,615	3,674
Interest expense	(188,055)	-	(188,055)
Total Nonoperating Revenues (Expenses), Net	(186,996)	2,615	(184,381)
Income (Loss) before transfers	(27,364)	9,965	(17,399)
Transfers			
Transfers in	850,088	-	850,088
Transfers out	-	(67,000)	(67,000)
Total transfers	850,088	(67,000)	783,088
Change in Net Position	822,724	(57,035)	765,689
Net Position at Beginning of Year	8,220,118	684,427	8,904,545
Net Position at End of Year	\$ 9,042,842	\$ 627,392	\$ 9,670,234

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

TOWN OF LYNNFIELD, MASSACHUSETTS

PROPRIETARY FUNDS

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2019

	Business-Type Activities Enterprise Funds		
	Golf Course Fund	Nonmajor Emergency Medical Services Fund	Total
Cash Flows From Operating Activities			
Receipts from customers and users	\$ 1,007,033	\$ 784,487	\$ 1,791,520
Payments to employees and vendors	<u>(830,463)</u>	<u>(725,929)</u>	<u>(1,556,392)</u>
Net Cash Provided By Operating Activities	176,570	58,558	235,128
Cash Flows From Capital and Related Financing Activities			
Acquisition of capital assets	-	(222,166)	(222,166)
Transfers from general fund	850,088	-	850,088
Transfers to general fund	-	(67,000)	(67,000)
Principal payments on bonds	(654,000)	-	(654,000)
Interest expense	<u>(188,055)</u>	<u>-</u>	<u>(188,055)</u>
Net Cash Provided By (Used For) Capital and Related Financing Activities	8,033	(289,166)	(281,133)
Cash Flows From Investing Activities			
Investment income	<u>1,059</u>	<u>2,615</u>	<u>3,674</u>
Net Cash Provided By Investing Activities	<u>1,059</u>	<u>2,615</u>	<u>3,674</u>
Net Change in Cash and Short-Term Investments	185,662	(227,993)	(42,331)
Cash and Short-Term Investments, Beginning of Year	<u>189,004</u>	<u>394,188</u>	<u>583,192</u>
Cash and Short-Term Investments, End of Year	<u><u>\$ 374,666</u></u>	<u><u>\$ 166,195</u></u>	<u><u>\$ 540,861</u></u>
Reconciliation of Operating Income to Net Cash Provided By (Used For) Operating Activities			
Operating income	\$ 159,632	\$ 7,350	\$ 166,982
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	19,707	57,902	77,609
Changes in assets and liabilities:			
Accounts receivable	-	(6,666)	(6,666)
Warrants and accounts payable	5,264	(28)	5,236
Accrued liabilities	<u>(8,033)</u>	<u>-</u>	<u>(8,033)</u>
Net Cash Provided By Operating Activities	<u><u>\$ 176,570</u></u>	<u><u>\$ 58,558</u></u>	<u><u>\$ 235,128</u></u>

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

TOWN OF LYNNFIELD, MASSACHUSETTS

FIDUCIARY FUNDS

STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2019

	OPEB Trust Fund	Private Purpose Trust Funds	Agency Funds
Assets			
Cash and short term investments	\$ 3,551	\$ 8,799	\$ 296,890
Investments:			
Certificates of deposit	-	36,693	-
Corporate bonds	-	43,893	-
Corporate equities	879,222	9,760	-
Equity mutual funds	373,255	5,377	-
Federal agency securities	<u>-</u>	<u>92,489</u>	<u>-</u>
Total Investments	1,252,477	188,212	-
Accounts receivable	<u>-</u>	<u>-</u>	<u>52,124</u>
Total Assets	1,256,028	197,011	349,014
Liabilities			
Warrants payable	-	8,000	3,534
Other liabilities	<u>-</u>	<u>-</u>	<u>345,480</u>
Total Liabilities	<u>-</u>	<u>8,000</u>	<u>\$ 349,014</u>
Net Position			
Restricted for OPEB purposes	1,256,028	-	
Restricted for other purposes	<u>-</u>	<u>189,011</u>	
Total net position held in trust	<u>\$ 1,256,028</u>	<u>\$ 189,011</u>	

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

TOWN OF LYNNFIELD, MASSACHUSETTS
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2019

	<u>OPEB Trust Fund</u>	<u>Private Purpose Trust Funds</u>
Additions		
Contributions:		
Employers	\$ 2,158,373	\$ -
Other	<u>-</u>	<u>22</u>
Total contributions	2,158,373	22
Investment Income:		
Interest	<u>74,949</u>	<u>6,594</u>
Net investment income	<u>74,949</u>	<u>6,594</u>
Total additions	2,233,322	6,616
Deductions		
Benefit payments to plan members, beneficiaries and other systems	1,958,373	-
Other	<u>-</u>	<u>8,500</u>
Total deductions	<u>1,958,373</u>	<u>8,500</u>
Net increase (decrease)	274,949	(1,884)
Net position restricted for OPEB and other purposes		
Beginning of year	<u>981,079</u>	<u>190,895</u>
End of year	<u><u>\$ 1,256,028</u></u>	<u><u>\$ 189,011</u></u>

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

TOWN OF LYNNFIELD, MASSACHUSETTS

Notes to Financial Statements

1. Summary of Significant Accounting Policies

The accounting policies of the Town of Lynnfield (the Town) conform to generally accepted accounting principles (GAAP) as applicable to governmental units. The following is a summary of the more significant policies:

A. Reporting Entity

The Town is a municipal corporation governed by an elected Board of Selectmen. As required by generally accepted accounting principles, these financial statements present the government and applicable component units for which the government is considered to be financially accountable. In fiscal year 2019, it was determined that no entities met the required GASB 14 (as amended) criteria of component units.

B. Related Organization

The Town has a related organization relationship with Lynnfield Initiative for Elders, Inc. (LIFE), a Massachusetts non-profit corporation organized under Chapter 180 of the Massachusetts General Laws to own, develop, operate, and manage elderly housing units within the Town of Lynnfield. The Town, acting through the Board of Selectmen, is the sole Class A member of LIFE, and as such, has the right to fix the number of LIFE's directors, elect a majority of directors, remove directors, and fill all director vacancies. In addition, the Board of Selectmen must approve LIFE's plans for financing, constructing, and managing real property before they become final. However, the Town is not financially accountable for LIFE because it cannot impose its will and does not have a financial benefit or burden relationship with LIFE, even though it appoints a voting majority of LIFE's governing Board of Directors.

C. 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 are normally 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 is 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 proprietary funds are reported as separate columns in the fund financial statements.

D. 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 by the government. 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 government'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 *Receipts Reserved Fund* is used to account for Town funds that have been received from various specific sources to be appropriated separately, in accordance with Massachusetts General Laws.
- The *Athletic Facilities Improvement Fund* is used to account for activity associated with the improvements of the athletic facilities.

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 non-operating 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 the proprietary funds are charges to customers for sales and services. Operating expenses for proprietary 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 the following major proprietary fund:

- The *Golf Course Fund* is used to account for all of the activity associated with the Town's operation of the Reedy Meadow and King Rail Reserve golf courses.

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 fund* is used to account for trust arrangements, other than those properly reported in the pension trust fund or permanent fund, under which principal and investment income exclusively benefit individuals, private organizations, or other governments.

- The *agency funds* account for fiduciary assets held by the Town in a custodial capacity as an agent on behalf of others. Agency funds report only assets and liabilities, and therefore, have no measurement focus.

E. Cash and Short-Term 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. 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 combined financial statements under the caption "cash and short-term investments". The interest earnings attributable to each fund type are included under investment income.

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.

F. Investments

State and local statutes place certain limitations on the nature of deposits and investments available. Deposits in any financial institution may not exceed certain levels within the financial institution. Non-fiduciary fund investments can be made in securities issued or unconditionally guaranteed by the U.S. Government or agencies that have a maturity of one year or less from the date of purchase and repurchase agreements guaranteed by such securities with maturity dates of no more than 90 days from the date of purchase.

Investments for the trust funds consist of certificates of deposits, U.S. government securities, corporate bonds, corporate equities, and mutual funds. Investments are carried at fair value, except certificates of deposit which are reported at cost.

G. Property Tax Limitations

Legislation known as "Proposition 2½" limits 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 or debt exemption is voted. The actual fiscal year 2019 tax levy reflected an excess capacity of \$1,534.

H. Interfund Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due from/to other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans).

I. Capital Assets

Capital assets, which include property, plant, and equipment and infrastructure assets, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial individual cost of more than \$25,000 and an estimated useful life in excess of two 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. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets 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

J. 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 and proprietary 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.

K. 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.

L. 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 reserves those portions of fund balance that are legally segregated for a specific future use or which do not represent available, spendable resources and therefore, are not available for appropriation or expenditure. Unassigned fund balance indicates that portion of fund balance that is available for appropriation in future periods.

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 their use either through the 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.

M. Use of Estimates

The preparation of basic financial statements in conformity with generally accepted accounting principles 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 the revenues and expenditures/expenses during the fiscal year. Actual results could vary from estimates that were used.

2. Stewardship, Compliance and Accountability

A. Budgetary Information

At the annual town meeting, the Finance Committee 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.

Departments are limited to the line items as voted. 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 the 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. Effective budgetary control is achieved for all other funds through provisions of the Massachusetts General Laws.

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

B. Budgetary Basis

The General Fund final appropriation appearing on the "Budget and Actual" page of the fund financial statements represents the final amended budget after all reserve fund transfers and supplemental appropriations.

C. Budget/GAAP Reconciliation

The budgetary data for the general fund is based upon accounting principles that differ from generally accepted accounting principles (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 and other sources, and expenditures and other uses, to conform to the budgetary basis of accounting.

<u>General Fund</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Other Financing Sources/(Uses)</u>
Revenues/expenditures/other financing sources/(uses) (GAAP basis)	\$ 61,482,512	\$ 58,790,660	\$ (242,106)
Adjust tax revenue to accrual basis	(1,407,890)	-	-
Reverse beginning of year appropriation carryforwards from expenditures	-	(248,812)	-
Add end-of-year appropriation carryforwards from expenditures	-	385,169	-
Record raising of prior year deficits	-	329,729	-
Record use of assigned fund balance	-	-	800,863
Record use of free cash	-	-	2,583,566
Reverse the effects of non-budgeted items	(3,311,223)	(1,365,629)	744,088
Reverse the effects of combining general fund and stabilization funds (GASB 54)	<u>(190,171)</u>	<u>-</u>	<u>(300,000)</u>
Budgetary basis	<u>\$ 56,573,228</u>	<u>\$ 57,891,117</u>	<u>\$ 3,586,411</u>

D. Deficit Fund Equity

Certain individual funds reflected deficit balances as of June 30, 2019.

It is anticipated that the deficits in these funds will be eliminated through future grant revenues and bond proceeds.

E. Excess of Expenditures Over Appropriations

Expenditures exceeded appropriations during the current fiscal year as follows:

Snow and ice removal	\$275,000
State and County assessments	\$67,751

3. Cash and Short-Term Investments

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned. Massachusetts General Law, Chapter 44, Section 55, limits Town deposits "in a bank or trust company or banking company to an amount not exceeding 60% of the capital and surplus of such bank or trust company or banking company, unless satisfactory security is given to it by such bank or trust company or banking company for such excess." The Town's deposits do not exceed this limitation.

As of June 30, 2019, \$1,561,955 of the Town's bank balance of \$14,700,787 was exposed to custodial credit risk as uninsured and/or uncollateralized.

4. Investments

The following is a summary of the Town's investments (in thousands) as of June 30, 2019:

<u>Investment Type</u>	<u>Amount</u>
Certificates of deposits	\$ 868
Corporate bonds	1,110
Corporate equities	1,126
Equity mutual funds	509
Federal agency securities	<u>2,339</u>
Total investments	<u>\$ 5,952</u>

A. Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. For short-term investments that were purchased using surplus revenues, Massachusetts General Law, Chapter 44, Section 55, limits the Town's investments to the top rating issued by at least one nationally recognized statistical rating organization (NRSROs). The Town does not have formal investment policies related to credit risk.

Presented below (in thousands) is the actual rating as of year-end for each investment type of the Town (in thousands). (All federal agency securities 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>AA2</u>	<u>AA3</u>	<u>A1</u>	<u>A2</u>	<u>A3</u>	<u>Baa1</u>	<u>Baa2</u>
Corporate bonds	\$ 1,110	\$ -	\$ 123	\$ 100	\$ 109	\$ 150	\$ 123	\$ 290	\$ 215
Federal agency securities	<u>2,339</u>	<u>2,339</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 3,449</u>	<u>\$ 2,339</u>	<u>\$ 123</u>	<u>\$ 100</u>	<u>\$ 109</u>	<u>\$ 150</u>	<u>\$ 123</u>	<u>\$ 290</u>	<u>\$ 215</u>

B. 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, a government 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.

All of the Town's investments are subject to custodial credit risk exposure because the related securities are uninsured, unregistered and/or held by the Town's brokerage firm, which is also the Counterparty to these securities as follows (in thousands). The Town manages this risk with SIPC and Excess SIPC coverage.

<u>Investment Type</u>	<u>Amount</u>	<u>Held by Counterparty</u>	<u>Held by Counterparty's Trust or Agent</u>
Certificates of deposits	\$ 868	\$ 2	\$ 866
Corporate bonds	1,110	-	1,110
Corporate equities	1,126	-	1,126
Equity mutual funds	509	-	509
Federal agency securities	<u>2,339</u>	<u>-</u>	<u>2,339</u>
Total	<u>\$ 5,952</u>	<u>\$ 2</u>	<u>\$ 5,950</u>

C. Concentration of Credit Risk

The Town places no limit on the amount the Town may invest in any one issuer. The Town does not have formal investment policies related to concentration of credit risk exposure.

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, 2019, the Town does not have an investment in one issuer greater than 5% of total investments.

D. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Town 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 is as follows (in thousands):

<u>Investment Type</u>	<u>Amount</u>	<u>Investment Maturities (in Years)</u>
		<u>1-5</u>
Certificates of deposits	\$ 868	\$ 868
Corporate bonds	1,110	1,110
Federal agency securities	<u>2,339</u>	<u>2,339</u>
Total	<u>\$ 4,317</u>	<u>\$ 4,317</u>

E. 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.

As of June 30, 2019, the Town had no investments that were directly exposed to foreign currency risk.

F. 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 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 the fund has the ability to access 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's OPEB Plan's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

The Town has the following fair value measurements (in thousands) as of June 30, 2019:

		<u>Fair Value Measurements Using:</u>	
		Quoted prices in active markets for identical assets	Significant observable inputs
<u>Investment Type</u>	<u>Amount</u>	<u>(Level 1)</u>	<u>(Level 2)</u>
Investments by fair value level:			
Corporate bonds	\$ 1,110	\$ -	\$ 1,110
Corporate equities	1,126	1,126	-
Equity mutual funds	509	509	-
Federal agency securities	<u>2,339</u>	-	2,339
Total	<u>\$ 5,084</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 was readily available to market participants, from multiple independent sources, which are known to be actively involved in the market.

5. Property Taxes and Excises Receivables

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

The day after the final tax bill is due, a demand notice may be sent to the delinquent taxpayer. Fourteen days after the demand notice has been sent, the tax collector may proceed to file a lien against the delinquent taxpayers' property. The Town has an ultimate right to foreclose on property for unpaid taxes. Personal property taxes cannot be secured through the lien process.

Motor vehicle excise taxes are assessed annually for every motor vehicle and trailer registered in the Commonwealth. 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.

Property taxes and excise receivables at June 30, 2019 consist of the following:

	Gross Amount (fund basis)	Allowance for Doubtful Accounts	Current Portion	Long- Term Portion
Real estate taxes	\$ 371,188	\$ 37,119	\$ 334,069	\$ -
Personal property taxes	10,948	4,853	6,095	-
Tax liens	48,086	4,809	35,121	8,156
Deferred taxes	417,038	41,704	-	375,334
Taxes in litigation	2,159	2,159	-	-
Total property taxes	<u>\$ 849,419</u>	<u>\$ 90,644</u>	<u>\$ 375,285</u>	<u>\$ 383,490</u>
Motor vehicle excise	<u>\$ 234,701</u>	<u>\$ 34,930</u>	<u>\$ 199,771</u>	
Total excises	<u>\$ 234,701</u>	<u>\$ 34,930</u>	<u>\$ 199,771</u>	

6. User Fee Receivables

Receivables for user charges and betterments at June 30, 2019 consist of the following:

	Gross Amount	Allowance for Doubtful Accounts	Net Amount
Emergency Medical Services	<u>\$ 167,187</u>	<u>\$ 27,237</u>	<u>\$ 139,950</u>
Total	<u>\$ 167,187</u>	<u>\$ 27,237</u>	<u>\$ 139,950</u>

7. Intergovernmental Receivables

This balance represents reimbursements requested from Federal and State agencies for expenditures incurred in fiscal 2019.

8. Interfund Fund Accounts

Receivables/Payables

Although self-balancing funds are maintained, most transactions flow through the general fund. In order to obtain accountability for each fund, interfund receivable

and payable accounts must be utilized. The following is an analysis of interfund receivable and payable accounts:

<u>Governmental Funds:</u>	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General fund	\$ 223,581	\$ -
Nonmajor funds:		
Special revenue fund:		
School grants	<u>-</u>	<u>223,581</u>
Total	<u>\$ 223,581</u>	<u>\$ 223,581</u>

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. The following is an analysis of interfund transfers:

	<u>Transfers In</u>	<u>Transfers Out</u>
<u>Governmental Funds:</u>		
General fund	\$ 701,982	\$ 944,088
Receipts Reserved fund	-	62,670
Nonmajor Funds:		
Special revenue:		
Revolving fund, net of intrafund	-	381,768
Other	-	190,544
Capital project funds		
Center Farm acquisition	<u>94,000</u>	<u>-</u>
Subtotal - Nonmajor Funds	94,000	572,312
<u>Business-Type Funds:</u>		
Golf enterprise fund	850,088	-
Emergency medical services enterprise fund	<u>-</u>	<u>67,000</u>
Subtotal - Business-Type Funds	<u>850,088</u>	<u>67,000</u>
Total	<u>\$ 1,646,070</u>	<u>\$ 1,646,070</u>

Most transfers into the general fund reflect annual transfers from various school revolving special revenue funds to reimburse certain general fund expenditures. The majority of transfers out of the general fund were to subsidize the Golf Course Enterprise fund debt service costs for \$850,088.

9. Capital Assets

Capital asset activity for the year ended June 30, 2019 was as follows (in thousands):

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital assets, being depreciated:				
Land improvements	\$ 1,076	\$ -	\$ -	\$ 1,076
Buildings and improvements	102,786	262	-	103,048
Machinery, equipment, and furnishings	16,273	457	-	16,730
Infrastructure	<u>13,477</u>	<u>766</u>	<u>-</u>	<u>14,243</u>
Total capital assets, being depreciated	133,612	1,485	-	135,097
Less accumulated depreciation for:				
Land improvements	(826)	(32)	-	(858)
Buildings and improvements	(47,419)	(2,487)	-	(49,906)
Machinery, equipment, and furnishings	(13,199)	(696)	-	(13,895)
Infrastructure	<u>(4,267)</u>	<u>(360)</u>	<u>-</u>	<u>(4,627)</u>
Total accumulated depreciation	<u>(65,711)</u>	<u>(3,575)</u>	<u>-</u>	<u>(69,286)</u>
Total capital assets, being depreciated, net	67,901	(2,090)	-	65,811
Capital assets, not being depreciated:				
Land	7,768	-	-	7,768
Construction in progress	<u>302</u>	<u>92</u>	<u>(173)</u>	<u>221</u>
Total capital assets, not being depreciated	<u>8,070</u>	<u>92</u>	<u>(173)</u>	<u>7,989</u>
Governmental activities capital assets, net	<u>\$ 75,971</u>	<u>\$ (1,998)</u>	<u>\$ (173)</u>	<u>\$ 73,800</u>
	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities				
Capital assets, being depreciated:				
Land improvements	\$ 161	\$ -	\$ -	\$ 161
Buildings and improvements	482	-	-	482
Machinery, equipment, and furnishings	<u>926</u>	<u>222</u>	<u>-</u>	<u>1,148</u>
Total capital assets, being depreciated	1,569	222	-	1,791
Less accumulated depreciation for:				
Land improvements	(24)	(7)	-	(31)
Buildings and improvements	(156)	(12)	-	(168)
Machinery, equipment, and furnishings	<u>(756)</u>	<u>(59)</u>	<u>-</u>	<u>(815)</u>
Total accumulated depreciation	<u>(936)</u>	<u>(78)</u>	<u>-</u>	<u>(1,014)</u>
Total capital assets, being depreciated, net	633	144	-	777
Capital assets, not being depreciated:				
Land	12,587	-	-	12,587
Construction in progress	<u>263</u>	<u>-</u>	<u>-</u>	<u>263</u>
Total capital assets, not being depreciated	<u>12,850</u>	<u>-</u>	<u>-</u>	<u>12,850</u>
Business-type activities capital assets, net	<u>\$ 13,483</u>	<u>\$ 144</u>	<u>\$ -</u>	<u>\$ 13,627</u>

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

Governmental Activities	
General government	\$ 455
Public safety	258
Education	2,129
Public works	591
Health and human services	126
Culture and recreation	<u>16</u>
Total governmental activities	<u>\$ 3,575</u>
Business-Type Activities	
Golf Course	\$ 20
Emergency Medical Services	<u>58</u>
Total business-type activities	<u>\$ 78</u>

10. Deferred Outflows of Resources

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

11. Warrants and Accounts Payable

Warrants payable represent fiscal 2019 expenditures paid by July 15, 2019. Accounts payable represent additional fiscal 2019 expenditures paid after July 15, 2019.

12. 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 Appellate Tax Board.

13. Notes Payable

The Town had the following notes outstanding at June 30, 2019:

<u>Purpose</u>	<u>Interest Rate</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Balance at 6/30/19</u>
Land acquisition	2.16%	06/14/19	06/12/20	\$ 282,000
Athletic facilities	2.25%	06/14/19	06/12/20	<u>1,000,000</u>
Total				<u>\$ 1,282,000</u>

The following summarizes activity in notes payable during fiscal year 2019:

<u>Purpose</u>	<u>Balance Beginning of Year</u>	<u>Rollover</u>	<u>Paydown</u>	<u>Balance End of Year</u>
Land acquisition	\$ 1,000,000	\$ (1,000,000)	\$ -	\$ -
Athletic facilities	376,000	(282,000)	(94,000)	-
Land acquisition	-	1,000,000	-	1,000,000
Athletic facilities	-	282,000	-	282,000
Total	<u>\$ 1,376,000</u>	<u>\$ -</u>	<u>\$ (94,000)</u>	<u>\$ 1,282,000</u>

14. Other Current Liabilities

This balance consists primarily of various employee payroll withholdings.

15. Capital Lease Obligations

The Town is the lessee of certain equipment under a capital lease expiring in fiscal year 2022. Future minimum lease payments under the capital lease consist of the following as of June 30, 2019:

<u>Fiscal Year</u>	<u>Capital Leases</u>
2020	\$ 34,983
2021	34,983
2022	<u>34,983</u>
Total minimum lease payments	104,949
Less amounts representing interest	<u>(5,977)</u>
Present Value of Minimum Lease Payments	<u>\$ 98,972</u>

16. Long-Term Debt

A. General Obligation Bonds

The Town issues general obligation bonds 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 currently outstanding are as follows:

<u>Governmental Activities</u>	<u>Serial Maturities Through</u>	<u>Interest Rate(s) %</u>	<u>Amount Outstanding as of 6/30/19</u>
FY07 capital plan	02/15/24	4.01%	\$ 90,000
General obligation bonds	04/01/30	3.00-4.00%	1,365,000
School bonds	06/15/33	2.75%	1,785,000
Refunded senior center bonds	07/01/21	1.42%	330,000
Refunded school bonds	07/01/22	1.55%	2,330,000
Refunded school bonds	07/01/24	1.79%	3,315,000
Recreation	07/15/34	2.67%	<u>3,545,000</u>
Subtotal bonds			12,760,000
Septic (MWPAT)	07/15/32	0.00%	140,628
Septic (MWPAT)	01/15/33	0.00%	<u>176,988</u>
Subtotal direct borrowings			<u>317,616</u>
Total Governmental Activities			<u>\$ 13,077,616</u>

<u>Business-Type Activities</u>	<u>Serial Maturities Through</u>	<u>Interest Rate(s) %</u>	<u>Amount Outstanding as of 6/30/19</u>
Golf course purchase	02/15/25	4.01%	\$ 1,245,000
Golf course purchase	02/15/25	3.29%	<u>3,295,000</u>
Total Business-Type Activities			<u>\$ 4,540,000</u>

B. Future Debt Service

The annual payments to retire all general obligation long-term debt outstanding as of June 30, 2019 are as follows:

<u>Governmental</u>	<u>Bonds</u>		<u>MWPAT Direct Borrowings</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2020	\$ 1,840,000	\$ 402,309	\$ 22,589	\$ -	\$ 2,264,898
2021	1,815,000	333,024	22,604	-	2,170,628
2022	1,800,000	265,934	22,619	-	2,088,553
2023	1,685,000	201,489	22,634	-	1,909,123
2024	1,090,000	154,911	22,649	-	1,267,560
2025 - 2029	3,140,000	430,819	113,471	-	3,684,290
2030 - 2033	1,320,000	87,006	91,050	-	1,498,056
Thereafter	<u>70,000</u>	<u>1,225</u>	<u>-</u>	<u>-</u>	<u>71,225</u>
Total	<u>\$ 12,760,000</u>	<u>\$ 1,876,717</u>	<u>\$ 317,616</u>	<u>\$ -</u>	<u>\$ 14,954,333</u>

<u>Business-Type</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 675,000	\$ 174,668	\$ 849,668
2021	715,000	151,435	866,435
2022	745,000	125,510	870,510
2023	770,000	96,855	866,855
2024	805,000	65,845	870,845
2025	830,000	33,425	863,425
Total	<u>\$ 4,540,000</u>	<u>\$ 647,738</u>	<u>\$ 5,187,738</u>

The general fund has been designated as the sole source to repay the governmental activities and business-type activities general obligation long-term debt outstanding as of June 30, 2019.

C. Changes in General Long-Term Liabilities

During the year ended June 30, 2019, the following changes occurred in long-term liabilities (in thousands):

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Less Current Portion</u>	<u>Equals Long-Term Portion</u>
Governmental Activities						
Bonds payable	\$ 14,666	\$ -	\$ (1,906)	\$ 12,760	\$ (1,840)	\$ 10,920
MWPAT direct borrowings	350	-	(33)	317	(23)	294
Unamortized premium	49	-	(4)	45	(4)	41
Subtotal	15,065	-	(1,943)	13,122	(1,867)	11,255
Net pension liability	30,084	4,459	-	34,543	-	34,543
Net OPEB liability	75,023	7,924	-	82,947	-	82,947
Other:						
Compensated absences	987	53	(32)	1,008	(286)	722
Capital leases	153	-	(54)	99	(32)	67
Subtotal - other	1,140	53	(86)	1,107	(318)	789
Totals	<u>\$ 121,312</u>	<u>\$ 12,436</u>	<u>\$ (2,029)</u>	<u>\$ 131,719</u>	<u>\$ (2,185)</u>	<u>\$ 129,534</u>
Business-Type Activities						
Bonds payable	\$ 5,194	\$ -	\$ (654)	\$ 4,540	\$ (675)	\$ 3,865
Totals	<u>\$ 5,194</u>	<u>\$ -</u>	<u>\$ (654)</u>	<u>\$ 4,540</u>	<u>\$ (675)</u>	<u>\$ 3,865</u>

D. Long-Term Debt Supporting Governmental and Business-Type Activities

General obligation bonds, issued by the Town for various municipal projects are approved by Town Meeting and repaid with revenues recorded in the general fund.

17. Deferred Inflows of Resources

Deferred inflows of resources are the acquisition of net position by the Town that are applicable 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 will be recognized as expense in future years and is more fully described in the corresponding pension and OPEB notes. *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.

18. Governmental Funds - Balances

Fund balances are segregated to account for resources that are either not available for expenditure in the future or are legally set aside for a specific future use.

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.

The following types of fund balances are reported at June 30, 2019:

Nonspendable - Represents amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. This fund balance includes 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 various special revenue and expendable trust funds, capital projects funded by borrowing and/or grants, 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.

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 general fund surplus fund balance that has been appropriated as a funding source for the subsequent fiscal period.

Unassigned – Represents amounts that are available to spend in future periods. This fund balance classification includes general fund surplus fund balance,

general and capital facility stabilization funds set aside by Town Meeting vote (now reported as part of the general fund per GASB 54), and various special revenue and capital project temporary deficit fund balances.

Following is a breakdown of the Town's fund balances at June 30, 2019:

	General Fund	Receipts Reserved	Athletic Facilities Improvement	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable					
Nonexpendable permanent funds:	\$ -	\$ -	\$ -	\$ 944,475	\$ 944,475
Total Nonspendable	-	-	-	944,475	944,475
Restricted					
Special revenue funds:		-			
Sale of real estate	-	2,000,754	-	-	2,000,754
MWPAT septic-betterment loan/interest proceeds	-	285,123	-	-	285,123
Cable/PEG access gift	-	-	-	867,145	867,145
Community School support	-	-	-	570,924	570,924
Non-residential tuition revolving	-	-	-	160,236	160,236
Council on Aging activity	-	-	-	167,300	167,300
Other	-	115,230	-	857,747	972,977
Expendable trust funds	-	-	-	328,362	328,362
Capital project funds	-	-	-	93,614	93,614
Expendable permanent funds	-	-	-	59,512	59,512
Total Restricted	-	2,401,107	-	3,104,840	5,505,947
Committed					
Article carryforwards					
General government	681,843	-	-	-	681,843
Public safety	246,868	-	-	-	246,868
Education	24,637	-	-	-	24,637
Public works	225,173	-	-	-	225,173
Health and human services	10,000	-	-	-	10,000
Culture and recreation	5,803	-	-	-	5,803
Recreation capital stabilization	318,469	-	-	-	318,469
Total Committed	1,512,793	-	-	-	1,512,793
Assigned					
Encumbered for:					
General government	82,267	-	-	-	82,267
Public safety	9,265	-	-	-	9,265
Education	64,360	-	-	-	64,360
Public works	213,352	-	-	-	213,352
Health and human services	718	-	-	-	718
Culture and recreation	15,207	-	-	-	15,207
For next year's expenditures	1,002,215	-	-	-	1,002,215
Total Assigned	1,387,384	-	-	-	1,387,384
Unassigned					
General fund	4,009,138	-	-	-	4,009,138
General stabilization	1,992,586	-	-	-	1,992,586
Capital facilities stabilization	1,469,533	-	-	-	1,469,533
Special revenue fund deficits	-	-	-	(143,359)	(143,359)
Capital project fund deficits	-	-	(915,334)	(282,000)	(1,197,334)
Total Unassigned	7,471,257	-	(915,334)	(425,359)	6,130,564
Total Fund Balance	\$ 10,371,434	\$ 2,401,107	\$ (915,334)	\$ 3,623,956	\$ 15,481,163

19. Essex Regional 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 the employees' retirement funds.

A. Plan Description

Substantially all Town employees (except teachers and administrators under contract employed by the School Department) are members of the Essex Regional Retirement System (the System), a cost-sharing, multiple-employer public employee retirement system (PERS). Eligible employees must participate in the System, which provides pension benefits, deferred allowances, and death and disability benefits. The System's authority is established by Chapter 32 of the Massachusetts General Laws, which also govern contribution percentages and benefits paid. The System's Board of Directors does not have the authority to amend benefit provisions. Additional information is disclosed in the System's annual financial reports, which are publicly available from the System's administrative offices located at 491 Maple Street, Suite 202, Danvers, Massachusetts 01923-4025. Reports are also available on the System's website at www.essexregional.com.

Participants Contributions

Participants contribute a set percentage of their gross regular compensation annually. Employee contribution percentages are specified in Chapter 32 of the Massachusetts General Laws. The employee's individual contribution percentage is determined by their date of entry into the system. In addition, all employees hired 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 a Massachusetts 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 Massachusetts 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 members 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, 2019 was \$2,864,069, which was equal to its annual required contribution.

B. 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 the 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.

C. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred (Inflows) of Resources Related to Pensions

At June 30, 2019, the Town reported a liability of \$34,542,647 for its proportionate share of the System's net pension liability. The net pension liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2018. The Town's proportion of the net pension liability was based on an actuarially determined projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers. At December 31, 2018, the Town's proportion was 8.176%.

For the year ended June 30, 2019, the Town recognized pension expense of \$4,087,347. In addition, the Town reported deferred outflows of resources and deferred (inflows) of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred (Inflows) of Resources</u>
Differences between expected and actual experience	\$ -	\$ (299,601)
Changes of assumptions	1,831,306	-
Net difference between projected and actual earnings on pension plan investments	1,776,658	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	<u>735,772</u>	<u>(132,826)</u>
Total	<u>\$ 4,343,736</u>	<u>\$ (432,427)</u>

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

Year ended June 30:

2020	\$ 1,306,296
2021	931,565
2022	774,341
2023	<u>899,107</u>
Total	<u>\$ 3,911,309</u>

D. Actuarial Assumptions

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

COLA	3% of the first \$14,000
Salary increases	Based on years of service, ranging from 7.50% at 0 years of service decreasing to 3.75% after 5 years of service
Investment rate of return	7.50%

Mortality rates were based on the RP-2000 mortality table (sex-distinct, healthy employees for actives and healthy annuitants for retirees) projected with Scale BB and Generational Mortality. For members retired under an Accidental Disability (job-related), 40% of deaths are assumed to be from the same cause as the disability. Disabled mortality is the healthy retiree table ages set forward 2 years.

E. 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 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 net of investment expenses by the target asset allocation percentage and by adding an expected inflation rate of 2.75%. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of January 1, 2018 are summarized in the following table:

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

F. Discount Rate

The discount rate used to measure the total pension liability was 7.50%. 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 rates equal to the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments 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.

G. 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 7.50%, 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>(6.50%)</u>	Current Discount Rate <u>(7.50%)</u>	1% Increase <u>(8.50%)</u>
\$ 42,705,504	\$ 34,542,647	\$ 27,675,068

H. Pension Plan Fiduciary Net Position

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

20. Massachusetts Teachers' Retirement System (MTRS)

A. 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 on behalf of municipal teachers and municipal teacher retirees. The Commonwealth 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.

B. 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, group creditable service, and group classification. The authority for amending these provisions rests with the State 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.

MTRS funding policies have been established by Chapter 32 of the MGL and the State 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.

C. Contributions

Member contributions to 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 - 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

D. Actuarial Assumptions

The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of January 1, 2018 rolled forward to June 30, 2018. This valuation used the following assumptions:

- (a) 7.35% 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.
- Mortality rates were as follows:
 - Pre-retirement - reflects RP-2014 White Collar Employees table projected generationally with Scale MP-2016 (gender distinct).
 - Post-retirement - reflects RP-2014 White Collar Healthy Annuitant table projected generationally with Scale MP-2016 (gender distinct).
 - Disability – assumed to be in accordance with the RP-2014 White Collar Healthy Annuitant table projected generationally with Scale MP-2016 (gender distinct).

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, 2018 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%	5.00%
Portfolio completion strategies	13.00%	3.70%
Core fixed income	12.00%	0.90%
Private equity	12.00%	6.60%
Real estate	10.00%	3.80%
Value added fixed income	10.00%	3.80%
Timber/natural resources	4.00%	3.40%
Total	<u>100.00%</u>	

E. Discount Rate

The discount rate used to measure the total pension liability was 7.35%. 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's 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.

F. 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 (amounts in thousands):

<u>1% Decrease to 6.35%</u>	<u>Current Discount Rate 7.35%</u>	<u>1% Increase to 8.35%</u>
\$ 29,482,300	\$ 23,711,289	\$ 18,771,300

G. Special Funding Situation

The Commonwealth is a nonemployer contributor and is required by statute to make all actuarially determined employer contributions on behalf of the member employers. Therefore, these employers are considered to be in a special funding situation as defined by GASB Statements No. 68, *Accounting and Financial Reporting for Pensions* (GASB 68), and the Commonwealth 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.

H. Town Proportions

In fiscal year 2018 (the most recent measurement period), the Town's proportionate share of the MTRS' collective net pension liability was approximately \$59,715,836 based on a proportionate share of 0.251846%. As required by GASB 68, the Town has recognized its portion of the Commonwealth's contribution of approximately \$3,311,223 as both a revenue and expenditure in the general fund, and its portion of the collective pension expense of approximately \$6,051,335 as both a revenue and expense in the governmental activities.

21. Other Post-Employment Benefits (GASB 74 and GASB 75)

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB)*, replaces the requirements of *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 2010, the Town established an OPEB Trust Fund to provide funding for future employee health care costs.

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, replaces the requirements of *Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The 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, 2019.

A. 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 Group Insurance Commission (GIC). The benefits, benefit levels, employee contributions, and employer contributions are governed by Chapter 32 of the 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, 2019, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries	
currently receiving benefit payments	317
Active employees	<u>311</u>
Total	<u><u>628</u></u>

B. Investments

The OPEB trust fund assets consist of corporate equities and equity mutual funds.

Rate of return. For the year ended June 30, 2019, the annual money-weighted rate of return on investments, net of investment expense, was 7.03%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

C. Actuarial Assumptions and Other Inputs

The net OPEB liability was determined by an actuarial valuation as of July 1, 2018, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Salary increases	3.00%
Investment rate of return	7.00%
Municipal bond rate	3.13%
Discount rate	3.13%
Healthcare cost trend rates	5.50% for 2018
Retirees' share of benefit-related costs	Varies based on plan; 15% HMO plans, 25% PPO plans, 50% indemnity plans, and 15% medicare plans
Participation rate	95%

Mortality rates were based on the 2010 Public Sector Retirement Plans Mortality table for general employee populations with MP-2019 mortality improvement scale.

D. Target Allocations

Long-term expected real rate of return information is not applicable because the OPEB Trust Fund is substantially underfunded and the OPEB plan uses the municipal bond rate for a discount rate. Target asset allocation as of June 30, 2019 is summarized in the following table.

<u>Asset Class</u>	<u>Target Asset Allocation</u>
Equity	35.00%
Fixed income	45.00%
Alternatives	<u>20.00%</u>
Total	<u>100.00%</u>

E. Discount Rate

The discount rate used to measure the net OPEB liability was 3.13%. 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 not projected to be available to make all projected future benefit payments of current plan members. As a result, the municipal bond rate of 3.13% was

used for the discount rate. The municipal bond rate was based on the Fidelity GO AA 20-year index.

F. Net OPEB Liability

The components of the net OPEB liability, measured as of June 30, 2019, were as follows:

Total OPEB liability	\$ 84,202,947
Plan fiduciary net position	<u>1,256,028</u>
Net OPEB liability	<u>\$ 82,946,919</u>

Plan fiduciary net position as a percentage of the total OPEB liability	1.49%
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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.

G. 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	Plan Fiduciary Net Position	Net OPEB Liability
	(a)	(b)	(a) - (b)
Balances, beginning of year	\$ 77,219,341	\$ 981,079	\$ 76,238,262
Changes for the year:			
Service cost	3,976,612	-	3,976,612
Interest	2,507,008	-	2,507,008
Contributions - employer	-	2,158,373	(2,158,373)
Net investment income	-	74,949	(74,949)
Changes of benefit terms	-	-	-
Differences between expected and actual experience	(6,693,135)	-	(6,693,135)
Changes in assumptions or other inputs	9,151,494	-	9,151,494
Benefit payments	<u>(1,958,373)</u>	<u>(1,958,373)</u>	<u>-</u>
Net Changes	<u>6,983,606</u>	<u>274,949</u>	<u>6,708,657</u>
Balances, end of year	<u>\$ 84,202,947</u>	<u>\$ 1,256,028</u>	<u>\$ 82,946,919</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 3.62% in 2018 to 3.13% in 2019 and a change in mortality tables used.

H. 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:

<u>1%</u> <u>Decrease</u>	<u>Current</u> <u>Discount</u> <u>Rate</u>	<u>1%</u> <u>Increase</u>
\$ 98,821,126	\$ 82,946,919	\$ 70,444,708

I. 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 as calculated using healthcare cost trend rates that are one percentage-point lower or one percentage-point higher than the current healthcare cost trend rates:

<u>1%</u> <u>Decrease</u>	<u>Current</u> <u>Healthcare</u> <u>Cost Trend</u> <u>Rates</u>	<u>1%</u> <u>Increase</u>
\$ 67,789,511	\$ 82,946,919	\$ 103,144,064

J. OPEB Expense and Deferred Outflows of Resources and Deferred (Inflows) of Resources Related to OPEB

For the year ended June 30, 2019, the Town recognized an OPEB expense of \$4,899,374. At June 30, 2019, the Town reported deferred outflows and (inflows) of resources related to OPEB from the following sources:

	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Deferred</u> <u>(Inflows) of</u> <u>Resources</u>
Difference between expected and actual experience	\$ -	\$ (6,794,066)
Change in assumptions	-	(987,931)
and actual OPEB investment earnings	<u>19,923</u>	<u>-</u>
Total	<u>\$ 19,923</u>	<u>\$ (7,781,997)</u>

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

<u>Year Ended June 30:</u>	
2020	\$ (1,497,363)
2021	(1,497,362)
2022	(1,499,535)
2023	(1,501,833)
2024	(1,504,004)
Thereafter	<u>(261,977)</u>
Total	\$ <u><u>(7,762,074)</u></u>

22. **Commitments and Contingencies**

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 \$385,169 in encumbrances that will be honored in the next fiscal year.

23. **Beginning Fund Balance Reclassification**

The beginning (July 1, 2018) fund balance of the Town has been reclassified as follows:

<u>Fund Basis Financial Statements:</u>		
	<u>Receipts Reserved</u>	<u>Nonmajor Governmental Funds</u>
As previously reported	\$ -	\$ 5,876,907
Reclassification of major fund	<u>2,405,770</u>	<u>(2,405,770)</u>
As reclassified	\$ <u><u>2,405,770</u></u>	\$ <u><u>3,471,137</u></u>

24. New Pronouncements

The Governmental Accounting Standards Board (GASB) has issued Statement No. 84, *Fiduciary Activities*, effective for the Town beginning with its fiscal year ending June 30, 2020. This statement establishes guidance on how to address the categorization of fiduciary activities for financial reporting and how fiduciary activities are to be reported, and may require reclassification of certain funds.

The Governmental Accounting Standards Board (GASB) has issued Statement No. 87, *Leases*, effective for the Town beginning with its fiscal year ending June 30, 2021. This statement establishes new reporting and disclosure requirements, including the recording of various operating leases in the financial statements.

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REQUIRED SUPPLEMENTARY INFORMATION



Annual Christmas Tree Lighting ceremony with trolley rides, gingerbread contest, and Light Up Lynnfield contest sponsored by Lynnfield Recreation. – Photos courtesy of Rich Soberg

TOWN OF LYNNFIELD, MASSACHUSETTS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE (GASB 68)
OF THE NET PENSION LIABILITY

JUNE 30, 2019
(Unaudited)

Essex Regional 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, 2019	December 31, 2018	8.176%	\$34,542,647	\$ 10,944,608	315.61%	51.89%
June 30, 2018	December 31, 2017	7.993%	\$30,083,690	\$ 10,519,886	285.97%	55.40%
June 30, 2017	December 31, 2016	7.955%	\$30,649,501	\$ 10,794,272	283.94%	51.12%
June 30, 2016	December 31, 2015	8.020%	\$29,141,294	\$ 9,961,467	292.54%	51.01%
June 30, 2015	December 31, 2014	7.907%	\$26,824,501	\$ 9,568,326	280.35%	52.27%

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, 2019	June 30, 2018	0.251846%	\$ -	\$ 59,715,836	\$ 59,715,836	\$ 17,879,533	-	54.84%
June 30, 2018	June 30, 2017	0.249970%	\$ -	\$ 57,212,889	\$ 57,212,889	\$ 16,960,942	-	54.25%
June 30, 2017	June 30, 2016	0.249821%	\$ -	\$ 55,854,804	\$ 55,854,804	\$ 16,429,324	-	52.73%
June 30, 2016	June 30, 2015	0.253662%	\$ -	\$ 51,974,513	\$ 51,974,513	\$ 16,096,692	-	55.38%
June 30, 2015	June 30, 2014	0.251726%	\$ -	\$ 40,015,290	\$ 40,015,290	\$ 15,439,861	-	61.64%

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

See Independent Auditors' Report.

TOWN OF LYNNFIELD, MASSACHUSETTS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PENSION CONTRIBUTIONS (GASB 68)

JUNE 30, 2019
(Unaudited)

Essex Regional Retirement System						
<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to the Contractually Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
June 30, 2019	December 31, 2018	\$ 2,864,069	\$ 2,864,069	\$ -	\$ 10,787,014	26.55%
June 30, 2018	December 31, 2017	\$ 2,609,984	\$ 2,609,984	\$ -	\$ 10,987,525	23.75%
June 30, 2017	December 31, 2016	\$ 2,418,319	\$ 2,418,319	\$ -	\$ 10,665,375	22.67%
June 30, 2016	December 31, 2015	\$ 2,308,330	\$ 2,308,330	\$ -	\$ 10,307,958	22.39%
June 30, 2015	December 31, 2014	\$ 2,118,002	\$ 2,118,002	\$ -	\$ 9,803,623	22.14%

Massachusetts Teachers' Retirement System						
<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Contractually Required Contribution Provided by Commonwealth</u>	<u>Contributions in Relation to the Contractually Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
June 30, 2019	June 30, 2018	\$ 3,311,223	\$ 3,311,223	\$ -	\$ 18,220,901	18.17%
June 30, 2018	June 30, 2017	\$ 3,088,756	\$ 3,088,756	\$ -	\$ 17,879,533	17.28%
June 30, 2017	June 30, 2016	\$ 2,809,445	\$ 2,809,445	\$ -	\$ 16,960,942	16.56%
June 30, 2016	June 30, 2015	\$ 2,592,252	\$ 2,592,252	\$ -	\$ 16,429,324	15.78%
June 30, 2015	June 30, 2014	\$ 2,359,629	\$ 2,359,629	\$ -	\$ 16,096,692	14.66%

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

See Independent Auditors' Report.

**TOWN OF LYNNFIELD, MASSACHUSETTS
OTHER POST-EMPLOYMENT BENEFITS (OPEB)
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY (GASB 74 AND 75)**

(Unaudited)

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB Liability			
Service cost	\$ 3,976,612	\$ 4,033,881	\$ 4,972,243
Interest on total OPEB liability	2,507,008	2,655,790	2,370,457
Differences between expected and actual experience	(6,693,135)	15,920	(1,459,126)
Changes of assumptions	9,151,494	(3,144,633)	(10,371,124)
Benefit payments, including refunds of member contributions	<u>(1,958,373)</u>	<u>(1,999,825)</u>	<u>(2,001,110)</u>
Net change in total OPEB liability	6,983,606	1,561,133	(6,488,660)
Total OPEB liability - beginning	<u>77,219,341</u>	<u>75,658,208</u>	<u>82,146,868</u>
Total OPEB liability - ending (a)	84,202,947	77,219,341	75,658,208
Plan Fiduciary Net Position			
Contributions - employer	2,158,373	2,299,825	2,201,110
Net investment income	74,949	46,138	33,055
Benefit payments, including refunds of member contributions	<u>(1,958,373)</u>	<u>(1,999,825)</u>	<u>(2,001,110)</u>
Net change in plan fiduciary net position	274,949	346,138	233,055
Plan fiduciary net position - beginning	<u>981,079</u>	<u>634,941</u>	<u>401,886</u>
Plan fiduciary net position - ending (b)	<u>1,256,028</u>	<u>981,079</u>	<u>634,941</u>
Net OPEB liability (asset) - ending (a-b)	<u>\$ 82,946,919</u>	<u>\$ 76,238,262</u>	<u>\$ 75,023,267</u>

Schedule is 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 Auditors' Report.

**TOWN OF LYNNFIELD, MASSACHUSETTS
OTHER POST-EMPLOYMENT BENEFITS (OPEB)
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF NET OPEB LIABILITY, CONTRIBUTIONS, AND INVESTMENT RETURNS (GASB 74 AND 75)**

(Unaudited)

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Schedule of Net OPEB Liability			
Total OPEB liability	\$ 84,202,947	\$ 77,219,341	\$ 75,658,208
Plan fiduciary net position	<u>1,256,028</u>	<u>981,079</u>	<u>634,941</u>
Net OPEB liability (asset)	<u>\$ 82,946,919</u>	<u>\$ 76,238,262</u>	<u>\$ 75,023,267</u>
Plan fiduciary net position as a percentage of the total OPEB liability	1.49%	1.27%	0.84%
Covered employee payroll **	\$ 21,394,304	\$ 18,958,000	\$ 18,405,817
Participating employer net OPEB liability as a percentage of covered employee payroll	387.71%	402.14%	407.61%
	<u>2019</u>	<u>2018</u>	<u>2017</u>
Schedule of Contributions			
Actuarially determined contribution*	\$ 7,794,911	\$ 8,143,717	\$ 1,784,927
Contributions in relation to the actuarially determined contribution	<u>2,158,373</u>	<u>2,299,825</u>	<u>2,201,110</u>
Contribution deficiency (excess)	<u>\$ 5,636,538</u>	<u>\$ 5,843,892</u>	<u>\$ (416,183)</u>
Covered employee payroll **	\$ 21,394,304	\$ 18,958,000	\$ 18,405,817
Contributions as a percentage of covered employee payroll	10.09%	12.13%	11.96%
	<u>2019</u>	<u>2018</u>	<u>2017</u>
Schedule of Investment Returns			
Annual money weighted rate of return, net of investment expense	7.03%	5.88%	6.59%

*Includes only the implicit subsidy, which is required to be funded by statute, and not an amount required to fully fund the plan over time.

** Contributions to other post-employment benefits trust fund are not based on a measure of pay, therefore, covered employee payroll is presented in the above schedules.

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

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

See Independent Auditors' Report.

**SUPPLEMENTARY STATEMENTS
AND DETAIL SCHEDULES**

GENERAL FUND

The General Fund is established to account for all resources obtained and used for those services commonly provided by the Town, which are not accounted for in any other fund. These services include among other items: general government services, public safety, education, public works, health and human services, and culture and recreation. The primary sources of revenue of the General Fund are: property taxes, excise taxes, unrestricted state revenue sharing grants, certain restricted grants and fees for services rendered.

TOWN OF LYNNFIELD, MASSACHUSETTS

DETAIL SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL - GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2019

	Original <u>Budget</u>	Final <u>Budget</u>	Actual <u>(Budgetary Basis)</u>	Variance Positive <u>(Negative)</u>
General Government				
Selectmen				
Selectmen's Salaries	\$ 2,250	\$ 2,250	\$ 1,513	\$ 737
Town Administrator's Salary	175,275	175,275	175,273	2
Administrative Salary	87,939	87,939	85,989	1,950
Professional Services	82,000	106,000	94,642	11,358
Pay Rate Increase Fund	501	501	-	501
Property and Liability Insurance	710,216	660,216	523,980	136,236
Other Expenses	88,000	88,000	14,703	73,297
Cable				
Cable Access Salaries	89,131	89,131	88,791	340
Cable Access Expense	34,423	34,423	32,516	1,907
Cable Access Capital	15,000	15,000	14,616	384
Town Accountant				
Accountant's Salary	124,675	124,675	124,675	-
Clerical Salary	61,489	61,489	59,320	2,169
Expenses	5,255	5,255	3,863	1,392
Town Counsel				
Professional Services	75,000	75,000	62,027	12,973
Expenses Law Books	3,000	3,000	3,000	-
Operations Support				
Salaries	75,047	75,047	48,777	26,270
Expenses	47,400	47,400	43,627	3,773
Information Systems				
Expenses	249,214	249,214	243,649	5,565
Tax Collector				
Collector Expenses	20,450	20,450	14,027	6,423
Senior Tax Work-Off Program	9,000	1,048	1,047	1
Treasurer				
Treasurer's Salaries	193,926	193,926	193,857	69
Treasurer's Expenses	28,740	28,740	26,114	2,626
Town Clerk				
Town Clerk Salaries	133,314	133,314	133,314	-
Clerk Expenses	42,865	42,865	41,176	1,689
Board of Assessors				
Board Salaries	11,500	11,500	11,200	300
Other Salaries	139,343	139,343	138,301	1,042
Professional Services	41,435	41,435	23,010	18,425
Assessment Update	8,200	8,200	8,200	-
Expenses	11,970	11,970	5,087	6,883
Planning Board				
Salary	65,000	52,000	20,519	31,481
Expenses	4,786	4,786	2,624	2,162
Board of Appeals				
Expenses	2,741	2,741	2,609	132
Conservation Commission				
Salaries	86,303	99,303	98,814	489
Expenses	3,698	3,698	3,419	279
Professional Services	1,545	1,545	875	670
Open Space	1,545	1,545	1,358	187
Personnel Board				
Salary	2,874	2,874		2,874
Professional Services	2,870	2,870	325	2,545
Expenses	330	330	250	80
Finance Committee				
Salary	3,000	3,000	2,182	818
Expenses	420	420	-	420
Finance Committee Report	2,500	2,500	2,100	400
Reserve Fund	45,000	45,000	-	45,000
Total General Government	2,789,170	2,755,218	2,351,369	403,849

(continued)

(continued)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance Positive (Negative)</u>
Public Safety				
Police				
Chief's Salary (including holidays)	196,526	196,526	196,490	36
Other Salaries (including holidays)	2,180,996	2,268,194	2,181,759	86,435
Officers' Overtime	568,985	568,985	548,075	20,910
Officers Training	131,154	131,154	114,919	16,235
Other Expenses	215,000	215,000	213,850	1,150
Fire				
Chief's Salary (including holidays)	151,597	151,597	151,596	1
Full-time Salaries (including holidays)	840,799	869,799	843,230	26,569
Call Dept. Salaries	474,710	474,710	442,991	31,719
Fire Alarm Salaries	14,641	14,641	9,253	5,388
Fire Dept. Expenses	115,869	115,869	115,818	51
Fire Alarm Expenses	8,918	8,918	5,985	2,933
Division of Zoning & Inspection				
Other Salaries	78,942	78,942	75,108	3,834
Professional Services	165,195	182,695	182,329	366
Expenses	11,211	12,411	8,256	4,155
Emergency Management				
Other Salaries	1,250	1,250	1,250	-
Expenses	1	1	-	1
Animal Control Officer				
Dog Officer's Salary	27,011	27,011	26,352	659
Expenses	1,854	1,854	1,694	160
Total Public Safety	<u>5,184,659</u>	<u>5,319,557</u>	<u>5,118,955</u>	<u>200,602</u>
Education				
School Operating	25,249,908	25,249,908	25,246,455	3,453
School Health Insurance	2,776,712	2,776,712	2,776,712	-
School Vocational Assessment	368,195	368,195	368,195	-
Total Education	<u>28,394,815</u>	<u>28,394,815</u>	<u>28,391,362</u>	<u>3,453</u>
Public Works				
Administration				
Director Salary	131,328	131,328	131,328	-
Other Salaries	507,624	507,624	507,624	-
Motor Fuel/Oil	134,000	127,531	103,675	23,856
Other Expenses	9,500	9,500	5,336	4,164
Highway				
Salaries	865,515	865,515	819,898	45,617
Expenses	558,620	558,620	546,402	12,218
Sidewalk Construction & Maint.				
Expenses	25,000	25,000	25,000	-
Snow and Ice Removal				
Salaries and Expenses	120,000	126,469	401,469	(275,000)
Street Lighting				
Expenses	180,000	180,000	174,631	5,369
Rubbish Collection				
Expenses	809,384	809,384	809,384	-
School Maintenance and Buses				
Salaries	1,122,983	1,122,983	1,008,977	114,006
Energy Supply	724,000	724,000	680,317	43,683
Expenses	1,348,300	1,348,300	1,279,600	68,700
Town Building Maintenance				
Salaries	249,886	249,886	227,171	22,715
Expenses	371,500	371,500	342,355	29,145
Total Public Works	<u>7,157,640</u>	<u>7,157,640</u>	<u>7,063,167</u>	<u>94,473</u>

(continued)

(continued)

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance Positive (Negative)
Health and Human Services				
Board of Health				
Other Salaries	91,335	91,335	87,453	3,882
Expenses	40,304	40,304	30,325	9,979
Council on Aging				
Salary	334,180	334,180	310,880	23,300
Expenses	26,949	26,949	26,643	306
Veterans' Services				
Director's Salary	15,600	15,600	15,600	-
Expenses	8,300	8,300	6,801	1,499
Veterans Benefits	24,000	24,000	22,876	1,124
Total Health and Human Services	540,668	540,668	500,578	40,090
Culture and Recreation				
Library				
Director's Salary	91,589	82,089	81,018	1,071
Other Salaries	532,400	519,400	478,795	40,605
Expenses	243,163	265,663	265,663	-
Recreation Commission				
Salaries	71,725	71,725	71,725	-
Expenses	10,488	10,988	10,987	1
Historical Commission				
Expenses	15,910	15,910	15,910	-
Total Culture and Recreation	965,275	965,775	924,098	41,677
Employee Benefits and Unclassified				
Pension Contributions	2,864,069	2,864,069	2,864,069	-
Town Health/Life/Disability Insurance	3,200,452	3,125,452	2,762,578	362,874
Medicare - F.I.C.A.	485,000	485,000	453,899	31,101
Workers' Compensation Insurance	237,584	237,584	237,584	-
Other	5,047	5,047	5,047	-
Unemployment Compensation	41,600	26,600	6,318	20,282
Total Employee Benefits	6,833,752	6,743,752	6,329,495	414,257
Miscellaneous				
Prior Year Deficits	329,729	329,729	329,729	-
Total Miscellaneous	329,729	329,729	329,729	-
Debt Service				
Short-term Interest	34,374	34,374	29,692	4,682
Long-term Principal Payment	585,000	585,000	585,000	-
Long-term Interest	170,571	170,571	170,570	1
Long-term Principal Debt Exclusion	2,069,000	2,069,000	2,069,000	-
Long-term Interest Debt Exclusion	499,482	499,482	499,482	-
Septic Loan Program	32,670	32,670	32,670	-
Total Debt Service	3,391,097	3,391,097	3,386,414	4,683
Intergovernmental				
State and County Assessments	423,159	423,159	490,910	(67,751)
Articles				
Unassigned (prior year bills)	456	49,389	49,389	-
General government	837,900	1,085,598	1,080,347	5,251
Public safety	343,189	453,962	453,962	-
Education	433,392	603,477	603,477	-
Public works	598,250	853,510	797,465	56,045
Health and human services	-	10,846	10,000	846
Culture and recreation	6,000	12,201	10,400	1,801
Total Articles	2,219,187	3,068,983	3,005,040	63,943
Other Financing Uses				
Transfers out				
Transfer to OPEB Trust	200,000	200,000	200,000	-
Transfer to Stabilization	300,000	300,000	300,000	-
Total Other Financing Uses	500,000	500,000	500,000	-
Total Expenditures and Other Financing Uses	\$ 58,729,151	\$ 59,590,393	\$ 58,391,117	\$ 1,199,276

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Combining Financial Statements

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for certain revenue generating activities that are legally and/or programmatically restricted to expenditures for a specified purpose. From the Town's financial ledgers, these activities can be distinctly categorized into the following groupings:

- Revolving Funds: To account for the Town's within revolving funds established in accordance with MGL Chapter 44, Section 53E ½, Chapter 71 and other applicable statutes.
- School Lunch: To account for the School Department's School Lunch Program.
- Town Grants: To account for Town grant programs.
- School Grants: To account for educational-based grant programs.
- Other Special Revenue Funds: To account for other miscellaneous special revenue accounts which relate to Town and educational-based activities.

CAPITAL PROJECT FUNDS

Capital Project Funds are used to account for the overall financial activities related to the acquisition, renovation, or construction of significant capital assets, excluding those associated with business-type funds. Significant project activities can be categorized as:

- Center Farm Acquisition: To account for activity associated with the purchase of 567 Main street
- Outdoor Recreation and Athletic Fields: To account for the activity associated with the construction of outdoor recreation and athletic fields.
- Capital Equipment: To account for various equipment acquisitions to various Town activities.
- Other Capital Projects: To fund accounts for various Town activities.

PERMANENT FUNDS

Permanent Funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support governmental programs.

- Permanent Fund: To account for the principal received for perpetual care and related interest. The interest income is used to maintain community cemetery. It is also used to account for the various other bequests to the Town designated for particular purposes.

TOWN OF LYNNFIELD, MASSACHUSETTS

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2019

	Special Revenue Funds					
	Revolving Funds	School Lunch	Town Grants	School Grants	Other Special Revenues	Subtotals
Assets						
Cash and short-term investments	\$ 1,325,279	\$ 111,088	\$ 4,939	\$ -	\$ 1,480,472	\$ 2,921,778
Investments	-	-	-	-	42	42
Intergovernmental receivables	-	-	-	188,171	-	188,171
Total Assets	<u>\$ 1,325,279</u>	<u>\$ 111,088</u>	<u>\$ 4,939</u>	<u>\$ 188,171</u>	<u>\$ 1,480,514</u>	<u>\$ 3,109,991</u>
Liabilities, Deferred Inflows of Resources and Fund Balances						
Liabilities						
Warrants and accounts payable	\$ 46,212	\$ 365	\$ 824	\$ 11,339	\$ 19,315	\$ 78,055
Notes Payable	-	-	-	-	-	-
Due to other funds	-	-	-	223,581	-	223,581
Total Liabilities	46,212	365	824	234,920	19,315	301,636
Fund Balances						
Nonspendable	-	-	-	-	-	-
Restricted	1,279,067	110,723	99,144	1,581	1,461,199	2,951,714
Unassigned	-	-	(95,029)	(48,330)	-	(143,359)
Total Fund Balances	<u>1,279,067</u>	<u>110,723</u>	<u>4,115</u>	<u>(46,749)</u>	<u>1,461,199</u>	<u>2,808,355</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 1,325,279</u>	<u>\$ 111,088</u>	<u>\$ 4,939</u>	<u>\$ 188,171</u>	<u>\$ 1,480,514</u>	<u>\$ 3,109,991</u>

Capital Project Funds					Permanent Trust Fund	Total Nonmajor Governmenta Funds
Center Farm Acquisition	Outdoor Recreation and Athletic Fields	Capital Equipment	Other Capital Projects	Subtotal		
\$ -	\$ 31,591	\$ 26,015	\$ 36,008	\$ 93,614	\$ 57,454	\$ 3,072,846
-	-	-	-	-	946,533	946,575
-	-	-	-	-	-	188,171
\$ -	\$ 31,591	\$ 26,015	\$ 36,008	\$ 93,614	\$ 1,003,987	\$ 4,207,592
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 78,055
282,000	-	-	-	282,000	-	282,000
-	-	-	-	-	-	223,581
282,000	-	-	-	282,000	-	583,636
-	-	-	-	-	944,475	944,475
-	31,591	26,015	36,008	93,614	59,512	3,104,840
(282,000)	-	-	-	(282,000)	-	(425,359)
(282,000)	31,591	26,015	36,008	(188,386)	1,003,987	3,623,956
\$ -	\$ 31,591	\$ 26,015	\$ 36,008	\$ 93,614	\$ 1,003,987	\$ 4,207,592

TOWN OF LYNNFIELD, MASSACHUSETTS

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND EQUITY**

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2019

	Special Revenue Funds					
	Revolving Funds	School Lunch	Town Grants	School Grants	Other Special Revenues	Subtotal
Revenues						
Charges for services	\$ 1,577,140	\$ 795,745	\$ -	\$ -	\$ 7,451	\$ 2,380,336
Intergovernmental	5,400	186,844	458,042	1,493,236	-	2,143,522
Investment income	403	326	-	-	8,240	8,969
Miscellaneous	<u>84,485</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>317,262</u>	<u>401,747</u>
Total Revenues	1,667,428	982,915	458,042	1,493,236	332,953	4,934,574
Expenditures						
Current:						
General government	17,379	-	50,511	-	27,155	95,045
Public safety	9,645	-	51,990	-	3,926	65,561
Education	736,855	932,600	-	1,511,375	75,702	3,256,532
Public works	74,117	-	329,670	-	15,214	419,001
Health and human services	34,027	-	87,009	-	783	121,819
Culture and recreation	<u>317,726</u>	<u>-</u>	<u>12,559</u>	<u>-</u>	<u>1,034</u>	<u>331,319</u>
Total Expenditures	<u>1,189,749</u>	<u>932,600</u>	<u>531,739</u>	<u>1,511,375</u>	<u>123,814</u>	<u>4,289,277</u>
Excess (deficiency) of revenues over (under) expenditures	477,679	50,315	(73,697)	(18,139)	209,139	645,297
Other Financing Sources (Uses)						
Transfers in	412,535	-	-	-	-	412,535
Transfers out	<u>(794,303)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(190,544)</u>	<u>(984,847)</u>
Total Other Financing Sources (Uses)	<u>(381,768)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(190,544)</u>	<u>(572,312)</u>
Net change in fund balances	95,911	50,315	(73,697)	(18,139)	18,595	72,985
Fund Balances, beginning of year	<u>1,183,156</u>	<u>60,408</u>	<u>77,812</u>	<u>(28,610)</u>	<u>1,442,604</u>	<u>2,735,370</u>
Fund Balances, end of year	<u>\$ 1,279,067</u>	<u>\$ 110,723</u>	<u>\$ 4,115</u>	<u>\$ (46,749)</u>	<u>\$ 1,461,199</u>	<u>\$ 2,808,355</u>

Capital Project Funds					Permanent Trust Fund	Total Nonmajor Governmental Funds
Center Farm Acquisition	Outdoor Recreation and Athletic Fields	Capital Equipment	Other Capital Projects	Subtotal		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,380,336
-	-	-	-	-	-	2,143,522
-	-	-	-	-	33,984	42,953
-	-	-	-	-	22,627	424,374
-	-	-	-	-	56,611	4,991,185
-	-	-	-	-	5,549	100,594
-	-	-	-	-	-	65,561
-	-	-	-	-	-	3,256,532
-	-	63,708	-	63,708	-	482,709
-	-	-	-	-	-	121,819
-	-	-	-	-	1,520	332,839
-	-	63,708	-	63,708	7,069	4,360,054
-	-	(63,708)	-	(63,708)	49,542	631,131
94,000	-	-	-	94,000	-	506,535 ¹
-	-	-	-	-	-	(984,847) ¹
94,000	-	-	-	94,000	-	(478,312)
94,000	-	(63,708)	-	30,292	49,542	152,819
(376,000)	31,591	89,723	36,008	(218,678)	954,445	3,471,137
\$ (282,000)	\$ 31,591	\$ 26,015	\$ 36,008	\$ (188,386)	\$ 1,003,987	\$ 3,623,956

¹ Transfers in and out were netted on page 31 to eliminate activity within nonmajor governmental funds.

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**STATISTICAL
SECTION**



Lynnfield Town Hall Steeple in the Fall. – Photo courtesy of Eric Hamlin

TOWN OF LYNNFIELD, MASSACHUSETTS

STATISTICAL SECTION

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

	<u>Page</u>
<i>Financial Trends</i> These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	100 - 104
<i>Revenue Capacity</i> These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	105 - 107
<i>Debt Capacity</i> These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.	108 - 110
<i>Demographic and Economic Information</i> These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	111 - 112
<i>Operating Information</i> These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the service the government provides and the activities it performs.	113 - 115

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Government Activity										
Net investment in capital assets	\$ 53,300,226	\$ 52,577,993	\$ 52,745,223	\$ 52,661,247	\$ 54,316,789	\$ 55,339,766	\$ 56,794,478	\$ 57,855,878	\$ 60,053,192	\$ 59,817,700
Restricted	4,783,834	3,097,762	3,754,482	4,515,269	4,968,768	6,587,689	6,444,293	6,578,942	6,170,785	6,356,808
Unrestricted	(6,223,247)	(7,914,040)	(12,266,289)	(13,462,910)	(16,217,913)	(45,575,899)	(51,210,626)	(56,910,602)	(107,270,068)	(111,918,242)
Total governmental activities net position	<u>\$ 51,860,813</u>	<u>\$ 47,761,715</u>	<u>\$ 44,233,416</u>	<u>\$ 43,713,606</u>	<u>\$ 43,067,644</u>	<u>\$ 16,351,556</u>	<u>\$ 12,028,145</u>	<u>\$ 7,524,218</u>	<u>\$ (41,046,091)</u>	<u>\$ (45,743,734)</u>
Business-type Activities										
Net investment in capital assets	\$ 2,587,713	\$ 3,049,986	\$ 3,513,689	\$ 4,976,433	\$ 5,476,229	\$ 6,360,015	\$ 6,936,101	\$ 7,547,509	\$ 8,294,921	\$ 9,093,478
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	210,670	224,097	274,798	215,013	158,798	62,255	236,738	492,760	609,624	576,756
Total business-type activities net position	<u>\$ 2,798,383</u>	<u>\$ 3,274,083</u>	<u>\$ 3,788,487</u>	<u>\$ 5,191,446</u>	<u>\$ 5,635,027</u>	<u>\$ 6,422,270</u>	<u>\$ 7,172,839</u>	<u>\$ 8,040,269</u>	<u>\$ 8,904,545</u>	<u>\$ 9,670,234</u>
Primary Government										
Net investment in capital assets	\$ 55,887,939	\$ 55,627,979	\$ 56,258,912	\$ 57,637,680	\$ 59,793,018	\$ 61,699,781	\$ 63,730,579	\$ 65,403,387	\$ 68,348,113	\$ 68,911,178
Restricted	4,783,834	3,097,762	3,754,482	4,515,269	4,968,768	6,587,689	6,444,293	6,578,942	6,170,785	6,356,808
Unrestricted	(6,012,577)	(7,689,943)	(11,991,491)	(13,247,897)	(16,059,115)	(45,513,644)	(50,973,888)	(56,417,842)	(106,660,444)	(111,341,486)
Total primary government net position	<u>\$ 54,659,196</u>	<u>\$ 51,035,798</u>	<u>\$ 48,021,903</u>	<u>\$ 48,905,052</u>	<u>\$ 48,702,671</u>	<u>\$ 22,773,826</u>	<u>\$ 19,200,984</u>	<u>\$ 15,564,487</u>	<u>\$ (32,141,546)</u>	<u>\$ (36,073,500)</u>

Data source: Audited financial statements

TOWN OF LYNNFIELD, MASSACHUSETTS
Changes in Net Position
Last Ten Fiscal Years

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses										
Governmental Activities										
General government	\$ 1,803,277	\$ 1,735,600	\$ 1,735,254	\$ 1,961,343	\$ 2,080,661	\$ 2,647,269	\$ 2,472,962	\$ 3,399,507	\$ 3,348,278	\$ 3,538,777
Public safety	4,330,831	4,415,177	4,632,068	4,706,569	4,968,269	4,423,705	4,669,749	6,345,717	6,911,541	7,216,296
Education	28,591,568	29,246,944	30,897,062	31,409,770	32,142,504	31,375,172	34,187,292	46,749,239	46,014,983	49,198,093
Public works	5,716,385	6,089,717	5,527,382	6,034,878	6,585,036	6,634,587	6,782,767	8,441,244	8,673,638	10,122,364
Health and human services	651,153	595,093	535,067	547,131	572,096	587,958	599,228	828,016	820,528	975,893
Cultural and recreation	840,126	802,056	827,293	845,631	908,344	1,069,362	1,290,029	1,496,611	1,501,844	1,587,342
Interest	856,282	807,531	742,445	915,256	607,393	713,244	612,107	573,441	513,806	483,552
Employee benefits	7,704,380	7,962,133	8,209,486	8,161,277	9,015,854	9,175,205	11,820,997	*	*	*
Intergovernmental	315,836	331,518	375,678	400,171	398,616	372,449	375,413	364,845	437,107	**
Total governmental activities expenses	50,809,838	51,985,769	53,481,735	54,982,026	57,278,773	56,998,951	62,810,544	68,198,620	68,221,725	73,122,317
Business-type Activities										
Golf course operations	1,218,096	1,102,541	977,570	887,200	880,903	888,400	1,036,636	1,087,534	1,072,549	1,035,456
Emergency Medical Service operations	-	-	-	-	-	689,061	707,679	672,727	675,899	783,803
Total business-type activities expenses	1,218,096	1,102,541	977,570	887,200	880,903	1,577,461	1,744,315	1,760,261	1,748,448	1,819,259
Total primary government expenses	\$ 52,027,934	\$ 53,088,310	\$ 54,459,305	\$ 55,869,226	\$ 58,159,676	\$ 58,576,412	\$ 64,554,859	\$ 69,958,881	\$ 69,970,173	\$ 74,941,576
Program Revenues										
Governmental Activities										
Charges for services:										
General government	\$ 228,064	\$ 254,231	\$ 193,305	\$ 212,698	\$ 274,134	\$ 277,559	\$ 304,475	\$ 270,014	\$ 284,344	\$ 273,499
Public safety	828,410	910,626	981,583	999,297	1,137,462	360,303	390,131	372,131	472,791	659,480
Education	1,791,301	1,941,927	2,130,533	2,066,267	2,169,241	2,317,372	2,235,281	2,041,251	2,036,760	2,095,632
Public works	90,066	98,593	114,858	118,060	78,310	111,057	123,456	85,232	92,038	117,797
Health and human services	108,547	141,122	158,743	155,707	92,196	102,351	96,670	96,797	98,965	94,412
Cultural and recreation	45,290	53,127	83,970	122,358	103,152	161,237	322,334	238,159	250,695	307,371
Operating grants and contributions	9,795,167	9,755,709	9,951,771	10,721,726	10,735,791	9,000,984	10,401,336	12,295,036	12,678,689	12,643,471
Capital grants and contributions	202,651	360,766	402,551	1,761,586	602,081	534,181	423,191	550,612	621,626	228,186
Total government activities program revenues	13,089,496	13,516,101	14,017,314	16,157,699	15,192,367	12,865,044	14,296,874	15,949,232	16,535,908	16,419,848
Business-type Activities										
Charges for services:										
Golf course operations	958,940	885,746	692,034	507,443	509,133	530,043	733,527	878,376	974,670	1,007,033
Emergency Medical Service operations	-	-	-	-	-	612,764	711,668	910,870	724,432	791,153
Operating grants and contributions	-	-	-	-	-	-	-	-	-	-
Total business - type activities revenues	958,940	885,746	692,034	507,443	509,133	1,142,807	1,445,195	1,789,246	1,699,102	1,798,186
Total primary government revenues	\$ 14,048,436	\$ 14,401,847	\$ 14,709,348	\$ 16,665,142	\$ 15,701,500	\$ 14,007,851	\$ 15,742,069	\$ 17,738,478	\$ 18,235,010	\$ 18,218,034
Net (Expense)/Revenue										
Governmental activities	\$ (37,720,342)	\$ (38,469,668)	\$ (39,464,421)	\$ (38,824,327)	\$ (42,086,406)	\$ (44,133,907)	\$ (48,513,670)	\$ (52,249,388)	\$ (51,685,817)	\$ (56,702,469)
Business-type activities	(259,156)	(216,795)	(285,536)	(379,757)	(371,770)	(434,654)	(299,120)	28,985	(49,346)	(21,073)
Total primary government net (expense)	\$ (37,979,498)	\$ (38,686,463)	\$ (39,749,957)	\$ (39,204,084)	\$ (42,458,176)	\$ (44,568,561)	\$ (48,812,790)	\$ (52,220,403)	\$ (51,735,163)	\$ (56,723,542)

Data source: Audited financial statements

(continued)

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

** Beginning in FY19 the intergovernmental expenses have been reclassified to the various function based on the actual expenses.

TOWN OF LYNNFIELD, MASSACHUSETTS

Changes in Net Position

Last Ten Fiscal Years

continued:	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Real estate and personal property-net										
of refunds payable	\$ 30,687,208	\$ 31,274,162	\$ 32,613,283	\$ 33,859,481	\$ 35,530,602	\$ 38,861,219	\$ 40,121,435	\$ 42,206,263	\$ 42,874,531	\$ 46,282,176
Excise tax	1,866,582	2,010,033	1,983,946	2,282,217	2,586,452	3,226,540	3,405,622	3,431,592	3,670,019	3,597,245
Penalties, interest, and other taxes	414,189	484,069	533,685	467,777	551,830	608,955	667,345	678,974	655,075	710,051
Grants, contributions - not restricted										
to specific programs	1,059,739	1,217,140	1,010,482	1,021,952	1,011,292	1,042,971	1,078,400	1,126,084	1,108,886	1,203,261
Investment income	13,312	20,906	39,668	4,203	20,617	11,060	50,026	32,409	57,069	279,195
Contributions and miscellaneous	768,253	55,579	554,396	1,482,204	2,654,325	1,814,532	116,625	1,107,906	211,731	715,986
Transfers	(789,542)	(691,318)	(799,338)	(813,317)	(914,674)	(919,953)	(1,249,194)	(837,767)	(911,573)	(783,088)
Total government activities	34,019,741	34,370,571	35,936,122	38,304,517	41,440,444	44,645,324	44,190,259	47,745,461	47,665,738	52,004,826
Business-type activities										
Investment income	1,053	1,177	602	969,399	677	493	495	678	2,049	3,674
Transfers	789,542	691,318	799,338	813,317	814,674	819,953	1,049,194	837,767	911,573	783,088
Total business type activities	790,595	692,495	799,940	1,782,716	815,351	820,446	1,049,689	838,445	913,622	786,762
Total primary government	<u>\$ 34,810,336</u>	<u>\$ 35,063,066</u>	<u>\$ 36,736,062</u>	<u>\$ 40,087,233</u>	<u>\$ 42,255,795</u>	<u>\$ 45,465,770</u>	<u>\$ 45,239,948</u>	<u>\$ 48,583,906</u>	<u>\$ 48,579,360</u>	<u>\$ 52,791,588</u>
Changes in Net Position										
Governmental activities	\$ (3,700,601)	\$ (4,099,097)	\$ (3,528,299)	\$ (519,810)	\$ (645,962)	\$ 511,417	\$ (4,323,411)	\$ (4,503,927)	\$ (4,020,079)	\$ (4,697,643)
Business-type activities	531,439	475,700	514,404	1,402,959	443,581	385,792	750,569	867,430	864,276	765,689
Total primary government changes in net position	<u>\$ (3,169,162)</u>	<u>\$ (3,623,397)</u>	<u>\$ (3,013,895)</u>	<u>\$ 883,149</u>	<u>\$ (202,381)</u>	<u>\$ 897,209</u>	<u>\$ (3,572,842)</u>	<u>\$ (3,636,497)</u>	<u>\$ (3,155,803)</u>	<u>\$ (3,931,954)</u>

Data source: Audited financial statements

TOWN OF LYNNFIELD, MASSACHUSETTS
Fund Balance, Governmental Funds
Last Ten Fiscal Years

	2010	2011 ⁽¹⁾	2012	2013	2014	2015	2016	2017	2018	2019
General Fund										
Reserved	\$ 1,010,395	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	358,266	-	-	-	-	-	-	-	-	-
Nonspendable	-	-	-	-	-	-	-	-	-	-
Committed	-	1,758,516	1,654,069	260,471	203,595	272,525	771,025	1,239,590	1,044,907	1,512,793
Assigned	-	344,042	999,492	921,176	1,105,984	529,203	1,585,025	2,887,111	2,204,030	1,387,384
Unassigned	-	800,289	797,575	3,325,112	3,249,849	5,792,182	5,771,370	5,684,933	4,672,751	7,471,257
Total general fund	\$ 1,368,661	\$ 2,902,847	\$ 3,451,136	\$ 4,506,759	\$ 4,559,428	\$ 6,593,910	\$ 8,127,420	\$ 9,811,634	\$ 7,921,688	\$ 10,371,434
All Other Governmental Funds										
Reserved	\$ 939,575	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	4,111,178	-	-	-	-	-	-	-	-	-
Capital projects funds	(301,961)	-	-	-	-	-	-	-	-	-
Permanent funds	50,613	-	-	-	-	-	-	-	-	-
Nonspendable	-	757,400	776,909	801,450	824,025	866,975	883,375	904,975	923,775	944,475
Restricted	-	2,815,673	3,161,227	3,956,234	3,322,745	5,858,847	5,600,380	6,006,186	5,404,333	5,505,947
Committed	-	179,500	-	-	1,449,113	-	-	-	-	-
Unassigned	-	(640,701)	(1,388,614)	(1,188,379)	(1,302,368)	(1,589,317)	(2,005,449)	(505,835)	(1,104,523)	(1,340,693)
Total all other governmental funds:	\$ 4,799,405	\$ 3,111,872	\$ 2,549,522	\$ 3,569,305	\$ 4,293,515	\$ 5,136,505	\$ 4,478,306	\$ 6,405,326	\$ 5,223,585	\$ 5,109,729

Data source: Audited financial statements

⁽¹⁾ Beginning with FY 11, the presentation of Fund Balance conforms with Government Accounting Standards Board Statement No. 54.

TOWN OF LYNNFIELD, MASSACHUSETTS
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues:										
Real estate and personal property taxes										
net of tax refunds	\$ 30,574,242	\$ 31,354,616	\$ 32,604,999	\$ 33,848,542	\$ 35,639,858	\$ 38,811,833	\$ 40,079,432	\$ 42,260,027	\$ 42,758,691	\$ 46,368,633
Motor vehicle and other excise taxes	1,824,060	2,021,065	1,987,219	2,250,003	2,627,824	3,110,340	3,494,597	3,428,366	3,643,200	3,581,298
Penalties, interest and other taxes	93,220	151,515	185,823	111,671	196,225	138,577	129,627	128,629	89,448	129,604
Charges for services	2,735,794	2,989,542	3,286,009	3,155,485	3,270,148	2,907,695	3,023,120	2,654,063	2,684,727	2,822,466
Intergovernmental	10,731,476	11,061,056	11,360,303	13,062,902	11,593,735	7,225,712	7,115,537	13,231,819	10,934,295	11,128,166
License and permits	252,778	301,269	336,628	425,073	592,594	427,977	472,212	450,425	550,317	725,014
Fines and forfeitures	95,307	73,424	77,670	81,872	83,435	83,541	92,291	60,894	67,591	53,960
Investment income	18,663	31,232	39,668	4,590	29,551	14,512	63,096	29,087	57,496	274,758
Miscellaneous and payment in lieu	1,409,953	650,368	906,759	1,213,769	2,769,702	3,480,781	1,096,052	2,334,851	1,296,138	1,447,805
Total Revenues	47,735,493	48,634,087	50,785,078	54,153,907	56,803,072	56,200,968	55,565,964	64,578,161	62,081,903	66,531,704
Expenditures:										
General government	1,747,374	1,696,696	1,774,913	1,912,643	3,300,704	9,736,014	2,681,776	2,881,887	4,393,417	2,911,326
Public safety	4,207,739	4,209,166	4,552,501	4,427,919	5,068,925	4,267,064	4,498,401	5,462,756	5,370,045	5,386,322
Education	26,844,637	27,449,151	29,211,273	32,967,696	30,715,415	27,002,713	28,708,227	35,131,328	34,253,732	35,155,820
Public works	5,491,419	6,058,730	6,021,965	6,076,877	6,912,985	6,650,511	7,439,531	7,954,733	9,140,897	8,556,891
Health and human services	542,880	505,718	427,547	438,489	529,949	476,067	489,093	555,735	618,832	617,428
Cultural and recreation	712,964	677,804	753,509	808,868	882,751	1,069,191	1,272,911	1,193,838	1,217,587	1,262,520
Employee benefits	4,385,411	4,796,870	4,773,386	4,882,243	5,037,722	5,129,181	5,524,278	5,910,860	6,239,796	6,529,495
Debt service	2,744,269	2,370,463	2,309,029	2,554,929	2,264,452	2,303,611	2,451,829	2,401,853	2,570,604	2,502,014
Intergovernmental	315,836	331,518	375,678	400,171	398,616	372,449	375,413	364,845	437,107	490,910
Total Expenditures	46,992,529	48,096,116	50,199,801	54,469,835	55,111,519	57,006,801	53,441,459	61,857,835	64,242,017	63,412,726
Excess of revenues over/(under) expenditures	742,964	537,971	585,277	(315,928)	1,691,553	(805,833)	2,124,505	2,720,326	(2,160,114)	3,118,978
Other Financing Sources (Uses)										
Issuance of bonds and notes	-	-	200,000	15,322,841	-	4,467,000	-	1,671,000	-	-
Bond premiums	-	-	-	1,616,929	-	178,253	-	57,675	-	-
Payments to refund bond escrow	-	-	-	(13,735,119)	-	-	-	-	-	-
Transfer in	810,939	739,390	709,119	613,090	3,195,591	1,574,259	1,047,175	1,004,911	2,303,835	795,982
Transfer out	(1,600,481)	(1,430,708)	(1,508,457)	(1,426,407)	(4,110,265)	(2,494,212)	(2,296,369)	(1,842,678)	(3,215,408)	(1,579,070)
Total other financing sources (uses)	(789,542)	(691,318)	(599,338)	2,391,334	(914,674)	3,725,300	(1,249,194)	890,908	(911,573)	(783,088)
Net change in fund balance	\$ (46,578)	\$ (153,347)	\$ (14,061)	\$ 2,075,406	\$ 776,879	\$ 2,919,467	\$ 875,311	\$ 3,611,234	\$ (3,071,687)	\$ 2,335,890
Debt service as a percentage of noncapital expenditures⁽¹⁾	5.93%	5.01%	4.76%	5.40%	4.30%	4.73%	4.82%	4.05%	4.32%	4.03%

Data source: Audited financial statements

⁽¹⁾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.

TOWN OF LYNNFIELD, MASSACHUSETTS
Assessed Value⁽¹⁾ 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
2010	\$ 2,181,845,401	\$12.84	\$ 143,990,369	\$19,806,300	\$27,836,560	\$ 191,633,229	\$13.72	\$ 2,373,478,630
2011	\$ 2,134,855,004	\$13.49	\$ 141,360,708	\$18,723,800	\$28,471,946	\$ 188,556,454	\$14.61	\$ 2,323,411,458
2012	\$ 2,096,637,630	\$14.26	\$ 140,078,519	\$18,724,100	\$26,573,218	\$ 185,375,837	\$15.56	\$ 2,282,013,467
2013	\$ 2,082,581,167	\$14.82	\$ 146,443,644	\$18,733,700	\$27,280,229	\$ 192,457,573	\$16.29	\$ 2,275,038,740
2014	\$ 2,166,450,901	\$14.77	\$ 175,292,510	\$18,780,800	\$25,677,455	\$ 219,750,765	\$16.59	\$ 2,386,201,666
2015	\$ 2,288,137,880	\$14.49	\$ 287,271,431	\$18,780,800	\$29,035,704	\$ 335,087,935	\$17.28	\$ 2,623,225,815
2016	\$ 2,360,823,073	\$14.50	\$ 326,484,138	\$18,782,000	\$32,228,477	\$ 377,494,615	\$17.68	\$ 2,738,317,688
2017	\$ 2,582,557,718	\$13.78	\$ 353,115,470	\$20,333,300	\$32,621,122	\$ 406,069,892	\$16.80	\$ 2,988,627,610
2018	\$ 2,641,638,474	\$13.76	\$ 379,947,409	\$20,346,800	\$34,686,219	\$ 434,980,428	\$17.08	\$ 3,076,618,902
2019	\$ 2,680,991,049	\$13.91	\$ 379,807,443	\$20,346,800	\$38,311,769	\$ 438,466,012	\$17.95	\$ 3,119,457,061

Data source: Town of Lynnfield Tax Recapitulation Sheets

⁽¹⁾ Assessed value is comparable to estimated actual value

TOWN OF LYNNFIELD, MASSACHUSETTS

Principal Taxpayers
Current and Nine Years Ago

		2019			2010		
Name of Business	Nature of Business	Assessed Valuation	Rank	% of Total Taxable Assessed Value	Assessed Valuation	Rank	% of Total Taxable Assessed Value
Market Street South LLC	Retail Mall	\$236,422,300	1	7.58%	-	-	-
Lynnfield Commons LLC	Apartment Building	\$34,034,000	2	1.09%	\$8,762,300	4	0.37%
Arborpoint at Market Street LLC	Apartment Building	\$34,608,500	3	1.11%	-	-	-
Ship Mall LLC	Retail Condo	\$14,860,300	4	0.48%	\$12,197,800	2	0.51%
Herb Chambers of Lynnfield, Inc.	Car Dealership	\$14,434,300	5	0.46%	\$7,271,500	6	0.31%
JRT Realty LLC	Office	\$11,992,500	6	0.38%	\$11,140,700	3	0.47%
LIM Partnership BL Assoc.	Industrial	\$8,661,800	7	0.28%	\$7,953,200	5	0.34%
Sunrise Lynnfield Senior Living	Assisted Living	\$7,941,800	8	0.25%	\$6,819,600	8	0.29%
Salem Street 50 Realty Trust	Office	\$7,327,900	9	0.23%	\$6,922,400	7	0.29%
SSMNMI, LLC	Mixed Res/Storage	\$6,627,600	10	0.21%	\$6,577,100	9	0.28%
Totals		<u>\$376,911,000</u>		<u>12.08%</u>	<u>\$ 58,882,300</u>		<u>2.48%</u>

Source: Board of Assessors, Town of Lynnfield

TOWN OF LYNNFIELD, 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, 2019	
				Dollar Amount	% of Net Levy		Dollar Amount	% of Net Levy
2010	\$ 30,644,103	\$ 151,191	\$ 30,492,912	\$ 29,918,357	98.12%	\$ 293,591	\$ 30,211,948	99.1%
2011	\$ 31,554,034	\$ 161,459	\$ 31,392,575	\$ 31,020,140	98.81%	\$ 204,209	\$ 31,224,349	99.5%
2012	\$ 32,782,501	\$ 184,398	\$ 32,598,103	\$ 32,212,516	98.82%	\$ 213,658	\$ 32,426,174	99.5%
2013	\$ 33,998,987	\$ 328,657	\$ 33,670,330	\$ 33,586,379	99.75%	\$ 159,156	\$ 33,745,535	100.2%
2014	\$ 35,644,145	\$ 179,812	\$ 35,464,333	\$ 35,119,786	99.03%	\$ 316,054	\$ 35,435,840	99.9%
2015	\$ 38,945,437	\$ 778,964	\$ 38,166,473	\$ 38,472,415	100.80%	\$ 214,388	\$ 38,686,803	101.4%
2016	\$ 40,906,040	\$ 775,573	\$ 40,130,467	\$ 40,333,816	100.51%	\$ 210,768	\$ 40,544,584	101.0%
2017	\$ 42,409,619	\$ 587,402	\$ 41,822,217	\$ 41,913,978	100.22%	\$ 207,378	\$ 42,121,356	100.7%
2018	\$ 43,778,411	\$ 291,587	\$ 43,486,824	\$ 43,416,791	99.84%	\$ 119,130	\$ 43,535,921	100.1%
2019	\$ 45,163,050	\$ 202,307	\$ 44,960,743	\$ 44,630,946	99.27%		\$ 44,630,946	99.3%

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

TOWN OF LYNNFIELD, 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
2010	11,382	\$ 621,639,312	\$ 2,373,478,630	\$ 20,059,876	\$ 54,616	3.2269%	0.8452%
2011	11,412	\$ 676,606,068	\$ 2,323,411,458	\$ 18,513,777	\$ 59,289	2.7363%	0.7968%
2012	12,035	\$ 637,818,895	\$ 2,282,013,467	\$ 17,172,678	\$ 52,997	2.6924%	0.7525%
2013	11,596	\$ 591,790,264	\$ 2,275,038,740	\$ 17,784,419	\$ 51,034	3.0052%	0.7817%
2014	11,720	\$ 684,248,760	\$ 2,386,201,666	\$ 16,080,819	\$ 58,383	2.3501%	0.6739%
2015	11,805	\$ 703,082,190	\$ 2,623,225,815	\$ 18,919,208	\$ 59,558	2.6909%	0.7212%
2016	12,395	\$ 768,167,730	\$ 2,738,317,688	\$ 17,103,582	\$ 61,974	2.2265%	0.6246%
2017	12,652	\$ 798,695,456	\$ 2,988,627,610	\$ 16,975,941	\$ 63,128	2.1255%	0.5680%
2018	12,761	\$ 899,331,475	\$ 3,076,618,902	\$ 15,016,285	\$ 70,475	1.6697%	0.4881%
2019	12,743	\$ 964,543,156	\$ 3,119,457,061	\$ 13,077,616	\$ 75,692	1.3558%	0.4192%

Business - Type Activities Debt		Total Primary Government			
Fiscal Year	Golf Fund	Total Debt Outstanding	Per Capita Income	Percentage of Personal Income	Percentage of Assessed Value
2010	\$ 9,571,000	\$ 29,630,876	\$ 54,616	4.77%	1.25%
2011	\$ 9,102,000	\$ 27,615,777	\$ 59,289	4.08%	1.19%
2012	\$ 8,613,000	\$ 25,785,678	\$ 52,997	4.04%	1.13%
2013	\$ 8,094,000	\$ 25,878,419	\$ 51,034	4.37%	1.14%
2014	\$ 7,560,000	\$ 23,640,819	\$ 58,383	3.46%	0.99%
2015	\$ 7,006,000	\$ 25,925,208	\$ 59,558	3.69%	0.99%
2016	\$ 6,427,000	\$ 23,530,582	\$ 61,974	3.06%	0.86%
2017	\$ 5,823,000	\$ 22,798,941	\$ 63,128	2.85%	0.76%
2018	\$ 5,194,000	\$ 20,210,285	\$ 70,475	2.25%	0.66%
2019	\$ 4,540,000	\$ 17,617,616	\$ 75,692	1.83%	0.56%

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

TOWN OF LYNNFIELD, MASSACHUSETTS
Direct and Overlapping Governmental Activities Debt
As of June 30, 2019

	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ⁽¹⁾</u>	<u>Estimated Share of Overlapping Debt ⁽²⁾</u>
Debt repaid with property taxes:			
Essex North Shore Agricultural and Technical School District	\$ 28,335,000	2.116%	\$ 599,569
Massachusetts Bay Transportation	5,748,860	0.15%	8,623
Subtotal, overlapping debt			608,192
Town direct debt			13,077,616
Total direct and overlapping debt			<u>\$ 13,685,808</u>

Data source: Multiple entities including Town Treasurer

⁽¹⁾ Estimated share based on debt service only

⁽²⁾ Estimated dollar assessment based upon total net operating expenses, inclusive (where applicable) of debt service

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Equalized Valuation ⁽¹⁾	\$2,564,456,400	\$2,564,456,400	\$2,504,734,600	\$2,504,734,600	\$2,496,773,700	\$2,496,773,700	\$3,007,167,600	\$3,007,167,600	\$3,324,301,800	\$3,234,301,800
Debt Limit - 5% of equalized valuation	128,222,820	128,222,820	125,236,730	125,236,730	124,838,685	124,838,685	150,358,380	150,358,380	166,215,090	161,715,090
Less:										
Total debt applicable to limitation ⁽²⁾	29,630,876	27,615,776	25,785,677	25,878,418	23,640,818	25,925,207	23,531,008	20,799,367	20,210,711	17,618,042
Legal debt margin	\$98,591,944	\$100,607,044	\$99,451,053	\$99,358,312	\$101,197,867	\$98,913,478	\$126,827,372	\$129,559,013	\$146,004,379	\$144,097,048
Total debt applicable to the limit as a percentage of debt limit	23.11%	21.54%	20.59%	20.66%	18.94%	20.77%	15.65%	13.83%	12.16%	10.89%

Data source:

⁽¹⁾ MA Bureau of Local Services (DataBank)

⁽²⁾ Town of Lynnfield

TOWN OF LYNNFIELD, MASSACHUSETTS

Demographic and Economic Statistics

Last Ten Fiscal Years

Fiscal Year	Population Estimates	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
2010	11,382	\$54,616	44.6	2,360	6.50%
2011	11,412	\$59,289	44.6	2,315	6.30%
2012	12,035	\$52,997	44.6	2,280	4.90%
2013	11,596	\$51,034	44.6	2,266	4.90%
2014	11,720	\$58,383	44.6	2,222	5.20%
2015	11,805	\$59,558	44.6	2,212	3.90%
2016	12,395	\$61,974	44.6	2,227	3.10%
2017	12,652	\$63,128	44.6	2,210	2.10%
2018	12,761	\$70,475	44.6	2,155	2.90%
2019	12,743	\$75,692	44.6	2,201	2.30%

Data source: DLS Databank - Labor Force
Town of Lynnfield Census Data
DESE October 1 reports

TOWN OF LYNNFIELD, MASSACHUSETTS

Principal Employers

Current Year and Nine Years Ago

Employer	Type of Business	2019			2010		
		Number of Employees	Rank	Percentage of Total Town Employment	Number of Employees	Rank	Percentage of Total Town Employment
UPS	Shipping Freight	300	1	4.11%	300	1	5.63%
PFPC	Investment Firm	300	1	4.11%	300	2	5.63%
Catamount Management Group	Consultants	250	3	3.42%	-	-	-
Whole Foods	Grocery	250	4	3.42%	-	-	-
Automatic Data Processing	Software/Computer Processor	185	5	2.53%	185	3	3.47%
Colonial Sheraton Resort	Hotel/Golf Resort	180	6	2.46%	180	-	3.38%
Christmas Tree Shop	Retail Store	103	7	1.41%	103	4	1.93%
Johnson Controls, Inc.	Environmental Control Systems	100	8	1.37%	100	5	1.88%
Flagship Motors	Automobile	99	9	1.36%	99	6	1.86%
Ninety Nine	Restaurant	60	10	0.82%	60	7	1.13%
Total Principal Employers		1827			1327		
Total Town Employment		7305 ⁽¹⁾			5333 ⁽²⁾		

Sources:

⁽¹⁾ Massachusetts Executive Office of Labor and Workforce Development

⁽²⁾ Massachusetts Bureau of Local Services (DataBank)

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

Function	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Government:	16.54	16.54	15.54	15.80	15.80	15.86	16.02	15.64	15.64	15.93
Public Safety:										
Police	24.40	23.47	23.47	24.41	24.39	26.40	26.90	26.58	28.82	28.80
Fire	17.63	18.57	18.83	19.25	20.56	20.47	20.63	22.13	23.47	21.76
Inspection	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Animal Control	0.28	0.28	0.28	0.28	0.28	0.28	0.28	0.28	0.28	0.28
Sub-Total	43.31	43.32	43.58	44.94	46.23	48.15	48.81	49.99	53.57	51.84
Education:	272.35	281.30	281.30	288.90	288.30	296.80	299.80	309.30	309.70	323.00
Public Works:										
Administration	6.00	6.00	6.00	6.46	6.61	6.28	6.32	6.14	6.65	7.65
Highway	15.10	15.10	14.95	15.10	15.10	15.10	14.18	14.18	14.18	14.20
Municipal Buildings	4.00	4.00	4.00	4.00	4.00	4.00	4.10	4.10	4.14	4.35
School Buildings & Bus	19.58	19.32	19.32	18.10	20.30	18.72	18.10	18.10	17.40	18.10
Sub-Total	44.68	44.42	44.27	43.66	46.01	44.10	42.70	42.52	42.37	44.30
Health and Human Services:										
Board of Health	1.06	1.06	1.06	1.40	1.40	1.40	1.40	1.40	1.40	1.40
Council on Aging	6.24	6.32	6.39	6.39	6.60	6.60	7.01	7.05	7.05	7.05
Veteran's Agent	0.28	0.28	0.28	0.28	0.28	0.28	0.28	0.28	0.28	0.43
Sub-Total	7.58	7.66	7.73	8.07	8.28	8.28	8.69	8.73	8.73	8.88
Culture and Recreation:										
Library	11.43	11.54	11.43	12.86	12.63	12.60	12.71	12.83	12.54	12.68
Recreation	0.00	0.63	0.63	0.43	0.54	1.00	1.00	1.00	1.00	1.00
Golf	11.50	12.27	10.47	9.82	9.65	14.82	11.30	11.82	13.15	11.25
Sub-Total	22.93	24.44	22.53	23.11	22.82	28.42	25.01	25.65	26.69	24.93
TOTALS:	407.39	417.68	414.95	424.48	427.44	441.61	441.03	451.83	456.70	468.88

Source: Town of Lynnfield Departments

TOWN OF LYNNFIELD, MASSACHUSETTS

Operating Indicators by Function
Last Ten Fiscal Years

		2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Town Clerk											
	Registered Voters	8,906	9,239	9,239	9,310	9,310	8,767	9,336	9,144	9,614	9,287
	Dog Licenses	642	703	806	827	850	996	970	1,043	1,078	1,089
Finance											
	Taxable property parcels assessed	4,581	4,591	4,580	4,460	4,452	4,510	4,544	4,580	4,592	4,590
	Motor vehicles registered	13,687	13,480	13,071	13,417	13,772	11,745	14,637	14,705	14,387	14,425
Police											
	Physical arrests	155	91	70	67	52	68	63	31	51	124
	Traffic violations	406	240	349	218	254	452	614	399	539	1,289
Fire											
	Emergency responses	n/a	1,566	1,358	1,426	1,667	1,887	1,866	1,855	2,020	2,020
	Fires extinguished	n/a	111	111	97	91	85	146	109	83	89
	Medical Responses	n/a	810	827	846	1,016	1,212	1,239	1,113	1,204	1,239
Education											
	Number of students	2,360	2,315	2,280	2,266	2,222	2,212	2,227	2,210	2,155	2,201
Building											
	Building permits issued	300	359	193	457	437	482	323	408	416	477
	Estimated construction value	\$11,224,714	\$14,003,402	\$72,386,818	\$48,913,181	\$44,723,700	\$23,933,546	\$19,328,319	\$28,696,892	\$21,809,661	\$42,547,087
Public Library											
	Volumes of collections	88,121	74,496	88,830	90,835	97,661	99,211	101,914	101,631	105,377	109,487
	Total circulation	153,627	156,566	146,320	141,296	139,620	141,112	135,913	134,691	114,967	110,762
	Registered borrowers	9,681	9,950	7,525	7,911	8,271	8,570	8,907	9,175	9,385	7,348

Data source: Registered Voters - Town Report
DLS Databank

TOWN OF LYNNFIELD, MASSACHUSETTS

Capital Assets Statistics by Function

Last Ten Fiscal Years

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Police										
Number of stations	1	1	1	1	1	1	1	1	1	1
Fire and Rescue										
Number of stations	2	2	2	2	2	2	2	2	2	2
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	6	6	6	6	6	6	6	6	6	6
Education										
Number of Elementary Schools	2	2	2	2	2	2	2	2	2	2
Number of Middle Schools	1	1	1	1	1	1	1	1	1	1
Number of High Schools	1	1	1	1	1	1	1	1	1	1
Public Works										
Miles of street	67.79	67.79	68.65	68.85	69.05	69.05	69.05	69.05	69.05	69.16
Number of storm drains	1,598	1,598	1,626	1,629	1,635	1,635	1,635	1,635	1,635	1,642
Cemeteries	4	4	4	4	4	4	4	4	4	4
Recreation										
Acres of Parks	60	60	60	60	60	60	60	60	60	60
Ball fields	12	12	12	12	12	12	12	12	12	12
Tennis courts	11	11	11	11	11	11	11	11	11	11
Golf										
Number of courses	2	2	2	2	2	2	2	2	2	2
Emergency Medical Services										
Number of vehicles	3	3	3	3	3	3	3	3	3	3

Data source: Town reports
Various Town departments