

# **Town of Manchester-by-the-Sea**

## **MASSACHUSETTS**

### **ANNUAL COMPREHENSIVE FINANCIAL REPORT**



**For the Fiscal Year Ended June 30, 2023**

Gregory Federspiel, Town Administrator  
Andrea Mainville, Town Accountant

On the cover: Manchester Harbor. Photo credit to Jennifer Moulton, Manchester resident.

This page: Reed Park before the season begins. Photo credit to Jennifer Moulton, Manchester resident.



# **The Town of Manchester-by-the-Sea, Massachusetts**



## **Annual Comprehensive Financial Report**

**For the Fiscal Year  
July 1, 2022 through June 30, 2023**

**Prepared by:  
Andrea Mainville, Town Accountant**

TOWN OF MANCHESTER-BY-THE-SEA, MASSACHUSETTS  
ANNUAL COMPREHENSIVE FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2023

**TABLE OF CONTENTS**

<b>Introductory Section.....</b>	<b>1</b>
Letter of Transmittal .....	3
Principal Executive Officers .....	8
Organizational Chart .....	9
Certificate of Achievement for Excellence in Financial Reporting .....	10
<b>Financial Section .....</b>	<b>11</b>
Independent Auditor's Report .....	13
Management's Discussion and Analysis .....	16
Basic Financial Statements.....	25
Statement of net position.....	27
Statement of activities .....	28
Governmental funds – balance sheet .....	30
Reconciliation of the governmental funds balance sheet total fund balances to the statement of net position.....	31
Governmental funds – statement of revenues, expenditures and changes in fund balances .....	32
Reconciliation of the statement of revenues, expenditures, and changes in fund balances of governmental funds to the statement of activities .....	33
Proprietary funds – statement of net position.....	34
Proprietary funds – statement of revenues, expenses and changes in net position.....	35
Proprietary funds – statement of cash flows .....	36
Fiduciary funds – statement of fiduciary net position .....	37
Fiduciary funds – statement of changes in fiduciary net position.....	38
Notes to basic financial statements.....	39
Required Supplementary Information .....	74
General fund budgetary comparison schedule .....	75
Schedule of revenues, expenditures and changes in fund balance – budget and actual .....	76
Pension plan schedules .....	80
Schedule of the Town's proportionate share of the net pension liability .....	81
Schedule of the Town's contributions.....	82

Other postemployment benefits plan schedules .....	83
Schedule of changes in the Town's net other postemployment benefit liability and related ratios .....	84
Schedule of the Town's contributions .....	86
Schedule of investment returns .....	87
Notes to required supplementary information .....	88
Other Supplementary Information .....	92
Combining statements .....	93
Nonmajor governmental funds .....	94
Nonmajor governmental funds - combining balance sheet .....	96
Nonmajor governmental funds - combining statement of revenues, expenditures and changes in fund balances .....	98
<b>Statistical Section .....</b>	<b>101</b>
Net Position by Component .....	103
Changes in Net Position .....	104
Fund Balances, Governmental Funds .....	106
Changes in Fund Balances, Governmental Funds .....	107
Assessed Value and Actual Value of Taxable Property by Classification and Tax Rates .....	108
Principal Taxpayers .....	109
Property Tax Levies and Collections .....	110
Ratios of Outstanding Debt by Type .....	111
Ratios of General Bonded Debt Outstanding .....	112
Direct and Overlapping Governmental Activities Debt .....	113
Computation of Legal Debt Margin .....	114
Demographic and Economic Statistics .....	115
Principal Employers (excluding Town) .....	116
Full-time Equivalent Town Employees by Function .....	117
Operating Indicators by Function/Program .....	118
Capital Assets Statistics by Function/Program .....	119

# ***Introductory Section***



***Masconomo Park***

Masconomo Park looking across to Norton's Point at high tide. Photo courtesy of Jennifer Moulton, Manchester resident

# ***Introductory Section***

This page left intentionally blank.



## MANCHESTER-BY-THE-SEA

Andrea Mainville  
Town Accountant  
10 Central Street  
Manchester-by-the-Sea, MA 01944

Telephone (978) 526-2020 FAX (978) 525-6421  
[mainvillea@manchester.ma.us](mailto:mainvillea@manchester.ma.us)

### Letter of Transmittal

December 15, 2023

To the Honorable Select Board and Citizens of the Town of Manchester-by-the-Sea:

State law requires the Town of Manchester-by-the-Sea (Town) to publish at the close of each year a complete set of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) that are audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, I hereby issue the Annual Comprehensive Financial Report (ACFR) of the Town of Manchester-by-the-Sea, Massachusetts, for the year ending June 30, 2023 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 Manchester-by-the-Sea.

This report consists of management's representations concerning the finances of the Town. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Town management is responsible for establishing and maintaining an internal control structure designed to ensure the assets of the Town are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The Town Accountant is responsible for evaluating the adequacy and effectiveness of the internal control structure and implementing improvements.

Because the cost of internal controls should not outweigh their benefits, the Town's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement.

The Town's financial statements have been audited by Powers & Sullivan, LLC, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town for the year ended June 30, 2023, 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 that the Town's financial statements for the year ended June 30, 2023, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

Generally accepted accounting principles (GAAP) require that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion & Analysis (MD&A). This letter of transmittal is designed to complement the MD&A where the financial analysis is presented. The Town's MD&A can be found immediately following the independent auditor's report from Powers & Sullivan, LLC.

### ***Profile of the Town***

Manchester-by-the-Sea was incorporated as a Town in 1645. Most recently, by means of petition to the Legislature, approval was granted to officially change its name to Manchester-by-the-Sea. Thus, the name the Town was commonly known as for many decades became legal some 344 years after its incorporation. With a population of approximately 5,395, Manchester-by-the-Sea is located in what is traditionally known as the "North Shore", approximately 30 miles from the City of Boston, within the county of Essex. Manchester-by-the-Sea is a residential seashore community situated on the Atlantic Ocean encompassing approximately 9 square miles with approximately 12.8 miles of tidal shoreline providing beaches, a perfect yachting haven, and commercial fishing. The Town is serviced by two state highways: a primary highway Route 128 and a scenic highway Route 127. The Town is also serviced by a commuter rail branch connecting directly to the City of Boston.

Manchester-by-the-Sea is probably best known for its exceptionally beautiful beaches and harbor, its pleasant residential character, its numerous buildings of historical significance and its handsome estates as well as excellent education system. Manchester-by-the-Sea students consistently score in the top percentiles on national tests, and the overwhelming majority of students graduating from the High School go on to higher education.

The Town offers a full range of services including full time police and fire departments, kindergarten through grade 12 school system, maintenance of streets and infrastructure, water, solid waste collection and disposal, health and human services, cultural and recreational, administrative and financial services.

The Town operates under a Select Board/Open Town Meeting/Town Administrator form of government. The elected, five-member Select Board makes policy decisions. The Town Administrator is responsible for carrying out the policies and direction of the Select Board and for managing the day-to-day operations of the Town.

Manchester is part of the Manchester-Essex Regional School District (MERSD) which serves the Towns of Manchester and Essex. The District was formed in 2001 under Chapter 71 of the Massachusetts General Laws. An elected, seven-member School Committee governs the District, which consists of members from each Town. The School Committee appoints a School Superintendent who administers the public school system of the District. School Committee members, like the Select Board, are elected to three-year staggered terms, with four members from the Town of Manchester-by-the-Sea and three from the Town of Essex. The Town also participates in the Essex North Shore Regional Vocational-Technical School District which provides vocational-technical education in grades nine through twelve.

The Town Administrator is charged with preparing and presenting the General Fund, Enterprise Fund and Capital plan budgets to the Select Board. The Select Board reviews all requests and Town wide issues and presents a budget to Town Meeting for approval. A seven-member Finance Committee reviews the budget and makes recommendations to Town Meeting.

The level of budgetary control is established by Town Meeting and this approval defines the level at which expenditures may not exceed appropriations. This level is typically at the individual department salary and expense level. The Town Accountant is responsible for ensuring all payroll and invoices are within the budgetary control level before authorizing payment. Additional appropriations may be approved at subsequent Town Meetings. The Finance Committee, upon request by the Select Board, may approve during the year a transfer from a reserve fund established at Town Meeting or transfer unexpended funds within a summary category (for example, General Government). These controls ensure compliance with the budget approved by Town Meeting.

### ***Information Useful in Assessing the Town's Economic Condition***

The Town of Manchester-by-the-Sea's real estate continues to experience strong growth in terms of value and new construction in residential home construction and renovations (up 13% from fiscal year 2021). Residential properties comprise 93.82% of the tax levy. In fiscal year 2023, single family dwellings had an average assessment of \$1.4 million and an average tax bill of \$14,603 based on a single tax rate of \$10.43. The per capita income of \$179,745 continues to rise compared to the state average of \$48,341 according to the Massachusetts Department of Revenue. The unemployment rate has remained stable after fluctuating pre and post closure from the COVID-19 pandemic and has improved to 2.2% as of July 2023. From the high of 17.7% during the pandemic to an average 2.2% as of July 2023, the state unemployment rate has decreased from 3.7% as of June 2022 to 2.9% as of July 2023.

Manchester-by-the-Sea is a very desirable community, and this is reflected in the strong residential sales market. The Town offers a unique mix of proximity to Boston and major highways and transportation, while maintaining a desirable residential community. The Town offers a broad range of high-quality services, outstanding public education and an attractive quality of life.

The growth of the Town's main source of revenues, property taxes, is capped by Proposition 2 ½ and can only be overridden by a majority vote at a Town election. Tax revenues have remained steady despite the economic uncertainty of the post-pandemic economy. State aid for the fiscal year remained steady and local receipts have shown variability related to building permit revenue and investment income.

On the Town's operating side, the 2023 budgets and service level were maintained through a 2% increase in the budget. This allowed the Town to continue to provide high quality services while minimizing the impact on the property tax burden. The Town continues to balance increasing operational costs for the Town and School with the Town's ongoing capital needs.

The Town continues to manage its financial affairs in a prudent manner, primarily through considerable long-term planning and financial policies. The Town continues to enjoy a bond rating of AAA by Standard & Poor's. It has been able to do so by incorporating long range planning tools such as a five-year Capital Improvement Program, maintaining reserve balances and addressing long-term liabilities despite tight budgets. The Town's long-term policies will preserve its strong financial position for the foreseeable future.

In 2023, the Town continued to demonstrate its commitment to fund long-term liabilities, such as, its commitment to fund the Other Postemployment Benefits liability. The April 2023 Annual Town Meeting appropriated \$289,300 from the tax levy to the OPEB Liability Account and the Town plans to continue to fund this in future years until it is fully funded, which is expected to be on or about fiscal year 2031 based on the current funding schedule. Since the appropriation is from the fiscal year 2024 tax levy, the transfer was made in fiscal year 2024. In fiscal year 2022 and prior years, the OPEB appropriation has been made from free cash and the transfer has been made in the year of the vote. As a result, a transfer was not recorded in fiscal year 2023.

The Town has remained dedicated to a strategic approach of debt policy. Whenever possible, if new issuances of debt are needed, they are issued when previous debt issuances are fully retired. The Town's debt management

keeps debt service payments level each year when possible and as those payments decline, the Town uses those funds towards the annual capital plan in order to save paying interest costs and divert those funds towards the Town's much needed capital improvements. The Town voted total capital for fiscal year 2023 in the amount of \$4.2 million. The Town is able to use the retired debt service payment amounts to make strides in the capital plan and aims to contribute, at a minimum, \$3-3.5 million annually.

The Town established enterprise funds for water and sewer operations. This has allowed the Town to shift large portions of the operating costs and capital improvements to the users of water and sewer services so that no tax support goes towards providing these services. A portion of enterprise related debt is related to the sewer infrastructure improvements and the long-term goal is to be able to fully cover all infrastructure debt service for water and sewer by user fees. The general fund currently pays 25% of sewer debt and 100% of water debt service. By moving towards fully covering debt service with the enterprise funds the Town will be able to provide the maximum tax dollars available to all other services.

The Town's assessment to MERSD continues to grow, however, at a slower pace than previously anticipated. This is primarily due to significantly changing student enrollment numbers for Manchester compared to Essex. Manchester's enrollment has been steadily decreasing, while the Essex enrollment has been increasing. Based on the District's allocation formula which takes three-year averages of several factors, including enrollment, which has shown the enrollment to be the highest change factor. Both Towns and the school district continue to try to work together to stay within budget parameters. The select boards and finance committees of both Towns and the school district and school committee have ongoing meetings to discuss the short and long-term budgets for the school, facility needs, and impacts to both communities.

Major initiatives for FY2024 include the continual work on the restoration of Central Pond/Sawmill Brook/Central St. Bridge and culvert, completion of study, design and permitting of the Town's Morss Pier/Reed Park floating dock facility, finalize design work on Sweeney Park improvements, design for improvements for the wastewater treatment plant, as well as continued roadway, water, and sewer infrastructure improvements. Focus is given to ensuring that we continue to review our capital and operating needs while balancing with expected revenues from the tax levy, charges for services and other sources.

In addition, over the past several years, the Town has applied for and received several grant awards, including \$1,168,000 for Reed Park improvements which will add about 500 additional feet of transient dock space that will include electrical and water services to boaters, \$200,000 towards work on climate change impact, \$175,000 for coastal resilience and vulnerability program, \$85,000 for a new council on aging electric van, \$51,000 for an urban agenda grant to assist economic recovery for businesses in the downtown area, \$48,000 towards a new fire alarm system in the fire station and \$29,000 towards updating the Town's hazard mitigation plan. Several smaller grants have been received throughout the year as well. The Town received the first tranche of funds for ARPA (American Rescue Plan Act of 2021) in the amount of \$812,000 during FY2022, with the remaining \$812,000 received in FY2023. These funds were issued by the U.S. Congress and are to be used for projects such as infrastructure, community aid, housing, public health, economic and workforce development and public safety. The Town has primarily used these funds for water and sewer infrastructure improvements and public health.

During FY2024, efforts progressed on the Town's facilities master plan. It has been decades since the Town has undertaken a major facility project, the last one being the major upgrades to the sewer treatment plant in the 1990's. Of course, since that time the regional school district has constructed two new schools and is gearing up for a third, the Essex Elementary School project. The new facilities master plan identifies and prioritizes the new facilities that the Town will need over the next 15-20 years. Major reinvestments will be needed in town facilities including a new DPW facility, upgrades to or new Public Safety Facilities, expansion to the Town Library and important upgrades to the Wastewater Treatment Plant. Also on the horizon will be adaptation measures to climate change challenges. Bigger storms and rising seas will require either hardening of coastal infrastructure or

relocating these critical facilities. New regulations for environmental protection will pose some challenges, including how to mitigate PFAS which is noted later in this report.

Helping to pay for these needs will be a combination of a growing tax base (boosted, in particular, by the new Cell Signaling Technology biolab locating in town), the retirement of earlier indebtedness and the full funding of retiree liabilities. These latter two measures will free up significant revenues that can be redirected to new bond payments.

Massachusetts Bay Transportation Authority (MBTA) zoning: A new state law is requiring towns like Manchester with a commuter rail station to pursue new zoning that will allow multi-family housing by right to be within a half mile of the station. Developing the needed new regulations will challenge planners to ensure that the higher density required will still be in keeping with the small-town New England character of the community. The deadline for the new zoning to be in place is December 2024. The Town has formed a Task Force and has hired a consultant to work through options and to recommend a path forward. Ultimately it will be up to voters to adopt any new proposed zoning regulations that will be in compliance with the new law.

The Town also continues to have ongoing discussions on best ways to increase affordable housing, which has been the focus of the Manchester Affordable Housing Trust with various town departments, committees, and resident groups working towards the initiative. There may be opportunities to merge the town's affordable housing goals with the new MBTA zoning requirements.

### ***Awards and Acknowledgements***

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Manchester-by-the-Sea, Massachusetts for its Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2022. This was the seventh year the Town submitted an ACFR to the GFOA. Based on information available on the GFOA website, only eighteen municipalities in Massachusetts received this distinction for fiscal year 2022 (to date). In order to receive this prestigious award, a government must publish an easily readable and efficiently organized ACFR that satisfies both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that the fiscal year 2023 ACFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

This report represents significant effort by the entire financial team of the Town. We would like to express our appreciation to all members of the departments who assisted and contributed to the preparation of this report. Credit must also be given to Gregory Federspiel, Town Administrator, the Select Board and Finance Committee for their unfailing support for maintaining the highest standards of professionalism in the management of the Town of Manchester-by-the-Sea's finances.

Respectfully submitted,



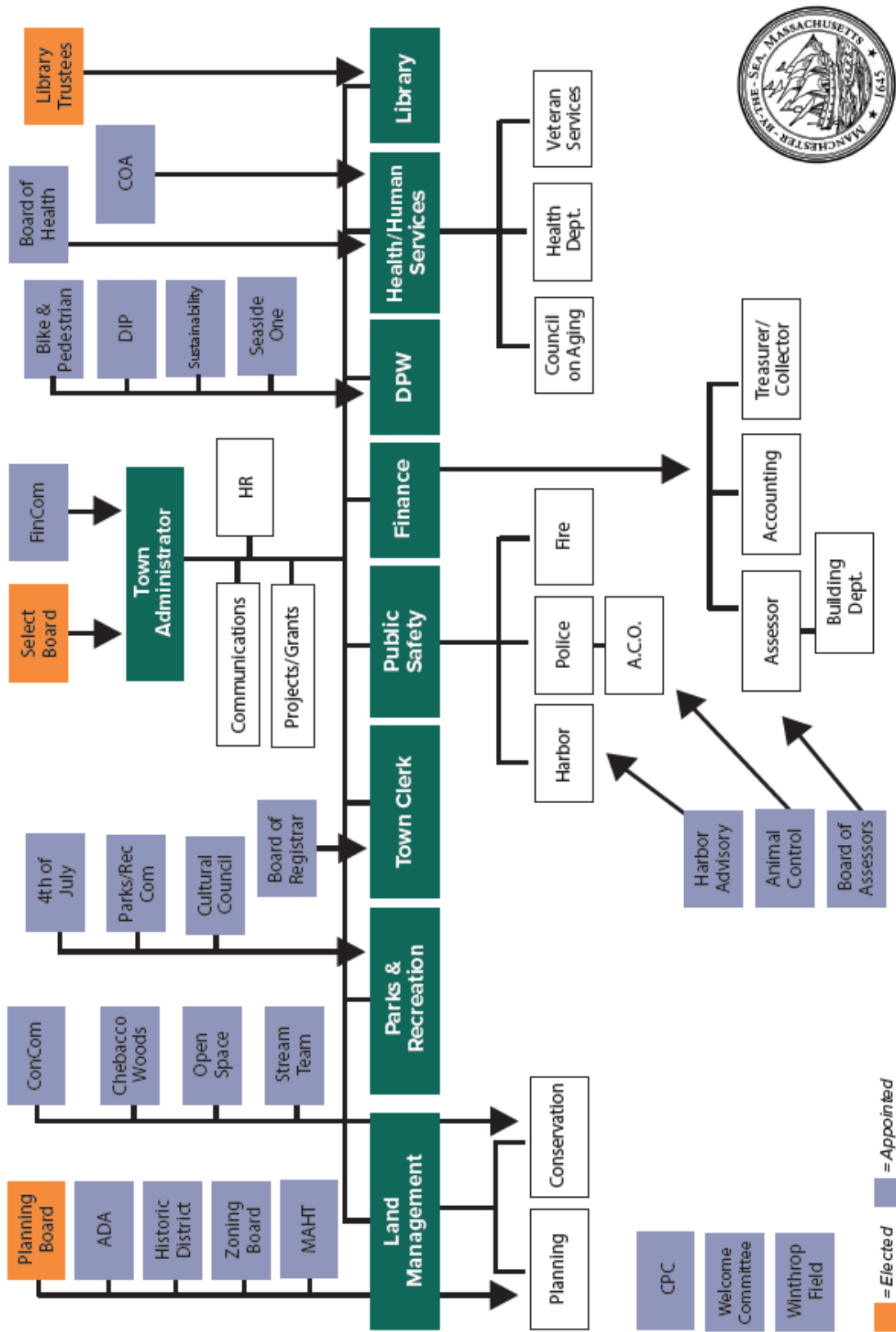
Andrea Mainville  
Town Accountant

# Town of Manchester-by-the-Sea, Massachusetts

## Principal Executive Officers - As of June 30, 2023

TITLE	NAME	SELECTION / TERM	TERM EXPIRES
Select Board Member, Chair	Becky Jaques	Elected / 3 years	2024
Select Board Member, Vice Chair	Ann W. Harrison	Elected / 3 years	2026
Select Board Member	John J. Round	Elected / 3 years	2026
Select Board Member	Catherine Bilotta	Elected / 3 years	2025
Select Board Member	Brian Sollosy	Elected / 3 years	2025
Town Administrator	Gregory Federspiel	Contract / 3 years	2025
Treasurer/Collector	Jennifer Yaskell	Appointed / 3 years	2023
Town Accountant	Andrea Mainville	Contract / 3 years	2023
Town Clerk	Dianne K. Bucco	Appointed / 3 years	2023
Town Counsel	KP Law	Appointed / 1 year	no expiration date

# TOWN OF MANCHESTER-BY-THE-SEA ORGANIZATIONAL CHART





Government Finance Officers Association

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

Presented to

**Town of Manchester-by-the-Sea  
Massachusetts**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2022

*Christopher P. Morill*

Executive Director/CEO

# ***Financial Section***



***Tree in the Woods near Coolidge Point***

Photo courtesy of Jennifer Moulton, Manchester resident

# ***Financial Section***

This page left intentionally blank.

## **Independent Auditor's Report**

To the Honorable Select Board  
Town of Manchester-by-the-Sea, Massachusetts

## **Report on the Audit of the Financial Statements**

### **Opinions**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Manchester-by-the-Sea, Massachusetts (Town), as of and for the year ended June 30, 2023 and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the 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, as of June 30, 2023 and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinions**

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

### **Responsibilities of Management for the Financial Statements**

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

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

## **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

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

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

## **Required Supplementary Information**

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

## **Supplementary Information**

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

## **Other Information**

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

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

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2023, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Towns' internal control over financial reporting and compliance.



December 15, 2023

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

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

As management of the Town of Manchester-by-the-Sea (Town), we offer readers of these financial statements this narrative overview and analysis of the financial activities for the year ended June 30, 2023. We encourage readers to consider the information presented in this report.

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

### ***Overview of the Financial Statements***

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

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

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

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

Both of the government-wide financial statements distinguish functions that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities include general government, public safety, education, public works, environmental, health and human services, library and recreation, community preservation, and interest. The business-type activities include the activities of the water and sewer 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 fund statements focus on *near-term inflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of 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 fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

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

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

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

**Notes to the basic 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* concerning the Town's budgetary basis of accounting as well as pension and other postemployment benefit obligations.

## ***Government-wide Financial Analysis***

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The Town's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$35.2 million at the close of 2023. Overall net position increased (improved) by \$5.1 million during fiscal year 2023.

Net position of \$38.6 million reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment) less any related debt used to acquire those assets that are still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in its capital assets is reported net of its 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, \$2.7 million, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position is a deficit of \$6.0 million. The deficit is the result of the recognition of the net pension liability of \$16.3 million, along with the net other postemployment benefits liability of \$3.3 million. These are long-term, unfunded liabilities that will not require significant short-term resources. The Town is currently allocating funds yearly to fully fund these liabilities by the early 2030's.

## Governmental Activities

The Town's governmental assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$14.5 million at the close of 2023.

	2023	2022
<b>Assets:</b>		
Current assets.....	\$ 18,260,328	\$ 16,437,994
Noncurrent assets (excluding capital).....	46,240	35,828
Capital assets, nondepreciable.....	2,271,108	1,624,113
Capital assets, net of accumulated depreciation.....	18,173,714	16,907,233
<b>Total assets.....</b>	<b>38,751,390</b>	<b>35,005,168</b>
<b>Deferred outflows of resources.....</b>	<b>2,487,052</b>	<b>1,609,092</b>
<b>Liabilities:</b>		
Current liabilities (excluding debt).....	2,177,600	1,936,617
Noncurrent liabilities (excluding debt).....	18,159,270	14,334,578
Current debt.....	615,621	716,267
Noncurrent debt.....	4,734,038	5,267,150
<b>Total liabilities.....</b>	<b>25,686,529</b>	<b>22,254,612</b>
<b>Deferred inflows of resources.....</b>	<b>1,029,311</b>	<b>4,098,464</b>
<b>Net position:</b>		
Net investment in capital assets.....	19,216,118	17,123,047
Restricted.....	2,658,142	2,213,211
Unrestricted.....	(7,351,658)	(9,075,074)
<b>Total net position.....</b>	<b>\$ 14,522,602</b>	<b>\$ 10,261,184</b>

The Town's governmental net position increased by \$4.3 million from the prior year's net position of \$10.3 million, to a net position of \$14.5 million at year-end. The increase in the net investment in capital assets was mainly the result of capital assets acquired primarily through the Town's annual operating budget without the issuance of short or long-term debt, and budgeted principal payments on existing debt. The increase in the unrestricted net position is primarily due to the overall decrease in the net OPEB liability and related deferrals and positive general fund budgetary results.

	2023	2022
<b>Program Revenues:</b>		
Charges for services.....	\$ 3,375,252	\$ 2,845,160
Operating grants and contributions.....	1,695,319	1,032,501
Capital grants and contributions.....	583,098	1,318,572
<b>General Revenues:</b>		
Real estate and personal property taxes, net of tax refunds payable.....	30,923,331	30,019,356
Motor vehicle and other excise taxes.....	1,227,454	1,088,815
Community preservation tax.....	419,634	405,491
Penalties and interest on taxes.....	101,718	83,571
Payments in lieu of taxes.....	4,735	4,738
Grants and contributions not restricted to specific programs.....	287,106	269,465
Unrestricted investment income.....	382,536	18,525
<b>Total revenues.....</b>	<b>39,000,183</b>	<b>37,086,194</b>
<b>Expenses:</b>		
General government.....	2,960,247	2,859,992
Public safety.....	6,286,809	6,110,048
Education.....	19,140,509	18,625,752
Public works.....	3,397,105	2,916,479
Environmental.....	161,575	72,533
Health and human services.....	500,384	488,790
Library and recreation.....	1,685,470	1,541,640
Community preservation.....	385,002	184,866
Interest.....	164,974	183,278
<b>Total expenses.....</b>	<b>34,682,075</b>	<b>32,983,378</b>
<b>Excess (Deficiency) before transfers.....</b>	<b>4,318,108</b>	<b>4,102,816</b>
<b>Transfers.....</b>	<b>(56,690)</b>	<b>(1,459,509)</b>
<b>Change in net position.....</b>	<b>4,261,418</b>	<b>2,643,307</b>
<b>Net position, beginning of year.....</b>	<b>10,261,184</b>	<b>7,617,877</b>
<b>Net position, end of year.....</b>	<b>\$ 14,522,602</b>	<b>\$ 10,261,184</b>

The governmental expenses totaled \$34.5 million of which \$5.5 million (15.8%) was directly supported by program revenues consisting of charges for services, operating grants and contributions, and capital grants and contributions. Education reported the largest increase in expenses of \$515,000 over 2022, due to an increase in the Manchester Essex Regional School District assessment. Public works increased by \$481,000 due to an increase in noncapital expenditures related to the coastal vulnerability action plan and other operating grant expenditures.

General revenues totaled \$33.3 million, primarily coming from real estate and personal property taxes, motor vehicle and other excise taxes and community preservation taxes. Real estate and personal property tax revenue had a \$904,000, or 3%, increase over the prior year, which was consistent with the Town's budget. In Massachusetts, proposition 2 ½ allows municipalities to increase tax rates up to 2 ½ percent of the prior levy limit adjusted for new construction and certain approved debt service.

Operating grants and contributions increased \$463,000 over the prior year. The increase was directly attributable to a \$500,000 gift received by the Library from a former resident.

Capital grants and contributions decreased \$735,000 due to the onetime \$811,000 fiscal year 2022 grant received from the Seaport Economic Council for Tucks Point restoration work.

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

For the Town's business-type activities, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$20.7 million at the close of 2023.

	2023	2022
<b>Assets:</b>		
Current assets.....	\$ 2,850,048	\$ 3,417,100
Capital assets, nondepreciable.....	175,000	175,000
Capital assets, net of accumulated depreciation.....	20,993,120	19,831,320
<b>Total assets.....</b>	<b>24,018,168</b>	<b>23,423,420</b>
<b>Deferred outflows of resources.....</b>	<b>207,479</b>	<b>145,643</b>
<b>Liabilities:</b>		
Current liabilities (excluding debt).....	134,799	131,654
Noncurrent liabilities (excluding debt).....	1,512,072	1,294,214
Current debt.....	157,666	154,345
Noncurrent debt.....	1,641,221	1,798,887
<b>Total liabilities.....</b>	<b>3,445,758</b>	<b>3,379,100</b>
<b>Deferred inflows of resources.....</b>	<b>85,868</b>	<b>370,962</b>
<b>Net position:</b>		
Net investment in capital assets.....	19,369,233	18,053,088
Unrestricted.....	1,324,788	1,765,913
<b>Total net position.....</b>	<b>\$ 20,694,021</b>	<b>\$ 19,819,001</b>

Business-type net position of \$19.4 million represents the net investment in capital assets while \$1.3 million was unrestricted. The Town's business-type activities net position increased by approximately \$875,000 in the current year. The increase is primarily related to capital contributions received by the water and sewer funds of \$482,000 and \$96,000, respectively, from the American Rescue Plan Act (ARPA) for infrastructure improvements.

The enterprise funds are generally designed to recover the cost of providing services through operating revenue. The costs are not set to recover the depreciation of capital assets, and the recognition of long-term liabilities such as pension, other postemployment benefits, and compensated absences, which has decreased the net position in prior years when these liabilities were first recorded. Certain capital projects are also not funded through rates and are instead funded through general fund free cash. The statement of cash flows more closely reports the activity in which the rates are set.

	2023	2022
<b>Program Revenues:</b>		
Charges for services.....	\$ 2,912,479	\$ 2,722,236
Capital grants and contributions.....	577,951	272,682
<b>Total revenues.....</b>	<b>3,490,430</b>	<b>2,994,918</b>
<b>Expenses:</b>		
Water.....	1,451,350	1,572,456
Sewer.....	1,220,750	1,170,642
<b>Total expenses.....</b>	<b>2,672,100</b>	<b>2,743,098</b>
<b>Excess (Deficiency) before transfers.....</b>	<b>818,330</b>	<b>251,820</b>
<b>Transfers.....</b>	<b>56,690</b>	<b>1,459,509</b>
<b>Change in net position.....</b>	<b>875,020</b>	<b>1,711,329</b>
<b>Net position, beginning of year.....</b>	<b>19,819,001</b>	<b>18,107,672</b>
<b>Net position, end of year.....</b>	<b>\$ 20,694,021</b>	<b>\$ 19,819,001</b>

### ***Financial Analysis of the Government's Funds***

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's 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 year.

As of the end of the current year, governmental funds reported combined ending fund balances of \$15.5 million, an increase of \$1.8 million in comparison with the prior year.

The general fund is the Town's chief operating fund. At the end of the current year, unassigned fund balance of the general fund totaled \$5.7 million, and total fund balance totaled \$10.4 million. Fund balance of \$4.4 million was committed for Town Meeting articles and \$301,000 was assigned for encumbrances and reserved for the fiscal year 2024 budget. The general fund increased \$910,000 during the year. The increase is a result of actual revenues exceeding the budget by \$1.1 million. The increased revenues primarily related to department and other, real estate and personal property tax revenue and motor vehicle and other excise taxes. The real estate and personal property tax budget included a \$149,000 allowance for abatements and exemptions, which is raised in anticipation of potential tax abatements.

As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to general fund expenditures. Unassigned fund balance represented 16.7% of total general fund expenditures, while total fund balance represents 30.7% of that same amount.

The community preservation major fund is used to account for the acquisition, creation, preservation, or rehabilitation of areas of open space, historic preservation, community housing and recreation. The fund balance totaled \$920,000 at year end, a decrease of \$218,000 from the prior year. The Town collected \$420,000 from the

1.5% property tax surcharge and \$97,000 from matching State funds. Expenditures and transfers out totaled \$760,000 and related to a variety of projects including the Pine Street field and cemetery restoration. There are typically timing differences between the amounts raised and the related expenditures. A portion of unreserved funds are invested by the Town until appropriated for eligible projects at Town Meeting.

The State, Federal, and other local grants major fund is used to account for activity specifically financed by grants. During fiscal year 2023, the fund expended \$879,000 which included expenditures for storm repairs and police enforcement which are reimbursable from various grants along with ARPA funded costs.

The highway improvements fund is used to account for and report and report costs incurred for the construction and reconstruction of Town owned roadways. During the fiscal year 2023, the Town expended \$449,000, which was fully reimbursed by the commonwealth by the Commonwealth of Massachusetts.

### ***General Fund Budgetary Highlights***

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

The 2023, final approved budget authorized approximately \$39.4 million in appropriations and other amounts to be raised, which included \$3.3 million in amounts carried over from the previous year. The final budget was balanced through the use of \$1.8 million of free cash funds (available funds), and the release of \$125,000 of overlay (reserve for abatements).

Adjustments to the original budget included transfers between line items and free cash voted to increase appropriations by \$1.8 million. The use of free cash included \$1.6 million for capital outlay appropriated within the general fund and \$130,000 for legal and professional services.

The Town's revenues came in over budget by \$1.1 million and expenditures and encumbrances came in under budget by \$430,000. Revenue surpluses were primarily in departmental and other, motor vehicle excise taxes and investment income. The largest departmental turn backs related to employee benefits and sanitation.

### ***Capital Asset and Debt Administration***

**Capital assets.** In conjunction with the annual operating budget, the Town annually prepares a capital budget for the upcoming year and a five-year Capital Improvement Plan (CIP) that is used as a guide for future capital expenditures.

During 2023, the Town's major governmental capital activity included infrastructure additions of \$1.5 million, which included Chapter 90 work, drainage and sidewalk improvements, and road paving and construction. Construction in progress included additions of \$647,000 which included the Pine street athletic field and Central street culvert projects, and equipment additions of \$588,000, which included a freightliner dump truck.

Business-type capital assets activity was comprised of infrastructure additions of \$1.9 million for water system improvements, pipe replacements and sewer system improvements.

**Debt administration.** Outstanding governmental long-term debt, as of June 30, 2023, totaled \$5.3 million, inclusive of unamortized premiums. Of that amount, \$3.2 million of outstanding long-term debt relates to water general obligation bond and direct borrowings for the water building and road repairs and construction, water main replacement, and other water system improvements. The liability of long-term debt related to water is paid

by the governmental funds while the capital assets are reported in the water enterprise fund. The sewer long-term debt is funded 25% by the governmental funds through the use of transfers.

At June 30, 2023, the enterprise funds had \$1.8 million in sewer long-term debt outstanding, including unamortized premiums, that relates to various sewer projects.

Please refer to notes 4, 6 and 7 to the financial statements for further discussion of the major capital asset and debt activity.

### ***Requests for Information***

This financial report is designed to provide a general overview of the Town of Manchester-by-the-Sea's finances for all those with an interest in the Town's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Town Accountant, Town Hall, 10 Central Street, Manchester-by-the-Sea, Massachusetts 01944.

# ***Basic Financial Statements***

This page left intentionally blank.

**STATEMENT OF NET POSITION**

JUNE 30, 2023

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
<b>CURRENT:</b>			
Cash and cash equivalents.....	\$ 13,193,369	\$ 1,715,553	\$ 14,908,922
Investments.....	3,787,417	-	3,787,417
Receivables, net of allowance for uncollectibles:			
Real estate and personal property taxes.....	229,460	-	229,460
Tax liens and deferrals.....	278,537	-	278,537
Motor vehicle and other excise taxes.....	64,166	-	64,166
User charges.....	-	1,134,495	1,134,495
Departmental and other.....	173,941	-	173,941
Intergovernmental.....	517,616	-	517,616
Special assessments.....	4,030	-	4,030
Tax foreclosures.....	11,792	-	11,792
Total current assets.....	<u>18,260,328</u>	<u>2,850,048</u>	<u>21,110,376</u>
<b>NONCURRENT:</b>			
Receivables, net of allowance for uncollectibles:			
Special assessments.....	46,240	-	46,240
Capital assets, nondepreciable.....	2,271,108	175,000	2,446,108
Capital assets, net of accumulated depreciation.....	<u>18,173,714</u>	<u>20,993,120</u>	<u>39,166,834</u>
Total noncurrent assets.....	<u>20,491,062</u>	<u>21,168,120</u>	<u>41,659,182</u>
<b>TOTAL ASSETS.....</b>	<u>38,751,390</u>	<u>24,018,168</u>	<u>62,769,558</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pensions.....	2,395,619	199,851	2,595,470
Deferred outflows related to other postemployment benefits.....	91,433	7,628	99,061
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES.....</b>	<u>2,487,052</u>	<u>207,479</u>	<u>2,694,531</u>
<b>LIABILITIES</b>			
<b>CURRENT:</b>			
Warrants payable.....	1,035,261	87,113	1,122,374
Accrued payroll.....	209,067	-	209,067
Accrued interest.....	58,395	25,686	84,081
Other liabilities.....	62,014	-	62,014
Unearned revenue.....	607,863	-	607,863
Compensated absences.....	205,000	22,000	227,000
Notes payable.....	82,509	-	82,509
Long-term debt payable.....	533,112	157,666	690,778
Total current liabilities.....	<u>2,793,221</u>	<u>292,465</u>	<u>3,085,686</u>
<b>NONCURRENT:</b>			
Compensated absences.....	70,000	3,000	73,000
Net pension liability.....	15,062,643	1,256,580	16,319,223
Net other postemployment benefits liability.....	3,026,627	252,492	3,279,119
Long-term debt payable.....	4,734,038	1,641,221	6,375,259
Total noncurrent liabilities.....	<u>22,893,308</u>	<u>3,153,293</u>	<u>26,046,601</u>
<b>TOTAL LIABILITIES.....</b>	<u>25,686,529</u>	<u>3,445,758</u>	<u>29,132,287</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to pensions.....	356,728	29,759	386,487
Deferred inflows related to other postemployment benefits.....	672,583	56,109	728,692
<b>TOTAL DEFERRED INFLOWS OF RESOURCES.....</b>	<u>1,029,311</u>	<u>85,868</u>	<u>1,115,179</u>
<b>NET POSITION</b>			
Net investment in capital assets.....	19,216,118	19,369,233	38,585,351
Restricted for:			
Permanent funds:			
Expendable.....	162,261	-	162,261
Nonexpendable.....	413,978	-	413,978
Gifts and grants.....	1,158,937	-	1,158,937
Community preservation.....	922,966	-	922,966
Unrestricted.....	<u>(7,351,658)</u>	<u>1,324,788</u>	<u>(6,026,870)</u>
<b>TOTAL NET POSITION.....</b>	<u>\$ 14,522,602</u>	<u>\$ 20,694,021</u>	<u>\$ 35,216,623</u>

See notes to basic financial statements.

# STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2023

	Program Revenues					
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue	
Primary Government:						
Governmental Activities:						
General government.....	\$ 2,960,247	\$ 482,597	\$ 308,883	\$ -	\$ (2,168,767)	
Public safety.....	6,286,809	1,287,936	292,038	-	(4,706,835)	
Education.....	19,140,509	64,436	-	-	(19,076,073)	
Public works.....	3,397,105	343,482	22,198	485,814	(2,545,611)	
Environmental.....	161,575	24,676	-	-	(136,899)	
Health and human services.....	500,384	32,075	383,037	-	(85,272)	
Library and recreation.....	1,685,470	1,140,050	689,163	-	143,743	
Community preservation.....	385,002	-	-	97,284	(287,718)	
Interest.....	164,974	-	-	-	(164,974)	
Total Governmental Activities.....	34,682,075	3,375,252	1,695,319	583,098	(29,028,406)	
Business-Type Activities:						
Water.....	1,451,350	1,526,068	-	481,961	556,679	
Sewer.....	1,220,750	1,386,411	-	95,990	261,651	
Total Business-Type Activities.....	2,672,100	2,912,479	-	577,951	818,330	
Total Primary Government.....	\$ 37,354,175	\$ 6,287,731	\$ 1,695,319	\$ 1,161,049	\$ (28,210,076)	

See notes to basic financial statements.

(Continued)

# STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2023

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>Changes in net position:</b>			
Net (expense) revenue from previous page..... \$	<b>(29,028,406)</b>	<b>\$ 818,330</b>	<b>\$ (28,210,076)</b>
<i>General revenues:</i>			
Real estate and personal property taxes, net of tax refunds payable.....	30,923,331	-	30,923,331
Motor vehicle and other excise taxes.....	1,227,454	-	1,227,454
Community preservation tax.....	419,634	-	419,634
Penalties and interest on taxes.....	101,718	-	101,718
Payments in lieu of taxes.....	4,735	-	4,735
Grants and contributions not restricted to specific programs.....	287,106	-	287,106
Unrestricted investment income.....	382,536	-	382,536
<i>Transfers, net</i> .....	<u>(56,690)</u>	<u>56,690</u>	<u>-</u>
Total general revenues and transfers.....	<u>33,289,824</u>	<u>56,690</u>	<u>33,346,514</u>
Change in net position.....	4,261,418	875,020	5,136,438
<i>Net position:</i>			
Beginning of year.....	<u>10,261,184</u>	<u>19,819,001</u>	<u>30,080,185</u>
End of year..... \$	<u><u>14,522,602</u></u>	<u><u>\$ 20,694,021</u></u>	<u><u>\$ 35,216,623</u></u>

See notes to basic financial statements.

(Concluded)

**GOVERNMENTAL FUNDS  
BALANCE SHEET**

JUNE 30, 2023

	General	Community Preservation	State Federal and Other Local Grants	Highway Improvements	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and cash equivalents.....	\$ 9,011,929	\$ 371,137	\$ 802,886	\$ -	\$ 3,007,417	\$ 13,193,369
Investments.....	1,913,366	610,742	-	-	1,263,309	3,787,417
Receivables, net of uncollectibles:						
Real estate and personal property taxes.....	226,607	2,853	-	-	-	229,460
Tax liens and deferrals.....	278,537	-	-	-	-	278,537
Motor vehicle and other excise taxes.....	64,166	-	-	-	-	64,166
Departmental and other.....	173,941	-	-	-	-	173,941
Intergovernmental.....	-	81,000	-	436,616	-	517,616
Special assessments.....	50,270	-	-	-	-	50,270
Tax foreclosures.....	11,792	-	-	-	-	11,792
Due from other funds.....	145,902	-	-	-	-	145,902
<b>TOTAL ASSETS.....</b>	<b>\$ 11,876,510</b>	<b>\$ 1,065,732</b>	<b>\$ 802,886</b>	<b>\$ 436,616</b>	<b>\$ 4,270,726</b>	<b>\$ 18,452,470</b>
<b>LIABILITIES</b>						
Warrants payable.....	\$ 501,623	\$ 142,766	\$ 128,786	\$ 227,019	\$ 35,067	\$ 1,035,261
Accrued payroll.....	209,067	-	-	-	-	209,067
Due to other funds.....	-	-	-	145,902	-	145,902
Other liabilities.....	62,014	-	-	-	-	62,014
Unearned revenue.....	-	-	607,863	-	-	607,863
Notes payable.....	-	-	-	-	82,509	82,509
<b>TOTAL LIABILITIES.....</b>	<b>772,704</b>	<b>142,766</b>	<b>736,649</b>	<b>372,921</b>	<b>117,576</b>	<b>2,142,616</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenue.....	701,196	2,853	-	63,695	-	767,744
<b>FUND BALANCES</b>						
Nonspendable.....	-	-	-	-	413,978	413,978
Restricted.....	-	920,113	66,237	-	3,821,681	4,808,031
Committed.....	4,426,072	-	-	-	-	4,426,072
Assigned.....	301,305	-	-	-	-	301,305
Unassigned.....	5,675,233	-	-	-	(82,509)	5,592,724
<b>TOTAL FUND BALANCES.....</b>	<b>10,402,610</b>	<b>920,113</b>	<b>66,237</b>	<b>-</b>	<b>4,153,150</b>	<b>15,542,110</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES.....</b>	<b>\$ 11,876,510</b>	<b>\$ 1,065,732</b>	<b>\$ 802,886</b>	<b>\$ 436,616</b>	<b>\$ 4,270,726</b>	<b>\$ 18,452,470</b>

See notes to basic financial statements.

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

JUNE 30, 2023

Total governmental fund balances.....	\$ 15,542,110
Capital assets (net) used in governmental activities are not financial resources and, therefore, are not reported in the funds.....	20,444,822
Accounts receivable are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.....	767,744
The statement of net position includes certain deferred inflows of resources and deferred outflows of resources that will be amortized over future periods. In governmental funds, these amounts are not deferred.....	1,457,741
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.....	(58,395)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds:	
Long-term debt payable.....	(5,267,150)
Net pension liability.....	(15,062,643)
Net other postemployment benefits liability.....	(3,026,627)
Compensated absences.....	(275,000)
Net effect of reporting long-term liabilities.....	(23,631,420)
Net position of governmental activities.....	\$ <u>14,522,602</u>

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2023

	General	Community Preservation	State Federal and Other Local Grants	Highway Improvements	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>						
Real estate and personal property taxes, net of tax refunds.....	\$ 30,888,745	\$ -	\$ -	\$ -	\$ -	\$ 30,888,745
Motor vehicle and other excise taxes.....	1,220,238	-	-	-	14,887	1,235,125
Charges for services.....	568,528	-	-	-	-	568,528
Penalties and interest on taxes.....	100,979	739	-	-	-	101,718
Payments in lieu of taxes.....	4,735	-	-	-	-	4,735
Intergovernmental - state aid.....	287,106	-	-	-	-	287,106
Intergovernmental - other.....	-	-	922,190	449,300	-	1,371,490
Departmental and other.....	1,419,792	-	-	-	1,486,420	2,906,212
Community preservation taxes.....	-	419,517	-	-	-	419,517
Community preservation state match.....	-	97,284	-	-	-	97,284
Contributions and donations.....	-	-	-	-	944,518	944,518
Investment income.....	308,443	24,358	-	-	49,735	382,536
<b>TOTAL REVENUES.....</b>	<b>34,798,566</b>	<b>541,898</b>	<b>922,190</b>	<b>449,300</b>	<b>2,495,560</b>	<b>39,207,514</b>
<b>EXPENDITURES:</b>						
Current:						
General government.....	1,885,103	-	166,913	-	46,022	2,098,038
Public safety.....	4,055,874	-	201,142	-	816,741	5,073,757
Education.....	19,140,509	-	-	-	-	19,140,509
Public works.....	3,678,168	-	396,596	449,300	36,286	4,560,350
Environmental.....	74,694	-	-	-	-	74,694
Health and human services.....	372,792	-	102,694	-	9,118	484,604
Library and recreation.....	965,981	-	11,543	-	427,338	1,404,862
Community preservation.....	-	759,933	-	-	-	759,933
Pension benefits.....	1,426,637	-	-	-	-	1,426,637
Property and liability insurance.....	130,000	-	-	-	-	130,000
Employee benefits.....	1,202,759	-	-	-	-	1,202,759
State and county charges.....	178,855	-	-	-	-	178,855
Debt service:						
Principal.....	629,861	-	-	-	-	629,861
Interest.....	195,346	-	-	-	-	195,346
<b>TOTAL EXPENDITURES.....</b>	<b>33,936,579</b>	<b>759,933</b>	<b>878,888</b>	<b>449,300</b>	<b>1,335,505</b>	<b>37,360,205</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....</b>	<b>861,987</b>	<b>(218,035)</b>	<b>43,302</b>	<b>-</b>	<b>1,160,055</b>	<b>1,847,309</b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers in.....	155,000	-	-	-	374,510	529,510
Transfers out.....	(106,690)	-	-	-	(479,510)	(586,200)
<b>TOTAL OTHER FINANCING SOURCES (USES)...</b>	<b>48,310</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(105,000)</b>	<b>(56,690)</b>
<b>NET CHANGE IN FUND BALANCES.....</b>	<b>910,297</b>	<b>(218,035)</b>	<b>43,302</b>	<b>-</b>	<b>1,055,055</b>	<b>1,790,619</b>
<b>FUND BALANCES AT BEGINNING OF YEAR.....</b>	<b>9,492,313</b>	<b>1,138,148</b>	<b>22,935</b>	<b>-</b>	<b>3,098,095</b>	<b>13,751,491</b>
<b>FUND BALANCES AT END OF YEAR.....</b>	<b>\$ 10,402,610</b>	<b>\$ 920,113</b>	<b>\$ 66,237</b>	<b>\$ -</b>	<b>\$ 4,153,150</b>	<b>\$ 15,542,110</b>

See notes to basic financial statements.

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES**

YEAR ENDED JUNE 30, 2023

Net change in fund balances - total governmental funds.....	\$	1,790,619
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>		
Capital outlay.....	2,976,292	
Depreciation expense.....	<u>(1,062,816)</u>	
Net effect of reporting capital assets.....		1,913,476
<p>Revenues in the Statement of Activities that do not provide current financial resources are unavailable in the Statement of Revenues, Expenditures and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable differ between the two statements. This amount represents the net change in unavailable revenue.....</p>		
		(207,331)
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are unavailable and amortized in the Statement of Activities.</p>		
Net amortization of premium from issuance of long-term debt.....	23,897	
Debt service principal payments.....	<u>629,861</u>	
Net effect of reporting long-term debt.....		653,758
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.</p>		
Net change in compensated absences accrual.....	(19,000)	
Net change in accrued interest on long-term debt.....	6,475	
Net change in deferred outflow/(inflow) of resources related to pensions.....	3,415,276	
Net change in net pension liability.....	(3,836,184)	
Net change in deferred outflow/(inflow) of resources related to other postemployment benefits.....	531,837	
Net change in net other postemployment benefits liability.....	<u>12,492</u>	
Net effect of recording long-term liabilities.....		<u>110,896</u>
Change in net position of governmental activities.....	\$	<u><u>4,261,418</u></u>

See notes to basic financial statements.

**PROPRIETARY FUNDS**  
**STATEMENT OF NET POSITION**

JUNE 30, 2023

	Business-type Activities - Enterprise Funds		
	Water	Sewer	Total
<b>ASSETS</b>			
<b>CURRENT:</b>			
Cash and cash equivalents.....	\$ 676,225	\$ 1,039,328	\$ 1,715,553
Receivables:			
User charges.....	567,861	566,634	1,134,495
Total current assets.....	1,244,086	1,605,962	2,850,048
<b>NONCURRENT:</b>			
Capital assets, nondepreciable.....	175,000	-	175,000
Capital assets, net of accumulated depreciation.....	12,926,339	8,066,781	20,993,120
Total noncurrent assets.....	13,101,339	8,066,781	21,168,120
<b>TOTAL ASSETS.....</b>	<b>14,345,425</b>	<b>9,672,743</b>	<b>24,018,168</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pensions.....	83,055	116,796	199,851
Deferred outflows related to other postemployment benefits.....	3,170	4,458	7,628
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES.....</b>	<b>86,225</b>	<b>121,254</b>	<b>207,479</b>
<b>LIABILITIES</b>			
<b>CURRENT:</b>			
Warrants payable.....	50,050	37,063	87,113
Accrued interest.....	-	25,686	25,686
Compensated absences.....	12,000	10,000	22,000
Long-term debt payable.....	-	157,666	157,666
Total current liabilities.....	62,050	230,415	292,465
<b>NONCURRENT:</b>			
Compensated absences.....	3,000	-	3,000
Net pension liability.....	522,215	734,365	1,256,580
Net other postemployment benefits liability.....	104,932	147,560	252,492
Long-term debt payable.....	-	1,641,221	1,641,221
Total noncurrent liabilities.....	630,147	2,523,146	3,153,293
<b>TOTAL LIABILITIES.....</b>	<b>692,197</b>	<b>2,753,561</b>	<b>3,445,758</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to pensions.....	12,368	17,391	29,759
Deferred inflows related to other postemployment benefits.....	23,318	32,791	56,109
<b>TOTAL DEFERRED INFLOWS OF RESOURCES.....</b>	<b>35,686</b>	<b>50,182</b>	<b>85,868</b>
<b>NET POSITION</b>			
Net investment in capital assets.....	13,101,339	6,267,894	19,369,233
Unrestricted.....	602,428	722,360	1,324,788
<b>TOTAL NET POSITION.....</b>	<b>\$ 13,703,767</b>	<b>\$ 6,990,254</b>	<b>\$ 20,694,021</b>

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2023

	Business-type Activities - Enterprise Funds		
	Water	Sewer	Total
<b>OPERATING REVENUES:</b>			
Charges for services.....	\$ 1,526,068	\$ 1,386,411	\$ 2,912,479
<b>OPERATING EXPENSES:</b>			
Cost of services and administration.....	1,045,856	817,946	1,863,802
Depreciation.....	405,494	349,249	754,743
<b>TOTAL OPERATING EXPENSES.....</b>	<b>1,451,350</b>	<b>1,167,195</b>	<b>2,618,545</b>
<b>OPERATING INCOME (LOSS).....</b>	<b>74,718</b>	<b>219,216</b>	<b>293,934</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>			
Interest expense.....	-	(53,555)	(53,555)
<b>INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS.....</b>	<b>74,718</b>	<b>165,661</b>	<b>240,379</b>
<b>CAPITAL CONTRIBUTIONS.....</b>	<b>481,961</b>	<b>95,990</b>	<b>577,951</b>
<b>TRANSFERS:</b>			
Transfers in.....	-	56,690	56,690
<b>CHANGE IN NET POSITION.....</b>	<b>556,679</b>	<b>318,341</b>	<b>875,020</b>
<b>NET POSITION AT BEGINNING OF YEAR.....</b>	<b>13,147,088</b>	<b>6,671,913</b>	<b>19,819,001</b>
<b>NET POSITION AT END OF YEAR.....</b>	<b>\$ 13,703,767</b>	<b>\$ 6,990,254</b>	<b>\$ 20,694,021</b>

See notes to basic financial statements.

**PROPRIETARY FUNDS**  
STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2023

	Business-type Activities - Enterprise Funds		
	Water	Sewer	Total
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES:</u></b>			
Receipts from customers and users.....	\$ 1,466,918	\$ 1,289,033	\$ 2,755,951
Payments to vendors.....	(913,425)	(560,202)	(1,473,627)
Payments to employees and employee benefits.....	(255,667)	(257,979)	(513,646)
NET CASH FROM OPERATING ACTIVITIES.....	297,826	470,852	768,678
<b><u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u></b>			
Transfers in.....	-	56,690	56,690
<b><u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u></b>			
Capital contributions.....	481,961	95,990	577,951
Acquisition and construction of capital assets.....	(1,652,658)	(263,885)	(1,916,543)
Principal payments on long-term debt.....	-	(135,000)	(135,000)
Interest expense.....	-	(75,356)	(75,356)
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES.....	(1,170,697)	(378,251)	(1,548,948)
NET CHANGE IN CASH AND CASH EQUIVALENTS.....	(872,871)	149,291	(723,580)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR.....	1,549,096	890,037	2,439,133
CASH AND CASH EQUIVALENTS AT END OF YEAR.....	\$ 676,225	\$ 1,039,328	\$ 1,715,553
<b><u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH</u></b>			
<b><u>FROM OPERATING ACTIVITIES:</u></b>			
Operating income (loss).....	\$ 74,718	\$ 219,216	\$ 293,934
Adjustments to reconcile operating income to net cash from operating activities:			
Depreciation.....	405,494	349,249	754,743
Deferred (outflows)/inflows related to pensions.....	(127,724)	(166,948)	(294,672)
Deferred (outflows)/inflows related to other postemployment benefits.....	(25,973)	(26,285)	(52,258)
Changes in assets and liabilities:			
User charges.....	(59,150)	(97,378)	(156,528)
Warrants payable.....	(5,528)	13,129	7,601
Compensated absences.....	-	(2,000)	(2,000)
Net pension liability.....	56,996	183,448	240,444
Net other postemployment benefits liability.....	(21,007)	(1,579)	(22,586)
Total adjustments.....	223,108	251,636	474,744
NET CASH FROM OPERATING ACTIVITIES.....	\$ 297,826	\$ 470,852	\$ 768,678

See notes to basic financial statements.

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

JUNE 30, 2023

	Other Postemployment Benefit Trust Fund
<b>ASSETS</b>	
Investments:	
Investments in Pension Reserve Investment Trust.....	\$ 3,885,887
<b>NET POSITION</b>	
Restricted for other postemployment benefits.....	\$ 3,885,887

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2023

	Other Postemployment Benefit Trust Fund
<u>ADDITIONS:</u>	
Contributions:	
Employer contributions for other postemployment benefit payments.....	\$ 465,607
Net investment income:	
Investment income.....	229,035
Less: investment expense.....	(18,700)
Net investment income.....	210,335
TOTAL ADDITIONS.....	675,942
<u>DEDUCTIONS:</u>	
Other postemployment benefit payments.....	465,607
NET INCREASE IN NET POSITION.....	210,335
NET POSITION AT BEGINNING OF YEAR.....	3,675,552
NET POSITION AT END OF YEAR.....	\$ 3,885,887

See notes to basic financial statements.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying basic financial statements of the Town of Manchester-by-the-Sea, Massachusetts (the Town) have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the recognized standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting policies are described herein.

**A. Reporting Entity**

The Town is a municipal corporation that is governed by a five-member elected Select Board (the Board) and an appointed Town Administrator.

For financial reporting purposes, the Town has included all funds, organizations, agencies, boards, commissions and institutions. The Town has also considered all potential component units for which it is financially accountable, as well as other organizations for which the nature and significance of their relationship with the Town are such that exclusion would cause the basic financial statements to be misleading or incomplete. As required by GAAP, these basic financial statements present the Town (the primary government) and its component units. The Town has no component units that require inclusion in the basic financial statements.

The Manchester-by-the-Sea Affordable Housing Trust (Trust) was established by Town Meeting with the mission to increase diversity of housing options to meet the needs of Manchester's low and moderate income households. The Trust is comprised of a seven-member board of resident volunteers with experience and expertise in housing policy, finance, development, programs, and advocacy. The Town Planner and Planning Board Clerk, through funding from the Community Preservation Act, provides staff support to the Trust. The Trust is reported within the nonmajor governmental funds of the Town.

***Joint Ventures***

The Town is a member of the Manchester Essex Regional School District that provides for the education of all levels of schools for the Town's students. The members share in the operations of the District and each member is responsible for its proportionate share of the operational and capital cost of the District, which are paid in the form of assessments. The Town does not have an equity interest in the District and the 2023 assessment was \$18,917,129. Please contact the finance office at 36 Lincoln Street, Manchester-by-the-Sea, MA 01944, for audited financial statements.

The Town is a member of the Essex North Shore Agricultural and Technical School that serves the member's students seeking an education in academic, technical and agriculture studies. The members share in the operations of the District and each member is responsible for its proportionate share of the operational and capital cost of the District, which are paid in the form of assessments. The Town does not have an equity interest in the District and the 2023 assessment was \$223,380. Please contact the finance office at 565 Maple Street, Hathorne, MA 01937, for audited financial statements.

**B. Government-Wide and Fund Financial Statements*****Government-Wide Financial Statements***

The government-wide financial statements (i.e., statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. *Governmental activities*, which are primarily supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which are supported primarily by user fees and charges.

*Fund Financial Statements*

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and displayed in a single column.

*Major Fund Criteria*

Major funds must be reported if the following criteria are met:

- If total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses of an individual governmental or enterprise fund are at least 10 percent of the corresponding element (assets and deferred outflows of resources, liabilities and deferred inflows or resources, etc.) for all funds of that category or type (total governmental or total enterprise funds), *and*
- If the total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding element for all governmental and enterprise funds combined.

Additionally, any other governmental or enterprise fund that management believes is particularly significant to the basic financial statements may be reported as a major fund.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation*Government-Wide Financial Statements*

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded when the liabilities are incurred. Real estate and personal property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The statement of activities demonstrates the degree to which the direct expenses of a particular function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include the following:

- Charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment.
- Grants and contributions that are restricted to meeting the operational requirements of a particular function or segment.
- Grants and contributions that are restricted to meeting the capital requirements of a particular function or segment.

Taxes and other items not identifiable as program revenues are reported as general revenues.

For the most part, the effect of interfund activity has been removed from the government-wide financial statements. Exceptions are charges between the governmental funds and water and sewer enterprise funds.

Elimination of these charges would distort the direct costs and program revenues reported for the functions affected.

### *Fund Financial Statements*

**Governmental** fund financial statements are reported using the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, and certain compensated absences, claims and judgments which are recognized when the obligations are expected to be liquidated with current expendable available resources.

Real estate and personal property tax revenues are considered available if they are collected within 60 days after year-end. Investment income is susceptible to accrual. Other receipts and tax revenues become measurable and available when the cash is received and are recognized as revenue at that time.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria is met. Expenditure driven grants recognize revenue when the qualifying expenditures are incurred and all other grant requirements are met.

The following major governmental funds are reported:

The *general fund* is the primary operating fund. It is used to account for all financial resources, except those that are required to be accounted for in another fund.

The *community preservation* major fund is a special revenue fund used to account for the acquisition, creation, preservation, or rehabilitation of areas of open space, historic preservation, affordable housing and recreation. Funding is provided primarily by a property tax surcharge of 1.5%, along with matching state funds.

The *State, Federal and other local grants* major fund is a special revenue fund used to account for activity specifically financed by grants, which are designated for specific programs.

The *highway improvements* fund is a special revenue fund used to account for and report costs incurred for the construction and reconstruction of Town owned roadways. Costs charged to the fund are subject to reimbursement by the Commonwealth of Massachusetts.

The nonmajor governmental funds consist of other special revenue, capital projects and permanent funds that are aggregated and presented in the *nonmajor governmental funds* column on the governmental funds financial statements. The following describes the general use of these fund types:

The *special revenue fund* is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than permanent funds or capital projects.

The *capital projects fund* is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets of the governmental funds.

The *permanent fund* is used to account for and report financial resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the governmental programs.

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary funds principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The following major proprietary funds are reported:

The *sewer enterprise fund* is used to account for the Town's sewer activities.

The *water enterprise fund* is used to account for the Town's water activities.

**Fiduciary** fund financial statements are reported using the flow of economic resources measurement focus and use the accrual basis of accounting. Fiduciary funds are used to account for assets held in a trustee capacity for others that cannot be used to support the governmental programs.

The following fiduciary fund type is reported:

The *other postemployment benefits trust fund* is used to account for the activities of the other postemployment benefit (OPEB) trust fund, which accumulates resources to provide other postemployment benefits to eligible retirees and their beneficiaries.

#### D. Cash and Investments

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

Cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with an original maturity of three months or less from the date of acquisition. Investments are carried at fair value.

#### E. Fair Value Measurements

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

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

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

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

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

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

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

#### F. Accounts Receivable

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

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

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

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

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

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

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

##### ***Real Estate Tax Deferrals***

Real estate tax deferrals are receivables from owners of real property that have entered into a tax deferral and recovery agreement with the Board of Assessors (M.G.L. Ch. 59, § 5).

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

***Motor Vehicle and Other Excise Taxes***

Motor vehicle excise taxes are assessed annually for each vehicle registered and are recorded as receivables in the year of the levy. The Commonwealth is responsible for reporting the number of vehicles registered and the fair values of those vehicles. The tax calculation is the fair value of the vehicle multiplied by \$25 per \$1,000 of value. Boat excise taxes are assessed annually for each boat registered and are recorded as receivables in the year of the levy. The Commonwealth is responsible for reporting the number of boats registered and the fair value of those boats. The Assessor's department receives information from the Commonwealth and from the Town's Harbormaster department. The tax calculation is the fair value of the boat multiplied by \$10 per \$1,000 of value.

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

***Water and Sewer User Charges***

User charges are levied quarterly based on individual meter readings and are subject to penalties and interest if they are not paid by the respective due date. Unbilled user charges are estimated at year-end and are recorded as revenue in the current period.

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

***Departmental and Other***

Departmental and other receivables consist primarily of ambulance details and are recorded as receivables in the year accrued. The allowance of uncollectibles is estimated based on historical trends and specific account analysis.

***Intergovernmental***

Various federal and state grants for operating and capital purposes are applied for and received annually. For non-expenditure driven grants, receivables are recorded as soon as all eligibility requirements imposed by the provider have been met. For expenditure driven grants, receivables are recorded when the qualifying expenditures are incurred and all other grant requirements are met.

These receivables are considered 100% collectible and therefore do not report an allowance for uncollectibles.

***Special Assessments***

The costs incurred on completed special projects that have been assessed to the benefited taxpayers which have not been paid.

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

**G. Inventories and Prepaid Items*****Government-Wide and Fund Financial Statements***

Inventories are recorded as expenditures at the time of purchase. Such inventories are not material in total to the government-wide and fund financial statements, and therefore are not reported.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items are recorded as an expenditure/expense when consumed, rather than when purchased.

#### H. Capital Assets

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

Capital assets, which include land, land improvements, buildings and building improvements, machinery and equipment, and infrastructure (e.g., roads, water mains, sewer mains, and similar items), are reported in the applicable governmental or business-type activity column of the government-wide financial statements, and the proprietary fund financial statements.

Capital assets are recorded at historical cost, or at estimated historical cost, if actual historical cost is not available. Donated capital assets; donated works of art, historical treasures and similar assets; and capital assets received in service concession arrangements are recorded at acquisition value.

All purchases and construction costs in excess of \$20,000 are capitalized at the date of acquisition or construction, respectively, with expected useful lives of greater than one year.

Capital assets (excluding land) are depreciated on a straight-line basis. The estimated useful lives of capital assets are as follows:

<u>Capital Asset Type</u>	<u>Estimated Useful Life (in years)</u>
Land improvements.....	20 - 40
Buildings.....	45
Buildings and improvements.....	10 - 45
Machinery and equipment.....	5 - 20
Infrastructure.....	10 - 50

The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized and are treated as expenses when incurred. Improvements are capitalized.

##### *Governmental Fund Financial Statements*

Capital asset costs are recorded as expenditures in the acquiring fund in the year of the purchase.

#### I. Deferred Outflows/Inflows of Resources

##### *Government-Wide Financial Statements (Net Position)*

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town reported deferred outflows of resources related to pensions and OPEB.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town reported deferred inflows of resources related to pensions and OPEB.

#### *Governmental Fund Financial Statements*

In addition to liabilities, the governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents assets that have been recorded in the governmental fund financial statements but the revenue is not available and so will not be recognized as an inflow of resources (revenue) until it becomes available. The Town has recorded unavailable revenue as deferred inflows of resources in the governmental funds balance sheet.

#### J. Interfund Receivables and Payables

During the course of its operations, transactions occur between and within individual funds that may result in amounts owed between funds.

#### *Government-Wide Financial Statements*

Transactions of a buyer/seller nature within governmental funds are eliminated from the governmental activities in the statement of net position. Any residual balances outstanding between the governmental activities and business-type activities are reported in the statement of net position as "internal balances."

#### *Fund Financial Statements*

Transactions of a buyer/seller nature between and within funds are not eliminated from the individual fund statements. Receivables and payables resulting from these transactions are classified as "Due from other funds" or "Due to other funds" on the balance sheet.

#### K. Interfund Transfers

During the course of its operations, resources are permanently reallocated between and within funds. These transactions are reported as transfers in and transfers out.

#### *Government-Wide Financial Statements*

Transfers between and within governmental funds are eliminated from the governmental activities in the statement of net position. Any residual balances outstanding between the governmental activities and business-type activities are reported in the statement of activities as "Transfers, net."

#### *Fund Financial Statements*

Transfers between and within funds are *not* eliminated from the individual fund statements and are reported as transfers in and transfers out.

#### L. Unavailable Revenue

Unavailable revenue at the governmental fund financial statement level represents billed receivables that do not meet the available criterion in accordance with the current financial resources measurement focus and the modified accrual basis of accounting, i.e. receivables that are not considered to be available to liquidate liabilities

of the current period. Unavailable revenue is recognized as revenue in the conversion to the government-wide (full accrual) financial statements. Unavailable revenue is reported as a deferred inflow of resources in the fund financial statements.

#### M. Net Position and Fund Equity

##### *Government-Wide Financial Statements (Net Position)*

Net position is reported as restricted when amounts that are not available for appropriation or are legally restricted by outside parties for a specific future use.

Net position reported as “net investment in capital assets” includes capital assets, net of accumulated depreciation, less the principal balance of outstanding debt used to acquire capital assets. Unspent proceeds of capital related debt are not considered capital assets.

Net position has been “restricted for” the following:

“Permanent funds - expendable” represents the amounts of realized and unrealized investment earnings of donor restricted trusts. The donor restrictions and trustee policies only allow the trustees to approve spending of the realized investment earnings that support governmental programs.

“Permanent funds - nonexpendable” represents the endowment portion of donor restricted trusts that support governmental programs.

“Gifts and grants” represents amounts held of gift and grant funds.

“Community preservation” represents amounts held for uses restricted by law for community preservation purposes.

Sometimes the Town will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town’s policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

##### *Fund Financial Statements (Fund Balances)*

Governmental fund equity is classified as fund balance. Fund balance is further classified as follows:

“Nonspendable” fund balance includes amounts that cannot be spent because they are either not in spendable form or they are legally or contractually required to be maintained intact.

“Restricted” fund balance includes amounts subject to constraints placed on the use of resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or that are imposed by law through constitutional provisions or enabling legislation.

“Committed” fund balance includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Town’s highest level of decision-making authority. Town Meeting is the highest level of decision-making authority that can, by adoption of a Town Meeting warrant article, commit funds for a specific purpose. Once voted, the limitation imposed by the vote remains in place until the funds are used for their intended purpose or a Town Meeting vote is taken to rescind the commitment.

“Assigned” fund balance includes amounts that are constrained by the Town’s intent to be used for specific purposes but are neither restricted nor committed. The Town Accountant is authorized to assign fund balance. Assignments generally only exist temporarily. Additional action does not have to be taken for the removal of an assignment.

“Unassigned” fund balance includes the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The general fund is the only fund that reports a positive unassigned fund balance amount.

The Town’s spending policy is to spend restricted fund balance first, followed by committed, assigned and unassigned fund balance. Most governmental funds are designated for one purpose at the time of their creation. Therefore, any expenditure from the fund will be allocated to the applicable fund balance classifications in the order of the aforementioned spending policy. The general fund and certain other funds may have more than one purpose.

#### N. Long-term Debt

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

Long-term debt is reported as liabilities in the government-wide and proprietary fund statement of net position. Material bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method.

##### *Governmental Fund Financial Statements*

The face amount of governmental funds long-term debt is reported as other financing sources. Bond premiums and discounts, as well as issuance costs, are recognized in the current period. Bond premiums are reported as other financing sources and bond discounts are reported as other financing uses. Issuance costs, whether or not withheld from the actual bond proceeds received, are reported as general government expenditures.

The Town uses material bond premiums to reduce the total amount of the bond issuance.

#### O. Investment Income

Excluding the permanent funds, investment income derived from major and nonmajor governmental funds is legally assigned to the general fund unless otherwise directed by Massachusetts General Law (MGL).

Investment income from proprietary funds is voluntarily assigned and transferred to the general fund.

#### P. Compensated Absences

Employees are granted vacation and sick leave in varying amounts based on collective bargaining agreements, state laws and executive policies.

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

Vested or accumulated vacation and sick leave are reported as liabilities and expensed as incurred.

*Governmental Fund Financial Statements*

Vested or accumulated vacation and sick leave, which will be liquidated with expendable available financial resources, are reported as expenditures and fund liabilities.

Q. Fund Deficits and Appropriation Deficit

An individual fund deficit existed at June 30, 2023, in the nonmajor governmental MCWT Septic Loan Program fund. The deficit will be funded by future bond proceeds.

Actual expenditures exceeded appropriations for state and county charges. Massachusetts General Law allows for expenditures related to this appropriation line.

R. Use of Estimates*Government-Wide and Fund Financial Statements*

The preparation of basic financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure for contingent assets and liabilities at the date of the basic financial statements and the reported amounts of the revenues and expenditures/expenses during the year. Actual results could vary from estimates that were used.

S. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Essex Regional Retirement System (ERRS) and additions to/deductions from the ERRS's fiduciary net position have been determined on the same basis as they are reported by the ERRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

T. Total Column*Government-Wide Financial Statements*

The total column presented on the government-wide financial statements represents consolidated financial information.

*Fund Financial Statements*

The total column on the fund financial statements is presented only to facilitate financial analysis. Data in this column is not the equivalent of consolidated financial information.

**NOTE 2 – CASH AND INVESTMENTS**

A cash and investment pool that is maintained is available for use by all funds. Each fund type's portion of this pool is displayed on the balance sheet as "Cash and Cash Equivalents". The deposits and investments of the trust funds are held separately from those of other funds.

Statutes authorize the investment in obligations of the U.S. Treasury, agencies, and instrumentalities, certificates of deposit, repurchase agreements, money market accounts, bank deposits and the State Treasurer's Investment Pool (the Pool), the Treasurer may also invest trust funds in securities, other than mortgages or collateral loans, which are legal for the investment of funds of savings banks under the laws of the Commonwealth.

The Town Treasurer is the custodian of funds held in the Other Postemployment Benefit (OPEB) Trust Fund. As of June 30, 2023, \$3,885,887 from the OPEB Trust Fund is included within the Town's investment balances in the following disclosures.

The OPEB Trust Fund is invested in the Pension Reserve Investment Trust (PRIT), which meets the criteria of an external investment pool. PRIT is administered by the Pension Reserves Investment Management Board, which was established by the Treasurer of the Commonwealth of Massachusetts who serves as Trustee. The fair value of the position in the PRIT is the same as the value of the PRIT shares. The Town does not have the ability to control any of the investment decisions relative to its funds in PRIT. The effective weighted duration rate for PRIT investments ranged from 1.98 to 14.64 years.

#### Custodial Credit Risk – Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town's policy related to custodial credit risk is to apply the guidelines established by Massachusetts General Law and to invest in institutions which are financially strong. At year-end, the carrying amount of deposits totaled \$14,812,673 and the bank balance totaled \$16,335,228. Of the bank balance, \$1,615,559 was covered by Federal Depository Insurance, \$10,256,186 was covered by the Depositors Insurance Fund, \$2,216,971 was collateralized and \$2,246,512 was exposed to custodial credit risk because it was uninsured and uncollateralized.

#### Investments

As of June 30, 2023, the Town had the following investments:

Investment Type	Fair value	Maturities		
		Under 1 Year	1-5 Years	6-10 Years
<u>Debt securities:</u>				
U.S. treasury notes.....	\$ 921,227	\$ 60,002	\$ 694,618	\$ 166,607
Government sponsored enterprises.....	149,148	-	149,148	-
Corporate bonds.....	1,241,327	546,412	612,697	82,218
Total debt securities.....	2,311,702	\$ 606,414	\$ 1,456,463	\$ 248,825
<u>Other investments:</u>				
Equity securities.....	1,084,752			
Fixed income mutual funds.....	390,963			
Money market mutual funds.....	96,249			
Pension Reserve Investment Trust (PRIT) - OPEB Trust.....	3,885,887			
Total investments.....	\$ 7,769,553			

#### Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of a failure by the counterparty, the Town will not be able to recover the value of its investments or collateral security that are in the possession of an outside party. To manage this risk, the Town uses only regulated custodians and will review the financial institution's financial statements of safety ratings from well-established ratings services. Further, all securities not held directly by the

Town, will be held in the Town's name and tax identification number by a third-party custodian approved by the Treasurer and evidence by safekeeping receipts showing individual CUSIP numbers for each security. As of June 30, 2023, the Town's investments are all registered in the name and tax ID of the Town and all investment accounts are held in the Town's name as well as a third-party custodian, therefore, the Town is not subject to custodial credit risk for its investments.

### 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 the market interest rates. The Town's formal investment policy states that the Town will manage interest rate risk by managing the duration investments are held in an account. The Town limits the term of investment from between 1 and 5 years, unless the trust fund resulted from the gift of a private donor which specified the terms of the gift.

### Credit Risk

The Town's formal investment policy states the Town will only purchase investment grade securities with a minimum of 80% in securities rated A or better. The Town may invest in the Massachusetts Municipal Depository Trust (MMDT) up to an amount not to exceed 50% of the municipality's investment aggregate. There is no limit to the amount of U.S. treasury and government sponsored enterprises obligations that the Town may invest in.

The investment ratings for the Town at June 30, 2023, were as follows:

<u>Quality Rating</u>	<u>Government Sponsored Enterprises</u>	<u>Corporate Bonds</u>
Aaa.....	\$ 149,148	\$ 26,226
A3.....	-	29,499
A2.....	-	369,124
A1.....	-	52,719
Baa2.....	-	514,521
Baa1.....	-	249,238
Total.....	\$ <u>149,148</u>	\$ <u>1,241,327</u>

Additionally, The Town's investments in PRIT are unrated.

### Concentration of Credit Risk

The Town places a limit on the amount the Town may invest in any one issuer. With the exception of U.S. Treasury obligations or investments fully collateralized by U.S. Treasuries or agencies, and State pools, no more than 40% of the Town's investments may be invested in a single financial institution. This percentage may be increased for not more than 30 days during times of heavy collection or in anticipation of large payments that will be made by the Town in the near future. As of June 30, 2023, the Town did not have any investments with a single issuer that represented 5% or more of the Town's total investments.

Fair Value of Investments

The Town holds investments that are measured at fair value on a recurring basis. Because investing is not a core part of the Town's mission, the Town determines that the disclosures related to these investments only need to be disaggregated by major type. The Town chooses a tabular format for disclosing the levels within the fair value hierarchy.

The following table presents financial assets at June 30, 2023, that the Town measures fair value on a recurring basis, by level, within the fair value hierarchy:

Investment Type	June 30, 2023	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Investments measured at fair value:</b>				
<u>Debt securities:</u>				
U.S. treasury notes.....	\$ 921,227	\$ 921,227	\$ -	\$ -
Government sponsored enterprises.....	149,148	149,148	-	-
Corporate bonds.....	1,241,327	-	1,241,327	-
Total debt securities.....	2,311,702	1,070,375	1,241,327	-
<u>Other investments:</u>				
Equity securities.....	1,084,752	1,084,752	-	-
Fixed income mutual funds.....	390,963	390,963	-	-
Money market mutual funds.....	96,249	96,249	-	-
Total other investments.....	1,571,964	1,571,964	-	-
Total investments measured at fair value.....	3,883,666	\$ 2,642,339	\$ 1,241,327	\$ -
<b>Investments measured at net asset value:</b>				
Pension Reserve Investment Trust (PRIT) - OPEB Trust.....	3,885,887			
Total investments.....	\$ 7,769,553			

U.S. treasury notes, government sponsored enterprises, equity securities, fixed income mutual funds, and money market mutual funds are classified in Level 1 of the fair value hierarchy and are valued using prices quoted in active markets for those securities. Corporate bonds classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Investments classified in Level 3 are valued using significant unobservable inputs. The Town does not have any investments in this category.

PRIT investments are valued using the net asset value method.

**NOTE 3 – RECEIVABLES**

At June 30, 2023, receivables for the individual major and nonmajor governmental funds in the aggregate, including the applicable allowances for uncollectible accounts, were as follows:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
Real estate and personal property taxes.....	\$ 229,460	\$ -	\$ 229,460
Tax liens and tax deferrals.....	278,537	-	278,537
Motor vehicle and other excise taxes.....	89,666	(25,500)	64,166
Departmental and other.....	362,941	(189,000)	173,941
Intergovernmental.....	436,616	-	436,616
Community preservation state share.....	81,000	-	81,000
Special assessments.....	50,270	-	50,270
Total.....	\$ <u>1,528,490</u>	\$ <u>(214,500)</u>	\$ <u>1,313,990</u>

At June 30, 2023, receivables for the water and sewer enterprise funds consisted of \$567,861, and \$566,634, respectively.

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

	General Fund	Other Governmental Funds	Total
<u>Receivables:</u>			
Real estate and personal property taxes.....	\$ 186,926	\$ 2,853	\$ 189,779
Tax liens and tax deferrals.....	278,537	-	278,537
Motor vehicle and other excise taxes.....	64,166	-	64,166
Departmental and other.....	109,505	-	109,505
Intergovernmental - highway improvements.....	-	63,695	63,695
Special assessments.....	50,270	-	50,270
<u>Other assets:</u>			
Tax foreclosures.....	11,792	-	11,792
Total.....	\$ <u>701,196</u>	\$ <u>66,548</u>	\$ <u>767,744</u>

**NOTE 4 – CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2023, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities:</b>				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 1,040,941	\$ -	\$ -	\$ 1,040,941
Construction in progress.....	583,172	646,995	-	1,230,167
Total capital assets not being depreciated.....	1,624,113	646,995	-	2,271,108
<u>Capital assets being depreciated:</u>				
Land improvements.....	3,636,688	207,222	-	3,843,910
Buildings.....	4,694,441	-	-	4,694,441
Buildings and improvements.....	3,574,650	58,591	-	3,633,241
Machinery and equipment.....	6,456,810	588,462	(205,677)	6,839,595
Infrastructure.....	11,152,516	1,475,022	-	12,627,538
Total capital assets being depreciated.....	29,515,105	2,329,297	(205,677)	31,638,725
<u>Less accumulated depreciation for:</u>				
Land improvements.....	(457,153)	(145,051)	-	(602,204)
Buildings.....	(4,345,288)	(30,934)	-	(4,376,222)
Buildings and improvements.....	(799,248)	(179,082)	-	(978,330)
Machinery and equipment.....	(4,578,894)	(395,288)	205,677	(4,768,505)
Infrastructure.....	(2,427,289)	(312,461)	-	(2,739,750)
Total accumulated depreciation.....	(12,607,872)	(1,062,816)	205,677	(13,465,011)
Total capital assets being depreciated, net.....	16,907,233	1,266,481	-	18,173,714
Total governmental activities capital assets, net.....	\$ 18,531,346	\$ 1,913,476	\$ -	\$ 20,444,822

**Business-Type Activities**

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Water:</b>				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 175,000	\$ -	\$ -	\$ 175,000
<u>Capital assets being depreciated:</u>				
Buildings.....	2,260,559	-	-	2,260,559
Buildings and improvements.....	1,403,058	-	-	1,403,058
Machinery and equipment.....	7,793,563	-	(6,000)	7,787,563
Infrastructure.....	10,484,956	1,652,658	-	12,137,614
Total capital assets being depreciated.....	21,942,136	1,652,658	(6,000)	23,588,794
<u>Less accumulated depreciation for:</u>				
Buildings.....	(1,288,158)	(53,655)	-	(1,341,813)
Buildings and improvements.....	(249,687)	(36,071)	-	(285,758)
Machinery and equipment.....	(7,497,220)	(31,264)	6,000	(7,522,484)
Infrastructure.....	(1,227,896)	(284,504)	-	(1,512,400)
Total accumulated depreciation.....	(10,262,961)	(405,494)	6,000	(10,662,455)
Total capital assets being depreciated, net.....	11,679,175	1,247,164	-	12,926,339
Total water activities capital assets, net.....	\$ 11,854,175	\$ 1,247,164	\$ -	\$ 13,101,339
<b>Sewer:</b>				
<u>Capital assets being depreciated:</u>				
Buildings.....	\$ 6,441,825	\$ -	\$ -	\$ 6,441,825
Buildings and improvements.....	197,005	-	-	197,005
Machinery and equipment.....	2,415,962	-	-	2,415,962
Infrastructure.....	7,055,218	263,885	-	7,319,103
Total capital assets being depreciated.....	16,110,010	263,885	-	16,373,895
<u>Less accumulated depreciation for:</u>				
Buildings.....	(3,761,360)	(145,774)	-	(3,907,134)
Buildings and improvements.....	(44,326)	(9,850)	-	(54,176)
Machinery and equipment.....	(2,406,709)	(6,484)	-	(2,413,193)
Infrastructure.....	(1,745,470)	(187,141)	-	(1,932,611)
Total accumulated depreciation.....	(7,957,865)	(349,249)	-	(8,307,114)
Total capital assets being depreciated, net.....	8,152,145	(85,364)	-	8,066,781
Total sewer activities capital assets, net.....	\$ 8,152,145	\$ (85,364)	\$ -	\$ 8,066,781

Depreciation expense was charged to functions/programs of the primary government as follows:

<b>Governmental Activities:</b>	
General government.....	\$ 140,498
Public safety.....	315,991
Public works.....	477,499
Health and human services.....	21,898
Library and recreation.....	76,712
Community preservation.....	<u>30,218</u>
Total depreciation expense - governmental activities.....	\$ <u>1,062,816</u>
<b>Business-Type Activities:</b>	
Water.....	\$ 405,494
Sewer.....	<u>349,249</u>
Total depreciation expense - business-type activities.....	\$ <u>754,743</u>

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

The Town's interfund receivable/payable at June 30, 2023, consisted of \$145,902 due to the general from the Highway improvements fund. The outstanding balance resulted from the time lag between the dates that reimbursable expenditures are incurred, and reimbursements are received.

Interfund transfers for the year ended June 30, 2023, are summarized as follows:

Transfers Out:	Transfers In:			
	General fund	Nonmajor governmental funds	Sewer enterprise fund	Total
General fund.....	\$ -	\$ 50,000	\$ 56,690	\$ 106,690 (1)
Nonmajor governmental funds...	<u>155,000</u>	<u>324,510</u>	<u>-</u>	<u>479,510 (2)</u>
Total.....	\$ <u>155,000</u>	\$ <u>374,510</u>	\$ <u>56,690</u>	\$ <u>586,200</u>

- (1) Represents budgeted transfers from the general fund to the special revenue fund for operations and to the sewer fund to finance the general fund's 25% of sewer debt.
- (2) Represents transfers from the recreation revolving and wetlands funds to the general fund for the Town's operating budget, as well as transfers for harbor projects from special revenue funds.

**NOTE 6 – SHORT-TERM FINANCING**

Short-term debt may be authorized and issued to fund the following:

- Capital project costs and other approved expenditures incurred prior to obtaining permanent financing through issuance of bond anticipation notes (BANS) or grant anticipation notes (GANS).
- Current operating costs prior to the collection of revenues through issuance of revenue or tax anticipation notes (RANS or TANS).

Short-term loans are general obligations and carry maturity dates that are limited by statute. Interest expenditures and expenses for short-term borrowings are accounted for in the general fund and enterprise funds, respectively.

The Massachusetts Clean Water Trust (MCWT) temporary financing program is used for low-interest betterment loans for eligible homeowners with failed septic systems. The Town has entered into a financing agreement for costs up to \$200,000 with the MCWT that allows the Town to expend funds against the loan over a multi-year period. Once complete, a permanent debt schedule will be agreed upon between MCWT and the Town.

As of June 30, 2023, the Town has drawn \$82,509 against the \$200,000 available loan. The \$82,509 is reported as a note payable in the governmental fund financial statements. Once permanently financed, the loan will carry a 2% interest rate. There is no interest during the interim period. During fiscal year 2023, the Town drew down \$20,000 of funds against the loan, the loan has not yet been permanently financed by the MCWT.

**NOTE 7 – LONG-TERM DEBT**

Under the provisions of Chapter 44, Section 10, Municipal Law authorizes indebtedness up to a limit of 5% of the equalized valuation. Debt issued in accordance with this section of the law is designated as being "inside the debt limit". In addition, however, debt may be authorized in excess of that limit for specific purposes. Such debt, when issued, is designated as being "outside the debt limit".

Details related to the outstanding indebtedness at June 30, 2023, and the debt service requirements are as follows on the next page.

**Bonds and Notes Payable Schedule – Governmental Activities:**

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2023
<u>General Obligation Bonds Payable:</u>				
Municipal Purpose Bonds of 2012.....	2031	\$ 2,711,000	2.00-4.00	\$ 1,030,000
Municipal Purpose Bonds of 2015.....	2032	1,731,000	2.70	900,000
Subtotal Governmental General Obligation Bonds Payable.....				1,930,000
Water Building Road Repair and Construction.....	2031	150,000	2.00-4.00	40,000
Water Pipe Bonds of 2018.....	2033	93,000	5.00	70,000
Water System Improvements Bonds of 2018.....	2033	918,500	5.00	680,000
Water System Improvements (2) Bonds of 2018.....	2033	1,837,000	5.00	1,360,000
Subtotal Governmental Water General Obligation Bonds Payable.....				2,150,000
Subtotal General Obligation Bonds Payable.....				4,080,000
<u>Direct Borrowings Payable:</u>				
Water System Improvements - MCWT.....	2037	1,440,000	2.00	1,070,955
Total Governmental Water Debt Payable.....				3,220,955
Total General Obligation Bonds and Direct Borrowings Payable.....				5,150,955
Add: Unamortized premium on bonds.....				116,195
Total Long-Term Debt Payable, net.....				\$ 5,267,150

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

General Obligation Bonds Payable:			
Year	Principal	Interest	Total
2024.....	\$ 445,000	\$ 152,074	\$ 597,074
2025.....	455,000	135,108	590,108
2026.....	430,000	117,420	547,420
2027.....	415,000	99,912	514,912
2028.....	420,000	82,751	502,751
2029.....	430,000	65,324	495,324
2030.....	445,000	50,738	495,738
2031.....	450,000	35,160	485,160
2032.....	340,000	19,426	359,426
2033.....	250,000	8,124	258,124
Total.....	\$ 4,080,000	\$ 766,037	\$ 4,846,037

Direct Borrowings Payable:			
Year	Principal	Interest	Total
2024.....	\$ 66,270	\$ 20,757	\$ 87,027
2025.....	67,710	19,417	87,127
2026.....	69,182	18,048	87,230
2027.....	70,686	16,649	87,335
2028.....	72,222	15,220	87,442
2029.....	73,792	13,760	87,552
2030.....	75,395	12,268	87,663
2031.....	77,034	10,744	87,778
2032.....	78,708	9,187	87,895
2033.....	80,419	7,595	88,014
2034.....	82,167	5,969	88,136
2035.....	83,952	4,308	88,260
2036.....	85,777	2,610	88,387
2037.....	87,641	876	88,517
Total.....	\$ 1,070,955	\$ 157,408	\$ 1,228,363

**Bonds and Notes Payable Schedule – Sewer Enterprise Fund**

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2023
<u>General Obligation Bonds Payable:</u>				
Sewer.....	2025	\$ 70,000	2.00-4.00	\$ 10,000
Sewer Improvement Bonds of 2018.....	2033	459,500	5.00	335,000
Sewer Improvement (2) Bonds of 2018.....	2033	1,837,000	5.00	<u>1,360,000</u>
Subtotal General Obligation Bonds Payable.....				<u>1,705,000</u>
Add: Unamortized premium on bonds.....				<u>93,887</u>
Total Bonds Payable, net.....				<u>\$ 1,798,887</u>

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

Year	General Obligation Bonds Payable:		
	Principal	Interest	Total
2024.....	\$ 140,000	\$ 68,708	\$ 208,708
2025.....	150,000	61,800	211,800
2026.....	150,000	54,386	204,386
2027.....	160,000	46,888	206,888
2028.....	170,000	38,886	208,886
2029.....	175,000	30,386	205,386
2030.....	180,000	24,700	204,700
2031.....	185,000	18,850	203,850
2032.....	195,000	12,838	207,838
2033.....	<u>200,000</u>	<u>6,500</u>	<u>206,500</u>
Total.....	<u>\$ 1,705,000</u>	<u>\$ 363,942</u>	<u>\$ 2,068,942</u>

The Town's general fund is responsible for principal and interest payments relating to bonds issued to acquire assets owned by the water enterprise fund. As a result, those bonds are reported as liabilities of the governmental activities in the entity-wide financial statements in the amount of \$3,220,995.

The general fund is responsible for 25% of principal and interest payments related to bonds payable issued for the sewer enterprise fund. As a result, the Town has reported 100% of debt service payments related to those bonds in the sewer enterprise fund and has recorded a transfer of \$56,690 from the general fund to the sewer enterprise fund for the general funds portion of sewer debt principal and interest payments.

The Town is subject to various debt limits by statute and may issue additional general obligation debt under the normal debt limit. On June 30, 2023, the Town had authorized and unissued debt of \$1.0 million for the harbor dredging and improvements.

Changes in Long-term Liabilities

During the year ended June 30, 2023, the following changes occurred in long-term liabilities:

	Beginning Balance	Long-term Debt Issued	Long-term Debt Redeemed	Other Increases	Other Decreases	Ending Balance	Due Within One Year
<b>Governmental Activities:</b>							
Long-term general obligation bonds payable...	\$ 4,645,000	\$ -	\$ (565,000)	\$ -	\$ -	\$ 4,080,000	\$ 445,000
Long-term direct borrowing payable.....	1,135,816	-	(64,861)	-	-	1,070,955	66,270
Add: Unamortized premium on bonds.....	140,092	-	(23,897)	-	-	116,195	21,842
Total long-term debt.....	5,920,908	-	(653,758)	-	-	5,267,150	533,112
Compensated absences.....	256,000	-	-	206,000	(187,000)	275,000	205,000
Net pension liability.....	11,226,459	-	-	4,265,940	(429,756)	15,062,643	-
Net other postemployment benefits liability....	3,039,119	-	-	417,264	(429,756)	3,026,627	-
Total governmental activity long-term liabilities.....	\$ 20,442,486	\$ -	\$ (653,758)	\$ 4,889,204	\$ (1,046,512)	\$ 23,631,420	\$ 738,112
<b>Business-Type Activities:</b>							
Long-term general obligation bonds payable...	\$ 1,840,000	\$ -	\$ (135,000)	\$ -	\$ -	\$ 1,705,000	\$ 140,000
Add: Unamortized premium on bonds.....	113,232	-	(19,345)	-	-	93,887	17,666
Total long-term debt.....	1,953,232	-	(154,345)	-	-	1,798,887	157,666
Compensated absences.....	27,000	-	-	22,000	(24,000)	25,000	22,000
Net pension liability.....	1,016,136	-	-	276,295	(35,851)	1,256,580	-
Net other postemployment benefits liability....	275,078	-	-	13,265	(35,851)	252,492	-
Total business-type activity long-term liabilities.....	\$ 3,271,446	\$ -	\$ (154,345)	\$ 311,560	\$ (95,702)	\$ 3,332,959	\$ 179,666

The long-term liabilities will be liquidated in the future by the general fund and enterprise funds.

**NOTE 8 – GOVERNMENTAL FUND BALANCE CLASSIFICATIONS**

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

In addition to the nonspendable fund balance, the Town reports spendable fund balances, based on a hierarchy of spending constraints.

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

The Town's spending policy is to spend restricted fund balance first, followed by committed, assigned and unassigned fund balance. Most governmental funds are designated for one purpose at the time of their creation. Therefore, any expenditure from the fund will be allocated to the applicable fund balance classifications in the

order of the aforementioned spending policy. The general fund and certain other funds may have more than one purpose. As of June 30, 2023, the governmental fund balances consisted of the following:

	General	Community Preservation	State, Federal and Other Local Grants	Nonmajor Governmental Funds	Total Governmental Funds
Fund Balances:					
Nonspendable:					
Permanent fund principal.....	\$ -	\$ -	\$ -	413,978	\$ 413,978
Restricted for:					
Community preservation.....	-	920,113	-	-	920,113
State, federal and other local grants.....	-	-	66,237	-	66,237
Gifts.....	-	-	-	188,377	188,377
Harbormaster.....	-	-	-	227,805	227,805
Special revenue trust.....	-	-	-	904,323	904,323
Recreation revolving.....	-	-	-	625,732	625,732
Planning conservation commission.....	-	-	-	76,462	76,462
Harbor improvement.....	-	-	-	370,699	370,699
Affordable housing trust.....	-	-	-	1,048,885	1,048,885
Other special revenue.....	-	-	-	217,137	217,137
Expendable trusts.....	-	-	-	162,261	162,261
Committed to:					
Articles and continuing appropriations:					
Ambulance.....	450,000	-	-	-	450,000
Brook street turf replacement.....	400,000	-	-	-	400,000
Building upgrades.....	50,000	-	-	-	50,000
Central street culvert.....	758,539	-	-	-	758,539
Chowder house roof and restroom.....	35,000	-	-	-	35,000
Compost facility.....	194,904	-	-	-	194,904
Computer upgrades.....	48,104	-	-	-	48,104
Conservation lands management plan.....	10,000	-	-	-	10,000
Barn/DPW garage area.....	100,000	-	-	-	100,000
Drainage/sidewalk improvements.....	220,253	-	-	-	220,253
Facility assessments.....	71,368	-	-	-	71,368
Fire engine.....	865,000	-	-	-	865,000
Fire gear replacement.....	35,000	-	-	-	35,000
Fire station renovations.....	66,905	-	-	-	66,905
Guardrail replacement.....	6,000	-	-	-	6,000
HDC national registry survey.....	15,000	-	-	-	15,000
Library interior painting.....	5,233	-	-	-	5,233
Library floodproofing and generator.....	45,000	-	-	-	45,000
Library projects.....	208,503	-	-	-	208,503
Planning downtown strategic plan.....	37,500	-	-	-	37,500
Police cars.....	88,721	-	-	-	88,721
Police tasers.....	12,600	-	-	-	12,600
Road maintenance and construction.....	205,355	-	-	-	205,355
Seaside onr HVAC.....	8,000	-	-	-	8,000
Shop equipment.....	6,313	-	-	-	6,313
Storm damage repairs.....	79,987	-	-	-	79,987
Street light purchase and conversion.....	7,717	-	-	-	7,717
Sweeney parking lot and engineering.....	102,000	-	-	-	102,000
Town grant match compost & complete streets..	11,635	-	-	-	11,635
Town hall generator.....	97,450	-	-	-	97,450
Tuck's point rotunda.....	60,000	-	-	-	60,000
Various upgrades.....	34,911	-	-	-	34,911
Water resource protection study.....	65,583	-	-	-	65,583
Zoning by-laws and improvements.....	23,491	-	-	-	23,491
Assigned to:					
Planning board.....	10,100	-	-	-	10,100
Town hall and common.....	10,260	-	-	-	10,260
Other general government.....	17,115	-	-	-	17,115
Employee benefits.....	13,675	-	-	-	13,675
Fire.....	45,187	-	-	-	45,187
Building department.....	4,500	-	-	-	4,500
Other public safety.....	2,206	-	-	-	2,206
Public works.....	14,558	-	-	-	14,558
Environmental.....	1,200	-	-	-	1,200
Human services.....	450	-	-	-	450
Library.....	1,054	-	-	-	1,054
Parks & recreation.....	1,000	-	-	-	1,000
Free cash used for subsequent year budget.....	180,000	-	-	-	180,000
Unassigned.....	5,675,233	-	-	(82,509)	5,592,724
Total Fund Balances.....	10,402,610	\$ 920,113	\$ 66,237	4,153,150	\$ 15,542,110

Massachusetts General Law Ch.40 §5B allows for the establishment of stabilization funds for one or more different purposes. The creation of a fund requires a two-thirds vote of the legislative body and must clearly define the purpose of the fund. Any change to the purpose of the fund along with any additions to or appropriations from the fund requires a two-thirds vote of the legislative body. At year end the balance of the general stabilization fund totaled \$2.0 million and has been reported as unassigned fund balance within the general fund.

#### **NOTE 9 – RISK FINANCING**

The Town is exposed to various risks of loss related to torts; theft of damage to and destruction of assets; errors and omissions; and natural disasters for which the Town carries commercial insurance. The Town participates in a premium-based health care plan for its active employees. The amount of claim settlements has not exceeded insurance coverage in any of the previous three years.

The Town is self-insured for workers' compensation insurance activities. These claims are administered by a third-party administrator and are funded on a pay-as-you-go basis from annual appropriations. On June 30, 2023, the Town did not report a workers' compensation liability.

#### **NOTE 10 – PENSION PLAN**

*Plan Description* – The Town contributes to the Essex Regional Retirement System (the System), a cost-sharing multiple-employer defined benefit pension plan administered by the Essex Regional Retirement Board (the Board). Chapter 32 of the MGL assigns authority to establish and amend benefit provisions of the plan. The System issues a publicly available audited financial report. That report may be obtained by contacting the System located at 491 Maple Street, Danvers, Massachusetts, 01923 or by visiting [www.essexregional.org](http://www.essexregional.org) or [www.mass.gov/perac](http://www.mass.gov/perac).

*Benefits Provided* – The System provides retirement, disability, survivor and death benefits to plan members and beneficiaries. Massachusetts Contributory Retirement System benefits are, with certain exceptions, uniform from system to system. The System provides for retirement allowance benefits up to a maximum of 80% of a member's highest three-year average annual rate of regular compensation. For persons who became members on or after April 2, 2012, average salary is the average annual rate of regular compensation received during the five consecutive years that produce the highest average, or, if greater, during the last five years (whether or not consecutive) preceding retirement. Benefit payments are based upon a member's age, length of creditable service, level of compensation, and group classification. Members become vested after ten years of creditable service.

Employees who resign from service and who are not eligible to receive a retirement allowance or are under the age of 55 are entitled to request a refund of their accumulated total deductions. Survivor benefits are extended to eligible beneficiaries of members whose death occurs prior to or following retirement.

Cost-of-living adjustments granted between 1981 and 1997 and any increase in other benefits imposed by the Commonwealth's state law during those years are borne by the Commonwealth and are deposited into the pension fund. Cost-of-living adjustments granted after 1997 must be approved by the Board and are borne by the System.

*Contributions* – Chapter 32 of the MGL governs the contributions of plan members. Active plan members are required to contribute to the System at rates ranging from 5% to 9% of gross regular compensation with an additional 2% contribution required for compensation exceeding \$30,000. The percentage rate is keyed to the date upon which an employee's membership commences. The Town is required to pay into the System its share

of the system-wide actuarial determined contribution that is apportioned among the employers based on active current regular payroll. The actuarially determined Town contribution is an amount, when combined with employee contributions, is expected to finance the cost of benefits earned by the employees during the year, with an additional amount to finance the unfunded liability. The Town's contribution to the System for the year ended June 30, 2023, was \$1,564,930 which equaled its required contribution and was 27.24% of covered payroll. The required contribution was actuarially determined as an amount that, when combined with plan member contributions, is expected to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability.

*Pension Liabilities* – At June 30, 2023, the Town reported a liability of \$16,319,223 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2022. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At December 31, 2022, the Town's proportion was 3.52%, which decreased 0.1% from its proportion measured as of December 31, 2021.

*Pension Expense* – For the year ended June 30, 2023, the Town recognized a pension expense of \$1,931,610. At June 30, 2023, the Town reported deferred outflows of resources related to pensions of \$2,595,470, and deferred inflows of resources related to pensions of \$386,487. The Town paid their annual pension appropriation on July 1, 2022, for the measurement date of December 31, 2022, therefore no contributions after the measurement date were reported by the Town.

The balances of deferred outflows and inflows at June 30, 2023, consist of the following:

Deferred Category	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Differences between expected and actual experience.....	\$ 508	\$ (280,264)	\$ (279,756)
Difference between projected and actual earnings, net.....	1,513,238	-	1,513,238
Changes in assumptions.....	890,558	-	890,558
Changes in proportion and difference between employer contributions and proportionate share of contributions.....	191,166	(106,223)	84,943
Total deferred outflows/(inflows) of resources.....	\$ <u>2,595,470</u>	\$ <u>(386,487)</u>	\$ <u>2,208,983</u>

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

Year ended June 30:

2024.....	\$ 358,258
2025.....	378,605
2026.....	576,027
2027.....	<u>896,093</u>
Total.....	\$ <u>2,208,983</u>

**Actuarial Assumptions** – The total pension liability in the January 1, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement that was updated to December 31, 2022:

Valuation date.....	January 1, 2022
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.
Net investment return/Discount rate.....	7.00%
Interest on employee contributions.....	3.50%
Mortality rates:	
Pre-Retirement.....	RP-2014 Employee Mortality Table projected generationally with Scale MP-2021.
Healthy Retiree.....	RP-2014 Healthy Annuitant Mortality Table projected generationally with Scale MP-2021.
Disabled Retiree.....	RP-2014 Healthy Annuitant Mortality Table, set forward two years projected generationally with Scale MP-2021.

**Investment Policy** – The System's policy in regard to the allocation of invested assets is established and may be amended by the Pension Board. Plan assets are managed on a total return basis with a long-term objective of achieving a fully funded status for the benefits provided through the pension plan.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and subtracting expected investment expenses and a risk margin. The System's expected future real rate of return, after deducting inflation, but before investment expense, used in the derivation of the long-term investment rate of return assumption as of December 31, 2022, are summarized in the table below:

Asset Class	Long-Term Expected Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity.....	21.20%	7.10%
International developed markets equity.....	12.20%	6.90%
International emerging markets equity.....	4.70%	9.60%
Core fixed income.....	13.80%	4.70%
High-yield fixed income.....	7.00%	3.80%
Private equity.....	17.70%	10.20%
Real estate.....	11.20%	5.70%
Timberland.....	3.20%	7.00%
Hedge funds, PCS.....	9.00%	6.50%
Total.....	100.00%	

**Rate of Return** – For the year ended December 31, 2022, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was (11.36)%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**Discount Rate** – The discount rate used to measure the total pension liability was 7.00% as of June 30, 2023 and June 30, 2022. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that contributions will be made at rates equal to the actuarially determined contribution rate. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate** – The following presents the net pension liability, calculated using the discount rate of 7.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
The Town's proportionate share of the net pension liability.....	\$ 20,730,178	\$ 16,319,223	\$ 12,615,512
ERRS total net pension liability.....	\$ 589,439,612	\$ 464,018,998	\$ 358,708,080

**Pension Plan Fiduciary Net Position** – Detailed information about the System's fiduciary net position is available in the separately issued Essex Regional Retirement System's financial report.

**Changes in Assumptions** – None.

**Changes in Plan Provisions** – None.

## NOTE 11 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

**Plan Description** – The Town administers a single-employer defined benefit healthcare plan ("Plan"). The Plan provides lifetime healthcare insurance for eligible retirees and their spouses through the Town's group health insurance plan, which covers both active and retired members. Chapter 32B of the MGL assigns authority to establish and amend benefit provisions of the Plan. Benefit provisions are negotiated between the Town and the unions representing Town employees and are renegotiated each bargaining period. The Plan does not issue a publicly available financial report.

**Funding Policy** – Contribution requirements are also negotiated between the Town and union representatives. The required contribution is based on a pay-as-you-go financing requirement. The Town contributes 65% to 75% of the cost of current-year premiums for eligible retired plan members and their spouses. Plan members receiving benefits contribute the remaining 25% to 35% of their premium costs. For 2023, the Town's age adjusted contribution to the plan totaled approximately \$465,600. For the year ended June 30, 2023, the Town's average contribution rate was 8.01% of covered-employee payroll.

*Summary of Significant Accounting Policies* – For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts (repurchase agreements) that have a maturity at the time of purchase of one year or less, which are reported at cost.

The Commonwealth of Massachusetts passed special legislation that has allowed the Town to establish a postemployment benefit trust fund and to enable the Town to begin pre-funding its other postemployment benefits (OPEB) liabilities. The Town has named the Health Care Security Board of Trustees (HCSBT) as Trustees of the OPEB Fund and as such has authorized the OPEB Trust Funds to be invested entirely in the State Retirement Benefits Trust Fund (SRBT Fund). Massachusetts General Law directs the HSCBT to invest the SRBT Fund in the Pension Reserves Investment Trust (PRIT) Fund. The Trustees have adopted a trust agreement detailing their duties and responsibilities as Trustees. The PRIT Fund is subject to oversight by the Pension Reserves Investment Management Board (PRIM) Board. A nine-member Board of Trustees governs the PRIM Board. The Board of Trustees has the authority to employ an Executive Director, outside investment managers, custodians, consultants, and others as it deems necessary to formulate policies and procedures and to take such other actions as necessary and appropriate to manage the assets of the PRIT fund.

The OPEB funds are reported within the Town's Fiduciary Fund financial statements. As of June 30, 2023, the balance of this fund totaled \$3.9 million.

*Employees Covered by Benefit Terms* – The following table represents the Plan's membership at July 1, 2022, the date of the actuarial valuation:

Active members.....	71
Inactive members currently receiving benefits.....	<u>88</u>
Total.....	<u>159</u>

*Components of OPEB Liability* – The following table represents the components of the Plan's OPEB liability as of June 30, 2023:

Total OPEB liability.....	\$ 7,165,006
Less: OPEB plan's fiduciary net position.....	<u>(3,885,887)</u>
Net OPEB liability.....	<u>\$ 3,279,119</u>
The OPEB plan's fiduciary net position as a percentage of the total OPEB liability.....	54.23%

*Significant Actuarial Methods and Assumptions* – The total OPEB liability in the July 1, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified, that was updated to June 30, 2023:

Valuation date.....	July 1, 2022
Measurement date.....	June 30, 2023
Actuarial cost method.....	Entry Age Normal.
Investment rate of return/discount rate.....	Full prefunding: 7.50%, net of investment expenses.
Asset valuation method.....	Fair Value.
Medical inflation rate.....	4.50%
Participation rate.....	95% of future retirees are assumed to participate in the retiree medical plan. 95% of future retirees are assumed to elect life insurance.
Marital status.....	75% of male Town employees and 65% of female Town employees are assumed to have covered spouse at retirement. Wives are assumed to be three years younger than their husbands.
Termination benefit.....	95% of current actives over age 50 with at least 10 years of service are expected to elect medical coverage starting at age 65.
Medical plan costs.....	The estimated gross per capita incurred claim costs all retirees and beneficiaries during 2023 at age 64 and 65 are \$14,967 and \$3,938, respectively. Medicare eligible retirees' per capita claims costs at age 65 is \$3,182. It is assumed that future retirees participate in the same manner as current retirees. Per capita costs were developed from age adjusting a blend of current premium rates for various insured arrangements. Employee cost sharing is based on current rates. Future cost sharing is based on the weighted average of the current cost sharing of retirees and beneficiaries. Premium costs include costs of administration.
Mortality.....	It is assumed that both pre-retirement mortality and beneficiary mortality is represented by the RP-2014 Blue Collar Mortality with Scale MP-2015, fully generational. Mortality for retired members for Group 1 and 2 is represented by the RP-2014 Blue Collar Mortality Table set forward five years for males and three years for females, fully generational. Mortality for retired members for Group 4 is represented by the RP-2014 Blue Collar Mortality Table set forward three years for males and six years for females, fully generational. Mortality for disabled members for Group 1 and 2 is represented by the RP-2000 Mortality Table set forward six years. Mortality for disabled members for Group 4 is represented by the RP-2000 Mortality Table set forward two years. Generational adjusting is based on Scale MP-2015.

*Rate of Return* – For the year ended June 30, 2023, the annual money-weighted rate of return on investments, net of investment expense, was 5.72%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The Plan's expected future real rate of return is added to the expected inflation rate to produce the long-term expected nominal rate of return of 7.50%.

Best estimates of geometric real rates of return for each major asset class included in the OPEB plan's target asset allocation as of June 30, 2023, are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity.....	21.20%	7.10%
International developed markets equity..	12.20%	6.90%
International emerging markets equity...	4.70%	9.60%
Core fixed income.....	13.80%	4.22%
Value added fixed income.....	7.00%	7.80%
Private equity.....	17.70%	10.20%
Real estate.....	11.20%	5.70%
Timberland.....	3.20%	7.00%
Hedge fund, GTAA, Risk parity.....	8.60%	6.50%
Portfolio completion.....	0.40%	6.50%
Total.....	<u>100.00%</u>	

*Discount Rate* – The discount rate used to measure the total OPEB liability was 7.50% as of June 30, 2023 and June 30, 2022. The projection of cash flows used to determine the discount rate assumed that contributions will be made in accordance with the Plan's funding policy. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on the OPEB plan assets was applied to all periods of projected benefit payments to determine the total OPEB liability.

*Changes in the Net OPEB Liability*

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at June 30, 2022.....	\$ 6,989,749	\$ 3,675,552	\$ 3,314,197
Changes for the year:			
Service cost.....	124,295	-	124,295
Interest on liability and service cost.....	516,569	-	516,569
Benefit payments.....	(465,607)	(465,607)	-
Employer contributions.....	-	465,607	(465,607)
Investment income/(loss).....	-	210,335	(210,335)
Net change.....	175,257	210,335	(35,078)
Balances at June 30, 2023.....	\$ <u>7,165,006</u>	\$ <u>3,885,887</u>	\$ <u>3,279,119</u>

*Sensitivity of the Net OPEB Liability to Changes in the Discount Rate* – The following table presents the net other postemployment benefit liability, calculated using the discount rate of 7.50%, as well as what the net other postemployment benefit liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate.

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Net OPEB Liability.....	\$ <u>4,145,678</u>	\$ <u>3,279,119</u>	\$ <u>2,561,957</u>

*Sensitivity of the Net OPEB Liability to Changes in the Healthcare Trend* – The following table presents the net other postemployment benefit liability, calculated using the current healthcare trend rate, as well as what the net other postemployment benefit liability would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher.

	1% Decrease	Current Trend	1% Increase
Net OPEB Liability.....	\$ <u>2,446,490</u>	\$ <u>3,279,119</u>	\$ <u>4,301,798</u>

*OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB* – For the year ended June 30, 2023, the Town recognized OPEB expense of (\$153,563). At June 30, 2023, the Town reported the following deferred outflows of resources and deferred inflows of resources related to OPEB:

Deferred Category	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Differences between expected and actual experience.....	\$ -	\$ (728,692)	\$ (728,692)
Difference between projected and actual earnings, net.....	99,061	-	99,061
Total deferred outflows/(inflows) of resources.....	\$ 99,061	\$ (728,692)	\$ (629,631)

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

Year ended June 30:	
2024.....	\$ (320,238)
2025.....	(347,893)
2026.....	25,400
2027.....	13,100
Total.....	\$ (629,631)

*Changes of Assumptions* – None.

*Changes in Plan Provisions* – None.

## NOTE 12 – COMMITMENTS

At year end the Town had various ongoing projects for water and sewer system improvements projects. The Town has been and continues to work on a multi-year project for the rebuild/repair/renovate of the Central Street culvert which current estimated costs are expected to be around \$9 million. Grant funding has been applied for to assist in this endeavor.

In February 2022, the Town entered into a twenty-year agreement for the construction, operation, and maintenance of the North Shore Regional Compost Facility. Construction of the facility is in the planning process and should be completed in the next 8 months.

The Town has applied for and been awarded grant funding for the Reed Park Dock Expansion project to add 500 additional feet of docking space at Reed Park with water, electricity, and pump-out facilities to accommodate transient vessels. The town will use funds to engineer and permit the expansion of the docking facility, as well as construction.

The Town was awarded a \$200,000 earmark from the state for climate resiliency work. The Town has partnered with Harvard College to support the American Cities Initiative Fund for work on Cape Ann ecological assessments and restoration related to climate adaptation through nature-based solutions.

The general fund has various commitments for goods and services related to encumbrances totaling \$4.5 million.

### NOTE 13 – CONTINGENCIES

Various legal actions and claims are pending against the Town. Litigation is subject to many uncertainties, and the outcome of individual litigated matters is not always predictable. Although the amount of liability, if any, at June 30, 2023, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2023.

#### *Per-and Polyfluoroalkyl Substances*

The Town is in the process of conducting vigorous research and sampling efforts regarding the extent and potential remediation of Per – and Polyfluoroalkyl Substance (PFAS) contamination in the Town's water supply. In 2022, the Town used federal grant funding from the American Rescue Plan Act (ARPA) to offset costs incurred for preliminary PFAS remediation planning efforts, which identified potential treatment costs at the Town's Lincoln Street Well (LSW) of approximately \$10 million. As of June 30, 2023, the LSW is under the 20ppt Maximum Contaminant Limit (MCL). After year end, the EPA has issued proposed limits on PFAS of 4PPT for each of two kinds of PFAS as well as other limits on other PFAS. If promulgated the Town may need to consider additional water treatment at the other water source, Gravelly Pond. Preliminary costs developed for the additional treatment here would be approximately \$16.4 million (Gravelly Pond only). It is possible that the Town may be responsible for additional costs associated with PFAS remediation specifically at the Town Landfill site located on upper Pine Street, and these future costs may also be significant.

As of June 30, 2023, there was no MCL associated with the Town's Landfill site. While the amounts may be substantial the ultimate liability cannot be determined because of the considerable uncertainties that exist. Therefore, it is possible that there could be material negative outcomes affected by certain contingencies existing as of June 30, 2023. The full extent of the financial impact cannot be determined at the date of the financial statements.

### NOTE 14 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 15, 2023, which is the date the financial statements were available to be issued.

### NOTE 15 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

During 2023, the following GASB pronouncements were implemented:

- GASB Statement #91, *Conduit Debt Obligations*. This pronouncement did not impact the annual comprehensive financial report.
- GASB Statement #94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. This pronouncement did not impact the annual comprehensive financial report.

- GASB Statement #96, *Subscription-Based Information Technology Arrangements*. This pronouncement did not impact the annual comprehensive financial report.
- GASB Statement #99, *Omnibus 2022*. This pronouncement did not impact the annual comprehensive financial report.

The following GASB pronouncements will be implemented in the future:

- The GASB issued Statement #100, *Accounting Changes and Error Corrections*, which is required to be implemented in 2024.
- The GASB issued Statement #101, *Compensated Absences*, which is required to be implemented in 2025.

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

## ***Required Supplementary Information***

# ***General Fund Budgetary Comparison Schedule***

The General Fund is the general operating fund of the Town. It is used to account for all of the Town's financial resources, except those required to be accounted for in another fund.

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

YEAR ENDED JUNE 30, 2023

	Budgeted Amounts				Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Amounts Carried Forward From Prior Year	Current Year Initial Budget	Original Budget	Final Budget			
<b>REVENUES:</b>							
Real estate and personal property taxes, net of tax refunds.....	\$ -	\$ 30,823,540	\$ 30,823,540	\$ 30,823,540	\$ 30,927,250	\$ -	\$ 103,710
Motor vehicle and other excise taxes.....	-	1,040,000	1,040,000	1,040,000	1,220,238	-	180,238
Charges for services.....	-	510,000	510,000	510,000	579,764	-	69,764
Penalties and interest on taxes.....	-	64,000	64,000	64,000	96,080	-	32,080
Intergovernmental.....	-	268,424	268,424	268,424	287,106	-	18,682
Departmental and other.....	-	925,880	925,880	925,880	1,418,190	-	492,310
Investment income.....	-	17,000	17,000	17,000	234,744	-	217,744
TOTAL REVENUES.....	-	33,648,844	33,648,844	33,648,844	34,763,372	-	1,114,528
<b>EXPENDITURES:</b>							
Current:							
General Government							
Selectmen's Department							
Salaries.....	-	319,232	319,232	319,232	316,126	-	3,106
Expenses.....	-	64,500	64,500	69,500	68,837	-	663
Audit.....	-	44,500	44,500	44,500	44,500	-	-
Total Selectmen's Department.....	-	428,232	428,232	433,232	429,463	-	3,769
Information Technology.....							
Expenses.....	-	152,000	152,000	156,000	155,956	-	44
Finance Committee							
Salaries.....	-	3,800	3,800	3,800	3,524	-	276
Expenses.....	-	300	300	300	184	-	116
Reserve Fund.....	-	210,000	210,000	20	-	-	20
Total Finance Committee.....	-	214,100	214,100	4,120	3,708	-	412
Election & Registration							
Salaries.....	-	9,506	9,506	9,506	5,375	-	4,131
Expenses.....	-	18,000	18,000	27,000	24,040	1,500	1,460
Total Elections & Registration.....	-	27,506	27,506	36,506	29,415	1,500	5,591
Accounting							
Salaries.....	-	166,915	166,915	166,915	166,914	-	1
Expenses.....	250	4,700	4,950	4,950	4,950	-	-
Total Accounting.....	250	171,615	171,865	171,865	171,864	-	1
Assessors							
Salaries.....	-	129,279	129,279	129,279	128,908	-	371
Expenses.....	3,800	62,150	65,950	65,950	61,055	4,745	150
Total Assessors.....	3,800	191,429	195,229	195,229	189,963	4,745	521
Treasurer/ Collector							
Salaries.....	-	163,906	163,906	173,486	173,226	-	260
Expenses.....	3,795	41,925	45,720	40,720	31,758	4,345	4,617
Total Treasurer/ Collector.....	3,795	205,831	209,626	214,206	204,984	4,345	4,877
Town Clerk							
Salaries.....	-	104,894	104,894	104,894	103,634	-	1,260
Expenses.....	687	7,555	8,242	18,241	9,459	1,000	7,782
Total Town Clerk.....	687	112,449	113,136	123,135	113,093	1,000	9,042
Legal							
Expenses.....	12,325	95,000	107,325	237,326	230,088	4,525	2,713
Appeals Board							
Salaries.....	-	8,320	8,320	14,320	14,320	-	-
Expenses.....	150	12,050	12,200	10,200	7,251	1,000	1,949
Total Appeals Board.....	150	20,370	20,520	24,520	21,571	1,000	1,949
Planning Board							
Salaries.....	-	101,153	101,153	81,153	80,387	-	766
Expenses.....	13,799	6,600	20,399	57,897	23,558	10,100	24,239
Total Planning Board.....	13,799	107,753	121,552	139,050	103,945	10,100	25,005

(continued)

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

YEAR ENDED JUNE 30, 2023

	Budgeted Amounts				Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Amounts Carried Forward From Prior Year	Current Year Initial Budget	Original Budget	Final Budget			
Town Hall & Common							
Expenses.....	1,248	38,200	39,448	64,450	52,684	10,260	1,506
Total General Government.....	36,054	1,764,485	1,800,539	1,799,639	1,706,734	37,475	55,430
Pensions							
Contributory.....	-	1,564,930	1,564,930	1,564,930	1,564,930	-	-
Employee Benefits							
Group Health Insurance.....	-	1,329,000	1,329,000	1,309,000	1,198,798	-	110,202
Workers' Compensation.....	3,547	95,000	98,547	98,547	84,872	13,675	-
Unemployment Compensation.....	-	7,000	7,000	2,000	553	-	1,447
FICA-Medicare.....	-	103,515	103,515	108,515	105,927	-	2,588
Total Employee Benefits.....	3,547	1,534,515	1,538,062	1,518,062	1,390,150	13,675	114,237
Insurance							
Fire/ Auto/ Liability.....	-	130,000	130,000	130,000	130,000	-	-
Public Safety							
Police							
Salaries.....	-	1,874,324	1,874,324	1,959,324	1,959,324	-	-
Expenses.....	20,066	99,675	119,741	130,141	127,040	2,041	1,060
Total Police.....	20,066	1,973,999	1,994,065	2,089,465	2,086,364	2,041	1,060
Parking Clerk/ Resident Parking							
Salaries.....	-	6,389	6,389	6,389	6,389	-	-
Expenses.....	942	20,200	21,142	32,142	31,977	165	-
Total Parking Clerk/ Resident Parking.....	942	26,589	27,531	38,531	38,366	165	-
Fire							
Salaries.....	-	1,431,714	1,431,714	1,526,714	1,506,366	-	20,348
Expenses.....	2,466	145,100	147,566	212,566	167,379	45,187	-
Total Fire.....	2,466	1,576,814	1,579,280	1,739,280	1,673,745	45,187	20,348
Building Department							
Building Inspector.....	-	47,921	47,921	47,921	47,921	-	-
Gas/ Plumbing Inspector.....	-	14,150	14,150	14,150	14,150	-	-
Sealer of Weights & Measures.....	-	3,000	3,000	3,000	3,000	-	-
Electrical Inspector.....	-	14,150	14,150	14,150	14,150	-	-
Inspectors' Expenses.....	-	4,500	4,500	4,500	4,500	-	-
Permit Software.....	-	29,316	29,316	29,316	18,160	4,500	6,656
Total Building Department.....	-	113,037	113,037	113,037	101,881	4,500	6,656
Emergency Management							
Expenses.....	-	1,000	1,000	1,000	771	-	229
Emergency Notification.....	-	4,725	4,725	4,725	4,725	-	-
Total Emergency Management.....	-	5,725	5,725	5,725	5,496	-	229
Animal Control							
Expenses.....	-	16,315	16,315	16,315	14,976	-	1,339
Total Public Safety.....	23,474	3,712,479	3,735,953	4,002,353	3,920,828	51,893	29,632
Education							
Manchester Essex Regional School District.....	-	18,917,129	18,917,129	18,917,129	18,917,129	-	-
Essex North Shore Agricultural and Technical School.....	-	223,380	223,380	223,380	223,380	-	-
Total Education.....	-	19,140,509	19,140,509	19,140,509	19,140,509	-	-

(continued)

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

YEAR ENDED JUNE 30, 2023

	Budgeted Amounts				Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Amounts Carried Forward From Prior Year	Current Year Initial Budget	Original Budget	Final Budget			
Public Works							
Department of Public Works							
Salaries.....	-	917,355	917,355	917,355	869,474	-	47,881
Expenses.....	13,954	340,900	354,854	354,855	346,318	8,537	-
Total Department of Public Works.....	13,954	1,258,255	1,272,209	1,272,210	1,215,792	8,537	47,881
Facilities							
Salaries.....	-	35,337	35,337	35,337	35,071	-	266
Expenses.....	-	105,500	105,500	111,500	107,128	4,372	-
Total Facilities.....	-	140,837	140,837	146,837	142,199	4,372	266
Snow Removal							
Salaries.....	-	32,000	32,000	32,000	27,602	-	4,398
Expenses.....	-	170,000	170,000	110,000	94,449	-	15,551
Total Snow Removal.....	-	202,000	202,000	142,000	122,051	-	19,949
Street Lighting							
Expenses.....	-	60,000	60,000	60,000	27,914	1,649	30,437
Sanitation / Composting / Recycling							
Salaries.....	-	15,000	15,000	15,000	4,372	-	10,628
Expenses.....	1,772	43,500	45,272	45,272	40,270	-	5,002
Rubbish Collection / Recycling.....	16,370	370,000	386,370	386,370	331,458	-	54,912
Disposal.....	-	230,000	230,000	230,000	202,676	-	27,324
Total Sanitation / Composting / Recycling.....	18,142	658,500	676,642	676,642	578,776	-	97,866
Total Public Works.....	32,096	2,319,592	2,351,688	2,297,689	2,086,732	14,558	196,399
Environmental							
Historic District Commission							
Salaries.....	-	5,000	5,000	5,000	2,821	-	2,179
Expenses.....	500	950	1,450	1,450	823	500	127
Total Historic District Commission.....	500	5,950	6,450	6,450	3,644	500	2,306
Conservation Commission							
Salaries.....	-	67,845	67,845	67,845	67,455	-	390
Expenses.....	1,134	2,800	3,934	3,934	2,395	700	839
Chebacco Woods.....	1,200	1,250	2,450	2,450	1,200	-	1,250
Total Conservation Commission.....	2,334	71,895	74,229	74,229	71,050	700	2,479
Total Environmental.....	2,834	77,845	80,679	80,679	74,694	1,200	4,785
Human Services							
Health							
Salaries.....	-	76,264	76,264	81,264	81,264	-	-
Expenses.....	-	50,250	50,250	45,250	41,390	250	3,610
Total Health.....	-	126,514	126,514	126,514	122,654	250	3,610
Veterans' Services							
Expenses.....	-	15,000	15,000	15,000	15,000	-	-
Veterans' Benefits.....	-	5,000	5,000	5,000	4,358	-	642
Total Veteran's Services.....	-	20,000	20,000	20,000	19,358	-	642
Council on Aging							
Salaries.....	-	180,669	180,669	180,669	179,206	-	1,463
Expenses.....	-	18,810	18,810	26,810	26,574	200	36
Total Council on Aging.....	-	199,479	199,479	207,479	205,780	200	1,499
Total Human Services.....	-	345,993	345,993	353,993	347,792	450	5,751
Library							
Salaries.....	-	367,823	367,823	367,823	351,460	-	16,363
Expenses.....	-	156,606	156,606	156,606	155,551	1,054	1
Total Library.....	-	524,429	524,429	524,429	507,011	1,054	16,364

(continued)

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

YEAR ENDED JUNE 30, 2023

	Budgeted Amounts				Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Amounts Carried Forward From Prior Year	Current Year Initial Budget	Original Budget	Final Budget			
Recreation							
Parks & Recreation							
Salaries.....	-	152,722	152,722	152,722	152,722	-	-
Expenses.....	600	8,334	8,934	6,434	5,246	300	888
Total Parks & Recreation.....	600	161,056	161,656	159,156	157,968	300	888
Singing Beach Operations							
Salaries.....	-	79,424	79,424	84,424	84,424	-	-
Expenses.....	-	18,400	18,400	20,900	20,801	-	99
Total Singing Beach Operations.....	-	97,824	97,824	105,324	105,225	-	99
Lifeguards							
Salaries.....	-	64,893	64,893	72,893	72,893	-	-
Expenses.....	-	3,500	3,500	3,500	3,397	-	103
Total Lifeguards.....	-	68,393	68,393	76,393	76,290	-	103
Tuck's Point							
Salaries.....	-	8,000	8,000	8,000	8,000	-	-
Expenses.....	-	17,820	17,820	17,820	14,604	700	2,516
Total Tuck's Point.....	-	25,820	25,820	25,820	22,604	700	2,516
Other Recreation							
Memorial Day.....	-	3,000	3,000	3,000	3,000	-	-
Fourth of July.....	-	10,000	10,000	10,000	10,000	-	-
Total Other Recreation.....	-	13,000	13,000	13,000	13,000	-	-
Total Recreation.....	600	366,093	366,693	379,693	375,087	1,000	3,606
State and County Charges.....	-	176,995	176,995	176,995	178,855	-	(1,860)
Debt Service							
Principal.....	-	629,861	629,861	629,861	629,861	-	-
Interest.....	-	195,346	195,346	195,346	195,346	-	-
Total Debt Service.....	-	825,207	825,207	825,207	825,207	-	-
Total Capital Outlay.....	3,196,541	1,667,000	4,863,541	6,497,339	2,065,968	4,426,072	5,299
TOTAL EXPENDITURES.....	3,295,146	34,150,072	37,445,218	39,291,517	34,314,497	4,547,377	429,643
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	(3,295,146)	(501,228)	(3,796,374)	(5,642,673)	448,875	(4,547,377)	1,544,171
OTHER FINANCING SOURCES (USES):							
Transfers in.....	-	432,918	432,918	532,918	532,918	-	-
Transfers out.....	-	(56,690)	(56,690)	(106,690)	(106,690)	-	-
TOTAL OTHER FINANCING SOURCES (USES).....	-	376,228	376,228	426,228	426,228	-	-
NET CHANGE IN FUND BALANCE.....	(3,295,146)	(125,000)	(3,420,146)	(5,216,445)	875,103	(4,547,377)	1,544,171
BUDGETARY FUND BALANCE, Beginning of year.....	-	7,534,665	7,534,665	7,534,665	7,534,665	-	-
BUDGETARY FUND BALANCE, End of year.....	\$ (3,295,146)	\$ 7,409,665	\$ 4,114,519	\$ 2,318,220	\$ 8,409,768	\$ (4,547,377)	\$ 1,544,171

(concluded)

See notes to required supplementary information.

# ***Pension Plan Schedules***

The Schedule of the Town's Proportionate Share of the Net Pension Liability presents multi-year trend information relating to the Town's net pension liability and related ratios.

The Schedule of the Town Contributions presents multi-year trend information for the Town's required and actual contributions to the pension plan and related ratios.

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

**SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE  
OF THE NET PENSION LIABILITY  
ESSEX REGIONAL RETIREMENT SYSTEM**

<u>Year</u>	<u>Proportion of the net pension liability (asset)</u>	<u>Proportionate share of the net pension liability (asset)</u>	<u>Covered payroll</u>	<u>Net pension liability as a percentage of covered payroll</u>	<u>Plan fiduciary net position as a percentage of the total pension liability</u>
December 31, 2022.....	3.52%	\$ 16,319,223	\$ 5,632,756	289.72%	57.57%
December 31, 2021.....	3.53%	12,242,595	5,244,692	233.43%	67.01%
December 31, 2020.....	3.45%	13,677,990	4,942,593	276.74%	59.73%
December 31, 2019.....	3.49%	14,699,357	4,741,557	310.01%	55.46%
December 31, 2018.....	3.50%	14,775,220	4,569,464	323.35%	51.89%
December 31, 2017.....	3.36%	12,655,836	4,387,209	288.47%	55.40%
December 31, 2016.....	3.44%	13,247,938	4,569,174	289.94%	51.12%
December 31, 2015.....	3.43%	12,475,940	4,392,184	284.05%	51.01%
December 31, 2014.....	3.20%	10,686,675	4,218,767	253.31%	52.27%

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

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

See notes to required supplementary information.

**SCHEDULE OF THE TOWN'S CONTRIBUTIONS**  
**ESSEX REGIONAL RETIREMENT SYSTEM**

Year	Actuarially determined contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
June 30, 2023.....	\$ 1,564,930	\$ (1,564,930)	\$ -	\$ 5,745,411	27.24%
June 30, 2022.....	1,461,004	(1,461,004)	-	5,349,586	27.31%
June 30, 2021.....	1,330,489	(1,330,489)	-	5,041,445	26.39%
June 30, 2020.....	1,253,062	(1,253,062)	-	4,836,388	25.91%
June 30, 2019.....	1,168,756	(1,168,756)	-	4,660,853	25.08%
June 30, 2018.....	1,047,225	(1,047,225)	-	4,668,601	22.43%
June 30, 2017.....	996,275	(996,275)	-	4,518,763	22.05%
June 30, 2016.....	943,343	(943,343)	-	4,211,677	22.40%
June 30, 2015.....	821,748	(821,748)	-	4,277,933	19.21%

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

See notes to required supplementary information.

# ***Other Postemployment Benefits Plan Schedules***

The Schedule of Changes in the Town's Net Other Postemployment Benefit Liability and Related Ratios presents multi-year trend information on changes in the Plan's total OPEB liability, changes in the Plan's net position, and ending net OPEB liability. It also demonstrates the Plan's net position as a percentage of the total liability and the Plan's net other postemployment benefit liability as a percentage of covered employee payroll.

The Schedule of the Town's Contributions presents multi-year trend information on the Town's actual contributions to the other postemployment benefit plan and related ratios.

The Schedule of Investment Returns presents multi-year trend information on the money-weighted investment return on the Plan's other postemployment assets, net of investment expense.

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

**SCHEDULE OF CHANGES IN THE  
TOWN'S NET OPEB LIABILITY AND RELATED RATIOS  
OTHER POSTEMPLOYMENT BENEFIT PLAN**

	June 30, 2017	June 30, 2018	June 30, 2019
<b>Total OPEB Liability</b>			
Service Cost.....	\$ 129,111	\$ 134,919	\$ 143,825
Interest.....	674,864	635,764	603,974
Differences between expected and actual experience....	-	(326,145)	-
Benefit payments.....	<u>(563,006)</u>	<u>(563,616)</u>	<u>(565,328)</u>
Net change in total OPEB liability.....	240,969	(119,078)	182,471
Total OPEB liability - beginning.....	<u>8,064,807</u>	<u>8,305,776</u>	<u>8,186,698</u>
Total OPEB liability - ending (a).....	<u>\$ 8,305,776</u>	<u>\$ 8,186,698</u>	<u>\$ 8,369,169</u>
<b>Plan fiduciary net position</b>			
Employer contributions.....	\$ 245,864	\$ 252,011	\$ 258,311
Employer contributions for OPEB payments.....	563,006	563,616	565,328
Net investment income (loss).....	123,892	143,083	122,884
Benefit payments.....	<u>(563,006)</u>	<u>(563,616)</u>	<u>(565,328)</u>
Net change in plan fiduciary net position.....	369,756	395,094	381,195
Plan fiduciary net position - beginning of year.....	<u>1,063,642</u>	<u>1,433,398</u>	<u>1,828,492</u>
Plan fiduciary net position - end of year (b).....	<u>\$ 1,433,398</u>	<u>\$ 1,828,492</u>	<u>\$ 2,209,687</u>
<b>Net OPEB liability - ending (a)-(b).....</b>	<b><u>\$ 6,872,378</u></b>	<b><u>\$ 6,358,206</u></b>	<b><u>\$ 6,159,482</u></b>
Plan fiduciary net position as a percentage of the total OPEB liability.....	17.26%	22.33%	26.40%
Covered-employee payroll.....	\$ 4,160,000	\$ 4,326,400	\$ 4,499,500
Net OPEB liability as a percentage of covered-employee payroll.....	165.20%	146.96%	136.89%

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

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

Note: During fiscal year 2023, the Town appropriated \$289,300 from the fiscal year 2024 tax levy to transfer to the OPEB trust fund. The actual transfer was made in fiscal year 2024. In prior years, appropriations have been made from free cash and have been transferred in the year of the vote.

See notes to required supplementary information.

	June 30, 2020	June 30, 2021	June 30, 2022	June 30, 2023
\$	136,038	\$ 142,160	\$ 147,846	\$ 124,295
	622,089	554,689	601,034	516,569
	(887,771)	-	(1,388,142)	-
	<u>(428,405)</u>	<u>(413,505)</u>	<u>(465,453)</u>	<u>(465,607)</u>
	(558,049)	283,344	(1,104,715)	175,257
	<u>8,369,169</u>	<u>7,811,120</u>	<u>8,094,464</u>	<u>6,989,749</u>
\$	<u><u>7,811,120</u></u>	<u><u>8,094,464</u></u>	<u><u>6,989,749</u></u>	<u><u>7,165,006</u></u>
\$	264,769	\$ 271,388	\$ 278,173	\$ -
	428,405	413,505	465,453	465,607
	37,219	747,019	(132,703)	210,335
	<u>(428,405)</u>	<u>(413,505)</u>	<u>(465,453)</u>	<u>(465,607)</u>
	301,988	1,018,407	145,470	210,335
	<u>2,209,687</u>	<u>2,511,675</u>	<u>3,530,082</u>	<u>3,675,552</u>
\$	<u><u>2,511,675</u></u>	<u><u>3,530,082</u></u>	<u><u>3,675,552</u></u>	<u><u>3,885,887</u></u>
\$	<u><u>5,299,445</u></u>	<u><u>4,564,382</u></u>	<u><u>3,314,197</u></u>	<u><u>3,279,119</u></u>
	32.16%	43.61%	52.58%	54.23%
\$	4,680,000	\$ 4,843,800	\$ 5,616,000	\$ 5,812,560
	113.24%	94.23%	59.01%	56.41%

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

Year	Actuarially determined contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered- employee payroll	Contributions as a percentage of covered- employee payroll
June 30, 2023.....	\$ 494,253	\$ (465,607)	\$ 28,646	\$ 5,812,560	8.01%
June 30, 2022.....	505,220	(743,626)	(238,406)	5,616,000	13.24%
June 30, 2021.....	791,879	(684,893)	106,986	4,843,800	14.14%
June 30, 2020.....	686,274	(693,174)	(6,900)	4,680,000	14.81%
June 30, 2019.....	565,328	(823,639)	(258,311)	4,499,456	18.31%
June 30, 2018.....	551,425	(815,627)	(264,202)	4,326,400	18.85%
June 30, 2017.....	529,584	(808,870)	(279,286)	4,160,000	19.44%

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

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

See notes to required supplementary information.

**SCHEDULE OF INVESTMENT RETURNS**  
**OTHER POSTEMPLOYMENT BENEFIT PLAN**

---

Year	Annual money-weighted rate of return, net of investment expense
June 30, 2023.....	5.72%
June 30, 2022.....	-3.71%
June 30, 2021.....	29.74%
June 30, 2020.....	1.97%
June 30, 2019.....	6.09%
June 30, 2018.....	9.54%
June 30, 2017.....	12.78%

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

See notes to required supplementary information.

NOTE A – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

Municipal Law requires the adoption of a balanced budget that is approved by the Finance Committee (Committee). The Committee presents an annual budget to the Open Town Meeting, which includes estimates of revenues and other financing sources and recommendations of expenditures and other financing uses. The Town Meeting, which has full authority to amend and/or reject the budget or any line item, adopts the expenditure budget by majority vote.

The majority of appropriations are non-continuing which lapse at the end of each year. Others are continuing appropriations for which the governing body has authorized that an unspent balance from a prior year be carried forward and made available for spending in the current year. These carry forwards are included as part of the subsequent year's original budget.

Generally, expenditures may not exceed the legal level of spending (salaries, expenses and capital) authorized for an appropriation account. However, the payment of debt service is statutorily required, regardless of whether such amounts are appropriated. Additionally, expenditures for disasters, natural or otherwise, and final judgments may exceed the level of spending authorized by a majority vote of the Town Meeting.

An annual budget is adopted for the general fund in conformity with the guidelines described above. The original 2023 budget included approximately \$34.2 million in current year authorized appropriations and other amounts to be raised and approximately \$3.3 million in encumbrances and appropriations carried over from previous years. Changes to the original budget consisted of transfers between appropriations, a transfer in of \$100,000, and the use of free cash of \$1.8 million which were for capital and to support the operating budget.

The Town Accountant's office has the responsibility to ensure that budgetary control is maintained. Budgetary control is exercised through the accounting system.

Budgetary - GAAP Reconciliation

For budgetary financial reporting purposes, the Uniform Municipal Accounting System basis of accounting (established by the Commonwealth) is followed, which differs from the GAAP basis of accounting. A reconciliation of budgetary-basis to GAAP-basis results for the general fund for the year ended June 30, 2023, is presented below:

Net change in fund balance - budgetary basis.....	\$	875,103
Perspective differences:		
Activity of the stabilization fund recorded in the general fund for GAAP.....		73,699
Basis of accounting differences:		
Net change in recording 60 day receipts.....		(38,505)
Net change in fund balance - GAAP basis.....	\$	<u>910,297</u>

Excess of Expenditures over Appropriations

For the year ended June 30, 2023 state and county charges exceeded appropriations.

**NOTE B – PENSION PLAN**Schedule of the Town's Proportionate Share of the Net Pension Liability

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

Schedule of the Town's Contributions

Governmental employers are required to pay an annual appropriation as established by PERAC. The Town's appropriation includes the amounts to pay the pension portion of each member's retirement allowance, an amount to amortize the actuarially determined unfunded liability to zero in accordance with the System's funding schedule, and additional appropriations in accordance with adopted early retirement incentive programs. The Town's appropriations are payable on July 1 and January 1. The Town may choose to pay the entire appropriation in July at a discounted rate. Accordingly, actual Town contributions may be less than the "total appropriation." The pension fund appropriation is allocated to the Town based on covered payroll.

Changes in Assumptions – None.

Changes in Plan Provisions – None.

**NOTE C – OTHER POSTEMPLOYMENT BENEFITS**

The Town administers a single employer defined benefit healthcare plan ("The Other Postemployment Benefit Plan"). The plan provides lifetime healthcare and life insurance for eligible retirees and their spouses. Healthcare benefits are through the Town's group health insurance plan and life insurance benefits are through a third party, which covers both active and retired members.

**The Other Postemployment Benefit Plan**The Schedule of Changes in the Town's Net Other Postemployment Benefit Liability and Related Ratios

The Schedule of Changes in the Town's Net Other Postemployment Benefit Liability and Related Ratios presents multi-year trend information on changes in the Plan's total OPEB liability, changes in the Plan's net position, and ending net OPEB liability. It also demonstrates the Plan's net position as a percentage of the total liability and the Plan's net other postemployment benefit liability as a percentage of covered employee payroll.

Schedule of the Town's Contributions

The Schedule of the Town's Contributions includes the Town's annual required contribution to the Plan, along with the contribution made in relation to the actuarially determined contribution and the covered employee payroll. The Town is not required to fully fund this contribution. It also demonstrates the contributions as a percentage of covered payroll. Actuarially contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates are as follows:

Valuation date.....	July 1, 2022
Measurement date.....	June 30, 2023
Actuarial cost method.....	Entry Age Normal.
Investment rate of return/discount rate.....	Full prefunding: 7.50%, net of investment expenses.
Asset valuation method.....	Fair Value.
Medical inflation rate.....	4.50%
Participation rate.....	95% of future retirees are assumed to participate in the retiree medical plan. 95% of future retirees are assumed to elect life insurance.
Marital status.....	75% of male Town employees and 65% of female Town employees are assumed to have covered spouse at retirement. Wives are assumed to be three years younger than their husbands.
Termination benefit.....	95% of current actives over age 50 with at least 10 years of service are expected to elect medical coverage starting at age 65.
Medical plan costs.....	The estimated gross per capita incurred claim costs all retirees and beneficiaries during 2023 at age 64 and 65 are \$14,967 and \$3,938, respectively. Medicare eligible retirees' per capita claims costs at age 65 is \$3,182. It is assumed that future retirees participate in the same manner as current retirees. Per capita costs were developed from age adjusting a blend of current premium rates for various insured arrangements. Employee cost sharing is based on current rates. Future cost sharing is based on the weighted average of the current cost sharing of retirees and beneficiaries. Premium costs include costs of administration.
Mortality.....	It is assumed that both pre-retirement mortality and beneficiary mortality is represented by the RP-2014 Blue Collar Mortality with Scale MP-2015, fully generational. Mortality for retired members for Group 1 and 2 is represented by the RP-2014 Blue Collar Mortality Table set forward five years for males and three years for females, fully generational. Mortality for retired members for Group 4 is represented by the RP-2014 Blue Collar Mortality Table set forward three years for males and six years for females, fully generational. Mortality for disabled members for Group 1 and 2 is represented by the RP-2000 Mortality Table set forward six years. Mortality for disabled members for Group 4 is represented by the RP-2000 Mortality Table set forward two years. Generational adjusting is based on Scale MP-2015.

Schedule of Investment Returns

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

Changes of Assumptions – None.

Changes in Provisions – None.

## ***Other Supplementary Information***

# ***Combining Statements***

The combining financial statements provide a more detailed view of the “Basic Financial Statements” presented in the preceding subsection.

Combining statements are presented when there are more than one fund of a given fund type.

# ***Nonmajor Governmental Funds***

## ***Special Revenue Funds***

Special revenue funds are used to account for the proceeds of specific revenue sources (other than permanent funds or capital project funds) that are restricted by law or administrative action to expenditures for specific purposes. The Town's grouping for nonmajor special revenue funds is as described as follows:

- *Gifts Fund* – This fund is used to account for gifts which have been accepted by the Town to be used for the purpose specified by the donor.
- *Harbormaster Fund* – This fund is used to account for the activity related to the Harbormaster.
- *Special Revenue Trust Fund* – This fund is used to account for statutory trust accounts that may be spent to support the Town.
- *Recreation Revolving Fund* – This fund is used to account for self-supporting recreational programs and activities.
- *Planning Conservation Commission Fund* – This fund is used to account for the activity of the planning board, conservation commission, and various other projects.
- *Harbor Improvement Fund* – This fund is used to account for the receipts of mooring fees, which are reserved for use on harbor improvement projects.
- *Affordable Housing Trust Fund* – This fund is used to account for activity of the Town's affordable housing trust fund.
- *Other Special Revenue Fund* – This fund is used to account for other small special revenue funds which are not categorized within any of the other funds.
- *MCWT Septic Loan Program Fund* – This fund is used to account for low-interest betterment loans to eligible homeowners with failed septic systems.

## ***Capital Project Fund***

Capital project funds are used to account for financial resources to be used for the acquisition, construction, or improvement of major capital assets (other than those financed by enterprise funds). Such resources are derived principally from proceeds of general obligation bonds and grants. The Town's grouping for nonmajor capital project funds is as described as follows:

- *PEG Access Capital Fund* – This fund is used to account for the installation of a new fiber cable loop that will serve municipal facilities in furtherance of broadcasting PEG programming.

### ***Permanent Funds***

Permanent funds are used to account for financial resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support governmental programs. The Town's grouping for nonmajor permanent funds is as described as follows:

- *Non-Expendable Trust Fund* – This fund is used to account for the non-expendable portion of gifts, bequests, and contributions for which only earnings may be expended to benefit the Town.
- *Expendable Trust Fund* – This fund is used to account for the spendable portion of gifts, bequests, and contributions for which only earnings may be expended for purposes specified by the donor.

**NONMAJOR GOVERNMENTAL FUNDS**  
COMBINING BALANCE SHEET

JUNE 30, 2023

	Special Revenue Funds						
	Gifts	Harbor- master	Special Revenue Trust	Recreation Revolving	Planning Conservation Commission	Harbor Improvement	Affordable Housing Trust
<b>ASSETS</b>							
Cash and cash equivalents.....	\$ 195,272	\$ 228,751	\$ 68,176	\$ 648,704	\$ 76,462	\$ 370,699	\$ 1,048,885
Investments.....	-	-	836,147	-	-	-	-
<b>TOTAL ASSETS.....</b>	<b>\$ 195,272</b>	<b>\$ 228,751</b>	<b>\$ 904,323</b>	<b>\$ 648,704</b>	<b>\$ 76,462</b>	<b>\$ 370,699</b>	<b>\$ 1,048,885</b>
<b>LIABILITIES</b>							
Warrants payable.....	\$ 6,895	\$ 946	-	\$ 22,972	-	-	-
Notes payable.....	-	-	-	-	-	-	-
<b>TOTAL LIABILITIES.....</b>	<b>6,895</b>	<b>946</b>	<b>-</b>	<b>22,972</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES</b>							
Nonspendable.....	-	-	-	-	-	-	-
Restricted.....	188,377	227,805	904,323	625,732	76,462	370,699	1,048,885
Unassigned.....	-	-	-	-	-	-	-
<b>TOTAL FUND BALANCES.....</b>	<b>188,377</b>	<b>227,805</b>	<b>904,323</b>	<b>625,732</b>	<b>76,462</b>	<b>370,699</b>	<b>1,048,885</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES.....</b>	<b>\$ 195,272</b>	<b>\$ 228,751</b>	<b>\$ 904,323</b>	<b>\$ 648,704</b>	<b>\$ 76,462</b>	<b>\$ 370,699</b>	<b>\$ 1,048,885</b>

(Continued)

Special Revenue Funds			Capital Project Fund	Permanent Funds			Total Nonmajor Governmental Funds
Other Special Revenue	MCWT Septic Loan Program	Subtotal	PEG Access Capital	Non- Expendable Trust Fund	Expendable Trust Fund	Subtotal	
\$ 206,321	\$ -	\$ 2,843,270	\$ -	\$ -	\$ 164,147	\$ 164,147	\$ 3,007,417
13,184	-	849,331	-	413,978	-	413,978	1,263,309
<u>\$ 219,505</u>	<u>\$ -</u>	<u>\$ 3,692,601</u>	<u>\$ -</u>	<u>\$ 413,978</u>	<u>\$ 164,147</u>	<u>\$ 578,125</u>	<u>\$ 4,270,726</u>
\$ 2,368	\$ -	\$ 33,181	\$ -	\$ -	\$ 1,886	\$ 1,886	\$ 35,067
-	82,509	82,509	-	-	-	-	82,509
<u>2,368</u>	<u>82,509</u>	<u>115,690</u>	<u>-</u>	<u>-</u>	<u>1,886</u>	<u>1,886</u>	<u>117,576</u>
-	-	-	-	413,978	-	413,978	413,978
217,137	-	3,659,420	-	-	162,261	162,261	3,821,681
<u>-</u>	<u>(82,509)</u>	<u>(82,509)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(82,509)</u>
<u>217,137</u>	<u>(82,509)</u>	<u>3,576,911</u>	<u>-</u>	<u>413,978</u>	<u>162,261</u>	<u>576,239</u>	<u>4,153,150</u>
<u>\$ 219,505</u>	<u>\$ -</u>	<u>\$ 3,692,601</u>	<u>\$ -</u>	<u>\$ 413,978</u>	<u>\$ 164,147</u>	<u>\$ 578,125</u>	<u>\$ 4,270,726</u>

(Concluded)

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

YEAR ENDED JUNE 30, 2023

	Special Revenue Funds					
	Gifts	Harbor- master	Special Revenue Trust	Recreation Revolving	Planning Conservation Commission	Harbor Improvement
<b>REVENUES:</b>						
Motor vehicle and other excise taxes.....	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,887
Departmental and other.....	-	-	-	525,423	8,007	300,835
Contributions and donations.....	81,868	-	561,575	-	-	-
Investment income (loss).....	-	-	18,280	-	-	-
<b>TOTAL REVENUES.....</b>	<b>81,868</b>	<b>-</b>	<b>579,855</b>	<b>525,423</b>	<b>8,007</b>	<b>315,722</b>
<b>EXPENDITURES:</b>						
Current:						
General government.....	22,228	-	-	-	11,961	-
Public safety.....	4,834	247,951	-	-	-	-
Public works.....	-	-	-	-	-	-
Health and human services.....	6,810	-	-	-	-	-
Library and recreation.....	53,330	-	24,973	349,035	-	-
<b>TOTAL EXPENDITURES.....</b>	<b>87,202</b>	<b>247,951</b>	<b>24,973</b>	<b>349,035</b>	<b>11,961</b>	<b>-</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....</b>	<b>(5,334)</b>	<b>(247,951)</b>	<b>554,882</b>	<b>176,388</b>	<b>(3,954)</b>	<b>315,722</b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers in.....	-	374,510	-	-	-	-
Transfers out.....	-	-	-	(150,000)	-	(324,510)
<b>TOTAL OTHER FINANCING SOURCES (USES).....</b>	<b>-</b>	<b>374,510</b>	<b>-</b>	<b>(150,000)</b>	<b>-</b>	<b>(324,510)</b>
<b>NET CHANGE IN FUND BALANCES.....</b>	<b>(5,334)</b>	<b>126,559</b>	<b>554,882</b>	<b>26,388</b>	<b>(3,954)</b>	<b>(8,788)</b>
<b>FUND BALANCES AT BEGINNING OF YEAR.....</b>	<b>193,711</b>	<b>101,246</b>	<b>349,441</b>	<b>599,344</b>	<b>80,416</b>	<b>379,487</b>
<b>FUND BALANCES AT END OF YEAR.....</b>	<b>\$ 188,377</b>	<b>\$ 227,805</b>	<b>\$ 904,323</b>	<b>\$ 625,732</b>	<b>\$ 76,462</b>	<b>\$ 370,699</b>

(Continued)

Special Revenue Funds				Capital Project Fund	Permanent Funds			Total Nonmajor Governmental Funds
Affordable Housing Trust	Other Special Revenue	MCWT Septic Loan Program	Subtotal	PEG Access Capital	Non- Expendable Trust Fund	Expendable Trust Fund	Subtotal	
\$ -	\$ -	\$ -	\$ 14,887	\$ -	\$ -	\$ -	\$ -	\$ 14,887
-	652,155	-	1,486,420	-	-	-	-	1,486,420
250,500	-	-	893,943	-	-	50,575	50,575	944,518
11,503	528	-	30,311	-	-	19,424	19,424	49,735
262,003	652,683	-	2,425,561	-	-	69,999	69,999	2,495,560
-	11,531	-	45,720	302	-	-	-	46,022
-	563,956	-	816,741	-	-	-	-	816,741
-	36,286	-	36,286	-	-	-	-	36,286
2,308	-	-	9,118	-	-	-	-	9,118
-	-	-	427,338	-	-	-	-	427,338
2,308	611,773	-	1,335,203	302	-	-	-	1,335,505
259,695	40,910	-	1,090,358	(302)	-	69,999	69,999	1,160,055
-	-	-	374,510	-	-	-	-	374,510
-	(5,000)	-	(479,510)	-	-	-	-	(479,510)
-	(5,000)	-	(105,000)	-	-	-	-	(105,000)
259,695	35,910	-	985,358	(302)	-	69,999	69,999	1,055,055
789,190	181,227	(82,509)	2,591,553	302	413,978	92,262	506,240	3,098,095
\$ 1,048,885	\$ 217,137	\$ (82,509)	\$ 3,576,911	\$ -	\$ 413,978	\$ 162,261	\$ 576,239	\$ 4,153,150

(Concluded)

This page left intentionally blank.

# ***Statistical Section***



***Manchester Harbor***

Photo courtesy of Jennifer Moulton, Manchester resident

# ***Statistical Section***

# ***Statistical Section***

This part of the Town of Manchester-by-the-Sea's (Town's) annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Town's overall financial health.

## ***Financial Trends***

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

## ***Revenue Capacity***

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

## ***Debt Capacity***

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

## ***Demographic and Economic Information***

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

## ***Operating Information***

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

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

# Net Position By Component

## Last Ten Years

	2014 (1)	2015	2016	2017	2018 (2)	2019 (3)	2020	2021	2022	2023
<b>Governmental activities</b>										
Net investment in capital assets.....	\$ 6,588,998	\$ 5,988,619	\$ 6,786,763	\$ 7,726,871	\$ 10,509,951	\$ 12,082,996	\$ 13,719,986	\$ 15,445,506	\$ 17,123,047	\$ 19,216,118
Restricted.....	860,023	2,002,723	2,156,367	1,986,033	1,736,553	1,923,416	2,247,744	2,360,265	2,213,211	2,658,142
Unrestricted .....	<u>(10,026,641)</u>	<u>(8,749,501)</u>	<u>(6,683,553)</u>	<u>(6,208,686)</u>	<u>(13,523,171)</u>	<u>(11,647,716)</u>	<u>(11,124,581)</u>	<u>(10,187,894)</u>	<u>(9,075,074)</u>	<u>(7,351,658)</u>
Total governmental activities net position.....	<u>\$ (2,577,620)</u>	<u>\$ (758,159)</u>	<u>\$ 2,259,577</u>	<u>\$ 3,504,218</u>	<u>\$ (1,276,667)</u>	<u>\$ 2,358,696</u>	<u>\$ 4,843,149</u>	<u>\$ 7,617,877</u>	<u>\$ 10,261,184</u>	<u>\$ 14,522,602</u>
<b>Business-type activities</b>										
Net investment in capital assets.....	\$ 7,712,260	\$ 8,147,216	\$ 10,150,738	\$ 11,249,508	\$ 14,453,305	\$ 14,301,065	\$ 15,504,037	\$ 17,079,973	\$ 18,053,088	\$ 19,369,233
Unrestricted.....	<u>166,283</u>	<u>165,021</u>	<u>(358,937)</u>	<u>791,670</u>	<u>704,363</u>	<u>949,784</u>	<u>1,009,102</u>	<u>1,027,699</u>	<u>1,765,913</u>	<u>1,324,788</u>
Total business-type activities net position.....	<u>\$ 7,878,543</u>	<u>\$ 8,312,237</u>	<u>\$ 9,791,801</u>	<u>\$ 12,041,178</u>	<u>\$ 15,157,668</u>	<u>\$ 15,250,849</u>	<u>\$ 16,513,139</u>	<u>\$ 18,107,672</u>	<u>\$ 19,819,001</u>	<u>\$ 20,694,021</u>
<b>Primary government</b>										
Net investment in capital assets.....	\$ 14,301,258	\$ 14,135,835	\$ 16,937,501	\$ 18,976,676	\$ 24,963,256	\$ 26,384,061	\$ 29,224,023	\$ 32,525,479	\$ 35,176,135	\$ 38,585,351
Restricted.....	860,023	2,002,723	2,156,367	1,986,033	1,736,553	1,923,416	2,247,744	2,360,265	2,213,211	2,658,142
Unrestricted.....	<u>(9,860,358)</u>	<u>(8,584,480)</u>	<u>(7,042,490)</u>	<u>(5,417,016)</u>	<u>(12,818,808)</u>	<u>(10,697,932)</u>	<u>(10,115,479)</u>	<u>(9,160,195)</u>	<u>(7,309,161)</u>	<u>(6,026,870)</u>
Total primary government net position.....	<u>\$ 5,300,923</u>	<u>\$ 7,554,078</u>	<u>\$ 12,051,378</u>	<u>\$ 15,545,693</u>	<u>\$ 13,881,001</u>	<u>\$ 17,609,545</u>	<u>\$ 21,356,288</u>	<u>\$ 25,725,549</u>	<u>\$ 30,080,185</u>	<u>\$ 35,216,623</u>

(1) = Unrestricted net position has been revised to reflect the implementation of GASB Statement #68.

(2) = Unrestricted net position has been revised to reflect the implementation of GASB Statement #75.

(3) = Unrestricted net position has been restated to reflect the change in measurement date per GASB Statement #75.

**Changes in Net Position**

**Last Ten Years**

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Expenses</b>										
Governmental activities:										
General government.....	\$ 1,977,317	\$ 3,328,452	\$ 2,211,434	\$ 2,318,805	\$ 2,255,476	\$ 2,278,192	\$ 2,317,746	\$ 2,320,599	\$ 2,859,992	\$ 2,960,247
Public safety.....	5,304,247	5,474,186	5,503,516	5,694,741	5,793,142	5,810,846	5,677,613	5,862,909	6,110,048	6,286,809
Education.....	13,023,589	13,442,173	14,496,087	14,866,246	15,610,457	15,774,922	17,814,254	18,192,378	18,625,752	19,140,509
Public works.....	2,187,944	2,462,981	2,303,016	2,676,687	2,923,644	3,155,783	3,130,367	2,770,793	2,916,479	3,397,105
Environmental.....	61,135	62,884	66,933	76,397	117,015	111,903	118,908	112,787	72,533	161,575
Health and human services.....	416,373	399,049	405,808	436,344	458,532	478,060	579,695	1,105,089	488,790	500,384
Library and recreation.....	1,347,057	1,509,755	1,565,026	1,596,546	1,516,767	1,613,049	1,518,550	1,424,534	1,541,640	1,685,470
Community preservation.....	174,190	188,678	273,043	297,544	190,391	228,421	227,513	151,179	184,866	385,002
Interest.....	193,244	214,474	185,726	206,254	224,049	239,612	218,996	194,021	183,278	164,974
Total government activities expenses.....	24,685,096	27,082,632	27,010,589	28,169,564	29,089,473	29,690,788	31,603,642	32,134,289	32,983,378	34,682,075
Business-type activities:										
Water.....	1,109,753	1,191,946	1,458,045	1,177,721	1,024,668	1,384,282	1,502,895	1,431,515	1,572,456	1,451,350
Sewer.....	1,035,859	888,735	967,062	893,274	1,305,690	1,131,441	1,166,422	1,151,951	1,170,642	1,220,750
Total business-type activities expenses.....	2,145,612	2,080,681	2,425,107	2,070,995	2,330,358	2,515,723	2,669,317	2,583,466	2,743,098	2,672,100
Total primary government expenses.....	\$ 26,830,708	\$ 29,163,313	\$ 29,435,696	\$ 30,240,559	\$ 31,419,831	\$ 32,206,511	\$ 34,272,959	\$ 34,717,755	\$ 35,726,476	\$ 37,354,175
<b>Program Revenues</b>										
Governmental activities:										
Public safety charges for services.....	\$ 928,075	\$ 941,759	\$ 1,016,928	\$ 983,873	\$ 1,009,161	\$ 1,053,118	\$ 834,355	\$ 851,342	\$ 1,072,064	\$ 1,287,936
Public works charges for services.....	226,928	420,284	245,215	241,525	358,823	523,626	203,908	369,051	339,250	343,482
Library and recreation charges for services.....	587,051	612,374	772,549	738,976	732,109	849,645	664,847	553,748	928,994	1,140,050
Other charges for services.....	559,315	439,606	467,813	545,476	526,308	561,487	611,337	670,368	504,852	603,784
Operating grants and contributions.....	1,121,150	917,718	754,588	544,773	244,990	393,170	391,640	1,278,616	1,032,501	1,695,319
Capital grant and contributions.....	473,565	234,680	360,084	306,708	1,182,139	885,586	1,150,691	794,837	1,318,572	583,098
Total government activities program revenues.....	3,896,084	3,566,421	3,617,177	3,361,331	4,053,530	4,266,632	3,856,778	4,517,962	5,196,233	5,653,669
Business-type activities:										
Water charges for services.....	1,073,623	1,288,344	1,279,465	1,206,649	1,318,255	1,330,938	1,555,948	1,552,200	1,407,976	1,526,068
Sewer charges for services.....	1,039,228	1,148,833	1,131,736	1,235,579	1,208,583	1,231,434	1,300,866	1,384,598	1,314,260	1,386,411
Water capital grants and contributions.....	-	-	1,253,267	-	-	-	-	-	272,682	577,951
Sewer operating grants and contributions.....	91,342	72,400	52,487	32,269	7,065	4,844	1,788	-	-	-
Total business-type activities program revenues.....	2,204,193	2,509,577	3,716,955	2,474,497	2,533,903	2,567,216	2,858,602	2,936,798	2,994,918	3,490,430
Total primary government program revenues.....	\$ 6,100,277	\$ 6,075,998	\$ 7,334,132	\$ 5,835,828	\$ 6,587,433	\$ 6,833,848	\$ 6,715,380	\$ 7,454,760	\$ 8,191,151	\$ 9,144,099
<b>Net (Expense)/Revenue</b>										
Governmental activities.....	\$ (20,789,012)	\$ (23,516,211)	\$ (23,393,412)	\$ (24,808,233)	\$ (25,035,943)	\$ (25,424,156)	\$ (27,746,864)	\$ (27,616,327)	\$ (27,787,145)	\$ (29,028,406)
Business-type activities.....	58,581	428,896	1,291,848	403,502	203,545	51,493	189,285	353,332	251,820	818,330
Total primary government net expense.....	\$ (20,730,431)	\$ (23,087,315)	\$ (22,101,564)	\$ (24,404,731)	\$ (24,832,398)	\$ (25,372,663)	\$ (27,557,579)	\$ (27,262,995)	\$ (27,535,325)	\$ (28,210,076)

(continued)

**Changes in Net Position**

**Last Ten Years**

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>General Revenues and other Changes in Net Position</b>										
Governmental activities:										
Real estate and personal property taxes, net of tax refunds payable.....	\$ 22,514,736	\$ 23,537,391	\$ 24,858,435	\$ 26,072,652	\$ 26,402,749	\$ 27,491,519	\$ 29,264,953	\$ 29,514,961	\$ 30,019,356	\$ 30,923,331
Motor vehicle and other excise taxes.....	960,019	1,088,562	1,033,774	1,202,892	1,151,772	1,147,203	1,144,207	1,121,288	1,088,815	1,227,454
Community preservation taxes.....	330,588	631,891	327,590	343,859	351,822	365,651	392,287	397,627	405,491	419,634
Penalties and interest on taxes.....	-	-	-	-	-	74,450	94,129	85,071	83,571	101,718
Payments in lieu of taxes.....	12,053	4,744	4,749	1,055	8,441	4,753	-	9,511	4,738	4,735
Grants and contributions not restricted to specific programs.....	200,812	214,651	212,326	219,009	231,555	245,925	246,428	254,091	269,465	287,106
Unrestricted investment income.....	16,184	33,171	161,990	59,579	82,843	347,844	162,318	249,707	18,525	382,536
Capital transfers.....	-	-	-	(1,539,118)	(3,102,019)	-	-	-	-	-
Transfers, net.....	151,208	(174,738)	(187,716)	(307,054)	(144,111)	(140,848)	(1,073,005)	(1,241,201)	(1,459,509)	(56,690)
<b>Total governmental activities.....</b>	<b>24,185,600</b>	<b>25,335,672</b>	<b>26,411,148</b>	<b>26,052,874</b>	<b>24,983,052</b>	<b>29,536,497</b>	<b>30,231,317</b>	<b>30,391,055</b>	<b>30,430,452</b>	<b>33,289,824</b>
Business-type activities:										
Capital transfers.....	-	-	-	1,539,118	3,102,019	-	-	-	-	-
Transfers, net.....	(151,208)	174,738	187,716	307,054	144,111	140,848	1,073,005	1,241,201	1,459,509	56,690
<b>Total Business-type activities.....</b>	<b>(151,208)</b>	<b>174,738</b>	<b>187,716</b>	<b>1,846,172</b>	<b>3,246,130</b>	<b>140,848</b>	<b>1,073,005</b>	<b>1,241,201</b>	<b>1,459,509</b>	<b>56,690</b>
<b>Total primary government</b>	<b>\$ 24,034,392</b>	<b>\$ 25,510,410</b>	<b>\$ 26,598,864</b>	<b>\$ 27,899,046</b>	<b>\$ 28,229,182</b>	<b>\$ 29,677,345</b>	<b>\$ 31,304,322</b>	<b>\$ 31,632,256</b>	<b>\$ 31,889,961</b>	<b>\$ 33,346,514</b>
<b>Changes in Net Position</b>										
Governmental activities.....	\$ 3,396,588	\$ 1,819,461	\$ 3,017,736	\$ 1,244,641	\$ (52,891)	\$ 4,112,341	\$ 2,484,453	\$ 2,774,728	\$ 2,643,307	\$ 4,261,418
Business-type activities.....	(92,627)	603,634	1,479,564	2,249,674	3,449,675	192,341	1,262,290	1,594,533	1,711,329	875,020
<b>Total primary government.....</b>	<b>\$ 3,303,961</b>	<b>\$ 2,423,095</b>	<b>\$ 4,497,300</b>	<b>\$ 3,494,315</b>	<b>\$ 3,396,784</b>	<b>\$ 4,304,682</b>	<b>\$ 3,746,743</b>	<b>\$ 4,369,261</b>	<b>\$ 4,354,636</b>	<b>\$ 5,136,438</b>

(concluded)

**Fund Balances, Governmental Funds**

**Last Ten Years**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
General Fund										
Committed.....	\$ -	\$ -	\$ 875,846	\$ 1,445,799	\$ 2,114,792	\$ 2,350,326	\$ 3,345,913	\$ 3,108,971	\$ 3,196,541	\$ 4,426,072
Assigned.....	740,509	686,237	557,488	435,759	136,144	145,225	121,903	122,858	98,605	301,305
Unassigned.....	<u>3,885,238</u>	<u>4,182,478</u>	<u>4,732,730</u>	<u>5,749,320</u>	<u>6,177,712</u>	<u>7,383,496</u>	<u>6,758,883</u>	<u>6,784,612</u>	<u>6,197,167</u>	<u>5,675,233</u>
Total general fund.....	<u>\$ 4,625,747</u>	<u>\$ 4,868,715</u>	<u>\$ 6,166,064</u>	<u>\$ 7,630,878</u>	<u>\$ 8,428,648</u>	<u>\$ 9,879,047</u>	<u>\$ 10,226,699</u>	<u>\$ 10,016,441</u>	<u>\$ 9,492,313</u>	<u>\$ 10,402,610</u>
All Other Governmental Funds										
Nonspendable.....	\$ 330,078	\$ 355,628	\$ 367,678	\$ 373,427	\$ 383,078	\$ 405,278	\$ 408,578	\$ 413,978	\$ 413,978	\$ 413,978
Restricted.....	4,238,683	3,611,381	3,597,003	3,158,848	2,721,678	3,381,113	3,687,300	3,832,224	3,927,709	4,808,031
Unassigned.....	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(62,509)</u>	<u>(62,509)</u>	<u>(82,509)</u>	<u>(82,509)</u>
Total all other governmental funds...	<u>\$ 4,568,761</u>	<u>\$ 3,967,009</u>	<u>\$ 3,964,681</u>	<u>\$ 3,532,275</u>	<u>\$ 3,104,756</u>	<u>\$ 3,786,391</u>	<u>\$ 4,033,369</u>	<u>\$ 4,183,693</u>	<u>\$ 4,259,178</u>	<u>\$ 5,139,500</u>

**Changes in Fund Balances, Governmental Funds**

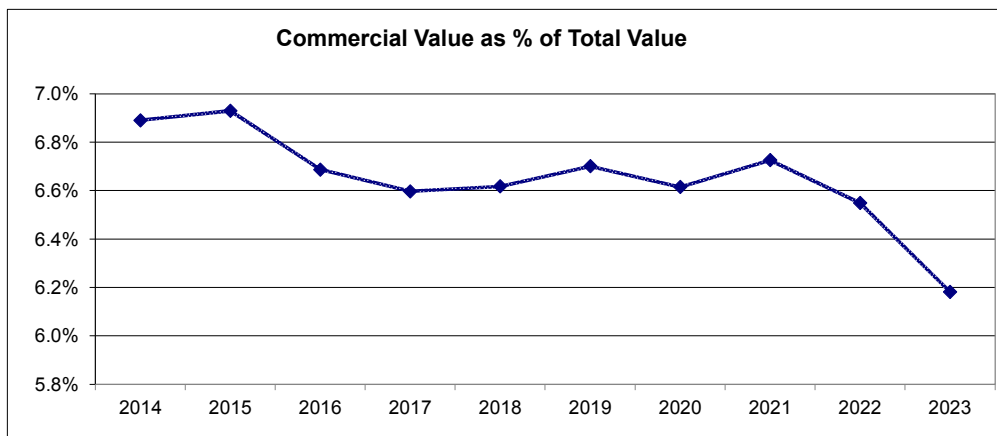
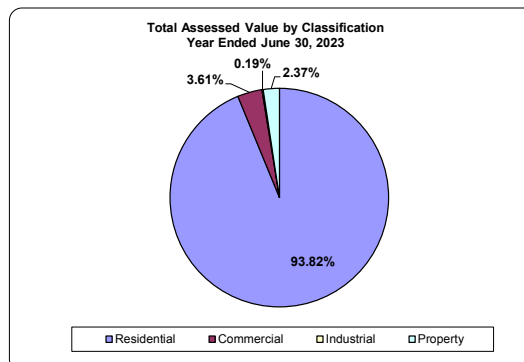
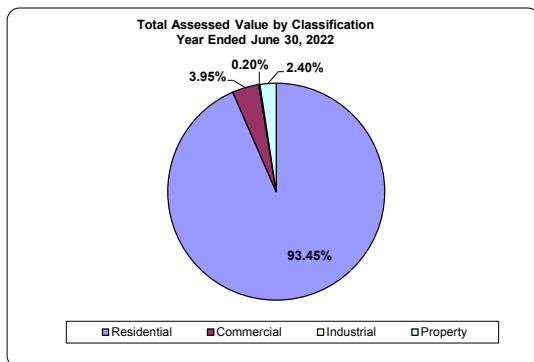
**Last Ten Years**

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Revenues:</b>										
Real estate and personal property taxes, net of tax refunds.....	\$ 22,409,769	\$ 23,422,563	\$ 24,762,126	\$ 26,001,250	\$ 26,321,662	\$ 27,409,147	\$ 29,336,909	\$ 29,509,839	\$ 29,995,812	\$ 30,888,745
Motor vehicle and other excise taxes.....	997,267	1,052,007	1,075,413	1,151,286	1,179,792	1,126,577	1,136,861	1,044,311	1,199,331	1,235,125
Charges for services.....	510,104	462,978	438,929	468,257	539,479	553,315	530,182	571,687	530,440	568,528
Penalties and interest on taxes.....	98,419	71,308	93,459	65,644	70,522	74,450	94,129	85,071	83,571	101,718
Payments in lieu of taxes.....	4,735	4,745	4,749	1,055	8,441	4,753	-	9,511	4,738	4,735
Intergovernmental.....	1,253,657	1,105,660	1,118,193	658,793	2,049,434	1,087,228	1,337,084	1,455,276	2,079,982	1,658,596
Departmental and other.....	1,857,044	1,946,132	2,108,224	2,123,741	2,040,922	2,412,546	1,805,749	1,911,133	2,413,181	2,906,212
Community preservation taxes and state match.....	329,948	627,379	332,909	343,627	351,621	433,103	479,230	597,585	591,937	516,801
Contributions and donations.....	152,417	160,050	178,454	120,306	144,230	271,479	390,667	573,458	104,388	944,518
Investment income.....	17,587	36,330	187,639	65,412	12,321	347,844	162,318	249,707	18,525	382,536
<b>Total Revenues.....</b>	<b>27,630,947</b>	<b>28,889,152</b>	<b>30,300,095</b>	<b>30,999,371</b>	<b>32,718,424</b>	<b>33,720,442</b>	<b>35,273,129</b>	<b>36,007,578</b>	<b>37,021,905</b>	<b>39,207,514</b>
<b>Expenditures:</b>										
General government.....	1,213,873	2,552,316	1,685,127	1,487,992	1,393,400	1,589,286	1,982,240	2,059,163	2,216,863	2,098,038
Public safety.....	3,454,630	3,704,191	3,906,006	4,019,962	4,651,428	4,176,218	4,455,723	4,870,535	6,044,210	5,073,757
Education.....	13,023,589	13,442,173	14,496,087	14,866,246	15,610,457	15,774,922	17,814,254	18,192,378	18,625,752	19,140,509
Public works.....	2,173,789	3,063,488	2,210,430	2,786,445	4,218,145	3,881,679	3,550,036	3,085,339	3,074,385	4,560,350
Environmental.....	61,135	62,107	62,998	67,269	73,816	73,722	80,668	83,093	63,836	74,694
Health and human services.....	281,247	271,111	285,385	299,868	424,334	338,107	448,898	987,546	388,711	484,604
Library and recreation.....	1,205,962	1,120,910	1,212,740	1,499,528	1,111,376	1,252,896	1,134,831	1,136,888	1,248,578	1,404,862
Community preservation.....	261,423	223,376	643,448	484,895	722,155	343,836	282,441	512,790	358,466	759,933
Pension benefits.....	1,362,589	1,396,859	945,454	998,386	1,049,336	1,062,465	1,138,646	1,206,311	1,329,969	1,426,637
Property and liability insurance.....	107,441	120,508	105,425	114,797	118,271	98,628	105,860	126,676	124,968	130,000
Employee benefits.....	2,018,521	1,758,738	1,823,119	1,757,905	1,797,973	1,610,500	1,521,313	1,491,489	1,502,392	1,202,759
State and county charges.....	153,976	156,371	158,300	158,906	161,280	166,752	170,086	173,898	174,157	178,855
Debt service:										
Principal.....	924,500	1,142,800	1,082,100	912,400	685,248	805,015	665,809	672,131	643,481	629,861
Interest.....	239,517	228,250	200,739	205,310	186,843	273,534	254,689	228,074	215,271	195,346
<b>Total Expenditures.....</b>	<b>26,482,192</b>	<b>29,243,198</b>	<b>28,817,358</b>	<b>29,659,909</b>	<b>32,204,062</b>	<b>31,447,560</b>	<b>33,605,494</b>	<b>34,826,311</b>	<b>36,011,039</b>	<b>37,360,205</b>
Excess (deficiency) of revenues over (under) expenditures.....	<u>1,148,755</u>	<u>(354,046)</u>	<u>1,482,737</u>	<u>1,339,462</u>	<u>514,362</u>	<u>2,272,882</u>	<u>1,667,635</u>	<u>1,181,267</u>	<u>1,010,866</u>	<u>1,847,309</u>
<b>Other Financing Sources (Uses):</b>										
Issuance of long-term debt.....	2,461,000	-	-	-	-	-	-	-	-	-
Premium from issuance of debt.....	57,423	-	-	-	-	-	-	-	-	-
Transfers in.....	485,488	801,466	653,799	642,699	639,131	439,877	397,542	421,520	712,452	529,510
Transfers out.....	(334,280)	(976,204)	(841,515)	(949,753)	(783,242)	(580,725)	(1,470,547)	(1,662,721)	(2,171,961)	(586,200)
<b>Total other financing sources (uses).....</b>	<b>2,669,631</b>	<b>(174,738)</b>	<b>(187,716)</b>	<b>(307,054)</b>	<b>(144,111)</b>	<b>(140,848)</b>	<b>(1,073,005)</b>	<b>(1,241,201)</b>	<b>(1,459,509)</b>	<b>(56,690)</b>
<b>Net change in fund balance.....</b>	<b>\$ 3,818,386</b>	<b>\$ (528,784)</b>	<b>\$ 1,295,021</b>	<b>\$ 1,032,408</b>	<b>\$ 370,251</b>	<b>\$ 2,132,034</b>	<b>\$ 594,630</b>	<b>\$ (59,934)</b>	<b>\$ (448,643)</b>	<b>\$ 1,790,619</b>
Debt service as a percentage of noncapital expenditures.....	4.56%	4.83%	4.67%	3.99%	2.93%	3.66%	2.94%	2.78%	2.56%	2.40%
Percentage increase (decrease) of real estate and personal property taxes, net of tax refunds.....	2.14%	4.52%	5.72%	5.00%	1.23%	4.13%	7.03%	0.59%	1.65%	2.98%

# Assessed Value and Actual Value of Taxable Property by Classification and Tax Rates

Last Ten Years

Year	Assessed and Actual Values and Tax Rates								
	Residential Value	Residential & Personal Property Tax Rate	Commercial Value	Industrial Value	Personal Property	Total Commercial Value	Commercial Tax Rate	Total Direct Rate (1)	Total Town Value
2014	\$ 2,012,976,160	\$ 10.45	\$ 95,458,145	\$ 6,717,750	46,811,320	\$ 148,987,215	\$ 10.45	\$ 10.45	\$ 2,161,963,375
2015	2,027,420,125	10.84	95,509,329	6,717,150	48,748,980	150,975,459	10.84	10.84	2,178,395,584
2016	2,095,470,865	11.07	94,052,039	6,705,900	49,426,790	150,184,729	11.07	11.07	2,245,655,594
2017	2,198,932,890	11.00	95,909,875	6,980,800	52,428,880	155,319,555	11.00	11.00	2,354,252,445
2018	2,238,369,780	11.03	97,448,467	7,046,900	54,138,870	158,634,237	11.03	11.03	2,397,004,017
2019	2,279,712,840	11.23	101,712,296	7,046,900	54,994,520	163,753,716	11.23	11.23	2,443,466,556
2020	2,343,011,245	11.70	103,227,703	7,027,400	55,720,290	165,975,393	11.70	11.70	2,508,986,638
2021	2,509,748,470	10.99	106,759,526	8,229,750	66,008,220	180,997,496	10.99	10.99	2,690,745,966
2022	2,649,761,580	10.60	111,966,416	5,583,100	68,153,580	185,703,096	10.60	10.60	2,835,464,676
2023	2,786,005,895	10.43	107,346,232	5,698,400	70,526,360	183,570,992	10.43	10.43	2,969,576,887



(1) Weighted average direct tax rate, calculated as weighted average of residential, commercial and personal property tax rates.

Source: Assessor's Department, Town of Manchester-by-the-Sea

All property in the Commonwealth of Massachusetts is assessed at 100% of fair cash value.

Note: Chapter 59, Section 21C of the Massachusetts General Laws, known as "Proposition 2 1/2", imposes 2 separate limits on the annual tax levy of the Town. The primary limitation is that the tax levy cannot exceed 2 1/2 percent of the full and fair cash value. The secondary limitation is that the tax levy cannot exceed the maximum levy limit for the preceding year as determined by the State Commissioner of Revenue by more than 2 1/2 percent, subject to an exception for property added to the tax rolls and for certain substantial valuation increases other than as part of a general revaluation. The secondary limit may be exceeded in any year by a majority vote of the voters, however it cannot exceed the primary limitation.

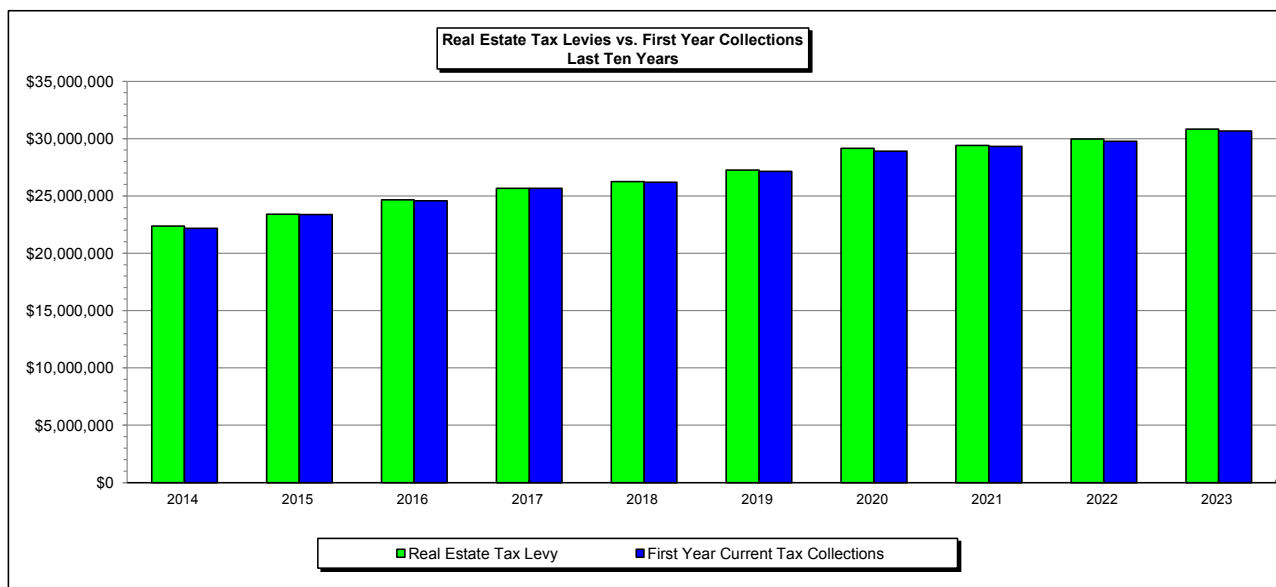
**Principal Taxpayers**  
**Current Year and Nine Years Ago**

Name	Nature of Business	2023			2014		
		Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value	Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value
Mass. Electric Co.	Utility	\$ 39,486,780	1	1.33%	\$ 19,762,590	2	0.91%
Essex County Club	Golf Course	23,994,700	2	0.81%	21,821,800	1	1.01%
195 Summer Street Realty Trust	Residential	19,106,600	3	0.64%	-		-
Algonquin Gas	Gas Line	18,599,700	4	0.63%	11,678,400	5	0.54%
The Eleanor Trust	Residential	16,508,300	5	0.56%	-		-
Levin, Becky	Residential	15,620,100	6	0.53%	12,556,300	4	0.58%
Melden, Kurt A	Residential	14,553,400	7	0.49%	12,666,300	3	0.59%
Manchester Saw Mill Realty Trust	Residential	14,348,800	8	0.48%	-		-
Bousquet, Dawna	Residential	13,856,800	9	0.47%	11,371,300	6	0.53%
Skates, Mary	Residential	13,393,900	10	0.45%	10,892,400	7	0.50%
Kaneb, Gary	Residential	-		-	10,810,600	8	0.50%
Von Metzsch, Ernest	Residential	-		-	10,738,000	9	0.50%
Eaglis 7 Gales Pt LLC	Residential	-		-	10,250,000	10	0.47%
Totals		\$ <u>189,469,080</u>		<u>6.38%</u>	\$ <u>132,547,690</u>		<u>6.13%</u>
Source: Town Assessor, Debt Offering Statements							

# Property Tax Levies and Collections

## Last Ten Years

Year		(1) Total Tax Levy	Less Reserve for Abatements & Exemptions	(1) Net Tax Levy	Net as % of Total	First Year Current Tax Collections	Percent of Net Levy Collected	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections to Net Tax Levy (2)
2014	\$	22,592,517	\$ 230,286	\$ 22,362,231	98.98%	\$ 22,160,572	99.10%	\$ 104,593	\$ 22,265,165	99.57%
2015		23,613,808	214,272	23,399,536	99.09%	23,360,761	99.83%	150,675	23,511,436	100.48%
2016		24,859,407	200,408	24,658,999	99.19%	24,582,559	99.69%	175,722	24,758,282	100.40%
2017		25,896,777	224,747	25,672,030	99.13%	25,655,634	99.94%	127,924	25,783,558	100.43%
2018		26,438,954	199,489	26,239,465	99.25%	26,203,017	99.86%	123,340	26,326,357	100.33%
2019		27,440,129	197,371	27,242,758	99.28%	27,142,903	99.63%	297,226	27,440,129	100.72%
2020		29,355,144	210,144	29,145,000	99.28%	28,887,543	99.12%	337,934	29,225,477	100.28%
2021		29,571,298	167,580	29,403,718	99.43%	29,304,734	99.66%	182,423	29,487,157	100.28%
2022		30,055,956	89,258	29,966,698	99.70%	29,763,237	99.32%	275,349	30,038,586	100.24%
2023		30,972,687	149,147	30,823,540	99.52%	30,656,447	99.46%	-	30,656,447	99.46%



(1) Includes tax liens.

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

Source: Official Statements, Town of Manchester-by-the-Sea.

# Ratios of Outstanding Debt by Type

## Last Ten Years

Year	Governmental Activities		Business-type Activities		Total Debt Outstanding	Percentage of Personal Income (2)	U. S. Census Population	Debt Per Capita
	General Obligation Bonds (1)	Direct Borrowings	General Obligation Bonds (1)	Direct Borrowings				
2014	\$ 8,101,300	\$ -	\$ 319,700	\$ 1,705,271	\$ 10,126,271	1.65%	5,136	\$ 1,972
2015	6,958,500	-	251,500	1,218,581	8,428,581	1.34%	5,216	1,616
2016	5,876,400	-	183,600	713,627	6,773,627	1.05%	5,300	1,278
2017	4,964,000	1,440,000	116,000	429,450	6,949,450	1.05%	5,389	1,290
2018	7,439,019	1,381,752	2,590,019	319,555	11,730,345	1.82%	5,393	2,175
2019	6,663,409	1,322,237	2,405,887	208,683	10,600,216	1.53%	5,429	1,953
2020	6,028,796	1,261,428	2,256,765	96,815	9,643,804	1.35%	5,434	1,775
2021	5,390,981	1,199,297	2,104,191	48,928	8,743,397	1.12%	5,323	1,643
2022	4,785,092	1,135,816	1,953,232	-	7,874,140	0.97%	5,434	1,449
2023	4,196,195	1,070,955	1,798,887	-	7,066,037	0.73%	5,395	1,310

(1) Presented net of original issuance discounts and premiums.

(2) Personal income is disclosed on the Schedule of Demographic and Economic Statistics.

Source: Audited Financial Statements, U.S. Census

## Ratios of General Bonded Debt Outstanding

### Last Ten Years

Year	General Obligation Bonds (1)	Percentage of Estimated Actual Taxable Value of Property (2)	Per Capita (3)
2014	\$ 8,421,000	0.39%	\$ 1,972
2015	7,210,000	0.33%	1,616
2016	6,060,000	0.27%	1,278
2017	5,080,000	0.22%	1,290
2018	10,029,038	0.42%	2,175
2019	9,069,296	0.37%	1,953
2020	8,285,561	0.33%	1,775
2021	7,495,172	0.28%	1,643
2022	6,738,324	0.24%	1,449
2023	5,995,082	0.20%	1,310

(1) This is the general obligation bonded debt of both governmental and business-type activities, net of original issuance discounts and premiums.

(2) Property value data is disclosed on the schedule of assessed value of taxable property by classification and tax rates.

(3) Population data is disclosed on the schedule of demographic and economic statistics.

Source: Audited Financial Statements, U.S. Census

# **Direct and Overlapping Governmental Activities Debt**

**As of June 30, 2023**

		<u>Debt Outstanding</u>	<u>Percentage Applicable (1)</u>	<u>Share of Overlapping Debt</u>
Overlapping debt:				
Manchester-Essex Regional School District.....	\$	11,150,000	67.13%	\$ 7,484,995
Manchester Memorial Elementary School.....		32,335,000	66.75%	<u>21,582,535</u>
Subtotal, overlapping debt.....				29,067,530
Town direct debt.....				<u>5,267,150</u>
Total direct and overlapping debt.....	\$			<u><u>55,917,214</u></u>

Source: Official Statements and Manchester-Essex Regional School District

Note: Overlapping governments are those that coincide, at least in part, with geographic boundaries of the Town. This schedule calculates the portion of the outstanding debt of those overlapping governments that is borne by the taxpayers of Town. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the property taxpayers should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

(1) The percentage applicable for the Manchester-Essex Regional School District is based on the Town's percentage of the total annual capital budget, which summarizes debt payments due in the fiscal year.

# Computation of Legal Debt Margin

## Last Ten Years

(Amounts in Thousands)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Equalized Valuation.....	\$ <u>2,276,186</u>	\$ <u>2,276,186</u>	\$ <u>2,394,763</u>	\$ <u>2,394,763</u>	\$ <u>2,526,295</u>	\$ <u>2,526,295</u>	\$ <u>2,662,109</u>	\$ <u>2,662,109</u>	\$ <u>2,969,651</u>	\$ <u>2,969,651</u>
Debt Limit -5% of Equalized Valuation.....	\$ 113,809	\$ 113,809	\$ 119,738	\$ 119,738	\$ 126,315	\$ 126,315	\$ 133,105	\$ 133,105	\$ 148,483	\$ 148,483
Less:										
Outstanding debt applicable to limit.....	5,764	4,735	3,739	3,125	4,919	4,294	3,841	3,448	3,087	2,775
Authorized and unissued debt applicable to limit.....	<u>-</u>	<u>-</u>	<u>4,194</u>	<u>5,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>
Legal debt margin.....	\$ <u>108,045</u>	\$ <u>109,074</u>	\$ <u>111,805</u>	\$ <u>111,613</u>	\$ <u>120,396</u>	\$ <u>121,021</u>	\$ <u>128,264</u>	\$ <u>128,657</u>	\$ <u>144,396</u>	\$ <u>144,708</u>
Total debt applicable to the limit as a percentage of debt limit.....	5.06%	4.16%	6.63%	6.79%	4.69%	4.19%	3.64%	3.34%	2.75%	2.54%

Source: Assessor's Office

## Demographic and Economic Statistics

### Last Ten Years

Year	Population Estimates	Personal Income	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
2014	5,136	\$ 614,671,344	\$ 119,679	45.8	896	3.7%
2015	5,216	630,488,121 *	120,876 *	45.8	863	3.2%
2016	5,300	647,048,104 *	122,085 *	45.8	865	3.0%
2017	5,389	664,492,765 *	123,305 *	48.8	868	2.9%
2018	5,393	645,428,847	119,679	49.9	849	3.6%
2019	5,429	693,875,061	127,809	51.1	839	3.5%
2020	5,434	711,799,660	130,990	47.6	824	2.9%
2021	5,323	781,661,258	146,846	47.6	761	4.9%
2022	5,434	813,621,952	149,728	47.6	722	4.9%
2023	5,395	969,723,000	179,745	48.0	680	2.2%

Source: U.S. Census, Division of Local Services  
Median age is based on most recent census data

\* Estimated

**Principal Employers (excluding Town)**

**Current Year and Nine Years Ago**

Employer	Nature of Business	2023			2016 (1)		
		Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
Landmark School	Education	95	1	3.56%	50	2	1.81%
Manchester Athletic Club	Athletic Club	89	2	3.33%	50	3	1.81%
Brookwood School	Education	85	3	3.18%	100	1	3.62%
Essex County Club	Golf/Tennis	83	4	3.11%	50	4	1.81%
Manchester Essex Regl. High School	Education	75	5	2.81%	-		-
Memorial School	Education	68	6	2.55%	-		-
Manchester Essex Regl. Middle School	Education	50	7	1.87%	-		-
Crosby's Marketplace	Supermarket	47	8	1.76%	50	5	1.81%
Gurley Eyecare Associates	Medical Center	22	9	0.82%	20	7	0.72%
Crocker's Boat Yard	Boat Yard	20	10	0.75%	20	8	0.72%
Family Medicine Associates	Medical Center	-		-	50	6	1.81%
Coldwell Banker	Real Estate	-		-	20	9	0.72%
Landing at Seven Central	Restaurant	-		-	20	10	0.72%

Source: Massachusetts Department of Employment and Training and Official Statements

(1) Information for 2104 was not available, therefore the Town used 2016.

# **Full-time Equivalent Town Employees by Function**

## **Last Ten Years**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Function										
General government.....	9	11	9	11	11	11	11	10	13	12
Public safety.....	36	35	35	33	33	31	30	33	32	35
Public works.....	11	10	9	9	9	11	11	11	11	10
Environmental.....	1	1	1	1	1	1	1	1	1	1
Health and human services.....	2	3	3	3	3	3	3	3	3	4
Library and recreation.....	7	7	6	6	6	6	6	6	6	6
Water and sewer enterprise.....	6	8	8	8	8	7	7	9	7	7
Total .....	<u>72</u>	<u>75</u>	<u>71</u>	<u>71</u>	<u>71</u>	<u>70</u>	<u>69</u>	<u>73</u>	<u>73</u>	<u>75</u>

Source: Town Treasurer/Collector

### Operating Indicators by Function/Program

#### Last Ten Years

Function/Program	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Fire &amp; Rescue</b>										
Fire and other related calls.....	975	522	515	528	489	407	547	520	469	531
Rescue/EMS.....	513	485	481	533	565	527	546	455	630	504
Permits and inspections.....	1,329	1,191	239	514	640	568	680	367	423	410
<b>Animal Control</b>										
Calls for service.....	404	438	376	428	374	419	483	354	418	399
<b>Council on Aging</b>										
Units of transportation provided.....	975	3,300	4,200	7,400	7,500	6,410	6,858	3,990	2,760	6,048
Units of outreach service provided.....	283	375	390	420	530	592	632	1,323	1,024	987
Meals delivered by Meals on Wheels.....	2,633	3,336	3,453	3,702	3,693	4,334	5,014	5,321	4,770	3,899
<b>Inspectional Services Department</b>										
Number of building permits issued.....	249	280	326	314	280	312	274	231	319	366
Number of electrical permits.....	208	189	204	227	215	163	157	145	188	202
Number of plumbing.....	176	211	211	194	190	141	165	128	141	159
Number of gas permits.....	165	209	177	194	191	154	183	157	179	200
<b>Water/Sewer</b>										
Drinking water use (in gallons).....	235,789,924	232,392,560	246,006,924	231,424,280	234,221,939	222,662,000	208,599,283	229,167,799	216,739,753	206,974,625
Drinking water supplied.....	1,997	2,418	2,468	2,510	2,524	2,534	2,545	2,533	2,573	2,597
Annual flow of wastewater (in gallons).....	153,000,000	177,823,000	144,086,000	150,294,000	151,825,169	165,751,000	164,384,000	152,962,000	181,949,000	148,083,000
<b>Recreation</b>										
Number of participants after school program.....	108	85	91	81	74	63	61	0	82	75
Number of participants winter basketball .....	296	283	267	267	271	238	241	56	173	186
Number of participants summer playground.....	314	312	209	252	253	260	326	0	666	744
<b>Parking Clerk</b>										
Beach and residence stickers issued.....	3,561	3,700	3,778	3,707	3,962	3,666	3,691	3,417	6,695	4,999
Beach walk on tags.....	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	5,185	6,451
<b>Police Department</b>										
Calls for service.....	12,157	13,130	13,676	14,522	13,504	13,995	14,581	13,081	14,118	12,388
Arrests.....	129	136	178	48	47	29	29	29	53	97
Traffic citations.....	588	587	581	319	342	554	498	301	463	320
<b>Public Works</b>										
Beaches maintained.....	6	6	6	6	6	6	6	6	6	6
Parks/Sports Fields maintained.....	5	5	5	5	5	5	5	5	5	5
Cemeteries maintained.....	5	5	5	5	5	5	5	5	5	5
Trees in towns right of ways.....	2,300	2,300	2,300	2,300	2,300	2,300	2,300	2,300	2,300	2,300
<b>Town Clerk</b>										
Dog licenses issued.....	909	973	915	962	954	793	899	651	699	546
<b>Manchester Public Library</b>										
Number of visitors.....	50,000	43,500	50,630	42,680	46,836	47,387	45,183	10,363	21,835	49,788
Registered borrowers.....	5,200	4,613	5,694	5,694	5,157	5,316	5,443	5,958	6,081	6,337
Number of circulated items.....	63,000	65,577	62,763	63,387	68,198	68,483	68,578	39,067	60,008	69,723
Usage of electronic collections.....	n/a	n/a	n/a	n/a	30,383	30,753	34,853	68,107	58,752	28,667
Borrowed from other MVLC libraries.....	12,000	10,887	11,195	11,183	11,494	12,456	14,950	10,987	11,644	13,101
Items lent to other MVLC libraries.....	15,660	16,626	17,931	17,923	21,707	17,664	19,073	19,963	20,280	19,756
Answered reference questions.....	1,444	1,395	2,183	2,058	2,065	2,325	3,812	6,548	10,953	9,210
Titles owned.....	59,443	54,386	59,443	61,783	43,061	43,065	72,890	95,917	109,637	110,315
Number of programs held.....	244	226	n/a	73	286	244	270	185	237	308

Source: Various Town Departments

n/a - not available

\* Registration for summer playground was changed from a full summer registration to a weekly registration. The figure for FY2022 is for weekly participants over the course of the summer program.

\*\* FY2022 the process for beach stickers and resident stickers was changed. Previously residents could purchase one resident beach sticker and get two free walk on tags. In FY2022, resident stickers were sent to all residents, getting rid of the 'beach' sticker, and residents can purchase walk on tags individually.

### Capital Asset Statistics by Function/Program

#### Last Ten Years

<u>Function/Program</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
General Government										
Town Hall.....	1	1	1	1	1	1	1	1	1	1
Seaside One Building.....	1	1	1	1	1	1	1	1	1	1
Police										
Police Station at Town Hall.....	1	1	1	1	1	1	1	1	1	1
Fire										
Number of stations.....	1	1	1	1	1	1	1	1	1	1
Public Works										
Sewer Treatment Plant.....	1	1	1	1	1	1	1	1	1	1
Water Treatment Plant.....	1	1	1	1	1	1	1	1	1	1
Public Works Garage.....	1	1	1	1	1	1	1	1	1	1
Cemeteries.....	4	4	4	4	4	4	4	4	4	4
Transfer Station.....	1	1	1	1	1	1	1	1	1	1
Culture and Recreation										
Tuck's Point.....	1	1	1	1	1	1	1	1	1	1
Rotunda at Tuck's Point.....	1	1	1	1	1	1	1	1	1	1
Tuck's Point Chowder House.....	1	1	1	1	1	1	1	1	1	1
Singing Beach.....	1	1	1	1	1	1	1	1	1	1
Masconomo Park.....	1	1	1	1	1	1	1	1	1	1
Libraries.....	1	1	1	1	1	1	1	1	1	1
Crowell Chapel.....	1	1	1	1	1	1	1	1	1	1
Black Beach.....	1	1	1	1	1	1	1	1	1	1
Coach Field Playground.....	1	1	1	1	1	1	1	1	1	1
Magnolia Beach.....	1	1	1	1	1	1	1	1	1	1
Surf Park.....	1	1	1	1	1	1	1	1	1	1
Sweeney Park.....	1	1	1	1	1	1	1	1	1	1
West Manchester Beach.....	1	1	1	1	1	1	1	1	1	1
White Beach.....	1	1	1	1	1	1	1	1	1	1

Source: Various Town Departments