

Town of Manchester-by-the-Sea MASSACHUSETTS

ANNUAL COMPREHENSIVE FINANCIAL REPORT



For the Fiscal Year Ended June 30, 2024

Gregory Federspiel, Town Administrator
Andrea Mainville, Town Accountant

On the cover: Chowder House at Tuck's Point. All photos included in this report are credit to Kendra Dott.

This page: Boats off Tuck's Point.



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



Annual Comprehensive Financial Report

**For the Fiscal Year
July 1, 2023 through June 30, 2024**

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

TOWN OF MANCHESTER-BY-THE-SEA, MASSACHUSETTS

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2024

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TOWN OF MANCHESTER-BY-THE-SEA, MASSACHUSETTS

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Introductory Section



Masconomo Park

Masconomo Park band stand. Photo credit to Kendra Dott

Introductory Section



MANCHESTER-BY-THE-SEA

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Letter of Transmittal

January 31, 2025

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, 2024 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 Marcum LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town for the year ended June 30, 2024, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by

management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the Town's financial statements for the year ended June 30, 2024, are fairly presented in conformity with GAAP. The independent auditors' 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 auditors' report from Marcum LLP.

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 5,437, 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-by-the-Sea is part of the Manchester-Essex Regional School District (MERSD) which serves the Towns of Manchester-by-the-Sea 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. Residential properties comprise 94.03% of the tax levy. In fiscal year 2024, single family dwellings had an average assessment of \$1.6 million and an average tax bill of \$15,018 based on a single tax rate of \$9.35. The per capita income of \$158,051 decreased compared to the prior year and the state average of \$56,284 according to the Massachusetts Department of Revenue. The unemployment rate has increased slightly from 2.2% to 3.2% as of July 2024. The state unemployment rate has also increased slightly from 2.9% as of July 2023 to 3.5% as of July 2024.

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 2024 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 2024, 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 2024 Annual Town

Meeting appropriated \$289,300 to the OPEB trust fund 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 FY2031 based on the current funding schedule.

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 2024 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 averages of several factors, including enrollment, over three years which has shown enrollment to be the highest change factor. Both Towns and the school district continue to work together to stay within budget parameters. The select boards, 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 FY2025 include the continual work on the restoration of Central Pond/Sawmill Brook/Central St. Bridge and culvert, completion of permitting and construction 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, extension of municipal water and sewer lines to enable development of properties in the limited commercial district (LCD), 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 that light and continuing to be conservative, the Town did not request a capital exclusion for FY2024.

In addition, over the past several years, the Town has applied for and received several grant awards, including \$3.5 million to extend municipal water and sewer lines to the limited commercial district, \$500,000 received from the National Oceanic and Atmospheric Administration (NOAA) for Building local capacity for managing extreme weather events amongst the four municipalities of Cape Ann, MA - Essex, Gloucester, Rockport and Manchester-by-the-Sea, \$205,000 for harbor dredge work, \$146,000 for lead service line project, \$112,000 Coastal Zone Management (CZM) coastal resilience work. Several smaller grants have been received throughout the year as well.

During FY2025, 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-by-the-Sea 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 which the town met at its special town meeting held in November 2024, where the new proposed zoning regulations were approved.

The Town continues to have ongoing discussions on the 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, 2023. This was the eighth year the Town submitted an ACFR to the GFOA. Based on information available on the GFOA website, forty-three municipalities in Massachusetts received this distinction for fiscal year 2023. 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 2024 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,

A handwritten signature in cursive script, reading "Andrea Mainville". The signature is written in dark ink and is positioned above the printed name and title.

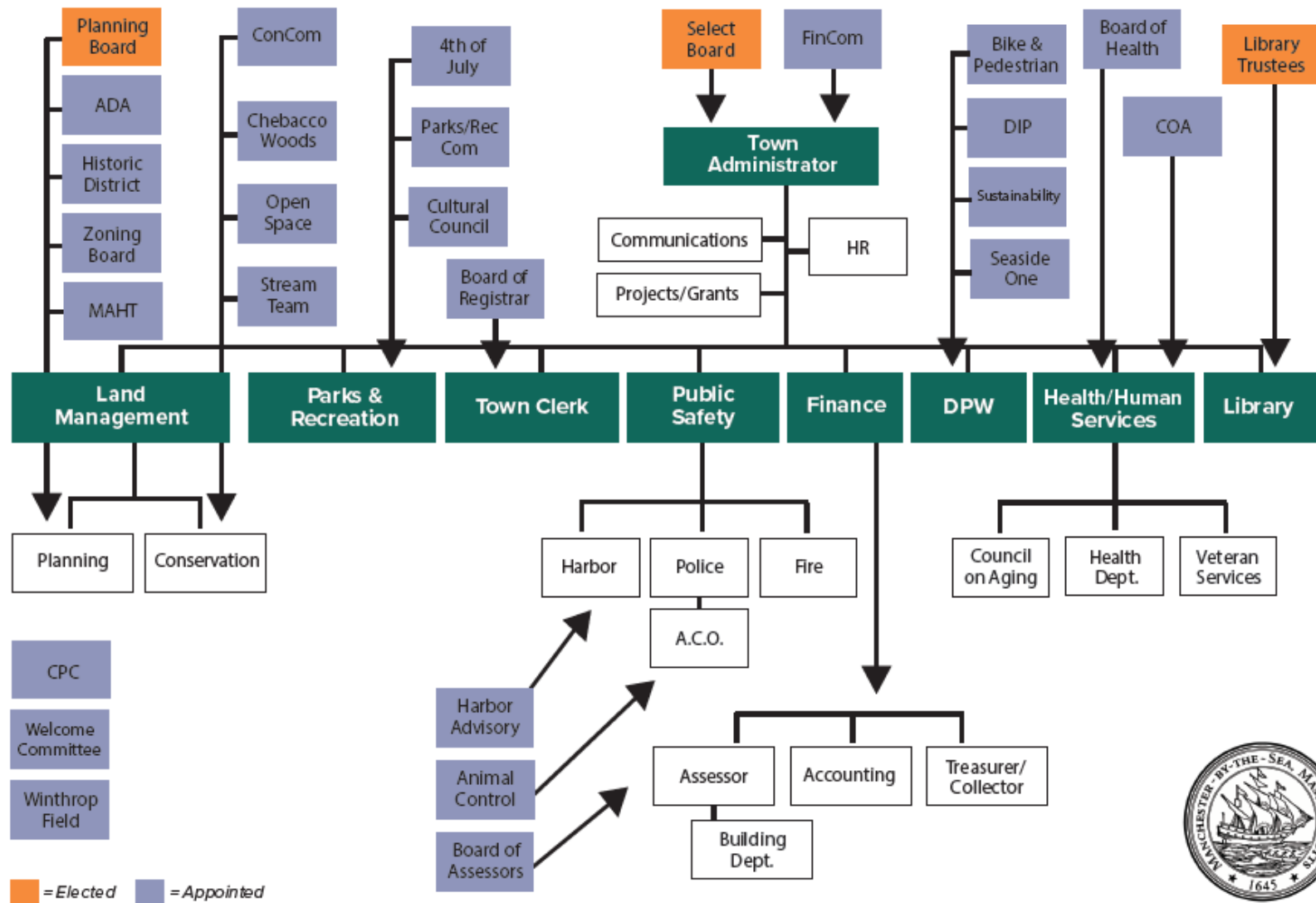
Andrea Mainville
Town Accountant

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

Principal Executive Officers - As of June 30, 2024

TITLE	NAME	SELECTION / TERM	TERM EXPIRES
Select Board Member, Chair	Ann W. Harrison	Elected / 3 years	2026
Select Board Member, Vice Chair	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
Select Board Member	Jeffrey Delaney	Elected / 3 years	2027
Town Administrator	Gregory Federspiel	Contract / 3 years	2025
Treasurer/Collector	Jennifer Yaskell	Appointed / 3 years	2026
Town Accountant	Andrea Mainville	Contract / 3 years	2026
Town Clerk	Christine Dixon	Appointed / 3 years	2027
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, 2023

Christopher P. Morill

Executive Director/CEO

Financial Section



Rotunda at Tuck's Point

Photo credit to Kendra Dott

Financial Section

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MARCUM
ACCOUNTANTS ▲ ADVISORS
INDEPENDENT AUDITORS' 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 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, 2024, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements 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, 2024 and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditors' 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.

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that 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 GAAS 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 GAAS. 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 auditors' 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 January 31, 2025, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

Marcum LLP

Boston, MA
January 31, 2025

Management's Discussion and Analysis

Town of Manchester-by-the-Sea, Massachusetts

Management's Discussion and Analysis

June 30, 2024

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, 2024. 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.

Town of Manchester-by-the-Sea, Massachusetts

Management's Discussion and Analysis

June 30, 2024

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 \$38.8 million at the close of 2024. Overall net position increased (improved) by \$3.6 million during fiscal year 2024.

Town of Manchester-by-the-Sea, Massachusetts

Management's Discussion and Analysis

June 30, 2024

Net position of \$40.3 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 \$4.2 million. The deficit is the result of the recognition of the net pension liability of \$15.2 million, along with the net other postemployment benefits liability of \$2.1 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 \$16.3 million at the close of 2024.

	2024	2023
Assets:		
Current assets.....	\$ 17,371,157	\$ 18,260,328
Noncurrent assets (excluding capital).....	42,538	46,240
Capital assets, nondepreciable.....	2,098,158	2,271,108
Capital assets, net of accumulated depreciation. ...	18,749,581	18,173,714
Total assets.....	38,261,434	38,751,390
Deferred outflows of resources.....	1,548,024	2,487,052
Liabilities:		
Current liabilities (excluding debt).....	1,299,423	2,177,600
Noncurrent liabilities (excluding debt).....	16,031,873	18,159,270
Current debt.....	624,878	615,621
Noncurrent debt.....	4,191,669	4,734,038
Total liabilities.....	22,147,843	25,686,529
Deferred inflows of resources.....	1,365,637	1,029,311
Net position:		
Net investment in capital assets.....	19,810,877	19,216,118
Restricted.....	2,714,421	2,658,142
Unrestricted.....	(6,229,320)	(7,351,658)
Total net position.....	\$ 16,295,978	\$ 14,522,602

Town of Manchester-by-the-Sea, Massachusetts

Management's Discussion and Analysis

June 30, 2024

The Town's governmental net position increased by \$1.8 million from the prior year's net position of \$14.5 million, to a net position of \$16.3 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, budgeted principal payments on existing debt of \$533,000, and an overall decrease in the net OPEB liability and related deferred inflows and outflows of resources of \$811,000.

	2024	2023
Program Revenues:		
Charges for services.....	\$ 3,452,909	\$ 3,375,252
Operating grants and contributions.....	1,445,629	1,695,319
Capital grants and contributions.....	216,038	583,098
General Revenues:		
Real estate and personal property taxes, net of tax refunds payable.....	31,730,976	30,923,331
Motor vehicle and other excise taxes.....	1,301,064	1,227,454
Community preservation tax.....	434,590	419,634
Penalties and interest on taxes.....	78,360	101,718
Payments in lieu of taxes.....	4,717	4,735
Grants and contributions not restricted to specific programs.....	288,715	287,106
Unrestricted investment income.....	719,038	382,536
Total revenues.....	39,672,036	39,000,183
Expenses:		
General government.....	3,272,489	2,960,247
Public safety.....	6,357,568	6,286,809
Education.....	20,113,895	19,140,509
Public works.....	3,325,762	3,397,105
Environmental.....	102,291	161,575
Health and human services.....	613,660	500,384
Library and recreation.....	1,849,921	1,685,470
Community preservation.....	382,269	385,002
Interest.....	147,528	164,974
Total expenses.....	36,165,383	34,682,075
Excess (Deficiency) before transfers.....	3,506,653	4,318,108
Transfers.....	(1,733,277)	(56,690)
Change in net position.....	1,773,376	4,261,418
Net position, beginning of year.....	14,522,602	10,261,184
Net position, end of year.....	\$ 16,295,978	\$ 14,522,602

Town of Manchester-by-the-Sea, Massachusetts

Management's Discussion and Analysis

June 30, 2024

The governmental expenses totaled \$36.2 million of which \$5.1 million (14.1%) 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 \$973,000 over 2023, due to an increase in the Manchester Essex Regional School District assessment for capital improvements to the athletic fields. General government increased by \$312,000 due to an increase in operating grant expenditures.

General revenues totaled \$34.6 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 \$808,000, or 2.6%, 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 decreased \$250,000 over the prior year. The decrease was primarily due to the 2023 gift of \$500,000 received by the Library from a former resident.

Capital grants and contributions decreased \$367,000 due to a decrease in FEMA storm reimbursements along with a decrease in Chapter 90 state highway reimbursements.

Business-Type Activities

For the Town's business-type activities, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$22.5 million at the close of 2024.

	2024	2023
Assets:		
Current assets.....	\$ 3,407,602	\$ 2,850,048
Capital assets, nondepreciable.....	175,000	175,000
Capital assets, net of accumulated depreciation.....	21,986,473	20,993,120
Total assets.....	25,569,075	24,018,168
Deferred outflows of resources.....	129,142	207,479
Liabilities:		
Current liabilities (excluding debt).....	92,018	134,799
Noncurrent liabilities (excluding debt).....	1,335,265	1,512,072
Current debt.....	165,922	157,666
Noncurrent debt.....	1,475,299	1,641,221
Total liabilities.....	3,068,504	3,445,758
Deferred inflows of resources.....	113,927	85,868
Net position:		
Net investment in capital assets.....	20,520,252	19,369,233
Unrestricted.....	1,995,534	1,324,788
Total net position.....	\$ 22,515,786	\$ 20,694,021

Town of Manchester-by-the-Sea, Massachusetts

Management's Discussion and Analysis

June 30, 2024

Business-type net position of \$20.5 million represents the net investment in capital assets while \$2.0 million was unrestricted. The Town's business-type activities net position increased by approximately \$1.8 million in the current year. The increase is primarily related to a \$1.6 million transfer from the general fund for water pipe replacements and 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.

	2024	2023
Program Revenues:		
Charges for services.....	\$ 2,779,564	\$ 2,912,479
Capital grants and contributions.....	-	577,951
Total revenues.....	2,779,564	3,490,430
Expenses:		
Water.....	1,581,707	1,451,350
Sewer.....	1,109,369	1,220,750
Total expenses.....	2,691,076	2,672,100
Excess (Deficiency) before transfers.....	88,488	818,330
Transfers.....	1,733,277	56,690
Change in net position.....	1,821,765	875,020
Net position, beginning of year.....	20,694,021	19,819,001
Net position, end of year.....	\$ 22,515,786	\$ 20,694,021

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 of Manchester-by-the-Sea, Massachusetts

Management's Discussion and Analysis

June 30, 2024

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, a decrease of \$17,000 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 \$5.6 million, and total fund balance totaled \$9.4 million. Fund balance of \$3.7 million was committed for Town Meeting articles and \$154,000 was assigned for encumbrances. The general fund decreased \$953,000 during the year. The decrease is a result of a \$1.6 million transfer to the water enterprise fund for water pipe replacements and improvements offset by better than anticipated budgetary results. Actual revenues exceeded the budget by \$1.3 million. The increased revenues primarily related to charges for services, department and other, and investment income. The real estate and personal property tax budget included a \$212,000 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 16.1% of total general fund expenditures, while total fund balance represents 27.2% 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 \$892,000 at year end, a decrease of \$28,000 from the prior year. The Town collected \$435,000 from the 1.5% property tax surcharge and \$86,000 from matching State funds. Expenditures totaled \$568,000 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 2024, the fund expended \$1.2 million 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 costs incurred for the construction and reconstruction of Town owned roadways. During the fiscal year 2024, the Town expended \$54,000, which was fully reimbursed 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.

Town of Manchester-by-the-Sea, Massachusetts

Management's Discussion and Analysis

June 30, 2024

The 2024, final approved budget authorized approximately \$41.1 million in appropriations and other amounts to be raised, which included \$4.5 million in amounts carried over from the previous year. The final budget was balanced through the use of \$1.3 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 \$1.3 million. The use of free cash included \$1.2 million for capital outlay appropriated within the general fund and \$100,000 for legal and professional services.

The Town's revenues came in over budget by \$1.3 million and expenditures and encumbrances came in under budget by \$234,000. Revenue surpluses were primarily in charges for services, departmental and other, and investment income. The largest departmental turn backs related to snow removal 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 2024, the Town's major governmental capital activity included land improvement additions of \$832,000, which included improvements to Pine Street athletic field, Reed Park, Tuck's Point and Morss Pier. Machinery and equipment included additions of \$450,000, which included new public safety vehicles and launch boats, as well as a new backhoe. Infrastructure additions totaled \$399,000, which included Chapter 90 work, drainage and sidewalk improvements, and road maintenance.

Business-type capital assets activity was comprised of infrastructure additions of \$1.8 million for water system improvements, pipe replacements and sewer system improvements.

Debt administration. Outstanding governmental long-term debt, as of June 30, 2024, totaled \$4.7 million, inclusive of unamortized premiums. Of that amount, \$3.0 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, 2024, the enterprise funds had \$1.6 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.

Town of Manchester-by-the-Sea, Massachusetts

Management's Discussion and Analysis

June 30, 2024

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

Town of Manchester-by-the-Sea, Massachusetts

Statement of Net Position

June 30, 2024

	<i>Primary Government</i>		
	Governmental Activities	Business-type Activities	Total
ASSETS			
CURRENT:			
Cash and cash equivalents.....	\$ 12,020,178	\$ 2,131,312	\$ 14,151,490
Investments.....	3,976,977	-	3,976,977
Receivables, net of allowance for uncollectibles:			
Real estate and personal property taxes.....	189,794	-	189,794
Tax liens and deferrals.....	366,557	-	366,557
Motor vehicle and other excise taxes.....	80,010	-	80,010
User charges.....	-	1,276,290	1,276,290
Departmental and other.....	216,216	-	216,216
Intergovernmental.....	505,930	-	505,930
Special assessments.....	3,703	-	3,703
Tax foreclosures.....	11,792	-	11,792
Total current assets.....	<u>17,371,157</u>	<u>3,407,602</u>	<u>20,778,759</u>
NONCURRENT:			
Receivables, net of allowance for uncollectibles:			
Special assessments.....	42,538	-	42,538
Capital assets, nondepreciable.....	2,098,158	175,000	2,273,158
Capital assets, net of accumulated depreciation.....	<u>18,749,581</u>	<u>21,986,473</u>	<u>40,736,054</u>
Total noncurrent assets.....	<u>20,890,277</u>	<u>22,161,473</u>	<u>43,051,750</u>
TOTAL ASSETS.....	<u>38,261,434</u>	<u>25,569,075</u>	<u>63,830,509</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions.....	1,543,887	128,797	1,672,684
Deferred outflows related to other postemployment benefits....	<u>4,137</u>	<u>345</u>	<u>4,482</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES.....	<u>1,548,024</u>	<u>129,142</u>	<u>1,677,166</u>
LIABILITIES			
CURRENT:			
Warrants payable.....	453,979	47,883	501,862
Accrued payroll.....	184,402	-	184,402
Accrued interest.....	52,667	23,135	75,802
Other liabilities.....	75,640	-	75,640
Unearned revenue.....	316,735	-	316,735
Compensated absences.....	216,000	21,000	237,000
Notes payable.....	82,509	-	82,509
Long-term debt payable.....	<u>542,369</u>	<u>165,922</u>	<u>708,291</u>
Total current liabilities.....	<u>1,924,301</u>	<u>257,940</u>	<u>2,182,241</u>
NONCURRENT:			
Compensated absences.....	62,000	3,000	65,000
Net pension liability.....	14,074,739	1,174,166	15,248,905
Net other postemployment benefits liability.....	1,895,134	158,099	2,053,233
Long-term debt payable.....	<u>4,191,669</u>	<u>1,475,299</u>	<u>5,666,968</u>
Total noncurrent liabilities.....	<u>20,223,542</u>	<u>2,810,564</u>	<u>23,034,106</u>
TOTAL LIABILITIES.....	<u>22,147,843</u>	<u>3,068,504</u>	<u>25,216,347</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions.....	459,960	38,372	498,332
Deferred inflows related to other postemployment benefits.....	<u>905,677</u>	<u>75,555</u>	<u>981,232</u>
TOTAL DEFERRED INFLOWS OF RESOURCES.....	<u>1,365,637</u>	<u>113,927</u>	<u>1,479,564</u>
NET POSITION			
Net investment in capital assets.....	19,810,877	20,520,252	40,331,129
Restricted for:			
Permanent funds:			
Expendable.....	222,512	-	222,512
Nonexpendable.....	413,978	-	413,978
Gifts and grants.....	1,183,406	-	1,183,406
Community preservation.....	894,525	-	894,525
Unrestricted.....	<u>(6,229,320)</u>	<u>1,995,534</u>	<u>(4,233,786)</u>
TOTAL NET POSITION.....	<u>\$ 16,295,978</u>	<u>\$ 22,515,786</u>	<u>\$ 38,811,764</u>

See notes to basic financial statements.

Town of Manchester-by-the-Sea, Massachusetts

Statement of Activities

Year Ended June 30, 2024

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:					
<i>Governmental Activities:</i>					
General government.....	\$ 3,272,489	\$ 651,440	\$ 397,186	\$ -	\$ (2,223,863)
Public safety.....	6,357,568	1,248,887	570,964	31,540	(4,506,177)
Education.....	20,113,895	67,977	-	-	(20,045,918)
Public works.....	3,325,762	318,156	112,362	98,450	(2,796,794)
Environmental.....	102,291	9,309	-	-	(92,982)
Health and human services.....	613,660	55,611	229,391	-	(328,658)
Library and recreation.....	1,849,921	1,101,529	135,726	-	(612,666)
Community preservation.....	382,269	-	-	86,048	(296,221)
Interest.....	147,528	-	-	-	(147,528)
Total Governmental Activities.....	36,165,383	3,452,909	1,445,629	216,038	(31,050,807)
<i>Business-Type Activities:</i>					
Water.....	1,581,707	1,366,505	-	-	(215,202)
Sewer.....	1,109,369	1,413,059	-	-	303,690
Total Business-Type Activities.....	2,691,076	2,779,564	-	-	88,488
Total Primary Government.....	\$ 38,856,459	\$ 6,232,473	\$ 1,445,629	\$ 216,038	\$ (30,962,319)

See notes to basic financial statements.

Town of Manchester-by-the-Sea, Massachusetts

Statement of Activities (Continued)

Year Ended June 30, 2024

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Changes in net position:			
Net (expense) revenue from previous page..... \$	(31,050,807)	\$ 88,488	\$ (30,962,319)
<i>General revenues:</i>			
Real estate and personal property taxes, net of tax refunds payable.....	31,730,976	-	31,730,976
Motor vehicle and other excise taxes.....	1,301,064	-	1,301,064
Community preservation tax.....	434,590	-	434,590
Penalties and interest on taxes.....	78,360	-	78,360
Payments in lieu of taxes.....	4,717	-	4,717
Grants and contributions not restricted to specific programs.....	288,715	-	288,715
Unrestricted investment income.....	719,038	-	719,038
<i>Transfers, net</i>	<u>(1,733,277)</u>	<u>1,733,277</u>	<u>-</u>
Total general revenues and transfers.....	<u>32,824,183</u>	<u>1,733,277</u>	<u>34,557,460</u>
Change in net position.	1,773,376	1,821,765	3,595,141
<i>Net position:</i>			
Beginning of year.....	<u>14,522,602</u>	<u>20,694,021</u>	<u>35,216,623</u>
End of year..... \$	<u><u>16,295,978</u></u>	<u><u>\$ 22,515,786</u></u>	<u><u>\$ 38,811,764</u></u>

See notes to basic financial statements.

Town of Manchester-by-the-Sea, Massachusetts

Governmental Funds Balance Sheet

June 30, 2024

	General	Community Preservation	State Federal and Other Local Grants	Highway Improvements	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents.....	\$ 7,488,797	\$ 360,977	\$ 464,993	\$ -	\$ 3,705,411	\$ 12,020,178
Investments.....	1,935,827	455,289	-	-	1,585,861	3,976,977
Receivables, net of uncollectibles:						
Real estate and personal property taxes.....	187,568	2,226	-	-	-	189,794
Tax liens and deferrals.....	366,557	-	-	-	-	366,557
Motor vehicle and other excise taxes.....	80,010	-	-	-	-	80,010
Departmental and other.....	216,216	-	-	-	-	216,216
Intergovernmental.....	-	78,700	-	427,230	-	505,930
Special assessments.....	46,241	-	-	-	-	46,241
Tax foreclosures.....	11,792	-	-	-	-	11,792
Due from other funds.....	421,412	-	-	-	-	421,412
TOTAL ASSETS.....	\$ 10,754,420	\$ 897,192	\$ 464,993	\$ 427,230	\$ 5,291,272	\$ 17,835,107
LIABILITIES						
Warrants payable.....	\$ 272,344	\$ 2,667	\$ 138,508	\$ 5,818	\$ 34,642	\$ 453,979
Accrued payroll.....	184,402	-	-	-	-	184,402
Due to other funds.....	-	-	-	421,412	-	421,412
Other liabilities.....	75,640	-	-	-	-	75,640
Unearned revenue.....	-	-	316,735	-	-	316,735
Notes payable.....	-	-	-	-	82,509	82,509
TOTAL LIABILITIES.....	532,386	2,667	455,243	427,230	117,151	1,534,677
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue.....	772,916	2,226	-	-	-	775,142
FUND BALANCES						
Nonspendable.....	-	-	-	-	413,978	413,978
Restricted.....	-	892,299	9,750	-	4,842,652	5,744,701
Committed.....	3,719,000	-	-	-	-	3,719,000
Assigned.....	153,735	-	-	-	-	153,735
Unassigned.....	5,576,383	-	-	-	(82,509)	5,493,874
TOTAL FUND BALANCES.....	9,449,118	892,299	9,750	-	5,174,121	15,525,288
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES.....	\$ 10,754,420	\$ 897,192	\$ 464,993	\$ 427,230	\$ 5,291,272	\$ 17,835,107

See notes to basic financial statements.

Town of Manchester-by-the-Sea, Massachusetts

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

June 30, 2024

Total governmental fund balances.....	\$ 15,525,288
Capital assets (net) used in governmental activities are not financial resources and, therefore, are not reported in the funds.....	20,847,739
Accounts receivable are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.....	775,142
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.....	182,387
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.....	(52,667)
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.....	(4,734,038)
Net pension liability.....	(14,074,739)
Net other postemployment benefits liability.....	(1,895,134)
Compensated absences.....	<u>(278,000)</u>
Net effect of reporting long-term liabilities.....	<u>(20,981,911)</u>
Net position of governmental activities.....	\$ <u><u>16,295,978</u></u>

See notes to basic financial statements.

Town of Manchester-by-the-Sea, Massachusetts

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

Year Ended June 30, 2024

	General	Community Preservation	State Federal and Other Local Grants	Highway Improvements	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:						
Real estate and personal property taxes, net of tax refunds.....	\$ 31,709,806	\$ -	\$ -	\$ -	\$ -	\$ 31,709,806
Motor vehicle and other excise taxes.....	1,268,676	-	-	-	16,543	1,285,219
Charges for services.....	520,952	-	-	-	-	520,952
Penalties and interest on taxes.....	77,701	659	-	-	-	78,360
Payments in lieu of taxes.....	4,717	-	-	-	-	4,717
Intergovernmental - state aid.....	288,715	-	-	-	-	288,715
Intergovernmental - other.....	-	-	1,099,933	54,309	210,288	1,364,530
Departmental and other.....	1,651,423	-	-	-	1,369,309	3,020,732
Community preservation taxes.....	-	435,217	-	-	-	435,217
Community preservation state match.....	-	86,048	-	-	-	86,048
Contributions and donations.....	-	-	-	-	151,304	151,304
Investment income.....	562,322	18,271	248	-	138,197	719,038
TOTAL REVENUES.....	36,084,312	540,195	1,100,181	54,309	1,885,641	39,664,638
EXPENDITURES:						
Current:						
General government.....	1,933,051	-	421,255	-	96,313	2,450,619
Public safety.....	4,198,965	-	339,997	-	869,460	5,408,422
Education.....	20,113,895	-	-	-	-	20,113,895
Public works.....	2,784,607	-	367,228	54,309	9,926	3,216,070
Environmental.....	88,376	-	-	-	-	88,376
Health and human services.....	429,854	-	17,617	-	17,461	464,932
Library and recreation.....	1,016,224	-	10,571	-	462,157	1,488,952
Community preservation.....	-	568,009	-	-	-	568,009
Pension benefits.....	1,482,911	-	-	-	-	1,482,911
Property and liability insurance.....	153,552	-	-	-	-	153,552
Employee benefits.....	1,640,890	-	-	-	-	1,640,890
State and county charges.....	185,187	-	-	-	-	185,187
Debt service:						
Principal.....	511,270	-	-	-	-	511,270
Interest.....	175,098	-	-	-	-	175,098
TOTAL EXPENDITURES.....	34,713,880	568,009	1,156,668	54,309	1,455,317	37,948,183
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	1,370,432	(27,814)	(56,487)	-	430,324	1,716,455
OTHER FINANCING SOURCES (USES):						
Transfers in.....	55,000	-	-	-	971,747	1,026,747
Transfers out.....	(2,378,924)	-	-	-	(381,100)	(2,760,024)
TOTAL OTHER FINANCING SOURCES (USES).....	(2,323,924)	-	-	-	590,647	(1,733,277)
NET CHANGE IN FUND BALANCES.....	(953,492)	(27,814)	(56,487)	-	1,020,971	(16,822)
FUND BALANCES AT BEGINNING OF YEAR.....	10,402,610	920,113	66,237	-	4,153,150	15,542,110
FUND BALANCES AT END OF YEAR.....	\$ 9,449,118	\$ 892,299	\$ 9,750	\$ -	\$ 5,174,121	\$ 15,525,288

See notes to basic financial statements.

Town of Manchester-by-the-Sea, Massachusetts

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

Year Ended June 30, 2024

Net change in fund balances - total governmental funds.....	\$	(16,822)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlay.....	1,627,773	
Depreciation expense.....	<u>(1,224,856)</u>	
Net effect of reporting capital assets.....		402,917
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.....		
		7,398
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.		
Net amortization of premium from issuance of long-term debt.....	21,842	
Debt service principal payments.....	<u>511,270</u>	
Net effect of reporting long-term debt.....		533,112
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		
Net change in compensated absences accrual.....	(3,000)	
Net change in accrued interest on long-term debt.....	5,728	
Net change in deferred outflow/(inflow) of resources related to pensions.....	(954,964)	
Net change in net pension liability.....	987,904	
Net change in deferred outflow/(inflow) of resources related to other postemployment benefits.....	(320,390)	
Net change in net other postemployment benefits liability.....	<u>1,131,493</u>	
Net effect of recording long-term liabilities.....		<u>846,771</u>
Change in net position of governmental activities.....	\$	<u><u>1,773,376</u></u>

See notes to basic financial statements.

Town of Manchester-by-the-Sea, Massachusetts

Proprietary Funds Statement of Net Position

June 30, 2024

	Business-type Activities - Enterprise Funds		
	Water	Sewer	Total
ASSETS			
CURRENT:			
Cash and cash equivalents.....	\$ 1,134,262	\$ 997,050	\$ 2,131,312
Receivables:			
User charges.....	595,288	681,002	1,276,290
Total current assets.....	1,729,550	1,678,052	3,407,602
NONCURRENT:			
Capital assets, nondepreciable.....	175,000	-	175,000
Capital assets, net of accumulated depreciation.....	13,853,372	8,133,101	21,986,473
Total noncurrent assets.....	14,028,372	8,133,101	22,161,473
TOTAL ASSETS.....	15,757,922	9,811,153	25,569,075
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions.....	55,199	73,598	128,797
Deferred outflows related to other postemployment benefits.....	148	197	345
TOTAL DEFERRED OUTFLOWS OF RESOURCES.....	55,347	73,795	129,142
LIABILITIES			
CURRENT:			
Warrants payable.....	12,797	35,086	47,883
Accrued interest.....	-	23,135	23,135
Compensated absences.....	12,000	9,000	21,000
Long-term debt payable.....	-	165,922	165,922
Total current liabilities.....	24,797	233,143	257,940
NONCURRENT:			
Compensated absences.....	3,000	-	3,000
Net pension liability.....	503,214	670,952	1,174,166
Net other postemployment benefits liability.....	67,757	90,342	158,099
Long-term debt payable.....	-	1,475,299	1,475,299
Total noncurrent liabilities.....	573,971	2,236,593	2,810,564
TOTAL LIABILITIES.....	598,768	2,469,736	3,068,504
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions.....	16,445	21,927	38,372
Deferred inflows related to other postemployment benefits.....	32,381	43,174	75,555
TOTAL DEFERRED INFLOWS OF RESOURCES.....	48,826	65,101	113,927
NET POSITION			
Net investment in capital assets.....	14,028,372	6,491,880	20,520,252
Unrestricted.....	1,137,303	858,231	1,995,534
TOTAL NET POSITION.....	\$ 15,165,675	\$ 7,350,111	\$ 22,515,786

See notes to basic financial statements.

Town of Manchester-by-the-Sea, Massachusetts

Proprietary Funds Statement of Revenues, Expenses and Changes in Net Position

Year Ended June 30, 2024

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
<u>OPERATING REVENUES:</u>			
Charges for services.....	\$ 1,366,505	\$ 1,413,059	\$ 2,779,564
<u>OPERATING EXPENSES:</u>			
Cost of services and administration.....	1,149,551	706,789	1,856,340
Depreciation.....	432,156	354,089	786,245
TOTAL OPERATING EXPENSES.....	1,581,707	1,060,878	2,642,585
OPERATING INCOME (LOSS).....	(215,202)	352,181	136,979
<u>NONOPERATING REVENUES (EXPENSES):</u>			
Interest expense.....	-	(48,491)	(48,491)
INCOME (LOSS) BEFORE TRANSFERS.....	(215,202)	303,690	88,488
<u>TRANSFERS:</u>			
Transfers in.....	1,677,110	56,167	1,733,277
CHANGE IN NET POSITION.....	1,461,908	359,857	1,821,765
NET POSITION AT BEGINNING OF YEAR.....	13,703,767	6,990,254	20,694,021
NET POSITION AT END OF YEAR.....	\$ 15,165,675	\$ 7,350,111	\$ 22,515,786

See notes to basic financial statements.

Town of Manchester-by-the-Sea, Massachusetts

Proprietary Funds Statement of Cash Flows

Year Ended June 30, 2024

	Business-type Activities - Enterprise Funds		
	Water	Sewer	Total
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>			
Receipts from customers and users.....	\$ 1,339,078	\$ 1,298,691	\$ 2,637,769
Payments to vendors.....	(957,243)	(527,859)	(1,485,102)
Payments to employees and employee benefits.....	(241,719)	(240,160)	(481,879)
NET CASH FROM OPERATING ACTIVITIES.....	140,116	530,672	670,788
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u>			
Transfers in.....	1,677,110	56,167	1,733,277
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u>			
Acquisition and construction of capital assets.....	(1,359,189)	(420,409)	(1,779,598)
Principal payments on long-term debt.....	-	(140,000)	(140,000)
Interest expense.....	-	(68,708)	(68,708)
NET CASH FROM/ (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES.....	(1,359,189)	(629,117)	(1,988,306)
NET CHANGE IN CASH AND CASH EQUIVALENTS.....	458,037	(42,278)	415,759
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR.....	676,225	1,039,328	1,715,553
CASH AND CASH EQUIVALENTS AT END OF YEAR.....	\$ 1,134,262	\$ 997,050	\$ 2,131,312
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES:</u>			
Operating income (loss).....	\$ (215,202)	\$ 352,181	\$ 136,979
Adjustments to reconcile operating income to net cash from operating activities:			
Depreciation.....	432,156	354,089	786,245
Deferred (outflows)/inflows related to pensions.....	31,933	47,734	79,667
Deferred (outflows)/inflows related to other postemployment benefits.....	12,085	14,644	26,729
Changes in assets and liabilities:			
User charges.....	(27,427)	(114,368)	(141,795)
Warrants payable.....	(37,253)	(1,977)	(39,230)
Compensated absences.....	-	(1,000)	(1,000)
Net pension liability.....	(19,001)	(63,413)	(82,414)
Net other postemployment benefits liability.....	(37,175)	(57,218)	(94,393)
Total adjustments.....	355,318	178,491	533,809
NET CASH FROM OPERATING ACTIVITIES.....	\$ 140,116	\$ 530,672	\$ 670,788

See notes to basic financial statements.

Town of Manchester-by-the-Sea, Massachusetts

**Fiduciary Funds
Statement of Fiduciary Net Position**

June 30, 2024

		Other Postemployment Benefit Trust Fund
		<hr/>
ASSETS		
Investments:		
Investments in Pension Reserve Investment Trust.....	\$	4,561,142
		<hr/> <hr/>
NET POSITION		
Restricted for other postemployment benefits.....	\$	4,561,142
		<hr/> <hr/>

See notes to basic financial statements.

Town of Manchester-by-the-Sea, Massachusetts

**Fiduciary Funds
Statement of Changes in Fiduciary Net Position**

Year Ended June 30, 2024

	Other Postemployment Benefit Trust Fund
<u>ADDITIONS:</u>	
Contributions:	
Employer contributions.....	\$ 289,300
Employer contributions for other postemployment benefit payments.....	456,790
Total contributions.....	746,090
Net investment income:	
Investment income.....	407,657
Less: investment expense.....	(21,702)
Net investment income.....	385,955
TOTAL ADDITIONS.....	1,132,045
<u>DEDUCTIONS:</u>	
Other postemployment benefit payments.....	456,790
NET INCREASE IN NET POSITION.....	675,255
NET POSITION AT BEGINNING OF YEAR.....	3,885,887
NET POSITION AT END OF YEAR.....	\$ 4,561,142

See notes to basic financial statements.

Town of Manchester-by-the-Sea, Massachusetts

Notes to Basic Financial Statements

Year Ended June 30, 2024

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 total 2024 assessment was \$19,880,122, which included a capital assessment. 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 2024 assessment was \$233,773. Please contact the finance office at 565 Maple Street, Hathorne, MA 01937, for audited financial statements.

Town of Manchester-by-the-Sea, Massachusetts

Notes to Basic Financial Statements

Year Ended June 30, 2024

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.

Town of Manchester-by-the-Sea, Massachusetts

Notes to Basic Financial Statements

Year Ended June 30, 2024

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.

Town of Manchester-by-the-Sea, Massachusetts

Notes to Basic Financial Statements

Year Ended June 30, 2024

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.

Town of Manchester-by-the-Sea, Massachusetts

Notes to Basic Financial Statements

Year Ended June 30, 2024

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. Fair value is the price that would be received to sell an asset or transfer a liability in an orderly transaction between market participations at the measurement date. 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.

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 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.

Town of Manchester-by-the-Sea, Massachusetts

Notes to Basic Financial Statements

Year Ended June 30, 2024

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 1st 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 1st, November 1st, February 1st and May 1st and are subject to penalties and interest if they are not paid by the respective due date. Real estate and personal property taxes levied are recorded as receivables in the year of the levy.

Real estate tax liens are processed 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.

Town of Manchester-by-the-Sea, Massachusetts

Notes to Basic Financial Statements

Year Ended June 30, 2024

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 uncollectible.

Special Assessments

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

Town of Manchester-by-the-Sea, Massachusetts

Notes to Basic Financial Statements

Year Ended June 30, 2024

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

G. 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 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.

Town of Manchester-by-the-Sea, Massachusetts

Notes to Basic Financial Statements

Year Ended June 30, 2024

H. 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/expense) 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.

I. 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.

Town of Manchester-by-the-Sea, Massachusetts

Notes to Basic Financial Statements

Year Ended June 30, 2024

J. 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.

K. 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.

L. 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.

Town of Manchester-by-the-Sea, Massachusetts

Notes to Basic Financial Statements

Year Ended June 30, 2024

“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.

Town of Manchester-by-the-Sea, Massachusetts

Notes to Basic Financial Statements

Year Ended June 30, 2024

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.

M. 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.

N. 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.

O. 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.

Town of Manchester-by-the-Sea, Massachusetts

Notes to Basic Financial Statements

Year Ended June 30, 2024

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.

P. Fund Deficits and Appropriation Deficit

An individual fund deficit existed at June 30, 2024, in the nonmajor governmental MCWT Septic Loan Program fund. The deficit will be funded by future bond proceeds or available funds.

Q. 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.

R. 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.

S. Total Column

Government-Wide Financial Statements

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

Fund Financial Statements

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

Town of Manchester-by-the-Sea, Massachusetts

Notes to Basic Financial Statements

Year Ended June 30, 2024

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, 2024, \$4,561,142 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 2.98 to 14.57 years.

PRIT was created under MGL Chapter 32, Section 22, in December 1983. The PRIT pooled fund is an external investment pool that is not registered with the Securities Exchange Commission but is subject to oversight provided by the Pension Reserves Investment Management Board (PRIM). PRIM was created by legislation to provide general supervision of the investments and management of PRIT. PRIM shall choose an investment advisor by requesting proposals from advisors and reviewing such proposals based on criteria adopted under MGL Chapter 30B. At June 30, 2024, there were no unfunded commitments. Redemption frequency is monthly with a 30-day redemption notice period. PRIT maintains a diversified portfolio of active and passive investment strategies. A significant portion of the fund is allocated to global equity investments, which typically generate higher returns, but can also experience more volatility. To offset potential volatility and diversify the fund, investments are made in alternative asset classes that demonstrate little correlation to equities, serving to generate more consistent returns while reducing portfolio volatility.

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 \$13,996,553 and the bank balance totaled \$16,023,683. Of the bank

Town of Manchester-by-the-Sea, Massachusetts

Notes to Basic Financial Statements

Year Ended June 30, 2024

balance, \$1,573,957 was covered by Federal Depository Insurance, \$7,031,170 was covered by the Depositors Insurance Fund, \$2,137,378 was collateralized and \$5,281,178 was covered by IntraFI cash service agreements. IntraFI allows the Town to expand their FDIC insurance coverage.

Investments

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

Investment Type	Fair value	Maturities		
		Under 1 Year	1-5 Years	6-10 Years
Debt securities:				
U.S. treasury notes.....	\$ 893,161	\$ 176,953	\$ 716,208	\$ -
Government sponsored enterprises.....	155,857	53,886	101,971	-
Corporate bonds.....	1,588,346	226,740	1,303,614	57,992
Total debt securities.....	2,637,364	\$ 457,579	\$ 2,121,793	\$ 57,992
Other investments:				
Equity securities.....	1,310,821			
Fixed income mutual funds.....	28,792			
Money market mutual funds.....	154,937			
Pension Reserve Investment Trust (PRIT) - OPEB Trust...	4,561,142			
Total investments.....	\$ 8,693,056			

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, 2024, 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

Town of Manchester-by-the-Sea, Massachusetts

Notes to Basic Financial Statements

Year Ended June 30, 2024

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, 2024, were as follows:

<u>Quality Rating</u>	<u>Government Sponsored Enterprises</u>	<u>Corporate Bonds</u>
Aaa.....	\$ 155,857	\$ 26,730
A+.....	-	277,688
A.....	-	238,742
A-.....	-	390,909
BBB+.....	-	126,238
BBB.....	-	528,039
Total.....	\$ <u>155,857</u>	\$ <u>1,588,346</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, 2024, 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

Town of Manchester-by-the-Sea, Massachusetts

Notes to Basic Financial Statements

Year Ended June 30, 2024

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, 2024, that the Town measures fair value on a recurring basis, by level, within the fair value hierarchy:

Investment Type	June 30, 2024	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments measured at fair value:				
<u>Debt securities:</u>				
U.S. treasury notes.....	\$ 893,161	\$ -	\$ 893,161	\$ -
Government sponsored enterprises.....	155,857	-	155,857	-
Corporate bonds.....	1,588,346	-	1,588,346	-
Total debt securities.....	2,637,364	-	2,637,364	-
<u>Other investments:</u>				
Equity securities.....	1,310,821	1,310,821	-	-
Fixed income mutual funds.....	28,792	28,792	-	-
Money market mutual funds.....	154,937	154,937	-	-
Total other investments.....	1,494,550	1,494,550	-	-
Total investments measured at fair value.....	4,131,914	\$ 1,494,550	\$ 2,637,364	\$ -
Investments measured at net asset value:				
Pension Reserve Investment Trust (PRIT) - OPEB Trust..	4,561,142			
Total investments.....	\$ 8,693,056			

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. U.S. treasury notes, government sponsored enterprises, and 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.

Town of Manchester-by-the-Sea, Massachusetts

Notes to Basic Financial Statements

Year Ended June 30, 2024

NOTE 3 – RECEIVABLES

At June 30, 2024, 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.....	\$ 189,794	\$ -	\$ 189,794
Tax liens and tax deferrals.....	366,557	-	366,557
Motor vehicle and other excise taxes.....	91,910	(11,900)	80,010
Departmental and other.....	403,216	(187,000)	216,216
Intergovernmental.....	427,230	-	427,230
Community preservation state share.....	78,700	-	78,700
Special assessments.....	46,241	-	46,241
 Total.....	 \$ 1,603,648	 \$ (198,900)	 \$ 1,404,748

At June 30, 2024, receivables for the water and sewer enterprise funds consisted of \$595,288, and \$681,002, 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.....	\$ 120,077	\$ 2,226	\$ 122,303
Tax liens and tax deferrals.....	366,557	-	366,557
Motor vehicle and other excise taxes.....	80,010	-	80,010
Departmental and other.....	148,239	-	148,239
Special assessments.....	46,241	-	46,241
<u>Other assets:</u>			
Tax foreclosures.....	11,792	-	11,792
 Total.....	 \$ 772,916	 \$ 2,226	 \$ 775,142

Town of Manchester-by-the-Sea, Massachusetts

Notes to Basic Financial Statements

Year Ended June 30, 2024

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2024, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 1,040,941	\$ -	\$ -	\$ 1,040,941
Construction in progress.....	1,230,167	278,299	(451,249)	1,057,217
 Total capital assets not being depreciated.....	 2,271,108	 278,299	 (451,249)	 2,098,158
 <u>Capital assets being depreciated:</u>				
Land improvements.....	3,843,910	831,802	-	4,675,712
Buildings.....	4,694,441	-	(55,457)	4,638,984
Buildings and improvements.....	3,633,241	119,556	-	3,752,797
Machinery and equipment.....	6,839,595	449,922	(445,989)	6,843,528
Infrastructure.....	12,627,538	399,443	-	13,026,981
 Total capital assets being depreciated.....	 31,638,725	 1,800,723	 (501,446)	 32,938,002
 <u>Less accumulated depreciation for:</u>				
Land improvements.....	(602,204)	(176,666)	-	(778,870)
Buildings.....	(4,376,222)	(30,934)	55,457	(4,351,699)
Buildings and improvements.....	(978,330)	(182,285)	-	(1,160,615)
Machinery and equipment.....	(4,768,505)	(499,077)	445,989	(4,821,593)
Infrastructure.....	(2,739,750)	(335,894)	-	(3,075,644)
 Total accumulated depreciation.....	 (13,465,011)	 (1,224,856)	 501,446	 (14,188,421)
 Total capital assets being depreciated, net.....	 18,173,714	 575,867	 -	 18,749,581
 Total governmental activities capital assets, net.....	 \$ 20,444,822	 \$ 854,166	 \$ (451,249)	 \$ 20,847,739

Town of Manchester-by-the-Sea, Massachusetts

Notes to Basic Financial Statements

Year Ended June 30, 2024

Business-Type Activities

	Beginning Balance	Increases	Decreases	Ending Balance
Water:				
<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.....	7,787,563	-	(11,000)	7,776,563
Infrastructure.....	12,137,614	1,359,189	-	13,496,803
Total capital assets being depreciated.....	23,588,794	1,359,189	(11,000)	24,936,983
<u>Less accumulated depreciation for:</u>				
Buildings.....	(1,341,813)	(53,655)	-	(1,395,468)
Buildings and improvements.....	(285,758)	(36,071)	-	(321,829)
Machinery and equipment.....	(7,522,484)	(20,278)	11,000	(7,531,762)
Infrastructure.....	(1,512,400)	(322,152)	-	(1,834,552)
Total accumulated depreciation.....	(10,662,455)	(432,156)	11,000	(11,083,611)
Total capital assets being depreciated, net.....	12,926,339	927,033	-	13,853,372
Total water activities capital assets, net.....	\$ 13,101,339	\$ 927,033	\$ -	\$ 14,028,372
	Beginning Balance	Increases	Decreases	Ending Balance
Sewer:				
<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	-	(64,768)	2,351,194
Infrastructure.....	7,319,103	420,409	-	7,739,512
Total capital assets being depreciated.....	16,373,895	420,409	(64,768)	16,729,536
<u>Less accumulated depreciation for:</u>				
Buildings.....	(3,907,134)	(145,774)	-	(4,052,908)
Buildings and improvements.....	(54,176)	(9,850)	-	(64,026)
Machinery and equipment.....	(2,413,193)	(2,771)	64,768	(2,351,196)
Infrastructure.....	(1,932,611)	(195,694)	-	(2,128,305)
Total accumulated depreciation.....	(8,307,114)	(354,089)	64,768	(8,596,435)
Total capital assets being depreciated, net.....	8,066,781	66,320	-	8,133,101
Total sewer activities capital assets, net.....	\$ 8,066,781	\$ 66,320	\$ -	\$ 8,133,101

Town of Manchester-by-the-Sea, Massachusetts

Notes to Basic Financial Statements

Year Ended June 30, 2024

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

Governmental Activities:

General government.....	\$ 140,033
Public safety.....	430,540
Public works.....	503,224
Health and human services.....	22,790
Library and recreation.....	98,051
Community preservation.....	<u>30,218</u>

Total depreciation expense - governmental activities..... \$ 1,224,856

Business-Type Activities:

Water.....	\$ 432,156
Sewer.....	<u>354,089</u>

Total depreciation expense - business-type activities..... \$ 786,245

NOTE 5 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The Town's interfund receivable/payable at June 30, 2024, consisted of \$421,412 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, 2024, were summarized as follows:

Transfers In:					
Transfers Out:	General fund	Nonmajor governmental funds	Water enterprise fund	Sewer enterprise fund	Total
General fund.....	\$ -	\$ 645,647	\$ 1,677,110	\$ 56,167	\$ 2,378,924 (1)
Nonmajor governmental funds....	<u>55,000</u>	<u>326,100</u>	<u>-</u>	<u>-</u>	<u>381,100 (2)</u>
Total.....	\$ <u>55,000</u>	\$ <u>971,747</u>	\$ <u>1,677,110</u>	\$ <u>56,167</u>	\$ <u>2,760,024</u>

- (1) Represents budgeted transfers from the general fund to the special revenue fund for operations, to water for capital, 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.

Town of Manchester-by-the-Sea, Massachusetts

Notes to Basic Financial Statements

Year Ended June 30, 2024

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, 2024, 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 2024, the Town did not draw any funds against the loan. During fiscal year 2025, the Town paid off the loan in full with available funds, instead of permanently financing the loan.

Town of Manchester-by-the-Sea, Massachusetts

Notes to Basic Financial Statements

Year Ended June 30, 2024

NOTE 7 – LONG-TERM DEBT

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

Details related to the outstanding indebtedness at June 30, 2024, and the debt service requirements are as follows:

Bonds and Notes Payable Schedule – Governmental Activities

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2024
<u>General Obligation Bonds Payable:</u>				
Municipal Purpose Bonds of 2012.....	2031	\$ 2,711,000	2.00-4.00	\$ 860,000
Municipal Purpose Bonds of 2015.....	2032	1,731,000	2.70	<u>800,000</u>
Subtotal Governmental General Obligation Bonds Payable.....				<u>1,660,000</u>
Water Building Road Repair and Construction.....	2031	150,000	2.00-4.00	35,000
Water Pipe Bonds of 2018.....	2033	93,000	5.00	65,000
Water System Improvements Bonds of 2018.....	2033	918,500	5.00	625,000
Water System Improvements (2) Bonds of 2018...	2033	1,837,000	5.00	<u>1,250,000</u>
Subtotal Governmental Water General Obligation Bonds Payable.....				<u>1,975,000</u>
Subtotal General Obligation Bonds Payable.....				<u>3,635,000</u>
<u>Direct Borrowings Payable:</u>				
Water System Improvements - MCWT.....	2037	1,440,000	2.00	<u>1,004,685</u>
Total Governmental Water Debt Payable.....				<u>2,979,685</u>
Total General Obligation Bonds and Direct Borrowings Payable.....				4,639,685
Add: Unamortized premium on bonds.....				<u>94,353</u>
Total Long-Term Debt Payable, net.....				<u>\$ 4,734,038</u>

Town of Manchester-by-the-Sea, Massachusetts

Notes to Basic Financial Statements

Year Ended June 30, 2024

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

Year	General Obligation Bonds Payable:		
	Principal	Interest	Total
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.....	\$ <u>3,635,000</u>	\$ <u>613,963</u>	\$ <u>4,248,963</u>

Year	Direct Borrowings Payable:		
	Principal	Interest	Total
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.....	\$ <u>1,004,685</u>	\$ <u>136,651</u>	\$ <u>1,141,336</u>

Town of Manchester-by-the-Sea, Massachusetts

Notes to Basic Financial Statements

Year Ended June 30, 2024

Bonds and Notes Payable Schedule – Sewer Enterprise Fund

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2024
<u>General Obligation Bonds Payable:</u>				
Sewer.....	2025	\$ 70,000	2.00-4.00	\$ 5,000
Sewer Improvement Bonds of 2018.....	2033	459,500	5.00	310,000
Sewer Improvement (2) Bonds of 2018...	2033	1,837,000	5.00	<u>1,250,000</u>
Subtotal General Obligation Bonds Payable.....				<u>1,565,000</u>
Add: Unamortized premium on bonds.....				<u>76,221</u>
Total Bonds Payable, net.....				<u>\$ 1,641,221</u>

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

Year	General Obligation Bonds Payable:		
	Principal	Interest	Total
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>\$ 1,565,000</u>	<u>\$ 295,234</u>	<u>\$ 1,860,234</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 \$2,979,685.

Town of Manchester-by-the-Sea, Massachusetts

Notes to Basic Financial Statements

Year Ended June 30, 2024

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 \$56,167 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, 2024, the Town had authorized and unissued debt of \$8.6 million. Of this amount, \$1.0 million was for the harbor dredging and improvements, \$4.1 million was for water system improvements, and \$3.5 million was for wastewater system improvements.

Changes in Long-term Liabilities

During the year ended June 30, 2024, 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
Governmental Activities:							
Long-term general obligation bonds payable... \$	4,080,000	\$ -	\$ (445,000)	\$ -	\$ -	\$ 3,635,000	\$ 455,000
Long-term direct borrowing payable.....	1,070,955	-	(66,270)	-	-	1,004,685	67,710
Add: Unamortized premium on bonds.....	116,195	-	(21,842)	-	-	94,353	19,659
Total long-term debt.....	5,267,150	-	(533,112)	-	-	4,734,038	542,369
Compensated absences.....	275,000	-	-	208,000	(205,000)	278,000	216,000
Net pension liability.....	15,062,643	-	-	515,559	(1,503,463)	14,074,739	-
Net other postemployment benefits liability.....	3,026,627	-	-	996,735	(2,128,228)	1,895,134	-
Total governmental activity							
long-term liabilities.....	\$ 23,631,420	\$ -	\$ (533,112)	\$ 1,720,294	\$ (3,836,691)	\$ 20,981,911	\$ 758,369
Business-Type Activities:							
Long-term general obligation bonds payable... \$	1,705,000	\$ -	\$ (140,000)	\$ -	\$ -	\$ 1,565,000	\$ 150,000
Add: Unamortized premium on bonds.....	93,887	-	(17,666)	-	-	76,221	15,922
Total long-term debt.....	1,798,887	-	(157,666)	-	-	1,641,221	165,922
Compensated absences.....	25,000	-	-	21,000	(22,000)	24,000	21,000
Net pension liability.....	1,256,580	-	-	43,010	(125,424)	1,174,166	-
Net other postemployment benefits liability.....	252,492	-	-	83,152	(177,545)	158,099	-
Total business-type activity							
long-term liabilities.....	\$ 3,332,959	\$ -	\$ (157,666)	\$ 147,162	\$ (324,969)	\$ 2,997,486	\$ 186,922

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

Town of Manchester-by-the-Sea, Massachusetts

Notes to Basic Financial Statements

Year Ended June 30, 2024

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, Town Meeting.
- 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.

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 \$1.6 million and has been reported as unassigned fund balance within the general fund.

As of June 30, 2024, the governmental fund balances consisted of the following, as shown on the next page.

Town of Manchester-by-the-Sea, Massachusetts

Notes to Basic Financial Statements

Year Ended June 30, 2024

	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.....	-	892,299	-	-	892,299
State, federal and other local grants.....	-	-	9,750	-	9,750
Gifts.....	-	-	-	189,357	189,357
Harbormaster.....	-	-	-	644,932	644,932
Special revenue trust.....	-	-	-	984,299	984,299
Recreation revolving.....	-	-	-	727,075	727,075
Planning conservation commission.....	-	-	-	85,190	85,190
Affordable housing trust.....	-	-	-	1,288,187	1,288,187
Other special revenue.....	-	-	-	201,100	201,100
Senior center capital.....	-	-	-	500,000	500,000
Expendable trusts.....	-	-	-	222,512	222,512
Committed to:					
Articles and continuing appropriations:					
Backhoe.....	14,775	-	-	-	14,775
Building upgrades.....	84,200	-	-	-	84,200
Central street culvert.....	613,010	-	-	-	613,010
Compost facility.....	134,817	-	-	-	134,817
Computer upgrades.....	58,130	-	-	-	58,130
Conservation lands management plan.....	10,000	-	-	-	10,000
Barn/DPW garage area.....	100,000	-	-	-	100,000
DPW facility assessment.....	230,000	-	-	-	230,000
Drainage/sidewalk improvements.....	92,959	-	-	-	92,959
Facility assessments.....	9,748	-	-	-	9,748
Fire ladder truck.....	1,431,000	-	-	-	1,431,000
Fire station renovations.....	46,895	-	-	-	46,895
Flood roofing and generator.....	45,000	-	-	-	45,000
Guardrail replacement.....	6,000	-	-	-	6,000
Library projects.....	164,302	-	-	-	164,302
Paramedic monitor/defib replacement.....	54,000	-	-	-	54,000
Planning downtown strategic plan.....	37,500	-	-	-	37,500
Police cars.....	71,023	-	-	-	71,023
Police tasers.....	12,600	-	-	-	12,600
Road maintenance and construction.....	117,604	-	-	-	117,604
Seaside onr HVAC.....	8,000	-	-	-	8,000
Storm damage repairs.....	44,549	-	-	-	44,549
Sweeney parking lot and engineering.....	94,500	-	-	-	94,500
Town grant match compost & complete streets.....	11,635	-	-	-	11,635
Town hall generator.....	97,000	-	-	-	97,000
Tuck's point rotunda.....	60,000	-	-	-	60,000
Various upgrades.....	3,505	-	-	-	3,505
Water resource protection study.....	49,184	-	-	-	49,184
Zoning by-laws and improvements.....	17,064	-	-	-	17,064
Assigned to:					
Select Board.....	143	-	-	-	143
Information technology.....	10,000	-	-	-	10,000
Assessors.....	5,495	-	-	-	5,495
Treasurer/collector.....	200	-	-	-	200
Legal.....	30,710	-	-	-	30,710
Appeals board.....	119	-	-	-	119
Planning board.....	13,500	-	-	-	13,500
Employee benefits.....	20,619	-	-	-	20,619
Public safety.....	5,869	-	-	-	5,869
Public works.....	18,036	-	-	-	18,036
Facilities.....	11,187	-	-	-	11,187
Street lighting.....	20,582	-	-	-	20,582
Library.....	17,275	-	-	-	17,275
Unassigned.....	5,576,383	-	-	(82,509)	5,493,874
Total Fund Balances.....	9,449,118	\$ 892,299	\$ 9,750	5,174,121	\$ 15,525,288

Town of Manchester-by-the-Sea, Massachusetts

Notes to Basic Financial Statements

Year Ended June 30, 2024

NOTE 9 – RISK FINANCING

The Town is exposed to various risks of loss related to torts; theft of damage to and destruction of assets; errors and omissions; 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, 2024, 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 or 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

Town of Manchester-by-the-Sea, Massachusetts

Notes to Basic Financial Statements

Year Ended June 30, 2024

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, 2024, was \$1,628,887 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, 2024, the Town reported a liability of \$15,248,905 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2024. 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, 2023, the Town's proportion was 3.44%, which decreased 0.1% from its proportion measured as of December 31, 2022.

Pension Expense – For the year ended June 30, 2024, the Town recognized a pension expense of \$1,593,200. At June 30, 2024, the Town reported deferred outflows of resources related to pensions of \$1,672,684, and deferred inflows of resources related to pensions of \$498,332. The Town paid their annual pension appropriation on July 1, 2023, for the measurement date of December 31, 2023, therefore no contributions after the measurement date were reported by the Town.

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

Deferred Category	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Differences between expected and actual experience.....	\$ 282,189	\$ (182,601)	\$ 99,588
Difference between projected and actual earnings, net.....	844,450	-	844,450
Changes in assumptions.....	418,601	-	418,601
Changes in proportion and difference between employer contributions and proportionate share of contributions...	127,444	(315,731)	(188,287)
Total deferred outflows/(inflows) of resources.....	\$ 1,672,684	\$ (498,332)	\$ 1,174,352

Town of Manchester-by-the-Sea, Massachusetts

Notes to Basic Financial Statements

Year Ended June 30, 2024

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

<u>Year ended June 30:</u>	
2025.....	\$ 211,518
2026.....	405,237
2027.....	716,591
2028.....	<u>(158,994)</u>
Total.....	\$ <u>1,174,352</u>

Actuarial Assumptions – The total pension liability in the January 1, 2024, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement that was updated to December 31, 2023:

Valuation date.....	January 1, 2024
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%
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.

Town of Manchester-by-the-Sea, Massachusetts

Notes to Basic Financial Statements

Year Ended June 30, 2024

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, 2023, are summarized in the table on the next page.

<u>Asset Class</u>	<u>Long-Term Expected Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity.....	24.10%	6.90%
International developed markets equity...	10.80%	6.60%
International emerging markets equity.....	4.40%	9.20%
Core fixed income.....	13.60%	4.90%
High-yield fixed income.....	7.30%	4.20%
Private equity.....	17.10%	10.20%
Real estate.....	10.30%	6.60%
Timberland.....	3.20%	7.10%
Hedge funds, PCS and Overlay.....	9.20%	6.40%
Total.....	<u>100.00%</u>	

Rate of Return – For the year ended December 31, 2023, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 11.00%. 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 December 31, 2023, and December 31, 2022. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that contributions will be made at rates equal to the actuarially determined contribution 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.

Town of Manchester-by-the-Sea, Massachusetts

Notes to Basic Financial Statements

Year Ended June 30, 2024

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..... \$	<u>19,768,447</u>	<u>\$ 15,248,905</u>	<u>\$ 11,456,839</u>

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 2024, the Town’s age adjusted contribution to the plan totaled approximately \$746,100. For the year ended June 30, 2024, the Town’s average contribution rate was 11.66% 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

Town of Manchester-by-the-Sea, Massachusetts

Notes to Basic Financial Statements

Year Ended June 30, 2024

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, 2024, the balance of this fund totaled \$4.6 million.

Employees Covered by Benefit Terms – The following table represents the Plan's membership at July 1, 2024, the date of the actuarial valuation:

Active members.....	78
Inactive members currently receiving benefits.....	<u>87</u>
Total.....	<u>165</u>

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

Total OPEB liability.....	\$ 6,614,375
Less: OPEB plan's fiduciary net position.....	<u>(4,561,142)</u>
Net OPEB liability.....	<u>\$ 2,053,233</u>

The OPEB plan's fiduciary net position as a percentage of the total OPEB liability..	68.96%
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Town of Manchester-by-the-Sea, Massachusetts

Notes to Basic Financial Statements

Year Ended June 30, 2024

Significant Actuarial Methods and Assumptions – The total OPEB liability in the July 1, 2024, 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, 2024:

Valuation date.....	July 1, 2024
Measurement date.....	June 30, 2024
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.
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 2024 at age 64 and 65 are \$15,614 and \$4,134, respectively. Medicare eligible retirees' per capita claims costs at age 65 is \$3,122. 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.

Town of Manchester-by-the-Sea, Massachusetts

Notes to Basic Financial Statements

Year Ended June 30, 2024

Rate of Return – For the year ended June 30, 2024, the annual money-weighted rate of return on investments, net of investment expense, was 9.58%. 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, 2024, 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.....	24.10%	6.90%
International developed markets equity..	10.80%	6.60%
International emerging markets equity....	4.40%	9.20%
Core fixed income.....	13.60%	4.40%
Value added fixed income.....	7.30%	7.80%
Private equity.....	17.10%	10.20%
Real estate.....	10.30%	6.60%
Timberland.....	3.20%	7.10%
Hedge fund, PCS.....	8.50%	6.40%
Overlay.....	0.70%	6.40%
Total.....	<u>100.00%</u>	

Discount Rate – The discount rate used to measure the total OPEB liability was 7.50% as of June 30, 2024 and June 30, 2023. The projection of cash flows used to determine the discount rate assumed that contributions will be made in accordance with the Plan's funding policy. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be 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.

Town of Manchester-by-the-Sea, Massachusetts

Notes to Basic Financial Statements

Year Ended June 30, 2024

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, 2023.....	\$ 7,165,006	\$ 3,885,887	\$ 3,279,119
Changes for the year:			
Service cost.....	129,888	-	129,888
Interest on liability and service cost...	530,296	-	530,296
Experience (gain)/loss.....	(754,025)	-	(754,025)
Benefit payments.....	(456,790)	(456,790)	-
Employer contributions.....	-	746,090	(746,090)
Investment income/(loss).....	-	385,955	(385,955)
Net change.....	<u>(550,631)</u>	<u>675,255</u>	<u>(1,225,886)</u>
Balances at June 30, 2024.....	\$ <u><u>6,614,375</u></u>	\$ <u><u>4,561,142</u></u>	\$ <u><u>2,053,233</u></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><u>2,841,627</u></u>	\$ <u><u>2,053,233</u></u>	\$ <u><u>1,400,356</u></u>

Town of Manchester-by-the-Sea, Massachusetts

Notes to Basic Financial Statements

Year Ended June 30, 2024

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.

	<u>1% Decrease</u>	<u>Current Trend</u>	<u>1% Increase</u>
Net OPEB Liability..... \$	<u>1,349,020</u>	<u>\$ 2,053,233</u>	<u>\$ 2,916,393</u>

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – For the year ended June 30, 2024, the Town recognized OPEB expense of (\$132,679). At June 30, 2024, the Town reported the following deferred outflows of resources and deferred inflows of resources related to OPEB:

<u>Deferred Category</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Total</u>
Differences between expected and actual experience.... \$	-	\$ (981,232)	\$ (981,232)
Difference between projected and actual earnings, net...	<u>4,482</u>	<u>-</u>	<u>4,482</u>
Total deferred outflows/(inflows) of resources..... \$	<u>4,482</u>	<u>\$ (981,232)</u>	<u>\$ (976,750)</u>

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

<u>Year ended June 30:</u>	
2025.....	\$ (540,926)
2026.....	(167,635)
2027.....	(179,933)
2028.....	<u>(88,256)</u>
Total	<u>\$ (976,750)</u>

Changes of Assumptions – None.

Changes in Plan Provisions – None.

Town of Manchester-by-the-Sea, Massachusetts

Notes to Basic Financial Statements

Year Ended June 30, 2024

NOTE 12 – COMMITMENTS

At year end the Town had various ongoing projects for water and sewer system improvements projects, including replacing water meters in town. 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 \$9.0 million. Grant funding has been applied for to assist in this endeavor. In the beginning of FY2025, the town entered into contract for water main improvements on Pleasant St. in the amount of \$2.7 million.

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 was completed in early FY2025, and operations have commenced.

The Town has applied for and been awarded grant funding in the amount of \$3.5 million for expansion of municipal water and sewer lines to the limited commercial district. In addition, the Town has been awarded several grants for ongoing climate studies, resilience, preparedness, and education.

The general fund has various commitments for goods and services related to encumbrances totaling \$3.9 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, 2024, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2024.

Per-and Polyfluoroalkyl Substances

The Town is in the process of conducting piloting and bench scale testing research and sampling efforts regarding potential treatment and remediation of Per – and Polyfluoroalkyl Substance (PFAS) contamination in the Town's water supply. In 2022, the Town used federal grant funding from the American Rescue Plan Act (ARPA) to offset costs incurred for preliminary PFAS remediation planning efforts, which identified potential treatment costs at the Town's Lincoln Street Well (LSW) of approximately \$10 million and \$16.4 million at Gravelly Pond Water Treatment Facility (GPWTF). At that time LSW was under the 20ppt Maximum Contaminant Limit (MCL). Subsequently EPA has promulgated limits on PFAS of 4PPT for each of two kinds of PFAS as well as other limits on other PFAS, thus putting LSW above the threshold for which treatment will be required. The GPWTF is also at this threshold. The Town is currently under contract to pilot alternative treatment methods at each site (funded again with ARPA funds) allowing for future construction projects and to be in compliance by the required 2029 deadline. The final costs to the Town for Treatment cannot be known until the piloting is complete. The Town is also party to class action lawsuit against the manufacturers of PFAS

Town of Manchester-by-the-Sea, Massachusetts

Notes to Basic Financial Statements

Year Ended June 30, 2024

compounds and expects these funds to offset future construction projects although that amount is not known at this time either. 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, 2024, 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, 2024. 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 January 31, 2025, which is the date the financial statements were available to be issued.

NOTE 15 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

During 2024, the following GASB pronouncement was implemented:

- GASB Statement #100, *Accounting Changes and Error Corrections*. This pronouncement did not impact the basic financial statements.

The following GASB pronouncements will be implemented in the future:

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

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

Required Supplementary Information

General Fund Budgetary Comparison Schedule

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

Town of Manchester-by-the-Sea, Massachusetts

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

Year Ended June 30, 2024

	Budgeted Amounts				Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Amounts Carried Forward From Prior Year	Current Year Initial Budget	Original Budget	Final Budget			
REVENUES:							
Real estate and personal property taxes, net of tax refunds.....	\$ -	\$ 31,556,847	\$ 31,556,847	\$ 31,556,847	\$ 31,681,996	\$ -	\$ 125,149
Motor vehicle and other excise taxes.....	-	1,084,800	1,084,800	1,084,800	1,268,676	-	183,876
Charges for services.....	-	325,000	325,000	325,000	591,912	-	266,912
Penalties and interest on taxes.....	-	70,000	70,000	70,000	77,592	-	7,592
Intergovernmental.....	-	296,616	296,616	296,616	288,715	-	(7,901)
Departmental and other.....	-	1,352,100	1,352,100	1,352,100	1,585,289	-	233,189
Investment income.....	-	18,100	18,100	18,100	463,211	-	445,111
TOTAL REVENUES.....	-	34,703,463	34,703,463	34,703,463	35,957,391	-	1,253,928
EXPENDITURES:							
Current:							
General Government							
Select Board's Department							
Salaries.....	-	326,434	326,434	332,384	332,380	-	4
Expenses.....	-	65,500	65,500	80,551	80,022	143	386
Audit.....	-	40,500	40,500	40,500	38,460	-	2,040
Total Select Board's Department.....	-	432,434	432,434	453,435	450,862	143	2,430
Information Technology.....							
Expenses.....	-	171,500	171,500	181,500	171,500	10,000	-
Finance Committee							
Salaries.....	-	3,800	3,800	4,933	4,933	-	-
Expenses.....	-	300	300	300	130	-	170
Reserve Fund.....	-	190,000	190,000	-	-	-	-
Total Finance Committee.....	-	194,100	194,100	5,233	5,063	-	170
Election & Registration							
Salaries.....	-	5,150	5,150	5,150	3,332	-	1,818
Expenses.....	1,500	22,550	24,050	21,384	18,606	-	2,778
Total Elections & Registration.....	1,500	27,700	29,200	26,534	21,938	-	4,596
Accounting							
Salaries.....	-	173,356	173,356	175,040	175,040	-	-
Expenses.....	-	4,700	4,700	4,701	4,701	-	-
Total Accounting.....	-	178,056	178,056	179,741	179,741	-	-
Assessors							
Salaries.....	-	132,511	132,511	132,511	129,975	-	2,536
Expenses.....	4,745	62,750	67,495	67,495	57,093	5,495	4,907
Total Assessors.....	4,745	195,261	200,006	200,006	187,068	5,495	7,443
Treasurer/ Collector							
Salaries.....	-	167,953	167,953	167,953	155,964	-	11,989
Expenses.....	4,345	37,225	41,570	43,372	41,536	200	1,636
Total Treasurer/ Collector.....	4,345	205,178	209,523	211,325	197,500	200	13,625
Town Clerk							
Salaries.....	-	109,841	109,841	109,841	108,545	-	1,296
Expenses.....	1,000	7,545	8,545	8,546	8,546	-	-
Total Town Clerk.....	1,000	117,386	118,386	118,387	117,091	-	1,296
Legal							
Expenses.....	4,525	110,000	114,525	333,975	303,110	30,710	155
Appeals Board							
Salaries.....	-	8,528	8,528	21,938	13,410	-	8,528
Expenses.....	1,000	12,000	13,000	13,000	6,841	119	6,040
Total Appeals Board.....	1,000	20,528	21,528	34,938	20,251	119	14,568
Planning Board							
Salaries.....	-	103,682	103,682	93,682	81,824	-	11,858
Expenses.....	10,100	6,600	16,700	26,700	12,963	13,500	237
Total Planning Board.....	10,100	110,282	120,382	120,382	94,787	13,500	12,095

See notes to required supplementary information.

Town of Manchester-by-the-Sea, Massachusetts

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

Year Ended June 30, 2024

	Budgeted Amounts				Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Amounts Carried Forward From Prior Year	Current Year Initial Budget	Original Budget	Final Budget			
Town Hall & Common							
Expenses.....	10,260	39,400	49,660	73,660	72,217	-	1,443
Total General Government.....	37,475	1,801,825	1,839,300	1,939,116	1,821,128	60,167	57,821
Pensions							
Contributory.....	-	1,628,887	1,628,887	1,628,887	1,628,887	-	-
Employee Benefits							
Group Health Insurance.....	-	1,761,020	1,761,020	1,611,020	1,598,973	-	12,047
Workers' Compensation.....	13,675	100,000	113,675	107,176	92,811	14,365	-
Unemployment Compensation.....	-	7,000	7,000	42,250	35,996	6,254	-
FICA-Medicare.....	-	118,796	118,796	112,656	109,198	-	3,458
Total Employee Benefits.....	13,675	1,986,816	2,000,491	1,873,102	1,836,978	20,619	15,505
Insurance							
Fire/ Auto/ Liability.....	-	135,000	135,000	153,552	153,552	-	-
Public Safety							
Police							
Salaries.....	-	1,932,565	1,932,565	1,951,306	1,951,306	-	-
Expenses.....	2,041	101,350	103,391	109,891	109,493	185	213
Total Police.....	2,041	2,033,915	2,035,956	2,061,197	2,060,799	185	213
Parking Clerk/ Resident Parking							
Salaries.....	-	6,549	6,549	6,549	6,549	-	-
Expenses.....	165	27,000	27,165	30,748	30,748	-	-
Total Parking Clerk/ Resident Parking.....	165	33,549	33,714	37,297	37,297	-	-
Fire							
Salaries.....	-	1,502,525	1,502,525	1,546,305	1,546,305	-	-
Expenses.....	45,187	173,550	218,737	183,738	180,550	1,114	2,074
Total Fire.....	45,187	1,676,075	1,721,262	1,730,043	1,726,855	1,114	2,074
Building Department							
Building Inspector.....	-	49,119	49,119	49,119	37,081	-	12,038
Gas/ Plumbing Inspector.....	-	14,504	14,504	14,645	14,645	-	-
Sealer of Weights & Measures.....	-	3,000	3,000	3,000	3,000	-	-
Electrical Inspector.....	-	14,504	14,504	14,645	14,645	-	-
Inspectors' Expenses.....	-	5,600	5,600	8,100	8,030	70	-
Permit Software.....	4,500	18,160	22,660	22,660	18,160	4,500	-
Total Building Department.....	4,500	104,887	109,387	112,169	95,561	4,570	12,038
Emergency Management							
Expenses.....	-	750	750	750	-	-	750
Emergency Notification.....	-	5,500	5,500	5,500	5,500	-	-
Total Emergency Management.....	-	6,250	6,250	6,250	5,500	-	750
Animal Control							
Expenses.....	-	16,315	16,315	16,315	15,647	-	668
Total Public Safety.....	51,893	3,870,991	3,922,884	3,963,271	3,941,659	5,869	15,743
Education							
Manchester Essex Regional School District.....	-	19,323,384	19,323,384	18,831,774	18,831,774	-	-
MERSD Athletic Field Improvements.....	-	-	-	1,048,348	1,048,348	-	-
Essex North Shore Agricultural and Technical School.....	-	245,081	245,081	242,581	233,773	-	8,808
Total Education.....	-	19,568,465	19,568,465	20,122,703	20,113,895	-	8,808
Public Works							
Department of Public Works							
Salaries.....	-	919,659	919,659	936,473	934,680	-	1,793
Expenses.....	8,537	349,400	357,937	377,937	359,901	18,036	-
Total Department of Public Works.....	8,537	1,269,059	1,277,596	1,314,410	1,294,581	18,036	1,793

See notes to required supplementary information.

Town of Manchester-by-the-Sea, Massachusetts

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

Year Ended June 30, 2024

	Budgeted Amounts				Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Amounts Carried Forward From Prior Year	Current Year Initial Budget	Original Budget	Final Budget			
Facilities							
Salaries.....	-	42,968	42,968	44,418	44,418	-	-
Expenses.....	4,372	108,100	112,472	118,473	104,987	11,187	2,299
Total Facilities.....	4,372	151,068	155,440	162,891	149,405	11,187	2,299
Snow Removal							
Salaries.....	-	32,000	32,000	32,000	15,636	-	16,364
Expenses.....	-	128,000	128,000	74,198	54,351	-	19,847
Total Snow Removal.....	-	160,000	160,000	106,198	69,987	-	36,211
Street Lighting							
Expenses.....	1,649	60,000	61,649	61,648	39,436	20,582	1,630
Sanitation / Composting / Recycling							
Salaries.....	-	5,000	5,000	5,000	-	-	5,000
Expenses.....	-	43,500	43,500	59,000	50,215	-	8,785
Rubbish Collection / Recycling.....	-	370,000	370,000	326,000	323,553	-	2,447
Disposal.....	-	235,000	235,000	235,000	206,468	-	28,532
Total Sanitation / Composting / Recycling.....	-	653,500	653,500	625,000	580,236	-	44,764
Total Public Works.....	14,558	2,293,627	2,308,185	2,270,147	2,133,645	49,805	86,697
Environmental							
Historic District Commission							
Salaries.....	-	5,125	5,125	5,125	2,679	-	2,446
Expenses.....	500	950	1,450	1,450	579	-	871
Total Historic District Commission.....	500	6,075	6,575	6,575	3,258	-	3,317
Conservation Commission							
Salaries.....	-	69,531	69,531	34,531	33,631	-	900
Expenses.....	700	2,900	3,600	38,600	36,487	-	2,113
Chebacco Woods.....	-	1,250	1,250	1,250	-	-	1,250
Total Conservation Commission.....	700	73,681	74,381	74,381	70,118	-	4,263
Total Environmental.....	1,200	79,756	80,956	80,956	73,376	-	7,580
Human Services							
Health							
Salaries.....	-	166,303	166,303	173,005	173,005	-	-
Expenses.....	250	30,250	30,500	30,501	30,501	-	-
Total Health.....	250	196,553	196,803	203,506	203,506	-	-
Veterans' Services							
Expenses.....	-	17,250	17,250	17,250	17,250	-	-
Veterans' Benefits.....	-	5,000	5,000	5,000	2,924	-	2,076
Total Veterans' Services.....	-	22,250	22,250	22,250	20,174	-	2,076
Council on Aging							
Salaries.....	-	186,148	186,148	186,148	186,148	-	-
Expenses.....	200	20,480	20,680	20,680	20,026	-	654
Total Council on Aging.....	200	206,628	206,828	206,828	206,174	-	654
Total Human Services.....	450	425,431	425,881	432,584	429,854	-	2,730
Library							
Salaries.....	-	377,518	377,518	377,518	357,814	-	19,704
Expenses.....	1,054	160,012	161,066	191,064	171,610	17,275	2,179
Total Library.....	1,054	537,530	538,584	568,582	529,424	17,275	21,883
Recreation							
Parks & Recreation							
Salaries.....	-	156,704	156,704	156,704	156,704	-	-
Expenses.....	300	8,200	8,500	8,500	8,191	-	309
Total Parks & Recreation.....	300	164,904	165,204	165,204	164,895	-	309

See notes to required supplementary information.

Town of Manchester-by-the-Sea, Massachusetts

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

Year Ended June 30, 2024

	Budgeted Amounts				Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Amounts Carried Forward From Prior Year	Current Year Initial Budget	Original Budget	Final Budget			
Singing Beach Operations							
Salaries.....	-	105,634	105,634	106,765	106,765	-	-
Expenses.....	-	19,300	19,300	21,800	21,800	-	-
Total Singing Beach Operations.....	-	124,934	124,934	128,565	128,565	-	-
Lifeguards							
Salaries.....	-	86,308	86,308	97,780	97,780	-	-
Expenses.....	-	3,500	3,500	3,500	3,454	-	46
Total Lifeguards.....	-	89,808	89,808	101,280	101,234	-	46
Tuck's Point							
Salaries.....	-	10,640	10,640	10,640	10,487	-	153
Expenses.....	700	20,100	20,800	20,800	17,619	-	3,181
Total Tuck's Point.....	700	30,740	31,440	31,440	28,106	-	3,334
Other Recreation							
Memorial Day.....	-	4,000	4,000	4,000	3,000	-	1,000
Fourth of July.....	-	10,000	10,000	10,000	10,000	-	-
Total Other Recreation.....	-	14,000	14,000	14,000	13,000	-	1,000
Total Recreation.....	1,000	424,386	425,386	440,489	435,800	-	4,689
State and County Charges.....	-	185,192	185,192	185,192	185,187	-	5
Debt Service							
Principal.....	-	511,270	511,270	511,270	511,270	-	-
Interest.....	-	175,100	175,100	175,100	175,098	-	2
Total Debt Service.....	-	686,370	686,370	686,370	686,368	-	2
Total Capital Outlay.....	4,426,072	-	4,426,072	4,870,673	1,139,497	3,719,000	12,176
TOTAL EXPENDITURES.....	4,547,377	33,624,276	38,171,653	39,215,624	35,109,250	3,872,735	233,639
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	(4,547,377)	1,079,187	(3,468,190)	(4,512,161)	848,141	(3,872,735)	1,487,567
OTHER FINANCING SOURCES (USES):							
Transfers in.....	-	450,370	450,370	450,370	450,370	-	-
Transfers out.....	-	(1,656,167)	(1,656,167)	(1,878,924)	(1,878,924)	-	-
TOTAL OTHER FINANCING SOURCES (USES).....	-	(1,205,797)	(1,205,797)	(1,428,554)	(1,428,554)	-	-
NET CHANGE IN FUND BALANCE.....	(4,547,377)	(126,610)	(4,673,987)	(5,940,715)	(580,413)	(3,872,735)	1,487,567
BUDGETARY FUND BALANCE, Beginning of year.....	-	8,409,768	8,409,768	8,409,768	8,409,768	-	-
BUDGETARY FUND BALANCE, End of year..... \$	(4,547,377) \$	8,283,158 \$	3,735,781 \$	2,469,053 \$	7,829,355 \$	(3,872,735) \$	1,487,567

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.

Town of Manchester-by-the-Sea, Massachusetts

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

Essex Regional Retirement System

Year	Proportion of the net pension liability (asset)	Proportionate share of the net pension liability (asset)	Covered payroll	Net pension liability as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
December 31, 2023...	3.44%	\$ 15,248,905	\$ 5,862,472	260.11%	61.13%
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%

See notes to required supplementary information.

Town of Manchester-by-the-Sea, Massachusetts

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, 2024..... \$	1,628,887	\$ (1,628,887)	\$ -	\$ 5,979,721	27.24%
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%

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.

Town of Manchester-by-the-Sea, Massachusetts

Schedule of Changes in the Town's Net OPEB Liability and Related Ratios

Other Postemployment Benefit Plan

	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022	June 30, 2023	June 30, 2024
Total OPEB Liability								
Service Cost.....	\$ 129,111	\$ 134,919	\$ 143,825	\$ 136,038	\$ 142,160	\$ 147,846	\$ 124,295	\$ 129,888
Interest.....	674,864	635,764	603,974	622,089	554,689	601,034	516,569	530,296
Differences between expected and actual experience..	-	(326,145)	-	(887,771)	-	(1,388,142)	-	(754,025)
Benefit payments.....	(563,006)	(563,616)	(565,328)	(428,405)	(413,505)	(465,453)	(465,607)	(456,790)
Net change in total OPEB liability.....	240,969	(119,078)	182,471	(558,049)	283,344	(1,104,715)	175,257	(550,631)
Total OPEB liability - beginning.....	8,064,807	8,305,776	8,186,698	8,369,169	7,811,120	8,094,464	6,989,749	7,165,006
Total OPEB liability - ending (a).....	<u>\$ 8,305,776</u>	<u>\$ 8,186,698</u>	<u>\$ 8,369,169</u>	<u>\$ 7,811,120</u>	<u>\$ 8,094,464</u>	<u>\$ 6,989,749</u>	<u>\$ 7,165,006</u>	<u>\$ 6,614,375</u>
Plan fiduciary net position								
Employer contributions.....	\$ 245,864	\$ 252,011	\$ 258,311	\$ 264,769	\$ 271,388	\$ 278,173	-	\$ 289,300
Employer contributions for OPEB payments.....	563,006	563,616	565,328	428,405	413,505	465,453	465,607	456,790
Net investment income (loss).....	123,892	143,083	122,884	37,219	747,019	(132,703)	210,335	385,955
Benefit payments.....	(563,006)	(563,616)	(565,328)	(428,405)	(413,505)	(465,453)	(465,607)	(456,790)
Net change in plan fiduciary net position.....	369,756	395,094	381,195	301,988	1,018,407	145,470	210,335	675,255
Plan fiduciary net position - beginning of year.....	1,063,642	1,433,398	1,828,492	2,209,687	2,511,675	3,530,082	3,675,552	3,885,887
Plan fiduciary net position - end of year (b).....	<u>\$ 1,433,398</u>	<u>\$ 1,828,492</u>	<u>\$ 2,209,687</u>	<u>\$ 2,511,675</u>	<u>\$ 3,530,082</u>	<u>\$ 3,675,552</u>	<u>\$ 3,885,887</u>	<u>\$ 4,561,142</u>
Net OPEB liability - ending (a)-(b).....	<u>\$ 6,872,378</u>	<u>\$ 6,358,206</u>	<u>\$ 6,159,482</u>	<u>\$ 5,299,445</u>	<u>\$ 4,564,382</u>	<u>\$ 3,314,197</u>	<u>\$ 3,279,119</u>	<u>\$ 2,053,233</u>
 Plan fiduciary net position as a percentage of the total OPEB liability.....	 17.26%	 22.33%	 26.40%	 32.16%	 43.61%	 52.58%	 54.23%	 68.96%
Covered-employee payroll.....	\$ 4,160,000	\$ 4,326,400	\$ 4,499,500	\$ 4,680,000	\$ 4,843,800	\$ 5,616,000	\$ 5,812,560	\$ 6,396,000
Net OPEB liability as a percentage of covered-employee payroll.....	165.20%	146.96%	136.89%	113.24%	94.23%	59.01%	56.41%	32.10%

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.

Town of Manchester-by-the-Sea, Massachusetts

Schedule of the Town's Contributions

Other Postemployment Benefit Plan

<u>Year</u>	<u>Actuarially determined contribution</u>	<u>Contributions in relation to the actuarially determined contribution</u>	<u>Contribution deficiency (excess)</u>	<u>Covered- employee payroll</u>	<u>Contributions as a percentage of covered- employee payroll</u>
June 30, 2024.....	\$ 376,101	\$ (746,090)	\$ (369,989)	\$ 6,396,000	11.66%
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.

Town of Manchester-by-the-Sea, Massachusetts

Schedule of the Investment Returns

Other Postemployment Benefit Plan

<u>Year</u>	<u>Annual money-weighted rate of return, net of investment expense</u>
June 30, 2024.....	9.58%
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.

Town of Manchester-by-the-Sea, Massachusetts

Notes to Required Supplementary Information

Year Ended June 30, 2024

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 2024 budget included approximately \$35.3 million in current year authorized appropriations and other amounts to be raised and approximately \$4.5 million in encumbrances and appropriations carried over from previous years. Changes to the original budget consisted of transfers between appropriations and the use of free cash of \$1.3 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.

Town of Manchester-by-the-Sea, Massachusetts

Notes to Required Supplementary Information

Year Ended June 30, 2024

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, 2024, is presented below:

Net change in fund balance - budgetary basis.....	\$ (580,413)
---	--------------

Perspective differences:

Activity of the stabilization fund recorded in the general fund for GAAP.....	(400,889)
--	-----------

Basis of accounting differences:

Net change in recording 60 day receipts.....	<u>27,810</u>
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Net change in fund balance - GAAP basis.....	\$ <u><u>(953,492)</u></u>
--	----------------------------

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.

Town of Manchester-by-the-Sea, Massachusetts

Notes to Required Supplementary Information

Year Ended June 30, 2024

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, 2024
Measurement date.....	June 30, 2024
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.

Town of Manchester-by-the-Sea, Massachusetts

Notes to Required Supplementary Information

Year Ended June 30, 2024

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 2024 at age 64 and 65 are \$15,614 and \$4,134, respectively. Medicare eligible retirees' per capita claims costs at age 65 is \$3,122. 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 receipts of mooring fees, which are reserved for use for 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.
- *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:

- *Senior Center Capital Fund* – This fund is used to account for the purchase, expansion and renovation of a new senior center.

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.

Town of Manchester-by-the-Sea, Massachusetts

**Nonmajor Governmental Funds
Combining Balance Sheet**

June 30, 2024

	Special Revenue Funds						
	<u>Gifts</u>	<u>Harbor- master</u>	<u>Special Revenue Trust</u>	<u>Recreation Revolving</u>	<u>Planning Conservation Commission</u>	<u>Affordable Housing Trust</u>	<u>Other Special Revenue</u>
ASSETS							
Cash and cash equivalents.....	\$ 200,311	\$ 647,996	\$ 9,414	\$ 744,359	\$ 85,190	\$ 1,288,187	\$ 6,943
Investments.....	-	-	974,885	-	-	-	196,998
TOTAL ASSETS.....	\$ 200,311	\$ 647,996	\$ 984,299	\$ 744,359	\$ 85,190	\$ 1,288,187	\$ 203,941
LIABILITIES							
Warrants payable.....	\$ 10,954	\$ 3,064	-	\$ 17,284	-	-	\$ 2,841
Notes payable.....	-	-	-	-	-	-	-
TOTAL LIABILITIES.....	10,954	3,064	-	17,284	-	-	2,841
FUND BALANCES							
Nonspendable.....	-	-	-	-	-	-	-
Restricted.....	189,357	644,932	984,299	727,075	85,190	1,288,187	201,100
Unassigned.....	-	-	-	-	-	-	-
TOTAL FUND BALANCES.....	189,357	644,932	984,299	727,075	85,190	1,288,187	201,100
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES..	\$ 200,311	\$ 647,996	\$ 984,299	\$ 744,359	\$ 85,190	\$ 1,288,187	\$ 203,941

Town of Manchester-by-the-Sea, Massachusetts

**Nonmajor Governmental Funds
Combining Balance Sheet (Continued)**

June 30, 2024

	Special Revenue Funds		Capital Project Fund	Permanent Funds			Total Nonmajor Governmental Funds
	MCWT Septic Loan Program	Subtotal	Senior Center	Non- Expendable Trust Fund	Expendable Trust Fund	Subtotal	
ASSETS							
Cash and cash equivalents.....	\$ -	\$ 2,982,400	\$ 500,000	\$ -	\$ 223,011	\$ 223,011	\$ 3,705,411
Investments.....	-	1,171,883	-	413,978	-	413,978	1,585,861
TOTAL ASSETS.....	\$ -	\$ 4,154,283	\$ 500,000	\$ 413,978	\$ 223,011	\$ 636,989	\$ 5,291,272
LIABILITIES							
Warrants payable.....	\$ -	\$ 34,143	\$ -	\$ -	\$ 499	\$ 499	\$ 34,642
Notes payable.....	82,509	82,509	-	-	-	-	82,509
TOTAL LIABILITIES.....	82,509	116,652	-	-	499	499	117,151
FUND BALANCES							
Nonspendable.....	-	-	-	413,978	-	413,978	413,978
Restricted.....	-	4,120,140	500,000	-	222,512	222,512	4,842,652
Unassigned.....	(82,509)	(82,509)	-	-	-	-	(82,509)
TOTAL FUND BALANCES.....	(82,509)	4,037,631	500,000	413,978	222,512	636,490	5,174,121
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES..	\$ -	\$ 4,154,283	\$ 500,000	\$ 413,978	\$ 223,011	\$ 636,989	\$ 5,291,272

Town of Manchester-by-the-Sea, Massachusetts

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

Year Ended June 30, 2024

	Special Revenue Funds						
	Gifts	Harbor-master	Special Revenue Trust	Recreation Revolving	Planning Conservation Commission	Affordable Housing Trust	Other Special Revenue
REVENUES:							
Motor vehicle and other excise taxes..... \$	-	\$ 16,543	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental - other.....	-	-	-	-	-	200,000	10,288
Departmental and other.....	-	283,485	-	536,168	27,089	-	522,567
Contributions and donations.....	85,154	-	38,475	-	-	750	-
Investment income.....	-	-	55,224	-	-	48,937	710
TOTAL REVENUES.....	85,154	300,028	93,699	536,168	27,089	249,687	533,565
EXPENDITURES:							
Current:							
General government.....	9,305	-	-	-	18,361	-	68,647
Public safety.....	7,327	390,355	-	-	-	-	471,778
Public works.....	-	-	-	-	-	-	9,926
Health and human services.....	3,933	-	-	-	-	10,385	3,143
Library and recreation.....	63,609	-	13,723	384,825	-	-	-
TOTAL EXPENDITURES.....	84,174	390,355	13,723	384,825	18,361	10,385	553,494
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	980	(90,327)	79,976	151,343	8,728	239,302	(19,929)
OTHER FINANCING SOURCES (USES):							
Transfers in.....	-	462,855	-	-	-	-	8,892
Transfers out.....	-	(326,100)	-	(50,000)	-	-	(5,000)
TOTAL OTHER FINANCING SOURCES (USES).....	-	136,755	-	(50,000)	-	-	3,892
NET CHANGE IN FUND BALANCES.....	980	46,428	79,976	101,343	8,728	239,302	(16,037)
FUND BALANCES AT BEGINNING OF YEAR.....	188,377	598,504	904,323	625,732	76,462	1,048,885	217,137
FUND BALANCES AT END OF YEAR..... \$	\$ 189,357	\$ 644,932	\$ 984,299	\$ 727,075	\$ 85,190	\$ 1,288,187	\$ 201,100

Town of Manchester-by-the-Sea, Massachusetts

Nonmajor Governmental Funds Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)

Year Ended June 30, 2024

	Special Revenue Funds		Capital Project Fund	Permanent Funds			Total Nonmajor Governmental Funds
	MCWT Septic Loan Program	Subtotal	Senior Center	Non- Expendable Trust Fund	Expendable Trust Fund	Subtotal	
REVENUES:							
Motor vehicle and other excise taxes.....	\$ -	\$ 16,543	\$ -	\$ -	\$ -	\$ -	\$ 16,543
Intergovernmental - other.....	-	210,288	-	-	-	-	210,288
Departmental and other.....	-	1,369,309	-	-	-	-	1,369,309
Contributions and donations.....	-	124,379	-	-	26,925	26,925	151,304
Investment income.....	-	104,871	-	-	33,326	33,326	138,197
TOTAL REVENUES.....	-	1,825,390	-	-	60,251	60,251	1,885,641
EXPENDITURES:							
Current:							
General government.....	-	96,313	-	-	-	-	96,313
Public safety.....	-	869,460	-	-	-	-	869,460
Public works.....	-	9,926	-	-	-	-	9,926
Health and human services.....	-	17,461	-	-	-	-	17,461
Library and recreation.....	-	462,157	-	-	-	-	462,157
TOTAL EXPENDITURES.....	-	1,455,317	-	-	-	-	1,455,317
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	-	370,073	-	-	60,251	60,251	430,324
OTHER FINANCING SOURCES (USES):							
Transfers in.....	-	471,747	500,000	-	-	-	971,747
Transfers out.....	-	(381,100)	-	-	-	-	(381,100)
TOTAL OTHER FINANCING SOURCES (USES).....	-	90,647	500,000	-	-	-	590,647
NET CHANGE IN FUND BALANCES.....	-	460,720	500,000	-	60,251	60,251	1,020,971
FUND BALANCES AT BEGINNING OF YEAR.....	(82,509)	3,576,911	-	413,978	162,261	576,239	4,153,150
FUND BALANCES AT END OF YEAR.....	\$ (82,509)	\$ 4,037,631	\$ 500,000	\$ 413,978	\$ 222,512	\$ 636,490	\$ 5,174,121

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Statistical Section



Singing Beach

Photo credit Kendra Dott

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.

Town of Manchester-by-the-Sea, Massachusetts

Net Position by Component

Last Ten Years

	2015	2016	2017	2018 (1)	2019 (2)	2020	2021	2022	2023	2024
Governmental activities										
Net investment in capital assets.....	\$ 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	\$ 19,810,877
Restricted.....	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	2,714,421
Unrestricted	(8,749,501)	(6,683,553)	(6,208,686)	(13,523,171)	(11,647,716)	(11,124,581)	(10,187,894)	(9,075,074)	(7,351,658)	(6,229,320)
Total governmental activities net position.....	\$ (758,159)	\$ 2,259,577	\$ 3,504,218	\$ (1,276,667)	\$ 2,358,696	\$ 4,843,149	\$ 7,617,877	\$ 10,261,184	\$ 14,522,602	\$ 16,295,978
Business-type activities										
Net investment in capital assets.....	\$ 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	\$ 20,520,252
Unrestricted.....	165,021	(358,937)	791,670	704,363	949,784	1,009,102	1,027,699	1,765,913	1,324,788	1,995,534
Total business-type activities net position.....	\$ 8,312,237	\$ 9,791,801	\$ 12,041,178	\$ 15,157,668	\$ 15,250,849	\$ 16,513,139	\$ 18,107,672	\$ 19,819,001	\$ 20,694,021	\$ 22,515,786
Primary government										
Net investment in capital assets.....	\$ 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	\$ 40,331,129
Restricted.....	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	2,714,421
Unrestricted.....	(8,584,480)	(7,042,490)	(5,417,016)	(12,818,808)	(10,697,932)	(10,115,479)	(9,160,195)	(7,309,161)	(6,026,870)	(4,233,786)
Total primary government net position.....	\$ 7,554,078	\$ 12,051,378	\$ 15,545,693	\$ 13,881,001	\$ 17,609,545	\$ 21,356,288	\$ 25,725,549	\$ 30,080,185	\$ 35,216,623	\$ 38,811,764

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

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

Town of Manchester-by-the-Sea, Massachusetts

Changes in Net Position

Last Ten Years

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Expenses										
Governmental activities:										
General government.....	\$ 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	\$ 3,272,489
Public safety.....	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	6,357,568
Education.....	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	20,113,895
Public works.....	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	3,325,762
Environmental.....	62,884	66,933	76,397	117,015	111,903	118,908	112,787	72,533	161,575	102,291
Health and human services.....	399,049	405,808	436,344	458,532	478,060	579,695	1,105,089	488,790	500,384	613,660
Library and recreation.....	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	1,849,921
Community preservation.....	188,678	273,043	297,544	190,391	228,421	227,513	151,179	184,866	385,002	382,269
Interest.....	214,474	185,726	206,254	224,049	239,612	218,996	194,021	183,278	164,974	147,528
Total government activities expenses.....	<u>27,082,632</u>	<u>27,010,589</u>	<u>28,169,564</u>	<u>29,089,473</u>	<u>29,690,788</u>	<u>31,603,642</u>	<u>32,134,289</u>	<u>32,983,378</u>	<u>34,682,075</u>	<u>36,165,383</u>
Business-type activities:										
Water.....	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	1,581,707
Sewer.....	888,735	967,062	893,274	1,305,690	1,131,441	1,166,422	1,151,951	1,170,642	1,220,750	1,109,369
Total business-type activities expenses.....	<u>2,080,681</u>	<u>2,425,107</u>	<u>2,070,995</u>	<u>2,330,358</u>	<u>2,515,723</u>	<u>2,669,317</u>	<u>2,583,466</u>	<u>2,743,098</u>	<u>2,672,100</u>	<u>2,691,076</u>
Total primary government expenses.....	<u>\$ 29,163,313</u>	<u>\$ 29,435,696</u>	<u>\$ 30,240,559</u>	<u>\$ 31,419,831</u>	<u>\$ 32,206,511</u>	<u>\$ 34,272,959</u>	<u>\$ 34,717,755</u>	<u>\$ 35,726,476</u>	<u>\$ 37,354,175</u>	<u>\$ 38,856,459</u>
Program Revenues										
Governmental activities:										
Public safety charges for services.....	\$ 941,759	\$ 1,016,928	\$ 983,873	\$ 1,009,161	\$ 1,053,118	\$ 834,355	\$ 851,342	\$ 1,072,064	\$ 1,287,936	\$ 1,248,887
Public works charges for services.....	420,284	245,215	241,525	358,823	523,626	203,908	369,051	339,250	343,482	318,156
Library and recreation charges for services.....	612,374	772,549	738,976	732,109	849,645	664,847	553,748	928,994	1,140,050	1,101,529
Other charges for services.....	439,606	467,813	545,476	526,308	561,487	611,337	670,368	504,852	603,784	784,337
Operating grants and contributions.....	917,718	754,588	544,773	244,990	393,170	391,640	1,278,616	1,032,501	1,695,319	1,445,629
Capital grant and contributions.....	234,680	360,084	306,708	1,182,139	885,586	1,150,691	794,837	1,318,572	583,098	216,038
Total government activities program revenues.....	<u>3,566,421</u>	<u>3,617,177</u>	<u>3,361,331</u>	<u>4,053,530</u>	<u>4,266,632</u>	<u>3,856,778</u>	<u>4,517,962</u>	<u>5,196,233</u>	<u>5,653,669</u>	<u>5,114,576</u>
Business-type activities:										
Water charges for services.....	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	1,366,505
Sewer charges for services.....	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	1,413,059
Water capital grants and contributions.....	-	1,253,267	-	-	-	-	-	272,682	577,951	-
Sewer operating grants and contributions.....	72,400	52,487	32,269	7,065	4,844	1,788	-	-	-	-
Total business-type activities program revenues.....	<u>2,509,577</u>	<u>3,716,955</u>	<u>2,474,497</u>	<u>2,533,903</u>	<u>2,567,216</u>	<u>2,858,602</u>	<u>2,936,798</u>	<u>2,994,918</u>	<u>3,490,430</u>	<u>2,779,564</u>
Total primary government program revenues.....	<u>\$ 6,075,998</u>	<u>\$ 7,334,132</u>	<u>\$ 5,835,828</u>	<u>\$ 6,587,433</u>	<u>\$ 6,833,848</u>	<u>\$ 6,715,380</u>	<u>\$ 7,454,760</u>	<u>\$ 8,191,151</u>	<u>\$ 9,144,099</u>	<u>\$ 7,894,140</u>
Net (Expense)/Revenue										
Governmental activities.....	\$ (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)	\$ (31,050,807)
Business-type activities.....	<u>428,896</u>	<u>1,291,848</u>	<u>403,502</u>	<u>203,545</u>	<u>51,493</u>	<u>189,285</u>	<u>353,332</u>	<u>251,820</u>	<u>818,330</u>	<u>88,488</u>
Total primary government net expense.....	<u>\$ (23,087,315)</u>	<u>\$ (22,101,564)</u>	<u>\$ (24,404,731)</u>	<u>\$ (24,832,398)</u>	<u>\$ (25,372,663)</u>	<u>\$ (27,557,579)</u>	<u>\$ (27,262,995)</u>	<u>\$ (27,535,325)</u>	<u>\$ (28,210,076)</u>	<u>\$ (30,962,319)</u>

Town of Manchester-by-the-Sea, Massachusetts

Changes in Net Position (Continued)

Last Ten Years

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General Revenues and other Changes in Net Position										
Governmental activities:										
Real estate and personal property taxes, net of tax refunds payable.....	\$ 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	\$ 31,730,976
Motor vehicle and other excise taxes.....	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	1,301,064
Community preservation taxes.....	631,891	327,590	343,859	351,822	365,651	392,287	397,627	405,491	419,634	434,590
Penalties and interest on taxes.....	-	-	-	-	74,450	94,129	85,071	83,571	101,718	78,360
Payments in lieu of taxes.....	4,744	4,749	1,055	8,441	4,753	-	9,511	4,738	4,735	4,717
Grants and contributions not restricted to specific programs.....	214,651	212,326	219,009	231,555	245,925	246,428	254,091	269,465	287,106	288,715
Unrestricted investment income.....	33,171	161,990	59,579	82,843	347,844	162,318	249,707	18,525	382,536	719,038
Capital transfers.....	-	-	(1,539,118)	(3,102,019)	-	-	-	-	-	-
Transfers, net.....	(174,738)	(187,716)	(307,054)	(144,111)	(140,848)	(1,073,005)	(1,241,201)	(1,459,509)	(56,690)	(1,733,277)
Total governmental activities.....	25,335,672	26,411,148	26,052,874	24,983,052	29,536,497	30,231,317	30,391,055	30,430,452	33,289,824	32,824,183
Business-type activities:										
Capital transfers.....	-	-	1,539,118	3,102,019	-	-	-	-	-	-
Transfers, net.....	174,738	187,716	307,054	144,111	140,848	1,073,005	1,241,201	1,459,509	56,690	1,733,277
Total Business-type activities.....	174,738	187,716	1,846,172	3,246,130	140,848	1,073,005	1,241,201	1,459,509	56,690	1,733,277
Total primary government	\$ 25,510,410	\$ 26,598,864	\$ 27,899,046	\$ 28,229,182	\$ 29,677,345	\$ 31,304,322	\$ 31,632,256	\$ 31,889,961	\$ 33,346,514	\$ 34,557,460
Changes in Net Position										
Governmental activities.....	\$ 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	\$ 1,773,376
Business-type activities.....	603,634	1,479,564	2,249,674	3,449,675	192,341	1,262,290	1,594,533	1,711,329	875,020	1,821,765
Total primary government.....	\$ 2,423,095	\$ 4,497,300	\$ 3,494,315	\$ 3,396,784	\$ 4,304,682	\$ 3,746,743	\$ 4,369,261	\$ 4,354,636	\$ 5,136,438	\$ 3,595,141

Town of Manchester-by-the-Sea, Massachusetts

Fund Balances, Governmental Funds

Last Ten Years

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
General 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	\$ 3,719,000
Assigned.....	686,237	557,488	435,759	136,144	145,225	121,903	122,858	98,605	301,305	153,735
Unassigned.....	<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>	<u>5,576,383</u>
Total general fund.....	<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>	<u>\$ 9,449,118</u>
All Other Governmental Funds										
Nonspendable.....	\$ 355,628	\$ 367,678	\$ 373,427	\$ 383,078	\$ 405,278	\$ 408,578	\$ 413,978	\$ 413,978	\$ 413,978	\$ 413,978
Restricted.....	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	5,744,701
Unassigned.....	<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>	<u>(82,509)</u>
Total all other governmental funds.....	<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>	<u>\$ 6,076,170</u>

Town of Manchester-by-the-Sea, Massachusetts

Changes in Fund Balances, Governmental Funds

Last Ten Years

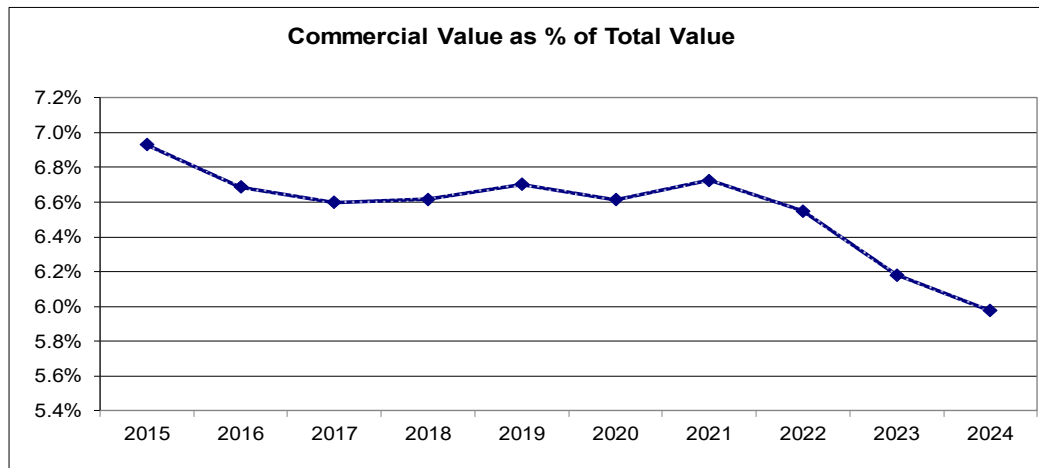
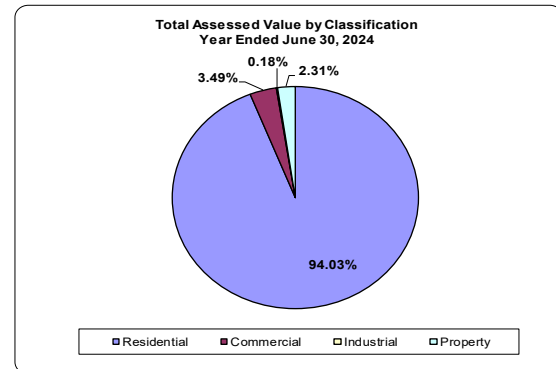
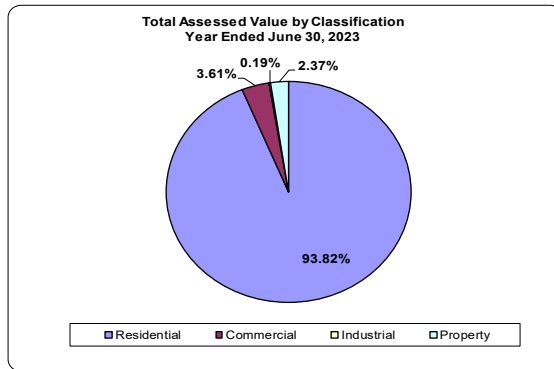
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenues:										
Real estate and personal property taxes, net of tax refunds.....	\$ 23,422,563	\$ 24,762,126	\$ 26,001,250	\$ 26,321,662	\$ 27,409,147	\$ 29,336,909	\$ 29,509,839	\$ 29,995,812	\$ 30,888,745	\$ 31,709,806
Motor vehicle and other excise taxes.....	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	1,285,219
Charges for services.....	462,978	438,929	468,257	539,479	553,315	530,182	571,687	530,440	568,528	520,952
Penalties and interest on taxes.....	71,308	93,459	65,644	70,522	74,450	94,129	85,071	83,571	101,718	78,360
Payments in lieu of taxes.....	4,745	4,749	1,055	8,441	4,753	-	9,511	4,738	4,735	4,717
Intergovernmental.....	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	1,653,245
Departmental and other.....	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	3,020,732
Community preservation taxes and state match.....	627,379	332,909	343,627	351,621	433,103	479,230	597,585	591,937	516,801	521,265
Contributions and donations.....	160,050	178,454	120,306	144,230	271,479	390,667	573,458	104,388	944,518	151,304
Investment income.....	36,330	187,639	65,412	12,321	347,844	162,318	249,707	18,525	382,536	719,038
Total Revenues.....	28,889,152	30,300,095	30,999,371	32,718,424	33,720,442	35,273,129	36,007,578	37,021,905	39,207,514	39,664,638
Expenditures:										
General government.....	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	2,450,619
Public safety.....	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	5,408,422
Education.....	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	20,113,895
Public works.....	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	3,216,070
Environmental.....	62,107	62,998	67,269	73,816	73,722	80,668	83,093	63,836	74,694	88,376
Health and human services.....	271,111	285,385	299,868	424,334	338,107	448,898	987,546	388,711	484,604	464,932
Library and recreation.....	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	1,488,952
Community preservation.....	223,376	643,448	484,895	722,155	343,836	282,441	512,790	358,466	759,933	568,009
Pension benefits.....	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	1,482,911
Property and liability insurance.....	120,508	105,425	114,797	118,271	98,628	105,860	126,676	124,968	130,000	153,552
Employee benefits.....	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	1,640,890
State and county charges.....	156,371	158,300	158,906	161,280	166,752	170,086	173,898	174,157	178,855	185,187
Debt service:										
Principal.....	1,142,800	1,082,100	912,400	685,248	805,015	665,809	672,131	643,481	629,861	511,270
Interest.....	228,250	200,739	205,310	186,843	273,534	254,689	228,074	215,271	195,346	175,098
Total Expenditures.....	29,243,198	28,817,358	29,659,909	32,204,062	31,447,560	33,605,494	34,826,311	36,011,039	37,360,205	37,948,183
Excess (deficiency) of revenues over (under) expenditures.....	(354,046)	1,482,737	1,339,462	514,362	2,272,882	1,667,635	1,181,267	1,010,866	1,847,309	1,716,455
Other Financing Sources (Uses):										
Transfers in.....	801,466	653,799	642,699	639,131	439,877	397,542	421,520	712,452	529,510	1,026,747
Transfers out.....	(976,204)	(841,515)	(949,753)	(783,242)	(580,725)	(1,470,547)	(1,662,721)	(2,171,961)	(586,200)	(2,760,024)
Total other financing sources (uses).....	(174,738)	(187,716)	(307,054)	(144,111)	(140,848)	(1,073,005)	(1,241,201)	(1,459,509)	(56,690)	(1,733,277)
Net change in fund balance.....	\$ (528,784)	\$ 1,295,021	\$ 1,032,408	\$ 370,251	\$ 2,132,034	\$ 594,630	\$ (59,934)	\$ (448,643)	\$ 1,790,619	\$ (16,822)
Debt service as a percentage of noncapital expenditures.....	4.83%	4.67%	3.99%	2.93%	3.66%	2.94%	2.78%	2.56%	2.40%	1.89%
Percentage increase (decrease) of real estate and personal property taxes, net of tax refunds.....	4.52%	5.72%	5.00%	1.23%	4.13%	7.03%	0.59%	1.65%	2.98%	2.66%

Town of Manchester-by-the-Sea, Massachusetts

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

Last Ten Years

Year	Assessed and Actual Values and Tax Rates									Total Direct Rate (1)	Total Town Value
	Residential Value	Residential & Personal Property Tax Rate	Commercial Value	Industrial Value	Personal Property	Total Commercial Value	Commercial Tax Rate				
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		
2024	3,194,752,985	9.35	118,567,752	6,115,700	78,332,180	203,015,632	9.35	9.35	3,397,768,617		



(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.

Town of Manchester-by-the-Sea, Massachusetts

Principle Taxpayers

Current and Nine Years Ago

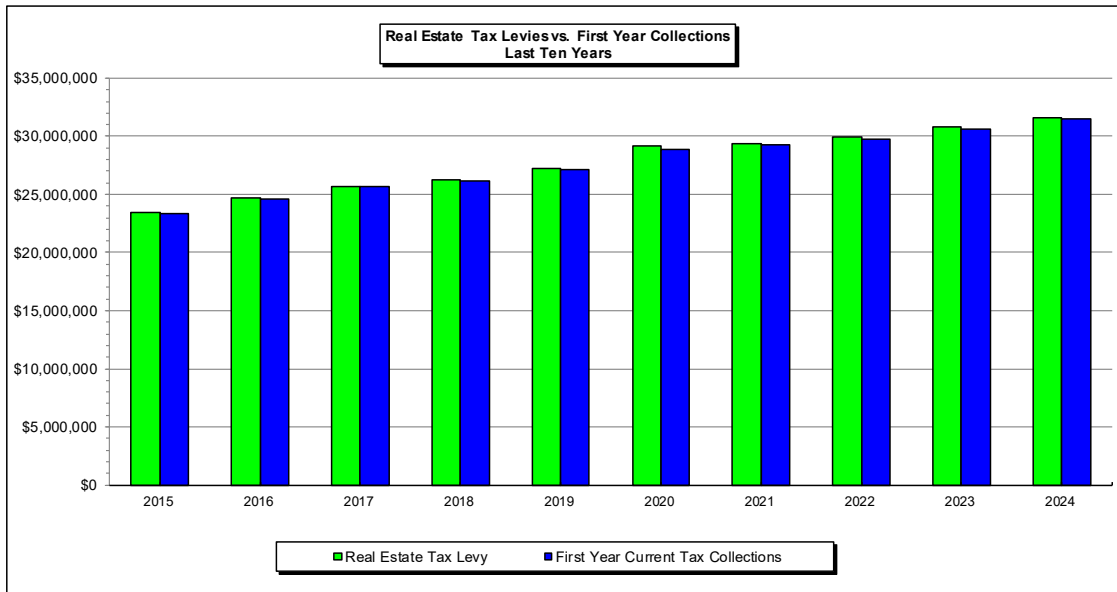
Name	Nature of Business	2024			2015		
		Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value	Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value
Mass. Electric Co.	Utility	\$ 46,633,200	1	1.37%	\$ 20,753,490	2	0.95%
Essex County Club	Golf Course	26,456,200	2	0.78%	22,154,070	1	1.02%
195 Summer Street Realty Trust	Residential	21,834,300	3	0.64%	-		-
Algonquin Gas	Gas Line	18,838,200	4	0.55%	11,678,400	7	0.54%
The Eleanor Trust	Residential	18,826,600	5	0.55%	-		-
Levin, Becky	Residential	17,901,300	6	0.53%	-		0.00%
Manchester Saw Mill Realty Trust	Residential	17,195,200	7	0.51%	-		0.00%
Melden, Kurt A	Residential	16,507,900	8	0.49%	12,666,300	6	-
Bousquet, Dawna	Residential	15,736,800	9	0.46%	11,371,300	8	0.52%
Skates, Mary	Residential	15,296,400	10	0.45%	-		0.00%
Sea Rock Estates	Residential	-		-	19,557,510	3	0.90%
Von Metzsch, Ernest	Residential	-		-	16,699,100	4	0.77%
Moore, Stuart	Residential	-		-	15,551,000	5	0.71%
Kaneb, Gary	Residential	-		-	10,842,500	9	0.50%
Mullen, James	Residential	-		-	9,438,800	10	0.43%
Totals		\$ 215,226,100		6.33%	\$ 150,712,470		6.34%
Source: Town Assessor, Debt Offering Statements							

Town of Manchester-by-the-Sea, Massachusetts

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)
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%	24,582,560	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%	189,008	30,845,455	100.07%
2024	31,769,137	212,290	31,556,847	99.33%	31,481,202	99.76%	-	31,481,202	99.76%



(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.

Town of Manchester-by-the-Sea, Massachusetts

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				
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
2024	3,729,353	1,004,685	1,641,221	-	6,375,259	0.75%	5,437	1,173

(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

Town of Manchester-by-the-Sea, Massachusetts

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)
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
2024	5,370,574	0.16%	1,173

(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

Town of Manchester-by-the-Sea, Massachusetts

Direct and Overlapping 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.....	\$ 9,940,000	66.76%	\$ 6,635,944
Manchester Memorial Elementary School.....	31,090,000	66.76%	<u>20,755,684</u>
Subtotal, overlapping debt.....			27,391,628
Town direct debt.....			<u>4,734,038</u>
Total direct and overlapping debt.....			<u><u>\$ 52,881,350</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.

Town of Manchester-by-the-Sea, Massachusetts

Computation of Legal Debt Margin (Amount in Thousands)

Last Ten Years

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Equalized Valuation.....	\$ <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>	\$ <u>3,598,193</u>
Debt Limit -5% of Equalized Valuation....	\$ 113,809	\$ 119,738	\$ 119,738	\$ 126,315	\$ 126,315	\$ 133,105	\$ 133,105	\$ 148,483	\$ 148,483	179,910
Less:										
Outstanding debt applicable to limit.....	4,735	3,739	3,125	4,919	4,294	3,841	3,448	3,087	2,775	2,460
Authorized and unissued debt applicable to limit.....	<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>	<u>1,000</u>
Legal debt margin.....	\$ <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>	<u>176,450</u>
Total debt applicable to the limit as a percentage of debt limit.....	4.16%	6.63%	6.79%	4.69%	4.19%	3.64%	3.34%	2.75%	2.54%	1.92%

Source: Assessor's Office

Town of Manchester-by-the-Sea, Massachusetts

Demographic and Economic Statistics

Last Ten Years

Year	Population Estimates	Personal Income	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
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%
2024	5,437	847,627,000	158,051	48.1	645	3.2%

Source: U.S. Census, Division of Local Services

Median age is based on most recent census data

* Estimated

Town of Manchester-by-the-Sea, Massachusetts

Principal Employers (Excluding Town)

Current Year and Nine Years Ago

Employer	Nature of Business	2024			2016 (1)		
		Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
Essex County Club	Golf/Tennis	123	1	4.32%	50	4	1.91%
Brookwood School	Education	95	2	3.33%	100	1	3.82%
Landmark School	Education	88	3	3.09%	50	2	1.91%
Manchester Athletic Club	Athletic Club	82	4	2.88%	50	3	1.91%
Manchester Essex Regl. High School	Education	66	5	2.32%	-		-
Memorial School	Education	57	6	2.00%	-		-
Manchester Essex Regl. Middle School	Education	46	7	1.61%	-		-
Crosby's Marketplace	Supermarket	45	8	1.58%	50	5	1.91%
Family Medicine Associates	Medical Center	35	9	1.23%	50	6	1.91%
Gurley Eyecare Associates	Medical Center	21	10	0.74%	20	7	0.76%
Crocker's Boat Yard	Boat Yard	-		-	20	8	0.76%
Coldwell Banker	Real Estate	-		-	20	9	0.76%
Landing at Seven Central	Restaurant	-		-	20	10	0.76%

Source: Massachusetts Department of Employment and Training and Official Statements

(1) Information for 2015 was not available, therefore the Town used 2016.

Town of Manchester-by-the-Sea, Massachusetts

Full-Time Equivalent Town Employees by Function

Last Ten Years

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Function										
General government.....	11	9	11	11	11	11	10	13	12	14
Public safety.....	35	35	33	33	31	30	33	32	35	36
Public works.....	10	9	9	9	11	11	11	11	10	11
Environmental*.....	1	1	1	1	1	1	1	1	1	-
Health and human services.....	3	3	3	3	3	3	3	3	4	4
Library and recreation.....	7	6	6	6	6	6	6	6	6	6
Water and sewer enterprise.....	<u>8</u>	<u>8</u>	<u>8</u>	<u>8</u>	<u>7</u>	<u>7</u>	<u>9</u>	<u>7</u>	<u>7</u>	<u>7</u>
Total	<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>	<u>78</u>

Source: Town Treasurer/Collector

*As of FY2024, Environmental has been merged with the planning department which is shown under general government.

Town of Manchester-by-the-Sea, Massachusetts

Operating Indicators by Function/Program

Last Ten Years

Function/Program	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Fire & Rescue										
Fire and other related calls.....	522	515	528	489	407	547	520	469	531	636
Rescue/EMS.....	485	481	533	565	527	546	455	630	504	646
Permits and inspections.....	1,191	239	514	640	568	680	367	423	410	595
Animal Control										
Calls for service.....	438	376	428	374	419	483	354	418	399	183
Council on Aging										
Units of transportation provided.....	3,300	4,200	7,400	7,500	6,410	6,858	3,990	2,760	6,048	6,188
Units of outreach service provided.....	375	390	420	530	592	632	1,323	1,024	987	826
Meals delivered by Meals on Wheels.....	3,336	3,453	3,702	3,693	4,334	5,014	5,321	4,770	3,899	5,631
Inspectional Services Department										
Number of building permits issued.....	280	326	314	280	312	274	231	319	366	318
Number of electrical permits.....	189	204	227	215	163	157	145	188	202	191
Number of plumbing.....	211	211	194	190	141	165	128	141	159	163
Number of gas permits.....	209	177	194	191	154	183	157	179	200	173
Water/Sewer										
Drinking water use (in gallons).....	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	214,319,106
Drinking water supplied.....	2,418	2,468	2,510	2,524	2,534	2,545	2,533	2,573	2,597	2,599
Annual flow of wastewater (in gallons).....	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	159,985,000
Recreation										
Number of participants after school program.....	85	91	81	74	63	61	0	82	75	80
Number of participants winter basketball.....	283	267	267	271	238	241	56	173	186	189
Number of participants summer playground*.....	312	209	252	253	260	326	0	666	744	756
Beach walk on tags***.....	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	4,248
Parking Clerk										
Beach and residence stickers issued**.....	3,700	3,778	3,707	3,962	3,666	3,691	3,417	6,695	4,999	4,950
Beach walk on tags***.....	N/A	N/A	N/A	N/A	N/A	N/A	N/A	5,185	6,451	N/A
Police Department										
Calls for service****.....	13,130	13,676	14,522	13,504	13,995	14,581	13,081	14,118	12,388	7,169
Arrests.....	136	178	48	47	29	29	29	53	97	80
Traffic citations.....	587	581	319	342	554	498	301	463	320	518
Public Works										
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	6
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
Town Clerk										
Dog licenses issued.....	973	915	962	954	793	899	651	699	546	557
Manchester Public Library										
Number of visitors.....	43,500	50,630	42,680	46,836	47,387	45,183	10,363	21,835	49,788	43,655
Registered borrowers.....	4,613	5,694	5,694	5,157	5,316	5,443	5,958	6,081	6,337	5,770
Number of circulated items.....	65,577	62,763	63,387	68,198	68,483	68,578	39,067	60,008	69,723	68,027
Usage of electronic collections.....	n/a	n/a	n/a	30,383	30,753	34,853	68,107	58,752	28,667	21,668
Borrowed from other MVLC libraries.....	10,887	11,195	11,183	11,494	12,456	14,950	10,987	11,644	13,101	14,093
Items lent to other MVLC libraries.....	16,626	17,931	17,923	21,707	17,664	19,073	19,963	20,280	19,756	17,831
Answered reference questions.....	1,395	2,183	2,058	2,065	2,325	3,812	6,548	10,953	9,210	4,280
Titles owned.....	54,386	59,443	61,783	43,061	43,065	72,890	95,917	109,637	110,315	124,831
Number of programs held.....	226	n/a	73	286	244	270	185	237	308	480

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.

*** Beach walk on tags were transferred from the Town Clerk's department to the Parks & Recreation department in FY2024.

**** New police reporting system - 2024 listed amounts above do not reflect medical, any officer self-initiated calls, or walk-ins.

Town of Manchester-by-the-Sea, Massachusetts

Capital Asset Statistics by Function/Program

Last Ten Years

<u>Function/Program</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
General Government										
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
Pine Street Athletic Field.....	-	-	-	-	-	-	-	-	-	1

Source: Various Town Departments

**Report on Internal Control Over Financial
Reporting and on Compliance and Other
Matters Based on an Audit of Financial
Statements Performed in Accordance with
*Government Auditing Standards***

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

We have audited, in accordance with the 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, the 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 (the Town), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated January 31, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Town's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statements. However, providing an opinion on compliance with those

provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Marcum LLP

January 31, 2025