



TOWN OF WELLESLEY, MASSACHUSETTS
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2023

On the cover: Hunnewell Elementary, which is scheduled to open in February 2024.



The new Hardy Elementary School is being constructed behind the old Hardy Building, which continues to house students until the fall of 2024.

Photo courtesy of Town of Wellesley.

TOWN OF WELLESLEY, MASSACHUSETTS

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Year Ended June 30, 2023



Prepared by:

The Finance Department of the Town of Wellesley, Massachusetts

TOWN OF WELLESLEY, MASSACHUSETTS
ANNUAL COMPREHENSIVE FINANCIAL REPORT

JUNE 30, 2023

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Introductory Section



The balcony in Town Hall's Great Hall with the lower office space removed.
Photo courtesy of Town of Wellesley.

Town of Wellesley, Massachusetts
Annual Comprehensive Financial Report
For the year ended June 30, 2023

Introductory Section

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Town of Wellesley

525 Washington Street
Wellesley, MA 02482

Letter of Transmittal

December 19, 2023

To the Honorable Select Board and Citizens of the Town of Wellesley:

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

This report consists of management's representations concerning the finances of the Town. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the Town has established a comprehensive internal control framework that is designed both to protect the Town's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the Town's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the Town's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that this financial report is complete and reliable in all material respects.

The Town's financial statements have been audited by Powers & Sullivan, LLC, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town for the year ended June 30, 2023, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion on the Town's financial statements for the year ended June 30, 2023, and that they are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The Town's MD&A can be found immediately following the report of the independent auditors.

Included within this comprehensive report is the statistical section which provides detailed information as a context for understanding what the information in the financial statements, notes disclosures, and required supplementary information say about the Town's overall financial health.

Profile of the Town

The Town of Wellesley was incorporated in 1881 and is located in Norfolk County. It is approximately 15 miles west of Boston and is bordered by Natick on the west, Weston and Newton on the north, Needham on the east and southeast, and Dover on the south. It is approximately 10.51 square miles in area and, for the 2010 and 2022 U.S. Census records, had a population of 27,982 and 29,550 persons, respectively.

The main highways serving the Town are State Routes 9, 16, 135, 128 and the Massachusetts Turnpike. The Massachusetts Bay Transportation Authority (MBTA) provides railroad services to Boston and Framingham.

The Town operates under the Representative Town Meeting form of government with public officers serving as ex-officio members of the Town Meeting. The legislative body consists of 240 members elected by precincts. Administrative affairs are managed by a five member Select Board, with the assistance of an Executive Director of General Government Services.

The Town's form of government is significantly decentralized. In addition to public safety, legal, financial and budgetary management, facilities management, and building administration by the five-member Select Board; local school affairs are administered by a five-member School Committee; public works are administered by a three-member Board of Public Works; the Municipal Light Plant is administered by a five-member Municipal Light Board that is comprised of the three-member Board of Public Works and two members appointed by the Select Board; and library affairs are administered by a six-member Board of Library Trustees. Many smaller departments are also managed by elected boards.

General governmental services are provided within the town's boundaries; including public education in grades kindergarten through twelve, police and fire protection, collection and treatment of sewage, water distribution, electric services, public works, streets, parks and recreation, veteran's services, health and sanitation, and libraries. The water and sewer enterprise funds are self-supporting. The Town maintains a solid waste recycling and disposal facility.

The Town owns and operates a self-supporting municipal light plant. The Municipal Light Board carries out the responsibilities of the Municipal Electric Commissioners as provided for in Massachusetts General Laws, Chapter 164.

Local Economy

The Town's economy and employment levels continue to return to a pre-pandemic normal. Wellesley remains attractive to educated urban professionals whose wealth levels are among the highest in the Commonwealth. While the median household income in Massachusetts is higher than national levels, Wellesley's (\$226,250) is among the highest in the Commonwealth and more than 2.56 times the State average. The relative wealth is also seen in the owner-occupied median housing value, which, at \$1,357,000 is more than three times that of the State. The Town is densely populated and land is increasingly valuable. Tear downs and residential improvements continue to contribute to steady permit fee revenue and taxable new growth. The Town benefits from being 87% residential and able to rely upon collecting real estate and motor vehicle tax revenues and to generate more investment income, compared with other municipalities.

Wellesley continues to manage its financial affairs in a prudent manner. It has maintained its "excellent" bond rating of Aaa by incorporating long range planning tools such as a Town-wide Financial Plan; maintaining reserve

levels; investing in technology; maintaining facilities to avoid costly emergency repairs; continuing an aggressive pay-as-you-go financing strategy for capital improvements, and utilizing the dedicated revenue streams from debt that is exempt from the constraints of Proposition 2 ½ to finance some of its larger projects. The significant pay-as-you-go strategy proved especially helpful in providing financial flexibility in developing a strategic financial response to the recent global pandemic, as non-emergency capital spending could be temporarily slowed. Financial reserves have remained strong post- pandemic, and the Town has been able to fund some capital projects previously requested using some of these reserves.

The Town has also enhanced its revenue flexibility by establishing enterprise funds. This has allowed the Town to shift one hundred percent of the operating cost and capital improvements to the users of electric, water, and sewer services so that no tax support goes towards providing these services. All related debt is funded through user fees. By doing so the Town is able to provide the maximum tax dollars available to all other services.

Town meeting voted to add a fourth enterprise fund for Stormwater Management at its 2023 Spring Annual Town Meeting for future years.

Policies, Financial Planning and Internal Controls

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

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

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

The Board utilizes these policies in preparing its annually-updated Town-Wide Financial Plan (TWFP). The Plan includes a forecast of the Town's sources and uses of funds for the current year (annual budget) and for the two following years. The Board establishes current year budget guidelines for the departments, cognizant of available revenues and of reserve implications, and works with the other boards to achieve a balanced budget. Projections are developed for the subsequent year so that the Board may determine whether or not there will be sufficient funds to meet needs or any requests for new initiatives. The TWFP also includes updated projected capital needs for the next five years ("Five Year Capital Plan") for the various departments, and information regarding the financing of these items.

The annual pension contribution to the Wellesley Contributory Retirement System, a defined benefit pension plan administered by the Wellesley Contributory Retirement Board, represents 4.56% of the Town's annual budget. Current employees contribute up to 11% of their salaries to the system, depending upon date of hire. An independent actuary engaged by the Retirement Board biannually calculates the amount of the annual contribution the Town must make to the pension plan to ensure that the plan will be able to fully meet its obligations to retired employees. The funded ratio (actuarial assets to actuarial liabilities) decreased slightly to

90.27% as reflected in the actuarial valuation performed as of January 1, 2023, with full funding still expected by 2030. The Retirement Board approved the assumed actuarial rate of return on investments of 6.0%. Management continues to factor updated pension valuations into its TWFP projections.

Similarly, health insurance costs and the liability for postemployment health care benefits for certain retirees and their dependents (OPEB) are key considerations in the TWFP. The Town has undertaken a number of proactive steps over the last ten years to reduce current costs and amortize the unfunded OPEB liability. The funded ratio for OPEB assets improved to 76.08% as of December 31, 2022. The Town continues to project a 6% investment return and is projected to fully fund this obligation by 2030.

We refer you to the notes to the basic financial statements for more information on the above two matters.

Once balanced, the Board, with input from the Advisory Committee, presents the budget to the Annual Town Meeting for authorization. The level of budgetary control of expenditures is established by Town Meeting and this approval defines the level at which expenditures may not exceed appropriations. This level is typically at the individual department salary and expense level. The state-of-the-art financial system has a number of built in controls and department managers have ready access to monitor their budgets. Once payment requests are reviewed and approved by department heads, the Finance Director/CFO is responsible for further review - ensuring all payroll and invoices are within the budgetary control level before authorizing payment. Additional appropriations may be approved at subsequent Town Meetings. The Advisory Committee may approve a transfer (during the budget year) from a reserve fund established at Town Meeting. These controls ensure compliance with the budget approved by Town Meeting.

The Town has implemented formal policies on cash and investment controls and continues to evaluate the risk of fraud and adequacy of internal controls. An active audit committee oversees the annual audit and raises any related concerns to management and the governing boards.

New Initiatives

The Town received Coronavirus State and Local Fiscal Recovery Funds (SLFRF) from the United States Treasury as well as Norfolk County through the American Rescue Plan Act (ARPA). The Town used the \$3 million in funds received from the United States Treasury as eligible revenue replacement to offset public safety salaries in both 2022 and 2023. Wellesley continues its process of formulating a spending plan for the Norfolk County portion of SLFRF, and in both 2022 and 2023 a portion was used to offset costs incurred for remediation efforts related to Per- and Polyfluoroalkyl Substances (PFAS). In 2023 Norfolk County also approved and began funding an ARPA-eligible project related to stormwater drainage.

The Hardy and Hunnewell Elementary School building projects approved in 2022 are well under way. Hunnewell will be occupied in February 2024 and Hardy is expected to open in September 2024. The Town has issued approximately \$70 million in debt for the projects, with an additional \$42 million authorized. The Massachusetts School Building Authority (MSBA) approved funding support at a reimbursement rate of 34.90% and has begun reimbursing the Town. As revenues are received, it is expected that the Town will rescind a like-amount of debt authorizations at its Town Meetings.

The Nines project, a 350-unit mixed use rental development along Route 128, has come online and is almost fully occupied. This project had an assessed value of \$125 million and contributed an additional \$1.4 million in revenues during fiscal 2023.

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

Town meeting authorized funds for a Diversity, Equity, and Inclusion (DEI) audit and the DEI Committee continues to plan for organizational improvements.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) has awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Wellesley for its Annual Comprehensive Financial Reports (ACFR) for the last nineteen years. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of a state and local government financial report.

In order to be awarded the Certificate of Achievement, a government must publish an easily readable and efficiently organized Annual Comprehensive Financial Report, whose contents conform to program standards. The report must satisfy both generally accepted accounting principles and applicable legal requirements.

We would like to express our appreciation to the Finance Department and the members of the other departments who assisted and contributed to the preparation of this report. Credit must also be given to the Select Board for their unfailing support over many years for maintaining the highest standards of professionalism in the management of the Town's finances.

Respectfully submitted,



Meghan C. Jop
Executive Director of General Government Services



Sheryl Strother
Finance Director/CFO



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Town of Wellesley
Massachusetts**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morill

Executive Director/CEO



Principal Town Officials (As of June 30, 2023)

<u>Elected Officials</u>		<u>Term Expires</u>
Select Board	Lise Olney, Chair	2025
	Colette Aufranc, Vice Chair	2024
	Ann-Mara S. Lanza	2024
	Elizabeth Sullivan Woods	2026
	Thomas H. Ulfelder	2026
Moderator	Mark Kaplan	2024
Town Clerk	K.C. Kato	2024
School Committee	Craig Edward Mack, Chair	2025
	Linda Chow	2024
	Leda Murcia Eizenberg	2024
	Catherine C. Mirick	2026
	Christina Horner	2026

Appointed Officials

Executive Director of General Government Services	Meghan C. Jop
Superintendent of Public Schools	Dr. David F. Lussier
Finance Director/CFO	Sheryl Strother
Chief Assessor	Ellen M. Muller
Treasurer/Collector	Maura O'Connor
Interim Fire Chief	Nat Brady
Police Chief	Jack Pilecki
Human Resources Director	TBD
Library Director	Jamie Jurgensen
Public Works Director	David Cohen
Director of Municipal Light Plant	Donald Newell
Information Technology	Brian C. DuPont
Building Inspector and Zoning Enforcement Officer	Michael Grant
Planning Director	Eric Arbeene

Other Officials

Town Counsel	Thomas J. Harrington Miyares and Harrington LLP
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Financial Section



The former podium area of the Great Hall at Town Hall.
Photo courtesy of Town of Wellesley.

Town of Wellesley, Massachusetts
Annual Comprehensive Financial Report
For the year ended June 30, 2023

Financial Section

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Independent Auditor's Report

To the Honorable Select Board
and the Audit Committee
Town of Wellesley, Massachusetts

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Wellesley, Massachusetts, as of and for the year ended June 30, 2023 (except for the Wellesley Contributory Retirement System which is as of and for the year ended December 31, 2022), and the related notes to the financial statements, which collectively comprise the Town of Wellesley, Massachusetts' basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Wellesley, Massachusetts, as of June 30, 2023 (except for the Wellesley Contributory Retirement System which is as of and for the year ended December 31, 2022), and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2023, on our consideration of the Town of Wellesley, Massachusetts' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Wellesley, Massachusetts' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Wellesley, Massachusetts' internal control over financial reporting and compliance.



December 19, 2023

Management's Discussion and Analysis

Management's Discussion and Analysis

As management of the Town of Wellesley, Massachusetts, we offer readers of these financial statements this narrative overview and analysis of the financial activities of the Town of Wellesley for the year ended June 30, 2023. We encourage readers to consider the information presented in this report in conjunction with additional information that we have furnished in our letter of transmittal.

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

Governments must adhere to GASB pronouncements in order to issue their financial statements in conformity with GAAP. The users of financial statements also rely on the independent auditor's opinion. If the Town's financial statements have significant departures from GAAP, the independent auditors may issue a modified opinion or a disclaimer (where no opinion is given). These types of opinions may have an adverse effect on the Town's bond rating and its ability to borrow money at favorable interest rates. The Town has enjoyed an unmodified opinion on its financial statements for many years.

Overview of the Financial Statements

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

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances, in a manner similar to private-sector businesses.

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

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

Both of the government-wide financial statements distinguish functions that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities include general government, facilities maintenance, natural resources, public safety, public education, public works, health, recreation, library, community preservation, traffic and parking management, and interest. The business-type activities include the activities of the sewer, water, and municipal light enterprise funds.

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

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

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

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

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

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

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

Internal service funds are an accounting device used to accumulate and allocate costs internally among various functions. The Town maintains an internal service fund to account for health insurance, self-insured worker's compensation, unemployment, and fleet maintenance.

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

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

Financial Highlights

- The Town's government-wide assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the close of the recent year by \$206.1 million and \$113.0 million for governmental activities and business-type activities, respectively. The business-type activities include the activities of the sewer, water, and municipal light enterprise funds.
- At the close of the current year, the Town's general fund reported an ending fund balance of \$47.9 million, a decrease of \$391,000 over the prior year. Total fund balance represents 24.1% of total general fund expenditures, which management considers adequate and within expectations as compared to the Town's Financial Reserve Policy. Of this amount, \$37.5 million or 18.8% of general fund expenditures is unassigned and available for appropriation at the Town's discretion. The remaining portions of the general fund balance, \$10.4 million, are committed and assigned to fund special articles, carryover encumbrances, and the 2024 budget.
- In 2023, the Town used approximately \$1.5 million of funds received from the United States Treasury through the American Rescue Plan Act (ARPA) to offset public safety salary expenditures through the revenue replacement category of eligible uses of ARPA funding. Additional revenue was received in 2021, 2022 and 2023 for the Town's share of ARPA funding passed through Norfolk County. Project costs incurred in 2023 for this portion of funding totaled \$1.3 million.
- In 2023, the Town's total net pension liability increased by \$38.3 million. The large increase in the net liability is mainly the result of a -11.34% annual money-weighted rate of return on the assets held in the Wellesley Contributory Retirement System's trust fund. The differences between projected and actual earnings on plan investments are recorded as deferred outflows/(inflows) of resources and are amortized over approximately five years.
- The Town is currently administering two significant construction projects related to the Hunnewell and Hardy elementary schools. This project is in part funded from reimbursements received from the Massachusetts School Building Authority, and the remaining costs will be funded through long-term borrowings. In 2023, project costs totaled \$41.3 million and were capitalized as construction in progress.
- The Town is currently administering another significant construction project related to interior renovations at Town Hall. In 2023, the Town voted to use free cash in the amount of \$13.0 million to fund the project. In the current year, the Town incurred costs totaling \$2.7 million, which were capitalized as construction in progress.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The Town of Wellesley's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$319.0 million at the close of 2023.

Government-wide net position of \$284.6 million reflects its net investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Town's net position, \$21.9 million, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position had a year-end balance of \$12.6 million.

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

Governmental activities. The governmental activities net position increased by \$28.9 million during the current year compared to an increase of \$28.3 million in the prior year. Total revenues increased by \$20.7 million, while total expenses increased by \$20.0 million.

		Summary Statement of Net Position	
		2023	2022
Assets:			
Current assets.....	\$	159,961,332	\$ 181,255,998
Capital assets, non-depreciable.....		110,825,362	65,558,036
Capital assets, net of accumulated depreciation....		211,513,021	222,648,221
Total assets.....		482,299,715	469,462,255
Deferred outflows of resources.....		28,886,526	23,452,898
Liabilities:			
Current liabilities (excluding debt).....		21,354,979	15,332,109
Noncurrent liabilities (excluding debt).....		74,946,446	59,436,008
Current debt.....		14,305,402	16,493,133
Noncurrent debt.....		171,076,897	185,382,299
Total liabilities.....		281,683,724	276,643,549
Deferred inflows of resources.....		23,436,199	39,135,140
Net position:			
Net investment in capital assets.....		188,561,362	173,603,803
Restricted.....		18,786,037	17,161,426
Unrestricted.....		(1,281,081)	(13,628,765)
Total net position.....	\$	206,066,318	\$ 177,136,464

Governmental capital assets increased by \$34.1 million due to \$50.1 million of current year capital additions, offset by the recognition of \$16.0 million in depreciation. Current year capital additions include \$4.8 million in depreciable assets for various projects and acquisitions, and \$45.4 million in construction in progress additions. The large increase to construction in progress mainly relates to the construction of the new Hunnewell and Hardy elementary schools.

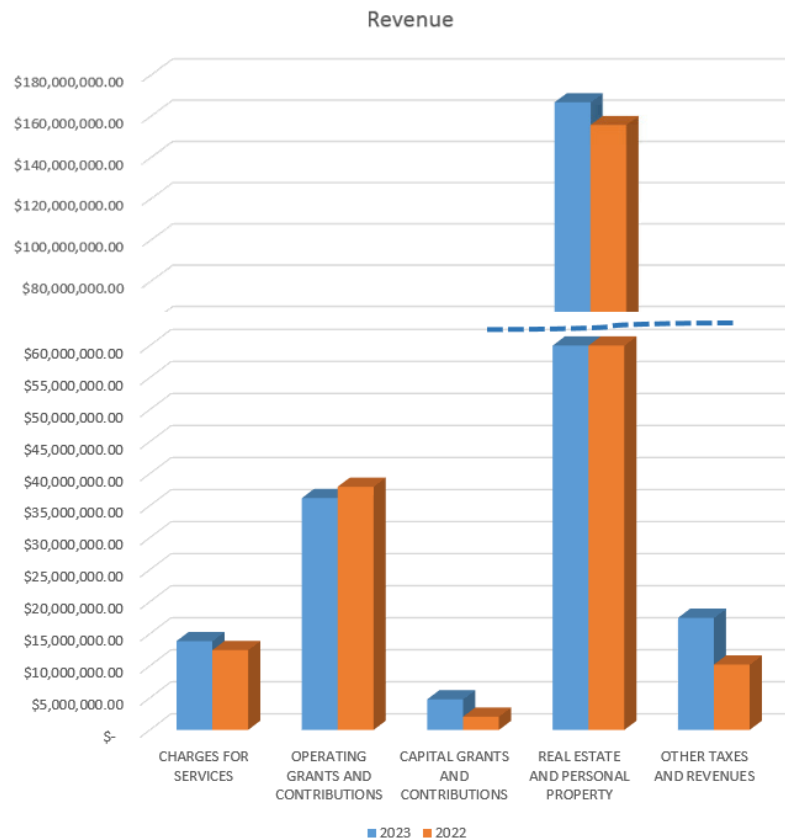
Noncurrent liabilities, excluding debt, consist mainly of the \$38.2 million net pension liability and the \$36.2 million net other postemployment benefit liability (OPEB). The governmental share of the net pension liability increased by \$32.4 million during 2023, which is mostly due to investment losses of the Wellesley Contributory Retirement System. These losses are in line with market conditions at the end of December 31, 2022, the System's reporting year. The Town's net OPEB liability related to governmental activities decreased by \$16.9 million, mostly due to net investment gains and additional contributions to the Trust, as well as an overall decrease to the total OPEB liability. The difference in investment performance between these reported liabilities is the result of a difference in measurement dates. The Town's net pension liability is measured as of December 31, 2022, and the Town's net OPEB liability is measured as of June 30, 2023. In accordance with GASB standards, the differences between projected and actual earnings on plan investments are recorded as deferred outflows/(inflows) of resources and are amortized over approximately five years in an effort to smooth out the effects of these changes.

	Summary Statement of Activities	
	2023	2022
Program Revenues:		
Charges for services.....	\$ 13,868,306	\$ 12,464,379
Operating grants and contributions.....	36,203,942	37,963,291
Capital grants and contributions.....	4,791,127	2,076,761
General Revenues:		
Real estate and personal property taxes, net of tax refunds payable.....	166,625,618	155,625,322
Tax liens.....	476,833	303,064
Motor vehicle and other excise taxes.....	5,670,815	5,716,542
Meals tax.....	799,721	653,495
Community preservation surcharge.....	1,568,581	1,416,834
Penalties and interest on taxes.....	453,110	421,022
Payments in lieu of taxes.....	76,428	76,456
Grants and contributions not restricted to specific programs.....	2,067,165	1,701,985
Unrestricted investment income (loss).....	6,389,810	(86,198)
Total revenues.....	238,991,456	218,332,953
Expenses:		
General government.....	12,402,900	10,958,616
Facilities maintenance.....	13,287,414	11,941,920
Natural resources.....	802,668	676,064
Public safety.....	20,277,444	14,950,639
Public education.....	130,815,799	125,111,284
Public works.....	17,619,602	15,541,723
Health.....	1,585,051	1,284,722
Recreation.....	2,105,835	1,654,409
Library.....	5,330,772	4,010,995
Community preservation.....	137,844	153,550
Traffic and parking management.....	742,804	632,053
Interest.....	5,953,469	4,157,954
Total expenses.....	211,061,602	191,073,929
Excess (Deficiency) before transfers.....	27,929,854	27,259,024
Transfers.....	1,000,000	1,000,000
Change in net position.....	28,929,854	28,259,024
Net position, beginning of year.....	177,136,464	148,877,440
Net position, end of year.....	\$ 206,066,318	\$ 177,136,464

Revenues

Wellesley's revenues are primarily dependent upon the income of Town residents and their willingness and ability to pay, rather than relying on external sources such as state grants. These revenues include property taxes, including those taxes derived from new growth, voter-authorized debt exclusions, Community Preservation tax surcharges, and local receipts from vehicle excise taxes and building permits. The amount of debt exclusions is notable in that it is a dedicated revenue stream for capital projects voluntarily added to the assessments by voter referendum. The increase in general revenues from 2022 to 2023 was primarily attributable to an increase in exempt debt (\$6.2 million) attributable to construction of the two elementary schools, as well as increased earnings (\$6.5 million) caused by a very significant swing in post-pandemic interest rates, and to continued commercial and residential construction. Because of the affluence of Wellesley's residents, the Town is able to afford to maintain its services, assets, reserves and provide many extra services that improve the life of its

citizens. **Associated Risks:** Income and wealth levels directly impact the Town's revenues and these factors have remained strong because of the Town's educational reputation and its proximity to Boston.



Other financial notes related to governmental activities

In addition to the 70% of total revenues that property taxes provide, the following is a brief description of the Town's other revenue sources.

- Operating grants and contributions accounted for 15.1% of total governmental revenues. Most of these resources apply to educational operations. These resources offset costs within the school department and supplement their general fund operating budget. This category decreased by \$1.8 million over the prior year. As more fully described in Note 10, Massachusetts pension laws requires the State to assume 100% of the liability and payment of pensions earned by all public-school teachers in the Commonwealth. Therefore, the Town is in a special funding situation as defined by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and the Commonwealth is a nonemployer contributor to the Massachusetts Teachers Retirement System (MTRS). The Town's portion of the collective pension expense, contributed by the Commonwealth, of \$15,362,218 is reported in the general fund as intergovernmental revenue and pension benefits in the current fiscal year.
- Charges for services represented 5.8% of total governmental revenues. The Town can exercise more control over this category of revenue than any other. Fees charged for services rendered that are set by the Town are included in this category. This category increased by roughly \$1.4 million over the prior year across various functions.
- Capital grants and contributions represent 2.0% of total governmental revenues. These are comprised of the state match for the community preservation program, the state's chapter 90 roadway funds, capital

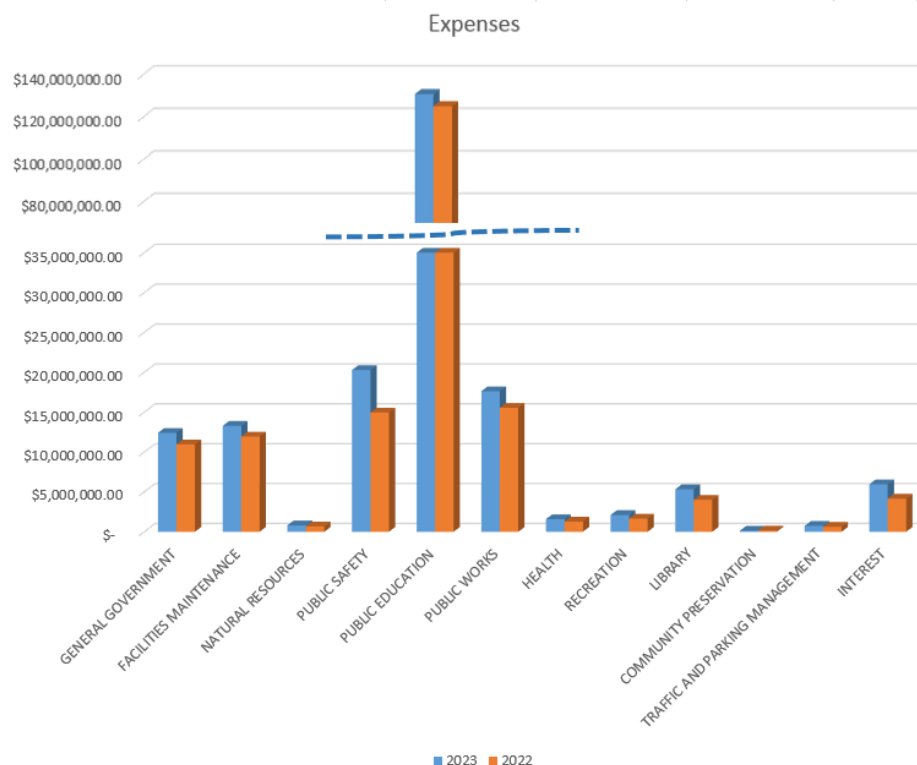
uses of the Town's funding from the American Rescue Plan Act, and the revenue received from the Massachusetts School Building Authority related to the new elementary school project.

- Other taxes and other revenues also comprised a total of 7.00% percent of the governmental revenues. These primarily include motor vehicle and other excise taxes, non-restricted grants and contributions, and investment earnings.

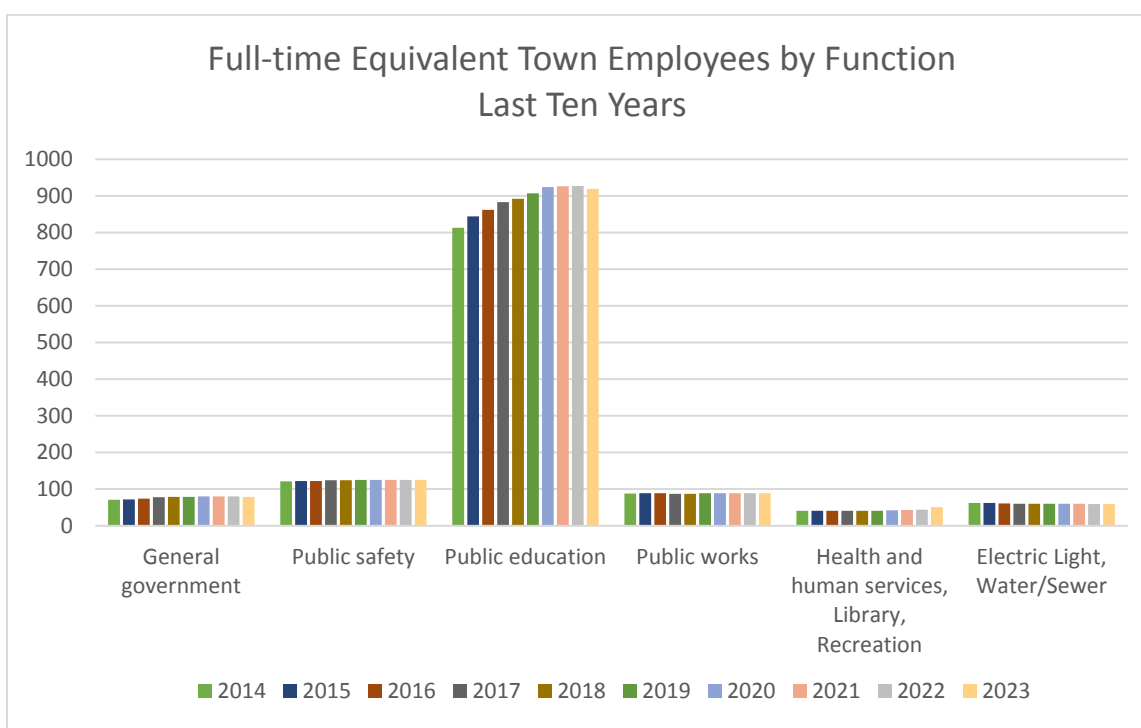
Expenses

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

- The chart below demonstrates comparative expenses by function from page 21.
- Education is by far the largest governmental activity of the Town, comprising 62.0% of the Town's total expenses. Approximately \$91.7 million in general revenues were needed to cover its 2023 operating expenses, net of related program revenues.
- Educational expense includes a pension contribution of approximately \$15,362,218 million made by the state on-behalf of Wellesley teachers, which is more fully described above as well as in Note 10. Operating grants and educational expenses are grossed-up by recording this contribution.
- Public safety and public works are the second and third largest activities of the Town. As shown on the Statement of Activities, on page 32, approximately \$12.4 million and \$14.0 million, respectively, of general revenues were needed to cover their 2023 operating expenses, net of related program revenues. Facilities costs also include significant custodial costs relating to the schools.
- Public safety expenses increased \$5.3 million over the previous year. This was the result stronger pension earnings for the Wellesley Contributory Retirement System as of the December 31, 2021, measurement date, which is reflected in the Town's fiscal 2022 net pension liability. The stronger pension earnings resulted in a large reduction to expenses in 2022, giving the overall appearance of the large increase to the expense in 2023.



As previously mentioned, most of the excluded debt relates to the construction and improvement of Schools, and the Town's capital plans for the foreseeable future continue this focus. The Town has also made significant progress in funding its pension and OPEB liabilities and funding schedules are in line with revenue growth so as not to put strain on other operating budgets. **Associated Risks:** An economic downturn might affect the community less significantly than other communities within the Commonwealth because of significant investment in capital assets and reserves are being well maintained. Expenditures could be deferred in the short-term. Increased energy costs might have a negative impact, but the Town continues to explore sustainable alternatives. Employee costs continue to increase as School programs expand and health care costs increase. The Town needs to continue to evaluate the efficient delivery of services. The Town's form of government is highly decentralized, and this makes compromise necessary to achieve agreement on how resources can most effectively be deployed. This structure would make it challenging if significant reductions were necessary.



Business-type activities. Business-type activities increased the Town's net position by \$7.9 million compared to an increase of \$3.6 million during the previous year. The results of all three enterprise funds were consistent with management's expectations.

Business-type activities assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$113.0 million at the close of 2023. Net investment in capital assets totaled \$96.0 million (85.0%), net position is restricted for depreciation and net other postemployment benefits in the amount of \$3.1 million (2.7%), and unrestricted net position totaled \$13.9 million (12.3%).

The municipal light fund (Plant) experienced a \$4.5 million increase in net position. This increase was driven by income from operations totaling \$4.3 million, and other increases to net position consisted of capital contributions totaling \$1.1 million. These increases were offset by a transfer out to the general fund, which is the payment in lieu of taxes to the Town.

The Plant operates the WECARE program, which is an opt-out voluntary program where participants, both residential and commercial, are charged an additional 4% on their monthly electric bills to fund projects intended to reduce dependence on fossil fuels, increase energy stability, and preserve the planet. These additional fees

collected from the program will fund local renewable energy projects chosen by the Plant for their impact on greenhouse gas emissions reduction including; community solar generation facilities; power storage for peak electric use times; and infrastructure such as public charging stations for electric vehicles, and other similar programs. In 2023, collections from the program totaled approximately \$955,000 and the Plant spent \$222,000 of program funds on energy initiatives.

The WECARE program also offers a 100% option, which is an opt-in voluntary program where participants that opt-in, both residential and commercial, are charged an increased rate on their electric bills to purchase 100% of their energy from renewable resources. In 2023, the Plant had approximately 318 users who selected this 100% option, of which 314 are residential and 4 are commercial. This program collections totaled \$159,000 in 2023 and expenses totaled \$104,000.

The water enterprise fund net position increased by \$2.4 million. The water enterprise fund receives 96.3% of its revenue from charges for services. Operating revenue totaled \$11.0 million, which was a \$4.1 million increase over the previous year. This was due to an increase in the water rates set by the Town. Operating expenses included \$3.3 million in assessments for usage of water from the Massachusetts Water Resource Authority (MWRA); \$1.2 million in depreciation expense; and a total of \$4.2 million in administration, general, transmission, pumping, treatment and customer accounts.

The sewer enterprise fund net position increased by \$1.1 million. The sewer enterprise fund receives 99.3% of operating revenue from charges for services. Operating revenue totaled \$8.7 million. Operating expenses included \$6.3 million in assessments from the MWRA; \$511,000 in depreciation expense; and a total of \$854,000 in administration, general, pumping, treatment, collection and customer accounts. These results continue to reflect management's goal of maintaining the systems while only charging users for the cost of operations.

Summary Statement of Net Position			
		2023	2022
Assets:			
Current assets.....	\$	27,186,239	\$ 23,138,549
Noncurrent assets (excluding capital).....		2,213,993	1,533,182
Capital assets, nondepreciable.....		1,999,262	352,874
Capital assets, net of accumulated depreciation....		97,838,443	95,948,028
Total assets.....		129,237,937	120,972,633
Deferred outflows of resources.....		4,707,034	3,191,543
Liabilities:			
Current liabilities (excluding debt).....		5,693,343	5,946,615
Noncurrent liabilities (excluding debt).....		8,630,410	3,783,961
Current debt.....		687,021	733,960
Noncurrent debt.....		3,268,073	2,383,097
Total liabilities.....		18,278,847	12,847,633
Deferred inflows of resources.....		2,710,719	6,253,761
Net position:			
Net investment in capital assets.....		96,012,889	93,340,179
Restricted.....		3,063,993	1,000,000
Unrestricted.....		13,878,523	10,722,603
Total net position.....	\$	112,955,405	\$ 105,062,782

		Summary Statement of Activities	
		2023	2022
Program Revenues:			
Charges for services.....	\$	59,510,897	\$ 52,801,399
Operating grants and contributions.....		71,520	-
Capital grants and contributions.....		1,124,151	1,640,052
Total revenues.....		60,706,568	54,441,451
Expenses:			
Water.....		8,694,792	7,174,603
Sewer.....		7,669,340	7,916,278
Municipal Light.....		35,449,813	34,756,415
Total expenses.....		51,813,945	49,847,296
Excess (Deficiency) before transfers.....		8,892,623	4,594,155
Transfers.....		(1,000,000)	(1,000,000)
Change in net position.....		7,892,623	3,594,155
Net position, beginning of year.....		105,062,782	101,468,627
Net position, end of year.....	\$	112,955,405	\$ 105,062,782

Financial Analysis of the Town's Major Funds

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

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

As of the end of the current year, governmental funds reported combined ending fund balances of \$132.6 million. Total fund balances decreased \$27.5 million from the prior year mainly due to the capital projects fund, which recognized significant capital expenditures, which mainly relate to the Hunnewell and Hardy elementary school building projects. These were offset by positive market conditions which resulted in \$6.4 million of investment earnings in the Town's governmental funds.

General Fund

The general fund is the chief operating fund of the Town. At the end of the current year, the unassigned fund balance of the general fund totaled \$37.5 million, while the total fund balance was \$47.9 million. As a measure of the general fund's liquidity, it may be useful to compare both the unassigned fund balance and the total fund balance to total fund expenditures. The unassigned fund balance represents 18.8% of total general fund expenditures, while the total fund balance represents 24.1% of that same amount.

Fund balance of the general fund decreased \$391,000 over the prior year. This was, in part, due to a budgetary fund balance decrease of \$183,000. General fund revenue exceeded the budget by \$10.5 million while

expenditures were under budget by \$7.8 million. These surpluses were offset by the use of reserves to fund appropriations. An additional decrease to the general fund's fund balance consists of an increase in the estimated liability related to pending real estate tax refunds.

Capital Projects Fund

This fund is used to account for resources that are restricted to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets of the governmental funds. During the year the fund incurred expenditures for various general government, public safety, public education, public works, and library projects. However, a large majority relates to public education for the large ongoing school building projects. At June 30, 2023, the ending fund balance was \$58.1 million, a decrease of \$29.0 million over the prior year, which is due to the timing between the capital project expenditures and the various sources of funding for those projects.

Nonmajor Governmental Funds

The nonmajor governmental funds experienced an increase of \$1.9 million in the current year, which was primarily due the Town's community preservation fund activities.

Proprietary funds. The Town's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Factors concerning the finances of these funds have already been addressed in the discussion of the Town's business-type activities.

General Fund Budgetary Highlights

The original 2023 budget consisted of approximately \$207.9 million in appropriations and other amounts to be raised. Included in the original budget are approximately \$11.4 million in amounts carried over from previous years. During 2023, the Town approved approximately \$14.1 million of supplemental appropriations, which was mainly related to \$13.0 million for the Town Hall interior renovation project, which was funded from free cash.

Revenues of the general fund were \$10.5 million higher than budget expectations and this is mainly due to higher than expected motor vehicle and excise tax collections, meals tax collections, tax liens, permits and investment income. Total expenditures and carryovers were less than budget by approximately \$7.8 million (3.57%). This was mainly due to turn backs in employee benefits, the school department, and public safety expenditures. The turn back in public safety salary expenditures relates to the use of grant funding from the American Rescue Plan Act through the eligible category of revenue replacement totaling approximately \$1.5 million for these governmental services.

Capital Assets and Debt Management

In conjunction with the operating budget, the Town annually prepares a capital budget which includes detailed information concerning those capital requests for the upcoming year as well as summary information for the following four years to identify current projections of what level of capital outlay will be required in future years.

As part of the capital plan, the Town has historically financed the acquisition of a portion of its capital assets from current revenue. As noted earlier, this policy will continue to improve the financial position as net position will increase by the amount of acquisitions less the current depreciation.

Major capital assets are funded by the issuance of long-term debt and use of surplus funds. During the fiscal year, the Town incurred \$50.1 million of capitalized governmental expenditures and recognized depreciation expense of \$15.9 million. Current year additions consist mainly of school building improvements.

Outstanding long-term debt of the general government, as of June 30, 2023, totaled \$185.4 million.

The business-type activities have \$2.9 million in water enterprise debt and \$1.1 million in sewer enterprise debt that is fully supported by the rates. During 2023, the Town issued \$1.6 million of new long-term MWRA water bonds. The funds do not rely on a general fund subsidy. Capital assets, net of accumulated depreciation increased by \$3.5 million over the prior year. Current year business-type activities additions totaled \$9.2 million and were primarily for distribution plant improvements and other plant in service. Depreciation expense totaled \$5.7 million.

The Town has continued to invest its own funds and to borrow inside the levy to finance capital projects in addition to projects financed through debt exclusions.

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

Pension Trust Fund

The Pension Trust Fund (System) recognized a net investment loss of \$32.4 million for the calendar year ended December 31, 2022. The System paid out \$16.6 million of retirement benefits, administration costs and transfers to other systems. Total net position of the System amounted to \$256.6 million at December 31, 2022, and the System's Funded Ratio was 84.99%, a decrease from 97.73% at December 31, 2021. This decrease in the System's funding ratio is mainly the result of net investment losses.

Other Postemployment Benefits

As of June 30, 2023, the Town has recognized a net other postemployment benefits (OPEB) liability/(asset) in the amount of \$34.7 million in accordance with the provisions of GASB Statement No.75. During 2023 the Town transferred \$3.6 million of pre-funding contributions to the OPEB Trust fund. The assets set aside in trust for future benefits amounted to \$110.4 million at year end. As of June 30, 2023, the ratio of the Plan's Fiduciary Net Position to the Total OPEB Liability (funded ratio) is 76.08%, an increase from 65.44% compared with the previous year.

Requests for Information

This financial report is designed to provide a general overview of the Town's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Finance Director, 888 Worcester Street, Wellesley, MA 02482.

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Basic Financial Statements

STATEMENT OF NET POSITION

JUNE 30, 2023

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
CURRENT:			
Cash and cash equivalents.....	\$ 118,683,199	\$ 16,571,695	\$ 135,254,894
Restricted cash and cash equivalents.....	-	1,000,000	1,000,000
Investments.....	35,072,050	-	35,072,050
Receivables, net of allowance for uncollectibles:			
Real estate and personal property taxes.....	2,892,725	-	2,892,725
Tax liens.....	1,096,889	-	1,096,889
Community preservation fund surcharge.....	8,632	-	8,632
Motor vehicle excise taxes.....	388,987	-	388,987
User charges.....	-	5,669,315	5,669,315
Departmental and other.....	187,642	-	187,642
Intergovernmental.....	1,631,208	54,442	1,685,650
Inventory.....	-	2,227,544	2,227,544
Working capital deposit.....	-	1,078,220	1,078,220
Purchased power advanced deposits.....	-	585,023	585,023
Total current assets.....	159,961,332	27,186,239	187,147,571
NONCURRENT:			
Net other postemployment benefits asset.....	-	2,063,993	2,063,993
Investment in Energy New England.....	-	150,000	150,000
Capital assets, nondepreciable.....	110,825,362	1,999,262	112,824,624
Capital assets, net of accumulated depreciation.....	211,513,021	97,838,443	309,351,464
Total noncurrent assets.....	322,338,383	102,051,698	424,390,081
TOTAL ASSETS.....	482,299,715	129,237,937	611,537,652
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows for refunding debt.....	353,515	130,278	483,793
Deferred outflows related to pensions.....	20,106,694	3,890,537	23,997,231
Deferred outflows related to other postemployment benefits.....	8,426,317	686,219	9,112,536
TOTAL DEFERRED OUTFLOWS OF RESOURCES.....	28,886,526	4,707,034	33,593,560
LIABILITIES			
CURRENT:			
Warrants payable.....	9,016,405	3,008,471	12,024,876
Accrued payroll.....	7,731,366	111,407	7,842,773
Tax refunds payable.....	1,034,155	-	1,034,155
Accrued interest.....	732,487	6,254	738,741
Other liabilities.....	-	869,284	869,284
Unearned revenue.....	2,190,566	1,657,601	3,848,167
Compensated absences.....	374,000	40,326	414,326
Workers' compensation.....	276,000	-	276,000
Bonds payable.....	14,305,402	687,021	14,992,423
Total current liabilities.....	35,660,381	6,380,364	42,040,745
NONCURRENT:			
Customer deposits.....	-	861,079	861,079
Other liabilities.....	-	475,613	475,613
Compensated absences.....	249,332	26,884	276,216
Workers' compensation.....	255,000	-	255,000
Net pension liability.....	38,205,119	6,735,396	44,940,515
Net other postemployment benefits liability.....	36,236,995	531,438	36,768,433
Bonds payable.....	171,076,897	3,268,073	174,344,970
Total noncurrent liabilities.....	246,023,343	11,898,483	257,921,826
TOTAL LIABILITIES.....	281,683,724	18,278,847	299,962,571
DEFERRED INFLOWS OF RESOURCES			
Taxes paid in advance.....	733,662	-	733,662
Deferred inflows related to pensions.....	6,708,855	1,499,932	8,208,787
Deferred inflows related to other postemployment benefits.....	15,993,682	1,210,787	17,204,469
TOTAL DEFERRED INFLOWS OF RESOURCES.....	23,436,199	2,710,719	26,146,918
NET POSITION			
Net investment in capital assets.....	188,561,362	96,012,889	284,574,251
Restricted for:			
Net other postemployment benefits.....	-	2,063,993	2,063,993
Depreciation.....	-	1,000,000	1,000,000
Permanent funds:			
Expendable.....	1,344,614	-	1,344,614
Nonexpendable.....	386,022	-	386,022
Gifts and grants.....	6,592,921	-	6,592,921
Community preservation.....	10,462,480	-	10,462,480
Unrestricted.....	(1,281,081)	13,878,523	12,597,442
TOTAL NET POSITION.....	\$ 206,066,318	\$ 112,955,405	\$ 319,021,723

See notes to basic financial statements.

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2023

		Program Revenues				
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue	
Primary Government:						
<i>Governmental Activities:</i>						
General government.....	\$ 12,402,900	\$ 1,401,915	\$ 228,900	\$ -	\$ (10,772,085)	
Facilities maintenance.....	13,287,414	-	174	-	(13,287,240)	
Natural resources.....	802,668	15,434	13,500	-	(773,734)	
Public safety.....	20,277,444	6,066,895	1,794,007	-	(12,416,542)	
Public education.....	130,815,799	3,639,467	33,301,387	2,153,068	(91,721,877)	
Public works.....	17,619,602	1,105,809	426,132	2,093,643	(13,994,018)	
Health.....	1,585,051	98,040	138,157	-	(1,348,854)	
Recreation.....	2,105,835	1,416,625	78,085	-	(611,125)	
Library.....	5,330,772	44,602	223,600	-	(5,062,570)	
Community preservation.....	137,844	-	-	544,416	406,572	
Traffic and parking management.....	742,804	79,519	-	-	(663,285)	
Interest.....	5,953,469	-	-	-	(5,953,469)	
Total Governmental Activities.....	211,061,602	13,868,306	36,203,942	4,791,127	(156,198,227)	
<i>Business-Type Activities:</i>						
Water.....	8,694,792	10,996,082	71,520	-	2,372,810	
Sewer.....	7,669,340	8,731,412	-	-	1,062,072	
Municipal Light.....	35,449,813	39,783,403	-	1,124,151	5,457,741	
Total Business-Type Activities.....	51,813,945	59,510,897	71,520	1,124,151	8,892,623	
Total Primary Government.....	\$ 262,875,547	\$ 73,379,203	\$ 36,275,462	\$ 5,915,278	\$ (147,305,604)	

See notes to basic financial statements.

(Continued)

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2023

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Changes in net position:			
Net (expense) revenue from previous page.....	\$ (156,198,227)	\$ 8,892,623	\$ (147,305,604)
<i>General revenues:</i>			
Real estate and personal property taxes, net of tax refunds payable.....	166,625,618	-	166,625,618
Tax liens.....	476,833	-	476,833
Motor vehicle and other excise taxes.....	5,670,815	-	5,670,815
Meals tax.....	799,721	-	799,721
Community preservation surcharge.....	1,568,581	-	1,568,581
Penalties and interest on taxes.....	453,110	-	453,110
Payments in lieu of taxes.....	76,428	-	76,428
Grants and contributions not restricted to specific programs.....	2,067,165	-	2,067,165
Unrestricted investment income.....	6,389,810	-	6,389,810
<i>Transfers, net</i>	1,000,000	(1,000,000)	-
Total general revenues and transfers.....	185,128,081	(1,000,000)	184,128,081
Change in net position.....	28,929,854	7,892,623	36,822,477
<i>Net position:</i>			
Beginning of year.....	177,136,464	105,062,782	282,199,246
End of year.....	\$ <u>206,066,318</u>	\$ <u>112,955,405</u>	\$ <u>319,021,723</u>

See notes to basic financial statements.

(Concluded)

**GOVERNMENTAL FUNDS
BALANCE SHEET**

JUNE 30, 2023

	General	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents.....	\$ 24,958,372	\$ 64,695,554	\$ 28,519,624	\$ 118,173,550
Investments.....	31,709,080	-	1,582,744	33,291,824
Receivables, net of uncollectibles:				
Real estate and personal property taxes.....	2,892,725	-	-	2,892,725
Tax liens.....	1,096,889	-	-	1,096,889
Community preservation fund surcharge.....	-	-	8,632	8,632
Motor vehicle excise taxes.....	388,987	-	-	388,987
Departmental and other.....	42,599	-	126,403	169,002
Intergovernmental.....	-	665,974	965,234	1,631,208
Due from other funds.....	227,939	-	-	227,939
TOTAL ASSETS.....	\$ 61,316,591	\$ 65,361,528	\$ 31,202,637	\$ 157,880,756
LIABILITIES				
Warrants payable.....	\$ 469,392	\$ 7,238,209	\$ 1,267,841	\$ 8,975,442
Accrued payroll.....	7,200,214	3,545	94,266	7,298,025
Tax refunds payable.....	1,034,155	-	-	1,034,155
Due to other funds.....	-	-	227,939	227,939
Unearned revenue.....	-	-	2,190,566	2,190,566
TOTAL LIABILITIES.....	8,703,761	7,241,754	3,780,612	19,726,127
DEFERRED INFLOWS OF RESOURCES				
Taxes paid in advance.....	716,100	-	17,562	733,662
Unavailable revenue.....	3,971,326	-	854,165	4,825,491
TOTAL DEFERRED INFLOWS OF RESOURCES.....	4,687,426	-	871,727	5,559,153
FUND BALANCES				
Nonspendable.....	-	-	386,022	386,022
Restricted.....	-	58,119,774	26,164,276	84,284,050
Committed.....	4,779,923	-	-	4,779,923
Assigned.....	5,644,649	-	-	5,644,649
Unassigned.....	37,500,832	-	-	37,500,832
TOTAL FUND BALANCES.....	47,925,404	58,119,774	26,550,298	132,595,476
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES.....	\$ 61,316,591	\$ 65,361,528	\$ 31,202,637	\$ 157,880,756

See notes to basic financial statements.

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

JUNE 30, 2023

Total governmental fund balances.....	\$ 132,595,476
Capital assets (net) used in governmental activities are not financial resources and, therefore, are not reported in the funds.....	322,338,383
Accounts receivable are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.....	4,825,491
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.....	6,183,989
The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position.....	1,303,211
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.....	(732,487)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds:	
Bonds payable.....	(185,382,299)
Net pension liability.....	(38,205,119)
Net other postemployment benefits liability.....	(36,236,995)
Compensated absences.....	(623,332)
Net effect of reporting long-term liabilities.....	(260,447,745)
Net position of governmental activities.....	\$ <u>206,066,318</u>

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2023

	General	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:				
Real estate and personal property taxes, net of tax refunds.....	\$ 166,739,819	\$ -	\$ -	\$ 166,739,819
Tax liens.....	476,833	-	-	476,833
Motor vehicle and other excise taxes.....	5,712,236	-	-	5,712,236
Meals tax.....	799,721	-	-	799,721
Charges for services.....	-	-	1,541,079	1,541,079
Parking meter receipts.....	-	-	629,668	629,668
Penalties and interest on taxes.....	453,110	-	-	453,110
Payments in lieu of taxes.....	76,428	-	-	76,428
Intergovernmental - Teachers Retirement.....	15,362,218	-	-	15,362,218
Intergovernmental.....	11,423,799	2,153,068	13,009,567	26,586,434
Departmental and other.....	6,537,787	-	5,968,251	12,506,038
Community preservation surcharge.....	-	-	1,568,581	1,568,581
Contributions and donations.....	-	-	1,343,158	1,343,158
Investment income.....	5,921,556	-	487,186	6,408,742
TOTAL REVENUES.....	213,503,507	2,153,068	24,547,490	240,204,065
EXPENDITURES:				
Current:				
General government.....	6,405,765	2,730,967	1,545,590	10,682,322
Facilities maintenance.....	9,402,267	-	37	9,402,304
Natural resources.....	568,146	-	5,244	573,390
Public safety.....	13,400,682	10,810	3,612,784	17,024,276
Public education.....	82,277,403	42,230,955	11,527,487	136,035,845
Public works.....	10,604,092	2,292,427	2,863,412	15,759,931
Health.....	1,083,534	-	146,938	1,230,472
Recreation.....	405,770	-	1,321,882	1,727,652
Library.....	2,981,045	14,154	245,095	3,240,294
Community preservation.....	-	-	449,660	449,660
Pension benefits.....	8,586,426	-	-	8,586,426
Pension benefits - Teachers Retirement.....	15,362,218	-	-	15,362,218
Employee benefits.....	24,038,041	-	-	24,038,041
Traffic and parking management.....	-	-	742,804	742,804
State and county charges.....	1,330,131	-	-	1,330,131
Debt service:				
Principal.....	14,685,000	-	-	14,685,000
Interest.....	7,835,630	-	-	7,835,630
TOTAL EXPENDITURES.....	198,966,150	47,279,313	22,460,933	268,706,396
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	14,537,357	(45,126,245)	2,086,557	(28,502,331)
OTHER FINANCING SOURCES (USES):				
Transfers in.....	1,716,167	16,138,985	565,291	18,420,443
Transfers out.....	(16,644,276)	-	(776,167)	(17,420,443)
TOTAL OTHER FINANCING SOURCES (USES).....	(14,928,109)	16,138,985	(210,876)	1,000,000
NET CHANGE IN FUND BALANCES.....	(390,752)	(28,987,260)	1,875,681	(27,502,331)
FUND BALANCES AT BEGINNING OF YEAR.....	48,316,156	87,107,034	24,674,617	160,097,807
FUND BALANCES AT END OF YEAR.....	\$ 47,925,404	\$ 58,119,774	\$ 26,550,298	\$ 132,595,476

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2023

Net change in fund balances - total governmental funds.....		\$ (27,502,331)
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.....	50,065,788	
Depreciation expense.....	<u>(15,933,662)</u>	
Net effect of reporting capital assets.....		34,132,126
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.....		
		(231,039)
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 bonds.....	1,808,133	
Net change in deferred charge on refunding.....	(70,704)	
Debt service principal payments.....	<u>14,685,000</u>	
Net effect of reporting long-term debt.....		16,422,429
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.....	68,337	
Net change in accrued interest on long-term debt.....	144,732	
Net change in deferred outflow/(inflow) of resources related to pensions.....	34,447,462	
Net change in net pension liability.....	(32,410,431)	
Net change in deferred outflow/(inflow) of resources related to other postemployment benefits.....	(13,099,790)	
Net change in net other postemployment benefits liability.....	<u>16,877,656</u>	
Net effect of recording long-term liabilities.....		6,027,966
The net activity of internal service funds is reported with Governmental Activities.....		<u>80,703</u>
Change in net position of governmental activities.....		<u>\$ 28,929,854</u>

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF NET POSITION

JUNE 30, 2023

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water	Sewer	Municipal Light	Total	
ASSETS					
CURRENT:					
Cash and cash equivalents.....	\$ 7,286,165	\$ 3,090,959	\$ 6,194,571	\$ 16,571,695	\$ 509,649
Restricted cash and cash equivalents.....	-	-	1,000,000	1,000,000	-
Investments.....	-	-	-	-	1,780,226
Receivables, net of allowance for uncollectibles:					
User charges.....	1,109,516	706,910	3,852,889	5,669,315	-
Departmental and other.....	-	-	-	-	18,640
Intergovernmental - other.....	54,442	-	-	54,442	-
Inventory.....	442,346	-	1,785,198	2,227,544	-
Working capital deposit.....	-	-	1,078,220	1,078,220	-
Purchased power advanced deposits.....	-	-	585,023	585,023	-
Total current assets.....	8,892,469	3,797,869	14,495,901	27,186,239	2,308,515
NONCURRENT:					
Net other postemployment benefits asset.....	-	43,120	2,020,873	2,063,993	-
Investment in Energy New England.....	-	-	150,000	150,000	-
Capital assets, nondepreciable.....	158,556	-	1,840,706	1,999,262	-
Capital assets, net of accumulated depreciation.....	17,323,994	17,473,275	63,041,174	97,838,443	-
Total noncurrent assets.....	17,482,550	17,516,395	67,052,753	102,051,698	-
TOTAL ASSETS.....	26,375,019	21,314,264	81,548,654	129,237,937	2,308,515
DEFERRED OUTFLOWS OF RESOURCES					
Deferred loss on refunding.....	65,139	65,139	-	130,278	-
Deferred outflows related to pensions.....	1,087,775	316,810	2,485,952	3,890,537	-
Deferred outflows related to other postemployment benefits.....	116,178	-	570,041	686,219	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES.....	1,269,092	381,949	3,055,993	4,707,034	-
LIABILITIES					
CURRENT:					
Warrants payable.....	71,807	4,450	2,932,214	3,008,471	40,963
Accrued payroll.....	44,776	10,786	55,845	111,407	433,341
Accrued interest.....	3,580	2,674	-	6,254	-
Other liabilities.....	34,445	2,075	832,764	869,284	-
Unearned revenue - WECARE 4% program.....	-	-	1,519,481	1,519,481	-
Unearned revenue - WECARE 100% program.....	-	-	138,120	138,120	-
Compensated absences.....	21,728	-	18,598	40,326	-
Workers' compensation.....	-	-	-	-	276,000
Bonds payable.....	438,819	248,202	-	687,021	-
Total current liabilities.....	615,155	268,187	5,497,022	6,380,364	750,304
NONCURRENT:					
Customer deposits.....	-	-	861,079	861,079	-
Other liabilities.....	-	-	475,613	475,613	-
Compensated absences.....	14,486	-	12,398	26,884	-
Workers' compensation.....	-	-	-	-	255,000
Net other postemployment benefits liability.....	531,438	-	-	531,438	-
Net pension liability.....	1,764,390	527,777	4,443,229	6,735,396	-
Bonds payable.....	2,457,137	810,936	-	3,268,073	-
Total noncurrent liabilities.....	4,767,451	1,338,713	5,792,319	11,898,483	255,000
TOTAL LIABILITIES.....	5,382,606	1,606,900	11,289,341	18,278,847	1,005,304
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows related to pensions.....	722,946	82,494	694,492	1,499,932	-
Deferred inflows related to other postemployment benefits.....	439,769	289,723	481,295	1,210,787	-
TOTAL DEFERRED INFLOWS OF RESOURCES.....	1,162,715	372,217	1,175,787	2,710,719	-
NET POSITION					
Net investment in capital assets.....	14,651,733	16,479,276	64,881,880	96,012,889	-
Restricted for:					
Net other postemployment benefits.....	-	43,120	2,020,873	2,063,993	-
Depreciation.....	-	-	1,000,000	1,000,000	-
Unrestricted.....	6,447,057	3,194,700	4,236,766	13,878,523	1,303,211
TOTAL NET POSITION.....	\$ 21,098,790	\$ 19,717,096	\$ 72,139,519	\$ 112,955,405	\$ 1,303,211

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2023

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water	Sewer	Municipal Light	Total	
OPERATING REVENUES:					
Employee contributions.....	\$ -	\$ -	\$ -	\$ -	\$ 10,778,618
Employer contributions.....	-	-	-	-	18,280,662
Charges for services.....	10,593,091	8,668,112	35,181,174	54,442,377	2,586,423
Contracted services.....	-	-	1,777,237	1,777,237	-
Other operating revenues.....	402,991	63,300	2,499,231	2,965,522	-
TOTAL OPERATING REVENUES	10,996,082	8,731,412	39,457,642	59,185,136	31,645,703
OPERATING EXPENSES:					
Administration and general.....	1,404,768	73,861	247,249	1,725,878	-
MWRA assessment.....	3,325,451	6,273,591	-	9,599,042	-
Purchased power.....	-	-	16,672,762	16,672,762	-
Transmission.....	1,427,434	-	9,675,320	11,102,754	-
Cost of contracted services.....	-	-	1,177,902	1,177,902	-
Cost associated with other revenue.....	-	-	988,613	988,613	-
Pumping and treatment.....	1,102,054	315,905	-	1,417,959	-
Distribution.....	-	-	1,057,500	1,057,500	-
Collection.....	-	349,748	-	349,748	-
Customer accounts.....	218,381	114,395	1,307,589	1,640,365	-
Depreciation.....	1,168,801	511,284	3,996,069	5,676,154	-
Employee benefits.....	-	-	-	-	29,955,766
Fleet maintenance.....	-	-	-	-	1,590,302
TOTAL OPERATING EXPENSES.....	8,646,889	7,638,784	35,123,004	51,408,677	31,546,068
OPERATING INCOME.....	2,349,193	1,092,628	4,334,638	7,776,459	99,635
NONOPERATING REVENUES (EXPENSES):					
Investment income (loss).....	-	-	-	-	(18,932)
Interest expense.....	(47,903)	(30,556)	(1,048)	(79,507)	-
WECARE revenues - 4% program.....	-	-	221,861	221,861	-
WECARE expense - 4% program.....	-	-	(221,861)	(221,861)	-
WECARE revenues - 100% program.....	-	-	103,900	103,900	-
WECARE expense - 100% program.....	-	-	(103,900)	(103,900)	-
Intergovernmental - other.....	71,520	-	-	71,520	-
TOTAL NONOPERATING REVENUES (EXPENSES), NET.....	23,617	(30,556)	(1,048)	(7,987)	(18,932)
INCOME BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS.....	2,372,810	1,062,072	4,333,590	7,768,472	80,703
CAPITAL CONTRIBUTIONS.....	-	-	1,124,151	1,124,151	-
TRANSFERS:					
Transfers out.....	-	-	(1,000,000)	(1,000,000)	-
CHANGE IN NET POSITION.....	2,372,810	1,062,072	4,457,741	7,892,623	80,703
NET POSITION AT BEGINNING OF YEAR.....	18,725,980	18,655,024	67,681,778	105,062,782	1,222,508
NET POSITION AT END OF YEAR.....	\$ 21,098,790	\$ 19,717,096	\$ 72,139,519	\$ 112,955,405	\$ 1,303,211

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2023

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water	Sewer	Municipal Light	Total	
CASH FLOWS FROM OPERATING ACTIVITIES:					
Receipts from customers and users.....	\$ 10,697,616	\$ 8,735,161	\$ 40,051,151	\$ 59,483,928	\$ 10,768,734
Receipts from interfund services provided.....	-	-	-	-	20,867,085
Payments to vendors.....	(7,231,140)	(7,339,920)	(32,026,069)	(46,597,129)	-
Payments to employees.....	(647,131)	(295,875)	(1,365,961)	(2,308,967)	-
Payments for interfund services used.....	-	-	-	-	(31,458,852)
NET CASH FROM OPERATING ACTIVITIES.....	2,819,345	1,099,366	6,659,121	10,577,832	176,967
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Intergovernmental.....	71,520	-	-	71,520	-
Payment in lieu of taxes, Town of Wellesley.....	-	-	(1,000,000)	(1,000,000)	-
NET CASH FROM NONCAPITAL FINANCING ACTIVITIES.....	71,520	-	(1,000,000)	(928,480)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Proceeds from the issuance of bonds.....	1,572,000	-	-	1,572,000	-
Capital contributions.....	-	-	1,124,151	1,124,151	-
Acquisition and construction of capital assets.....	(2,426,491)	(1,424,264)	(5,362,202)	(9,212,957)	-
Principal payments on bonds.....	(411,433)	(267,483)	-	(678,916)	-
Interest expense.....	(71,131)	(38,068)	(1,048)	(110,247)	-
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES.....	(1,337,055)	(1,729,815)	(4,239,099)	(7,305,969)	-
CASH FLOWS FROM INVESTING ACTIVITIES:					
Sale (purchase) of investments, net.....	-	-	-	-	44,001
Investment income (loss).....	-	-	-	-	(18,932)
NET CASH FROM INVESTING ACTIVITIES.....	-	-	-	-	25,069
NET CHANGE IN CASH AND CASH EQUIVALENTS.....	1,553,810	(630,449)	1,420,022	2,343,383	202,036
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR.....	5,732,355	3,721,408	5,774,549	15,228,312	307,613
CASH AND CASH EQUIVALENTS AT END OF YEAR.....	\$ 7,286,165	\$ 3,090,959	\$ 7,194,571	\$ 17,571,695	\$ 509,649
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES:					
Operating income.....	\$ 2,349,193	\$ 1,092,628	\$ 4,334,638	\$ 7,776,459	\$ 99,635
Adjustments to reconcile operating income to net cash from operating activities:					
Depreciation.....	1,168,801	511,284	3,996,069	5,676,154	-
Deferred (outflows)/inflows related to pensions.....	(1,447,103)	(698,148)	(3,969,851)	(6,115,102)	-
Deferred (outflows)/inflows related to OPEB.....	441,095	340,082	249,336	1,030,513	-
Changes in assets and liabilities:					
User charges.....	(244,024)	3,749	(178,800)	(419,075)	-
Departmental and other.....	-	-	-	-	(9,884)
Intergovernmental.....	(54,442)	-	-	(54,442)	-
Inventory.....	(178,157)	-	(588,277)	(766,434)	-
Purchased power advanced deposits.....	-	-	(464,356)	(464,356)	-
Warrants payable.....	(267,405)	(134,552)	(435,243)	(837,200)	19,377
Accrued payroll.....	(8,753)	2,475	(390)	(6,668)	57,839
Fees collected in advance.....	-	-	788,899	788,899	-
Customer deposits.....	-	-	45,335	45,335	-
Other liabilities.....	-	-	(286,176)	(286,176)	-
Compensated absences.....	14,306	-	(5,008)	9,298	-
Workers' compensation.....	-	-	-	-	10,000
Net pension liability.....	1,588,350	452,331	3,810,636	5,851,317	-
Net other postemployment benefits liability/asset.....	(542,516)	(470,483)	(637,691)	(1,650,690)	-
Total adjustments.....	470,152	6,738	2,324,483	2,801,373	77,332
NET CASH FROM OPERATING ACTIVITIES.....	\$ 2,819,345	\$ 1,099,366	\$ 6,659,121	\$ 10,577,832	\$ 176,967
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:					
Change in the deferred loss on debt refunding.....	\$ (13,028)	\$ (13,028)	\$ -	\$ (26,056)	\$ -

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2023

	Pension and Other Employee Benefit Trust Funds (1)	Private Purpose Trust Fund
ASSETS		
Cash and cash equivalents.....	\$ 1,249,648	\$ -
Investments:		
Investments in Pension Reserve Investment Trust.....	365,732,507	-
Equity securities.....	-	635,122
Receivables, net of allowance for uncollectibles:		
Departmental and other.....	699,365	-
Other assets.....	2,003	-
TOTAL ASSETS	<u>367,683,523</u>	<u>635,122</u>
LIABILITIES		
Warrants payable.....	<u>687,052</u>	<u>-</u>
NET POSITION		
Restricted for pensions.....	256,604,732	-
Restricted for other postemployment benefits.....	110,391,739	-
Held in trust for other purposes.....	<u>-</u>	<u>635,122</u>
TOTAL NET POSITION	<u>\$ 366,996,471</u>	<u>\$ 635,122</u>

(1) The Pension Trust Fund is as of December 31, 2022.

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

YEAR ENDED JUNE 30, 2023

	Pension and Other Employee Benefit Trust Funds (1)	Private Purpose Trust Fund
ADDITIONS:		
Contributions:		
Employer contributions.....	\$ 13,685,521	\$ -
Employer contributions for other postemployment benefit payments.....	5,518,162	-
Member contributions.....	4,350,408	-
Transfers from other systems.....	522,171	-
3(8)c contributions from other systems.....	573,958	-
Member makeup payments and redeposits.....	13,012	-
Private donations.....	-	10,599
Intergovernmental.....	54,639	-
	<u>24,717,871</u>	<u>10,599</u>
Total contributions.....		
	<u>24,717,871</u>	<u>10,599</u>
Net investment income:		
Investment income (loss).....	(24,653,193)	35,386
Less: investment expense.....	(1,842,961)	-
	<u>(26,496,154)</u>	<u>35,386</u>
Net investment income (loss).....		
	<u>(26,496,154)</u>	<u>35,386</u>
TOTAL ADDITIONS.....	<u>(1,778,283)</u>	<u>45,985</u>
DEDUCTIONS:		
Administration.....	262,337	-
Transfers to other systems.....	930,104	-
3(8)c transfer to other systems.....	713,355	-
Retirement benefits and refunds.....	14,673,969	-
Other postemployment benefit payments.....	5,518,162	-
Educational scholarships.....	-	7,000
	<u>22,097,927</u>	<u>7,000</u>
TOTAL DEDUCTIONS.....		
	<u>22,097,927</u>	<u>7,000</u>
NET INCREASE (DECREASE) IN NET POSITION.....	(23,876,210)	38,985
NET POSITION AT BEGINNING OF YEAR.....	390,872,681	596,137
NET POSITION AT END OF YEAR.....	<u>\$ 366,996,471</u>	<u>\$ 635,122</u>

(1) The Pension Trust Fund for the year ended December 31, 2022.

See notes to basic financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The Town was incorporated in 1881 under the statutes of the Commonwealth of Massachusetts (the “Commonwealth”). The Town is a municipal corporation governed by an elected Select Board.

For financial reporting purposes, the Town has included all funds, organizations, agencies, boards, commissions and institutions. The Town has also considered all potential component units for which it is financially accountable as well as other organizations for which the nature and significance of their relationship with the Town are such that exclusion would cause the basic financial statements to be misleading or incomplete. As required by GAAP, these basic financial statements present the Town (the primary government) and its component units. One entity has been included as a component unit in the reporting entity, because of the significance of its operational and financial relationships.

Component Unit Presented as a Fiduciary Fund – The following component unit is presented as a Fiduciary Fund of the primary government due to the nature and significance of the relationship between the Town and the component unit.

In the Fiduciary Funds:

The Wellesley Contributory Retirement System (the System) is a multiple-employer, cost-sharing, contributory defined benefit pension plan covering all employees of the governmental member units deemed eligible by the System’s Board of Trustees (the Board), with the exception of school department employees who serve in a teaching capacity. The pensions of such school employees are administered by the Commonwealth of Massachusetts’ Teachers’ Retirement System. Membership in the System is mandatory immediately upon the commencement of employment for all permanent employees working a minimum of 20 hours per week. The System has 2 participating employers; the Town of Wellesley and the Wellesley Housing Authority.

The System is governed by a five-member board comprised of the Finance Director/CFO (ex officio), two members elected by System’s participants, one member appointed by the Select Board of the Town and a member appointed by the Board members.

The System is presented using the accrual basis of accounting and is reported as a pension and other postemployment benefit trust fund in the fiduciary fund financial statements.

Availability of Financial Information for Component Units

The System issues a publicly available audited financial report in accordance with guidelines established by the Commonwealth of Massachusetts’ (Commonwealth) Public Employee Retirement Administration Commission (PERAC). That report may be obtained by contacting the System located at 525 Washington Street, Wellesley, MA 02482.

B. Government-Wide and Fund-Level Financial Statements

Government-Wide Financial Statements

The government-wide financial statements (i.e., statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units.

Governmental activities, which are primarily supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which are supported primarily by user fees and charges.

Fund Financial Statements

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

Major Fund Criteria

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

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

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

Internal service funds and fiduciary funds are reported by fund type.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

Government-Wide Financial Statements

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

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

Program revenues include the following:

- Charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment.
- Grants and contributions that are restricted to meeting the operational requirements of a particular function or segment.
- Grants and contributions that are restricted to meeting the capital requirements of a particular function or segment.
- Taxes and other items not identifiable as program revenues are reported as general revenues.

For the most part, the effect of interfund activity has been removed from the government-wide financial statements. However, the effect of interfund services provided and used between functions is not eliminated as the elimination of these charges would distort the direct costs and program revenues reported for the functions affected.

Fund Financial Statements

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

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

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

The following major governmental funds are reported:

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

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

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

The *special revenue fund* is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than permanent funds or major capital projects. The special revenue funds are reported in the nonmajor funds column of the governmental fund financial statements.

The *permanent fund* is used to account for and report financial resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the governmental programs. The permanent funds are also reported in the nonmajor funds column of the governmental funds financial statements.

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

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

The following major proprietary funds are reported:

The *sewer fund* is used to account for sewage treatment operations of the department of public works that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges.

The *water fund* is used to account for water distribution operations of the department of public works that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges.

The *municipal light fund* is used to account for operations of the municipal light department that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Additionally, the following proprietary fund type is reported:

The *internal service funds* are used to account for the financing of goods or services provided by one department to other departments of the town on a cost-reimbursement basis. The Town's internal service funds are used to account for the financing of medical claims of all covered town employees and their covered dependents, the financing of the self-insured workers' compensation plan, unemployment benefits, fleet maintenance and fuel charges.

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

The following fiduciary fund types are reported:

The *pension and other employee benefit trust fund* is used to account for the activities of the System, which accumulates resources to provide pension benefits to eligible retirees and their beneficiaries and of the other

postemployment benefit trust fund which accumulates resources to provide funding for future OPEB (other postemployment benefits) liabilities.

The *private-purpose trust fund* is used to account for trust arrangements that exclusively benefit individuals, private organizations, or other governments. Some of these trust funds have donor restrictions and trustee policies that do not allow the endowment portion to be spent. The restrictions and trustee policies only allow the trustees to approve spending of the realized investment earnings. The Town's educational scholarships are accounted for in this fund.

D. Cash and Investments

Government-Wide and Fund Financial Statements

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with an original maturity of three months or less from the date of acquisition.

Investments are carried at fair value. The fair values were determined by the closing price for those securities traded on national stock exchanges and at the average bid-and-asked quotation for those securities traded in the over-the-counter market.

E. Fair Value Measurements

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

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

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

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

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

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

Market price is affected by a number of factors, including the type of instrument and the characteristics specific to the instrument. Instruments with readily available active quoted prices generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value. It is reasonably possible that change in values of these instruments will occur in the near term and that such changes could materially

affect amounts reported in these financial statements. For more information on the fair value of the Town's financial instruments please see Note 2 - Cash and Investments.

F. Accounts Receivable

Government-Wide and Fund Financial Statements

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

Real Estate, Personal Property Taxes and Tax Liens

Real estate and personal property taxes are levied and based on values assessed on January 1st of every year. Assessed values are established by the Board of Assessor's for 100% of the estimated fair market value. Taxes are due on August 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 six months after the close of the valuation year on delinquent properties and are recorded as receivables in the year they are processed.

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

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

Motor Vehicle Excise

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

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

User Charges

User fees are levied monthly based on individual meter readings and are subject to penalties and interest if they are not paid by the respective due date. Liens are processed in December of every year and included as a lien on the property owner's tax bill.

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

Departmental and Other

Departmental and other receivables are recorded net of an allowance for uncollectible accounts. The allowance of uncollectibles is estimated based on historical trends and specific account analysis, as applicable.

Intergovernmental

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

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

Community Preservation Surcharge

The Town has adopted the State Community Preservation Act and the provisions of this Act, as adopted, will allow the Town to assess property owners an additional 1% of the total real estate commitment. The Town has voted for an additional surcharge of 1% with the first \$100,000 of valuation for each parcel being exempt. Revenues from this surcharge are credited to the Community Preservation Fund, a component of the nonmajor governmental funds, to fund open space acquisitions, affordable housing initiatives, historic preservation, and recreational uses.

Wellesley Electric Customers Accelerated Reduction of Emissions (WECARE) billings

Revenues from the additional surcharge or increased rates from the Wellesley Municipal Light Plant's (Plant) WECARE program, both for the 4% initiatives program as well as the 100% initiatives program, are recorded on the basis of revenue recognition when the program initiative expenses are incurred. Remaining receipts received from these additional billings prior to incurring the expenses are deferred. The deferred payments received have been recorded as unearned revenue on the Plant's balance sheet until spent.

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

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

Materials and supplies held by the Enterprise Funds are generally recorded at original cost, using the weighted average method.

H. Capital Assets***Government-Wide and Proprietary Fund Financial Statements***

Capital assets include land, construction in progress, improvements other than buildings, buildings, machinery and equipment, and public domain infrastructure (e.g., roads, streetlights, sewer mains, and similar items), which are reported in the applicable governmental or business-type activity column of the government-wide financial statements. Capital assets are recorded at historical cost or at estimated historical cost if actual historical cost is not available. Donated capital assets (including works of art) and assets acquired under a service concession agreement are recorded at acquisition value.

For the Town, capital assets are defined as buildings and infrastructure with a cost greater than \$100,000, improvements other than buildings with a cost greater than \$50,000, and equipment with a cost greater than \$25,000 and an estimated useful life of greater than three years. The Town has elected not to consider books and other materials purchased for the library as capital assets.

Capital assets (excluding land and construction-in-progress) are depreciated over the estimated useful lives using the straight-line method. The estimated useful lives of capital assets being depreciated are as follows:

Capital Asset Type	Estimated Useful Life (in years)
Public domain infrastructure.....	50
Buildings.....	10-40
Improvements other than buildings.....	20-30
Machinery and Equipment.....	3-21

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

Governmental Fund Financial Statements

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

I. Deferred Outflows/Inflows of Resources

Government-Wide Financial Statements (Net Position)

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

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has recorded deferred inflows of resources relating to taxes paid in advance, pensions and other postemployment benefits in this category.

Governmental Fund Financial Statements

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

J. Interfund Receivables and Payables

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

Government-Wide Financial Statements

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

Fund Financial Statements

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

K. Interfund Transfers

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

Government-Wide Financial Statements

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

Fund Financial Statements

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

L. Unavailable Revenue

Unavailable revenue at the governmental fund financial statement level represents billed receivables that do not meet the available criterion in accordance with the current financial resources measurement focus and the modified accrual basis of accounting, i.e. receivables that are not considered to be available to liquidate liabilities of the current period. Unavailable revenue is recognized as revenue in the conversion to the government-wide (full accrual) financial statements.

M. Net Position and Fund Equity*Government-Wide Financial Statements (Net position)*

Net position reported as "net investment in capital assets" includes capital assets, net of accumulated depreciation, less the principal balance of outstanding debt used to acquire capital assets. Unspent proceeds of capital related debt are not considered to be capital assets. Outstanding debt related to future reimbursements from the state's school building program is not considered to be capital related debt.

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

Net position has been “restricted for” the following:

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

“Depreciation” - represents amounts restricted in the municipal light department for the statutory reserve for funded depreciation. Pursuant to the provisions of the MGL, cash in an amount equivalent to the annual depreciation expense is required to be transferred from unrestricted funds to the depreciation fund. Interest earned on the balance of the fund must also remain in the fund. Such cash may be used for the cost of the plant. Nuclear decommissioning costs, the costs of contractual commitments, and deferred costs related to such commitments which the Commissioners determine are above market value.

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

“Permanent funds - nonexpendable” represents the endowment portion of donor restricted trusts.

“Grants and gifts” represents amounts held for school, library, and other grants and gift funds.

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

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

Fund Financial Statements (Fund Balances)

Governmental fund balances are classified as nonspendable, restricted, committed, assigned, or unassigned based on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

The governmental fund balance classifications are as follows:

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

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

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

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

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

The Town will, from time to time, fund outlays for a particular purpose from different components of fund balance. In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balances in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. When different components of fund balance can be used for the same purpose, it is the Town’s policy to consider restricted fund balance to have been depleted first, followed by committed fund balance, and assigned fund balance. Unassigned fund balance is applied last.

N. Pensions

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

O. Long-term Debt

Government-Wide and Proprietary Fund Financial Statements

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

Governmental Fund Financial Statements

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

P. Compensated Absences

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

Government-Wide and Proprietary Fund Financial Statements

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

Governmental Fund Financial Statements

Compensated absences are reported in the governmental funds only if they have matured, i.e., unused reimbursable leave still outstanding following an employee's resignation or retirement. Vested or accumulated vacation and sick leave, which will be liquidated with expendable available financial resources, are reported as expenditures and fund liabilities upon maturity of the liability.

Q. Investment Income

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

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

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

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

S. Total Column*Government-Wide Financial Statements*

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

Fund Financial Statements

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

NOTE 2 – CASH AND INVESTMENTS

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

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

The Pool meets the criteria of an external investment pool. The Pool is administered by the Massachusetts Municipal Depository Trust (MMDT), which was established by the Treasurer of the Commonwealth who serves as trustee. The fair value of the position in the Pool is the same as the value of the Pool shares.

The Town invests in the MMDT cash portfolio. The cash portfolio had a weighted average maturity of 33 days.

The Retirement System participates, as a participating member, in the Pension Reserves Investment Trust (PRIT), which meets the criteria of an external investment pool. PRIT is administered by the Pension Reserves Investment Management Board, which was established by the Treasurer of the Commonwealth of Massachusetts who serves as trustee. The fair value of the position in the PRIT is the same as the value of the PRIT shares.

The PRIT fund, as a pool, invests in various products including, but not limited to, money market mutual funds, equities, pooled foreign and domestic fixed income and equity funds, United States government sponsored enterprises and Treasury notes, real estate, and commodities. The underlying components of PRIT's fixed income portfolio had an effective weighted duration rate ranging from 1.98 to 14.64 years.

Custodial Credit Risk – Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town policy for mitigating custodial credit risk is that the Town will not have on deposit amounts exceeding 10% of capital and surplus and 10% of net equity, unless those deposits carry full FDIC insurance or are collateralized. In addition, it is the Town's policy that at no time shall any single bank or bank holding company hold an excess of 25% of the cash balance under the control of the Treasurer for more than three consecutive days.

At year-end, the carrying amount (book value) of the Town's deposits totaled \$3,412,270 and the bank balances totaled \$4,726,037. Of the bank balance, \$963,298 was covered by FDIC insurance, \$65,856 was covered by DIF insurance, \$1,200,000 was collateralized, and \$2,496,883 was exposed to custodial credit risk because it was uninsured and uncollateralized.

At December 31, 2022, the carrying amount (book value) of the Retirement System's deposits totaled \$392,242 and the bank balance totaled \$928,809. The bank balance was fully covered by FDIC insurance.

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

Investment Type	Fair value	Maturities			Rating
		Under 1 Year	1-5 Years	6-10 Years	
<u>Debt securities:</u>					
U.S. treasury notes.....	\$ 20,810,550	\$ 17,935,118	\$ 2,425,543	\$ 449,889	-
Government sponsored enterprises (1).....	1,274,972	233,795	944,716	96,461	AAA
Corporate bonds (2).....	1,770,617	341,312	1,042,357	386,948	AA- - BBB+
Total debt securities.....	23,856,139	\$ 18,510,225	\$ 4,412,616	\$ 933,298	
<u>Other investments:</u>					
Equity securities.....	2,804,223				
Fixed income.....	9,046,810				
Money market mutual funds.....	363,532				
Pension Reserve Investment Trust (PRIT)...	110,391,739				
MMDT - Cash portfolio.....	132,479,092				
Total investments.....	\$ 278,941,535				

- (1) Government Sponsored Enterprises include various short-term investments in financial services corporations created by the United States Congress. These investments primarily consist of investments in Federal Home Loan Banks (FHLB), Federal Home Loan Mortgage Association, and Federal Home Loan Mortgage Corporation Notes.

- (2) Corporate bonds are broken out into separate ratings, which consist of \$403,862 of AA- rated bonds, \$246,877 of A- rated bonds and \$1,119,878 of BBB+ rated bonds.

As of December 31, 2022, the Retirement System had investments in PRIT totaling \$255,340,768. The Retirement System also maintains a short-term investment portfolio with MMDT. At December 31, 2022, the Retirement System's investment with MMDT was \$857,406 which is classified as a cash equivalent.

The following table reconciles total cash and investments as of June 30, 2023, except for the Pension Trust Fund, which is as of December 31, 2022:

	Cash and Cash Equivalents	Restricted Cash and Cash Equivalents	Investments	Total
Primary Government:				
Governmental Activities.....	\$ 118,683,199	\$ -	\$ 35,072,050	\$ 153,755,249
Business-Type Activities.....	16,571,695	1,000,000	-	17,571,695
Fiduciary Funds:				
Pension Trust Fund (as of December 31, 2022).....	1,249,648	-	255,340,768	256,590,416
Other Postemployment Benefit Trust Fund.....	-	-	110,391,739	110,391,739
Private Purpose Trust Fund.....	-	-	635,122	635,122
Totals.....	<u>\$ 136,504,542</u>	<u>\$ 1,000,000</u>	<u>\$ 401,439,679</u>	<u>\$ 538,944,221</u>
Carrying Value of Cash:				
Primary Government.....	\$ 3,412,270			
Pension Trust Fund.....	392,242			
Investments considered cash and cash equivalents:				
Money market mutual funds.....	363,532			
MMDT held by Pension Trust Fund.....	857,406			
MMDT held by Town.....	<u>132,479,092</u>			
Cash and cash equivalents.....	<u>137,504,542</u>			
Debt securities.....	23,856,139			
Equity securities.....	2,804,223			
Fixed income.....	9,046,810			
PRIT funds (OPEB).....	110,391,739			
PRIT funds (Pension).....	<u>255,340,768</u>			
Investments.....	<u>401,439,679</u>			
Total cash and cash equivalents, and investments.....	<u>\$ 538,944,221</u>			

Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of a failure by the counterparty, the Town will not be able to recover the value of its investments or collateral security that are in the possession of an outside party. Of the Town's total investments there was custodial credit risk exposure of \$5,849,811 which is equal to the investments in government sponsored enterprises, corporate bonds and equity securities because the related securities are uninsured, unregistered and held by the counterparty.

The Town will minimize Custodial Credit Risk, which is the risk of loss due to the failure of the security issuer or backer, by limiting investments to the types of securities listed in the Statutory Authority section of the Town's Investment Policy; and obtaining necessary documentation (e.g. broker certification forms and documentation of perfected security interests in pledged collateral) from the financial institutions, broker/dealers, intermediaries and advisors, as applicable, with which the Town will do business in accordance with this Investment Policy. Some of

this risk will be managed requiring that the above referenced financial institutions, broker/dealers, intermediaries and advisors have Securities Investor Protection Corporation (SIPC) and excess SIPC coverage.

At December 31, 2022, the System's \$255,340,768 investment in PRIT is not subject to custodial credit risk exposure because it is not evidenced by securities that exist in physical or book-entry form.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates.

The Town and the System's investment policy is to follow state statutes, which limits investment maturities as a means of managing its exposure to fair value losses arising from increasing rates.

Credit Risk

Credit risk exists when there is a possibility the issuer or other counterparty to an investment may be unable to meet its obligations.

The Town's policy for credit risk requires all financial institutions wishing to do business with the Town to read the Town's Investment Policy and to agree to comply with it. This policy requires minimum standards of credit worthiness as well as guidance for the types of investment allowed.

Concentration of Credit Risk

The Town has adopted a formal policy to mitigate concentration of credit risk by mandating that the Town may not at any one time have on deposit in a bank or trust company an amount exceeding 60% of the capital and surplus of that institution. The Town will not deposit amounts exceeding 10% of capital and surplus and 10% of net equity, unless the deposits are fully collateralized.

Fair Value Measurement

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

The Town chooses a tabular format for disclosing the levels within the fair value hierarchy.

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

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

Investment Type	June 30, 2023	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments measured at fair value:				
<u>Debt securities:</u>				
U.S. treasury notes.....	\$ 20,810,550	\$ 20,810,550	\$ -	\$ -
Government sponsored enterprises.....	1,274,972	1,274,972	-	-
Corporate bonds.....	1,770,617	-	1,770,617	-
Total debt securities.....	23,856,139	22,085,522	1,770,617	-
<u>Other investments:</u>				
Equity securities.....	2,804,223	2,804,223	-	-
Fixed income.....	9,046,810	9,046,810	-	-
Money market mutual funds.....	363,532	363,532	-	-
Total other investments.....	12,214,565	12,214,565	-	-
Total investments measured at fair value.....	36,070,704	\$ 34,300,087	\$ 1,770,617	\$ -
Investments measured at amortized cost:				
MMDT - Cash portfolio.....	132,479,092			
Investments measured at net asset value:				
Pension Reserve Investment Trust (PRIT).....	110,391,739			
Total investments.....	\$ 278,941,535			

Equity securities, U.S. Treasury Notes, Government Sponsored Enterprises, Fixed Income, and Money Mutual Funds are classified in Level 1 of the fair value hierarchy using prices quoted in active markets for those securities. Corporate Bonds classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

PRIT Investments are valued using the net asset value method. The Town does not have the ability to control any of the investment decisions relative to its funds in PRIT.

The investment in MMDT is comprised of a cash portfolio. The cash portfolio is valued at amortized cost. Under the amortized cost method, an investment is valued initially at its cost and adjusted for the amount of interest income accrued each day over the term of the investment to account for any difference between the initial cost and the amount payable at its maturity. If amortized cost is determined not to approximate fair value, the value of the portfolio securities will be determined under procedures established by the Advisor.

Retirement System

The retiree pension defined benefit plan holds significant amounts of investments on a recurring basis. Because investing is a key part of the plan's activities, the plan shows greater disaggregation in its disclosures. The System categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The System has the following recurring fair value measurements as of December 31, 2022:

Investments measured at amortized cost:

MMDT - Cash portfolio..... \$ 857,406

Investments measured at net asset value:

Pension Reserve Investment Trust (PRIT)..... 255,340,768

Total investments..... \$ 256,198,174

The System's investments in PRIT and MMDT are the same as the Town's investments as previously described.

NOTE 3 – RECEIVABLES

At June 30, 2023, receivables for the individual major, non-major governmental funds, and the proprietary internal service fund, in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
Real estate and personal property taxes.....	\$ 2,913,654	\$ (20,929)	\$ 2,892,725
Tax liens.....	1,096,889	-	1,096,889
Community preservation fund surcharge.....	8,632	-	8,632
Motor vehicle excise taxes.....	742,294	(353,307)	388,987
Departmental and other.....	187,642	-	187,642
Intergovernmental.....	1,631,208	-	1,631,208
Total.....	\$ <u>6,580,319</u>	\$ <u>(374,236)</u>	\$ <u>6,206,083</u>

- The allowance for uncollectible accounts of \$20,929 relates only to personal property taxes.
- The allowance for uncollectible motor vehicle excise taxes relates primarily to balances outstanding five years and older.

At June 30, 2023, receivables for the sewer, water, and municipal light enterprise funds consist of the following:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
Water user charges.....	\$ 1,109,516	\$ -	\$ 1,109,516
Water intergovernmental - other.....	54,442	-	54,442
Sewer user charges.....	706,910	-	706,910
Municipal light user charges.....	3,852,889	-	3,852,889
Total.....	\$ <u>5,723,757</u>	\$ <u>-</u>	\$ <u>5,723,757</u>

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

	General Fund	Other Governmental Funds	Total
<u>Receivables:</u>			
Real estate and personal property taxes.. \$	2,442,851	\$ -	\$ 2,442,851
Tax liens.....	1,096,889	-	1,096,889
Motor vehicle excise taxes.....	388,987	-	388,987
Departmental and other.....	42,599	114,403	157,002
Intergovernmental - state highway.....	-	417,414	417,414
Intergovernmental - other.....	-	322,348	322,348
Total.....	\$ 3,971,326	\$ 854,165	\$ 4,825,491

NOTE 4 – CAPITAL ASSETS

A summary of changes in capital asset activity for the year ended June 30, 2023, is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
<u>Capital assets not being depreciated:</u>				
Land..... \$	51,959,370	\$ -	\$ -	\$ 51,959,370
Construction in progress.....	13,598,666	45,377,001	(109,675)	58,865,992
Total capital assets not being depreciated....	65,558,036	45,377,001	(109,675)	110,825,362
<u>Capital assets being depreciated:</u>				
Improvements other than buildings.....	32,772,748	1,273,462	-	34,046,210
Buildings.....	300,331,176	679,520	(1,419,913)	299,590,783
Machinery and equipment.....	24,824,766	1,670,311	(1,336,435)	25,158,642
Public domain infrastructure.....	81,810,783	1,175,169	-	82,985,952
Total capital assets being depreciated.....	439,739,473	4,798,462	(2,756,348)	441,781,587
<u>Less accumulated depreciation for:</u>				
Improvements other than buildings.....	(23,247,451)	(1,437,318)	-	(24,684,769)
Buildings.....	(132,004,950)	(11,115,513)	1,419,913	(141,700,550)
Machinery and equipment.....	(16,852,972)	(1,138,088)	1,336,435	(16,654,625)
Public domain infrastructure.....	(44,985,879)	(2,242,743)	-	(47,228,622)
Total accumulated depreciation.....	(217,091,252)	(15,933,662)	2,756,348	(230,268,566)
Total capital assets being depreciated, net.....	222,648,221	(11,135,200)	-	211,513,021
Total governmental activities capital assets, net..... \$	288,206,257	\$ 34,241,801	\$ (109,675)	\$ 322,338,383

Business-Type Activities:	Beginning Balance	Increases	Decreases	Ending Balance
<u>Capital assets not being depreciated:</u>				
Land and land rights.....	\$ 267,946	\$ -	\$ -	\$ 267,946
Construction in progress.....	84,928	1,646,388	-	1,731,316
Total capital assets not being depreciated....	352,874	1,646,388	-	1,999,262
<u>Capital assets being depreciated:</u>				
Transmission Plant.....	13,460,777	12,566	-	13,473,343
Distribution plant.....	108,657,279	3,415,109	(10,794,225)	101,278,163
Other plant in service.....	64,611,895	3,443,772	-	68,055,667
Vehicles and other equipment.....	11,353,550	695,122	(125,175)	11,923,497
Total capital assets being depreciated.....	198,083,501	7,566,569	(10,919,400)	194,730,670
<u>Less accumulated depreciation for:</u>				
Transmission Plant.....	(11,238,976)	(265,355)	-	(11,504,331)
Distribution plant.....	(51,189,419)	(3,290,241)	10,794,225	(43,685,435)
Other plant in service.....	(33,400,314)	(1,396,703)	-	(34,797,017)
Vehicles and other equipment.....	(6,306,764)	(723,855)	125,175	(6,905,444)
Total accumulated depreciation.....	(102,135,473)	(5,676,154)	10,919,400	(96,892,227)
Total capital assets being depreciated, net.....	95,948,028	1,890,415	-	97,838,443
Total business-type activities capital assets, net....	\$ 96,300,902	\$ 3,536,803	\$ -	\$ 99,837,705

Depreciation expense was charged to Town functions as follows:

Governmental Activities:

General government.....	\$ 1,380,448
Public safety.....	992,333
Public education.....	8,484,335
Public works.....	3,679,894
Recreation.....	275,300
Library.....	1,121,352
Total depreciation expense - governmental activities.....	\$ 15,933,662

Business-Type Activities:

Water.....	\$ 1,168,801
Sewer.....	511,284
Municipal Light.....	3,996,069
Total depreciation expense - business-type activities.....	\$ 5,676,154

NOTE 5 – INTERFUND TRANSFERS, RECEIVABLES AND PAYABLES

Interfund receivables and payables totaled \$227,939 as of June 30, 2023, and consisted of funds due to the general fund from the Highway fund. The outstanding balance resulted from the lag time between the dates that reimbursable expenditures are incurred, and reimbursements are received.

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

Transfers Out:	Transfers In				Total
	General Fund	Capital Projects	Nonmajor Governmental Funds		
General fund.....	\$ -	\$ 16,138,985	\$ 505,291	\$	16,644,276 (1)
Nonmajor governmental funds.....	716,167	-	60,000		776,167 (2)
Municipal light fund.....	1,000,000	-	-		1,000,000 (3)
Total.....	\$ 1,716,167	\$ 16,138,985	\$ 565,291	\$	18,420,443

- (1) Budgeted transfers from general fund to the capital project funds for the Town Hall interior renovation and a budgeted transfer from the general fund to the nonmajor funds for traffic and parking operations.
- (2) Budgeted transfers from various nonmajor funds to the general fund, mainly for police details and CPA fund debt service. Also includes transfers from the nonmajor recreation revolving fund to the general fund.
- (3) Transfer from the municipal light fund to the general fund as a payment in lieu of taxes.

NOTE 6 – SHORT-TERM FINANCING

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

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

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

The Town did not have any short-term debt activity during the year ended June 30, 2023.

NOTE 7 – LONG-TERM DEBT

Under the provisions of Chapter 44, Section 10, Municipal Law authorizes indebtedness up to a limit of 5% of the equalized valuation. Debt issued in accordance with this section of the law is designated as being "inside the debt limit". In addition, however, debt may be authorized in excess of that limit for specific purposes. Such debt, when issued, is designated as being "outside the debt limit" as 2 ½ % exempt debt.

Details related to the Town's outstanding general obligation indebtedness at June 30, 2023, and the debt service requirements for the governmental activities are as follows.

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2022	Issued	Redeemed	Outstanding at June 30, 2023
Inside Debt Limit							
RDF Structure.....	2023	\$ 570,000	1.46	\$ 55,000	\$ -	\$ 55,000	\$ -
Kingsbury Street.....	2023	620,000	1.46	60,000	-	60,000	-
Town Hall HVAC	2023	235,000	1.46	20,000	-	20,000	-
Bacon Street.....	2023	100,000	1.46	10,000	-	10,000	-
Fire Truck.....	2023	591,000	1.46	55,000	-	55,000	-
St. James Land.....	2045	5,000,000	3.38	4,085,000	-	145,000	3,940,000
Various Building Repairs.....	2035	2,290,000	3.48	1,495,000	-	115,000	1,380,000
Police & Fire HVAC.....	2025	1,265,000	3.48	375,000	-	125,000	250,000
School Auditorium Seats.....	2025	315,000	3.48	90,000	-	30,000	60,000
494 Washington Street.....	2035	1,305,000	3.48	845,000	-	65,000	780,000
Fuller Brook Park.....	2025	460,000	3.48	135,000	-	45,000	90,000
DPW Park/ Highway Garage Construction.....	2026	575,000	3.48	220,000	-	55,000	165,000
Police Station.....	2027	1,471,000	4.00	560,000	-	115,000	445,000
Turf Field High School Stadium.....	2027	947,000	4.00	470,000	-	95,000	375,000
Rt.9/Kingsbury Intersection.....	2028	501,000	5.00	300,000	-	50,000	250,000
Town Hall Design.....	2033	820,000	5.00	605,000	-	55,000	550,000
Town Hall Construction.....	2033	4,742,500	5.00	3,465,000	-	315,000	3,150,000
Reconstruct Cliff Road.....	2028	1,772,000	5.00	1,052,000	-	177,000	875,000
Worcester Street - 3 Land Parcels.....	2038	3,241,000	5.00	2,585,000	-	165,000	2,420,000
WHS Fieldhouse.....	2023	163,000	5.00	28,000	-	28,000	-
Middle School Steam Design.....	2023	363,500	5.00	70,000	-	70,000	-
Middle School Pipes.....	2029	2,505,000	4.00	1,720,000	-	250,000	1,470,000
Hunnewell Feasibility Study.....	2024	1,000,000	4.00	400,000	-	200,000	200,000
Sprague Chiller.....	2031	800,000	5.00	720,000	-	80,000	640,000
Library Roof.....	2031	521,000	5.00	465,000	-	55,000	410,000
Library Refresh.....	2028	2,000,000	5.00	1,710,000	-	285,000	1,425,000
Great Plain Ave.....	2031	1,200,000	5.00	1,080,000	-	120,000	960,000
Great Plain Ave Road Repair.....	2031	160,600	5.00	160,600	-	20,600	140,000
Town Hall Interior Improvements.....	2027	1,850,333	5.00	1,850,333	-	370,333	1,480,000
Grove Street Drainage and Paving/Sidewalks.....	2032	3,000,000	5.00	3,000,000	-	300,000	2,700,000
Subtotal Non Exempt.....		40,383,933		27,685,933	-	3,530,933	24,155,000

(continued)

(continued)

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2022	Issued	Redeemed	Outstanding at June 30, 2023
2 1/2 % Exempt Debt							
Middle School (Refunding).....	2025	4,345,000	1.46	1,280,000	-	430,000	850,000
Middle School Construction (Refunding).....	2026	3,770,000	3.48	1,695,000	-	395,000	1,300,000
Middle School Construction	2026	13,825,000	3.49-4.00	2,055,000	-	660,000	1,395,000
High School Expansion-Seaver Street.....	2028	5,173,000	3.40-4.00	1,034,000	-	175,000	859,000
High School Planning.....	2029	1,159,500	3.40-4.00	242,500	-	40,000	202,500
High School Feasibility.....	2029	3,771,200	3.40-4.00	826,200	-	120,000	706,200
High School Project.....	2029	11,663,000	3.40-4.00	1,153,000	-	370,000	783,000
High School Construction (refunding)	2035	18,350,000	2.25-5.00	16,150,000	-	1,210,000	14,940,000
High School Construction (refunding)	2031	8,907,500	3.60	8,030,000	-	880,000	7,150,000
Surface Drainage.....	2023	415,000	1.46	20,000	-	20,000	-
Morse's Pond Drainage.....	2023	485,000	1.46	45,000	-	45,000	-
DPW Operations Building.....	2023	1,960,000	1.46	195,000	-	195,000	-
Schofield/Fiske Design	2035	2,045,000	3.48	1,310,000	-	105,000	1,205,000
Schofield/Fiske Construction.....	2035	13,345,000	3.48	8,655,000	-	670,000	7,985,000
Middle School Windows	2025	1,430,000	3.48	420,000	-	140,000	280,000
North 40 (CPC Offset).....	2045	9,850,000	3.38	8,395,000	-	240,000	8,155,000
North 40 Tax Exempt.....	2045	13,635,000	3.38	13,145,000	-	70,000	13,075,000
North 40 Taxable.....	2045	11,505,000	3.38	7,750,000	-	600,000	7,150,000
Tolles Parsons Senior Center Construction.....	2031	1,950,000	3.48	1,135,000	-	130,000	1,005,000
Middle School Systems.....	2031	9,826,500	5.00	8,310,000	-	1,585,000	6,725,000
John Hardy Elementary School.....	2047	28,000,000	2.00-5.00	28,000,000	-	1,120,000	26,880,000
Hunnewell Elementary School Construction.....	2047	48,774,067	2.00-5.00	48,774,067	-	1,954,067	46,820,000
Subtotal 2 1/2 % Exempt Debt.....		214,184,767		158,619,767	-	11,154,067	147,465,700
Total General Obligation Bonds Payable.....	\$	254,568,700		186,305,700	-	14,685,000	171,620,700
Add: Unamortized premium on bonds.....				15,569,732	-	1,808,133	13,761,599
Total Bonds Payable, net.....	\$			201,875,432	\$	-	\$ 16,493,133
							\$ 185,382,299

(concluded)

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

Year	Principal	Interest	Total
2024.....	\$ 12,785,000	\$ 6,355,672	\$ 19,140,672
2025.....	12,620,000	5,788,072	18,408,072
2026.....	11,920,000	5,222,922	17,142,922
2027.....	11,450,000	4,677,422	16,127,422
2028.....	10,900,700	4,158,272	15,058,972
2029.....	10,255,000	3,667,669	13,922,669
2030.....	9,565,000	3,217,263	12,782,263
2031.....	9,600,000	2,804,975	12,404,975
2032.....	7,515,000	2,406,994	9,921,994
2033.....	7,170,000	2,156,950	9,326,950
2034.....	6,725,000	1,911,138	8,636,138
2035.....	6,740,000	1,707,719	8,447,719
2036.....	4,665,000	1,529,319	6,194,319
2037.....	4,720,000	1,406,738	6,126,738
2038.....	4,770,000	1,280,313	6,050,313
2039.....	4,665,000	1,150,219	5,815,219
2040.....	4,730,000	1,013,506	5,743,506
2041.....	4,795,000	872,275	5,667,275
2042.....	4,865,000	726,525	5,591,525
2043.....	4,935,000	577,975	5,512,975
2044.....	5,010,000	426,625	5,436,625
2045.....	5,080,000	272,275	5,352,275
2046.....	3,070,000	115,125	3,185,125
2047.....	3,070,000	38,375	3,108,375
Total.....	\$ <u>171,620,700</u>	\$ <u>53,484,338</u>	\$ <u>225,105,038</u>

The Town authorized funding for the Hunnewell and Hardy elementary school projects. The Hardy School is eligible for funding from the Massachusetts School Building Authority (MSBA). The MSBA project budget totaled \$72.5 million for the Hardy School, and the MSBA approved a reimbursement rate of 34.90% of eligible costs. Under the program, the assistance is paid to support construction costs to reduce the total debt service of the Town. Through the end of 2023, the Town recorded grant proceeds totaling \$3,095,097, of which includes \$2,153,068 recognized in 2023 including a \$665,974 receivable for funding received subsequent to year end.

Details related to the Town's outstanding water enterprise fund general obligation indebtedness at June 30, 2023, and the debt service requirements are as follows:

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2022	Issued	Redeemed	Outstanding at June 30, 2023
General Obligation Bonds:							
Water General Obligation Bond.....	2023	\$ 1,300,000	2.00 - 4.00	\$ 130,000	\$ -	\$ 130,000	\$ -
Water Garage	2028	3,842,150	1.50 - 5.00	964,650	-	162,500	802,150
Water Meters	2028	887,000	5.00	525,000	-	90,000	435,000
Subtotal General Obligation Bonds Payable..		<u>6,029,150</u>		<u>1,619,650</u>	<u>-</u>	<u>382,500</u>	<u>1,237,150</u>
Direct Borrowings and Placements:							
MWRA- Water Bond.....	2023	289,323	0.00	28,933	-	28,933	-
MWRA- Water Bond.....	2033	1,572,000	0.00	-	1,572,000	-	1,572,000
Subtotal Direct Borrowings Payable.....		<u>1,861,323</u>		<u>28,933</u>	<u>1,572,000</u>	<u>28,933</u>	<u>1,572,000</u>
Total Bonds Payable.....		<u>\$ 7,890,473</u>		<u>1,648,583</u>	<u>1,572,000</u>	<u>411,433</u>	<u>2,809,150</u>
Add: Unamortized premium on bonds.....				<u>121,877</u>	<u>-</u>	<u>35,071</u>	<u>86,806</u>
Total Bonds Payable, net.....				<u>\$ 1,770,460</u>	<u>\$ 1,572,000</u>	<u>\$ 446,504</u>	<u>\$ 2,895,956</u>

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

Year	General Obligation Bonds:			Direct Borrowings:		Grand Total
	Principal	Interest	Total	Principal		
2024.....	\$ 252,500	\$ 53,836	\$ 306,336	\$ 157,200		\$ 463,536
2025.....	250,000	42,836	292,836	157,200		450,036
2026.....	245,000	31,936	276,936	157,200		434,136
2027.....	245,000	21,286	266,286	157,200		423,486
2028.....	244,650	10,636	255,286	157,200		412,486
2029.....	-	-	-	157,200		157,200
2030.....	-	-	-	157,200		157,200
2031.....	-	-	-	157,200		157,200
2032.....	-	-	-	157,200		157,200
2033.....	-	-	-	157,200		157,200
Total.....	<u>\$ 1,237,150</u>	<u>\$ 160,530</u>	<u>\$ 1,397,680</u>	<u>\$ 1,572,000</u>		<u>\$ 2,969,680</u>

The Massachusetts Water Resource Authority (MWRA) operates an Infiltration/Inflow Financial Assistance Program for community owned collection systems. For each community approved for the program, financial assistance consists of a grant and non-interest bearing loan. At June 30, 2023, the outstanding principal amount of these loans for the water enterprise fund totaled \$1,572,000.

Details related to the Town's outstanding sewer enterprise fund general obligation indebtedness at June 30, 2023, and the debt service requirements are as follows:

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2022	Issued	Redeemed	Outstanding at June 30, 2023
General Obligation Bonds:							
Sewer Garage.....	2028	\$ 3,842,150	1.50 - 5.00	\$ 964,650	\$ -	\$ 162,501	\$ 802,149
Direct Borrowing and Placements:							
MWRA - Sewer Bond.....	2023	179,454	0.00	35,892	-	35,892	-
MWRA - Sewer Bond.....	2026	345,457	0.00	276,366	-	69,091	207,275
Subtotal Direct Borrowings and Placements..		524,911		312,258	-	104,983	207,275
Total Bonds Payable.....		\$ 4,367,061		1,276,908	-	267,484	1,009,424
Add: Unamortized premium on bonds.....				69,690	-	19,976	49,714
Total Bonds Payable, net.....				\$ 1,346,598	\$ -	\$ 287,460	\$ 1,059,138

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

Year	General Obligation Bonds:			Direct Borrowings:		Grand Total
	Principal	Interest	Total	Principal		
2024.....	\$ 162,500	\$ 32,086	\$ 194,586	\$ 69,091	\$	263,677
2025.....	160,000	25,586	185,586	69,092		254,678
2026.....	160,000	19,186	179,186	69,092		248,278
2027.....	160,000	12,786	172,786	-		172,786
2028.....	159,649	6,386	166,035	-		166,035
Total.....	\$ 802,149	\$ 96,030	\$ 898,179	\$ 207,275	\$	1,105,454

The Massachusetts Water Resource Authority (MWRA) operates an Infiltration/Inflow Financial Assistance Program for community owned collection systems. For each community approved for the program, financial assistance consists of a grant and non-interest bearing loan. At June 30, 2023, the outstanding principal amount of these loans for the sewer enterprise fund totaled \$207,275.

The Town is subject to various debt limits by statute and may issue additional general obligation debt under the normal debt limit. At June 30, 2023, the Town had the following authorized and un-issued debt:

Purpose	Amount
Water Projects.....	\$ 536,431
MSBA Feasibility.....	107,768
MWRA Sewer Inflow/Infiltration.....	345,458
Sewer MWRA.....	242,500
Hunnewell Elementary School Reconstruction.....	2,020,000
John D. Hardy Elementary School Replacement Facility Exempt.....	42,000,000
Sewerage Systems Inflow/Infiltration Reconstruction.....	295,000
Water System Reconstruction.....	2,500,000
Town Hall Interior Renovation.....	8,260,681
Sewer Inflow/Infiltration Reconstruction.....	295,000
Water System Improvements.....	500,000
Stormwater.....	985,000
Total.....	\$ 58,087,838

Changes in Long-term Liabilities

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

	Beginning Balance	Bonds and Notes Issued	Bonds and Notes Redeemed	Other Increases	Other Decreases	Ending Balance	Due Within One Year
Governmental Activities:							
Long-term general obligation bonds payable. \$	186,305,700	\$ -	\$ (14,685,000)	\$ -	\$ -	\$ 171,620,700	\$ 12,785,000
Add: Unamortized premium on bonds.....	15,569,732	-	(1,808,133)	-	-	13,761,599	1,520,402
Total bonds payable.....	201,875,432	-	(16,493,133)	-	-	185,382,299	14,305,402
Compensated absences.....	691,669	-	-	346,663	(415,000)	623,332	374,000
Workers' compensation.....	521,000	-	-	798,000	(788,000)	531,000	276,000
Net pension liability.....	5,794,688	-	-	40,886,972	(8,476,541)	38,205,119	-
Net OPEB liability.....	53,114,651	-	-	4,795,758	(21,673,414)	36,236,995	-
Total governmental activity long-term liabilities.....	\$ 261,997,440	\$ -	\$ (16,493,133)	\$ 46,827,393	\$ (31,352,955)	\$ 260,978,745	\$ 14,955,402
Business-Type Activities:							
Long-term general obligation bonds payable. \$	2,584,299	\$ -	\$ (545,000)	\$ -	\$ -	\$ 2,039,299	\$ 415,000
Long-term direct borrowing payable.....	341,191	1,572,000	(133,916)	-	-	1,779,275	226,291
Add: Unamortized premium on bonds.....	191,567	-	(55,047)	-	-	136,520	45,730
Total bonds payable.....	3,117,057	1,572,000	(733,963)	-	-	3,955,094	687,021
Compensated absences.....	57,912	-	-	44,045	(34,747)	67,210	40,326
Net pension liability.....	884,079	-	-	7,345,344	(1,494,027)	6,735,396	-
Net OPEB liability/(asset), net.....	118,135	-	-	36,253	(1,686,943)	(1,532,555)	-
Total business-type activity long-term liabilities.....	\$ 4,177,183	\$ 1,572,000	\$ (733,963)	\$ 7,425,642	\$ (3,215,717)	\$ 9,225,145	\$ 727,347

Internal service funds predominantly serve the governmental funds. Accordingly, the internal service fund's long-term liabilities are included as part of the governmental activities totals above. At year end, \$531,000 of internal service funds accrued workers' compensation liability is included above. Except for the amounts related to the internal service funds, the governmental activities and business type activities long-term liabilities are generally liquidated by the general fund, and enterprise fund, respectively. Compensated absence liabilities related to both governmental and business-type activities are normally paid from the funds reporting payroll and related expenditures, namely the general fund and the water, sewer and municipal light enterprise funds.

NOTE 8 – GOVERNMENTAL FUND BALANCE CLASSIFICATIONS

The Town classifies fund balance according to the constraints imposed on the use of resources.

At June 30, 2023, \$3,599,216, \$727,805, \$1,687,559, and \$892,656 have been set aside in a general stabilization fund, an injured on duty stabilization fund, a special education Medicare stabilization fund, and a stabilization fund for purposes of meeting capital needs at the recycling facility, respectively, that are classified as part of the general fund in the governmental funds financial statements.

Municipal finance laws of the Commonwealth of Massachusetts authorize municipalities to establish stabilization funds on an as needed basis. The number of and exact purpose of the stabilization funds of the Town are dependent upon authorization and approval of Town Meeting. The general stabilization fund balance can be used for general and/or capital purposes upon approval of Town Meeting. The special purpose stabilization fund can only be used to offset police and fire workers compensation claim payments. Additions and withdrawals from the funds can only be made in accordance with Town Meeting approval.

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

In addition to the nonspendable fund balance, GASB 54 has provided a hierarchy of spendable fund balances, based on a hierarchy of spending constraints.

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

The Town has classified its fund balances with the following hierarchy:

	General	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Fund Balances:				
Nonspendable:				
Permanent fund principal..... \$	-	\$ -	\$ 386,022	\$ 386,022
Restricted for:				
Capital projects	-	58,119,774	-	58,119,774
School lunch.....	-	-	391,634	391,634
Community Preservation Fund.....	-	-	10,462,480	10,462,480
Grants.....	-	-	1,831,226	1,831,226
Receipts Reserved.....	-	-	2,221,808	2,221,808
Revolving.....	-	-	4,684,291	4,684,291
Recreation Revolving.....	-	-	466,528	466,528
Other Special Revenue.....	-	-	4,761,695	4,761,695
Permanent fund.....	-	-	1,344,614	1,344,614
Committed to:				
Executive Director's Office.....	147,262	-	-	147,262
Sustainable Energy.....	56,000	-	-	56,000
Information Technology.....	285,917	-	-	285,917
Town Clerk/Election and Registration.....	33,000	-	-	33,000
Council on Aging.....	17,892	-	-	17,892
Board of Assessors.....	93,000	-	-	93,000
Planning Board.....	75,000	-	-	75,000
Facilities Maintenance.....	1,554,648	-	-	1,554,648
Police Department.....	3,491	-	-	3,491
Fire Department.....	194,609	-	-	194,609
Engineering.....	9,143	-	-	9,143
Highway.....	943,890	-	-	943,890
Park.....	210,933	-	-	210,933
Recycling and Disposal.....	100,878	-	-	100,878
Public Works Management.....	380,052	-	-	380,052
Library Trustees.....	99,321	-	-	99,321
Natural Resources Commission.....	91,306	-	-	91,306
Moses Pond.....	1,825	-	-	1,825
Wellesley Public Schools.....	481,756	-	-	481,756
Assigned to:				
Executive Director's Office.....	300	-	-	300
Sustainable Energy.....	210	-	-	210
Central Administrative Services.....	3,300	-	-	3,300
Finance Department.....	2,650	-	-	2,650
Information Technology.....	63,556	-	-	63,556
Treasurer/Collector.....	1,536	-	-	1,536
Council on Aging.....	204	-	-	204
Zoning Board of Appeals.....	213	-	-	213
Youth Commission.....	3,827	-	-	3,827
Historical Commission.....	150	-	-	150
Law.....	27,794	-	-	27,794
Planning Board.....	5,055	-	-	5,055
Human Resources Board.....	35,569	-	-	35,569
Facilities Maintenance.....	94,988	-	-	94,988
Police Department.....	237,538	-	-	237,538
Special School Police.....	519	-	-	519
Fire Department.....	44,904	-	-	44,904
Engineering.....	2,256	-	-	2,256
Highway.....	14,970	-	-	14,970
Park.....	11,318	-	-	11,318
Recycling and Disposal.....	149,810	-	-	149,810
Public Works Management.....	1,715	-	-	1,715
Library Trustees.....	1,548	-	-	1,548
Board of Health.....	2,245	-	-	2,245
Natural Resources Commission.....	1,145	-	-	1,145
Wellesley Public Schools.....	2,224,577	-	-	2,224,577
Opioid Settlement.....	212,752	-	-	212,752
Subsequent year expenditures.....	2,500,000	-	-	2,500,000
Unassigned.....	37,500,832	-	-	37,500,832
Total Fund Balances..... \$	<u>47,925,404</u>	<u>\$ 58,119,774</u>	<u>\$ 26,550,298</u>	<u>\$ 132,595,476</u>

NOTE 9 – RISK FINANCING

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town has purchased commercial insurance for these risks, except for those risks identified in the following paragraphs, which the Town accounts for in its Internal Service Fund. The amount of claim settlements has not exceeded insurance coverage in any of the previous three years.

The Town entered into an agreement with certain suburban communities and other governmental units forming the West Suburban Health Group (the “Group”). The purpose of the Group is for the joint negotiation and purchase of health insurance coverage with various carriers. Under these agreements, the insurance claims of the covered employees are paid for by the insurance carrier and are subsequently reimbursed by the Group. The Group charges monthly premiums to each governmental unit based upon requirements established through underwriting or actuarial estimates. The Group also maintains a deposit with the insurance carrier which is sufficient to cover two months of claims paid by the carrier for the Group. In addition, the Group provides full reinsurance coverage for all claim costs in excess of \$225,000 per covered employee.

In the event of a dissolution of the Group or if the assets of the Group are insufficient to pay claims which occur, the Town remains liable. The Group had net position of approximately \$14.8 million at June 30, 2022, which appears sufficient to cover future claims. The Town’s total potential liability is not based on its participants’ claims but on the pro rata share of any deficit based on the ratio of the Town’s members to total participants at the time of dissolution. At June 30, 2022, the Group’s mandatory deposit, discussed above, is sufficient to cover the Town’s projected liability for incurred but not reported claims as of that date.

The Town is self-insured for workers’ compensation claims. The Town has recorded an actuarially determined loss liability in its Internal Service Fund to reserve against future losses. This liability includes a provision for estimated claims incurred but not reported. In addition to these reserves, the Town retains insurance against claims in excess of \$250,000 per employee.

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

	Balance at Beginning of Year	Current Year Claims and Changes in Estimate	Claims Payments	Balance at Year-End	Current Portion
2022.....	\$ 510,000	\$ 836,000	\$ (825,000)	\$ 521,000	\$ 271,000
2023.....	521,000	798,000	(788,000)	531,000	276,000

NOTE 10 – PENSION PLAN*Plan Descriptions*

The Town is a member of the Wellesley Contributory Retirement System (WCRS), a cost-sharing multiple-employer defined benefit pension plan covering eligible employees of its 2 member units (the Town and the Wellesley Housing Authority). The System is administered by five board members (Board) on behalf of all current employees and retirees except for current teachers and retired teachers. Chapter 32 of the MGL assigns authority to establish and amend benefit provisions of the plan. The System is a component unit and is reported as a pension and other employee benefit trust fund in the fiduciary fund financial statements.

The Town is a member of the Massachusetts Teachers' Retirement System (MTRS), a cost-sharing multi-employer defined benefit plan. MTRS is managed by the Commonwealth of Massachusetts (Commonwealth) on behalf of municipal teachers and municipal teacher retirees. The Commonwealth is a nonemployer contributor and is responsible for 100% of the contributions and future benefit requirements of the MTRS. The MTRS covers certified teachers in cities (except Boston), towns, regional school districts, charter schools, educational collaboratives and Quincy College. The MTRS is part of the Commonwealth's reporting entity and the audited financial report may be obtained by visiting <https://mtrs.state.ma.us/service/financial-reports/>.

Special Funding Situation

The Commonwealth is a nonemployer contributor and is required by statute to make 100% of all actuarially determined employer contributions on behalf of the Town to the MTRS. Therefore, the Town is considered to be in a special funding situation as defined by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and the Commonwealth is a nonemployer contributor in MTRS. Since the Town does not contribute directly to MTRS, there is no net pension liability to recognize. The total of the Commonwealth provided contributions have been allocated based on each employer's covered payroll to the total covered payroll of employers in MTRS as of the measurement date of June 30, 2022. The Town's portion of the collective pension expense, contributed by the Commonwealth, of \$15,362,218 is reported in the general fund as intergovernmental revenue and pension benefits in the current fiscal year. The portion of the Commonwealth's collective net pension liability associated with the Town is \$186,752,539 as of the measurement date.

Benefits Provided

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

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

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

At December 31, 2022, the WCRS membership consists of the following:

Active members.....	667
Inactive members.....	437
Retirees and beneficiaries currently receiving benefits.....	441
Total.....	<u>1,545</u>

Contributions

Chapter 32 of the MGL governs the contributions of plan members and member units. Active plan members are required to contribute at rates ranging from 5% to 9% of gross regular compensation with an additional 2% contribution required for compensation exceeding \$30,000. The percentage rate is keyed to the date upon which an employee's membership commences. The member units are required to pay into the WCRS a legislatively mandated actuarially determined contribution that is apportioned among the employers based on active current payroll. The total member unit's contribution for the year ended December 31, 2022, was an actuarially determined amount of \$10,034,958. This amount 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. The total member unit's actual contribution was \$10,054,016, which is equal to 23.49% of covered payroll. The Town's proportionate share of the required contribution was \$9,951,668. The Town contributed \$9,983,171, \$31,503 in excess of the required amount.

Pension Liabilities

The components of the net pension liability of the participating member units at December 31, 2022 were as follows:

	Total System	Town Share	Housing Authority Share
Total pension liability.....	\$ 301,921,143	\$ 299,416,734	\$ 2,504,409
Total pension plan's fiduciary net position.....	(256,604,732)	(254,476,219)	(2,128,513)
Total net pension liability.....	\$ 45,316,411	\$ 44,940,515	\$ 375,896
The pension plan's fiduciary net position as a percentage of the total pension liability.....	84.99%	84.99%	84.99%

At June 30, 2023, the Town reported a liability of \$44,940,515 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2023. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating members. At December 31, 2022, the Town's proportion was 99.17%, which increased from its proportion measured at December 31, 2021, of 99.16%.

Pension Expense

For the year ended June 30, 2023, the Town recognized pension expense of \$7,682,355. At June 30, 2023, the Town reported deferred outflows and (inflows) of resources related to pensions of \$23,997,231 and (\$8,208,787), respectively, from difference between expected and actual experience, changes of assumptions, differences between projected and actual earnings, and the proportionate share of contributions.

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

Deferred Category	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Differences between expected and actual experience.....	\$ 532,064	\$ (3,259,205)	\$ (2,727,141)
Difference between projected and actual earnings, net.....	11,957,953	-	11,957,953
Changes in assumptions.....	10,306,005	(3,765,152)	6,540,853
Changes in proportion and proportionate share of contributions...	1,201,209	(1,184,430)	16,779
Total deferred outflows/(inflows) of resources.....	\$ <u>23,997,231</u>	\$ <u>(8,208,787)</u>	\$ <u>15,788,444</u>

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

Year ended June 30:

2024.....	\$ (157,117)
2025.....	2,854,729
2026.....	5,061,994
2027.....	8,954,231
2028.....	<u>(925,393)</u>
Total.....	\$ <u>15,788,444</u>

Actuarial Assumptions – The total pension liability as of December 31, 2022, was determined by an actuarial valuation as of January 1, 2023, using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation date.....	January 1, 2023
Actuarial cost method.....	Entry Age Normal Cost Method.
Amortization method.....	Amortization payments on the unfunded liability increasing by 3% per year.
Remaining amortization period.....	As of January 1, 2023, 6 years for the unfunded liability.
Asset valuation method.....	As of January 1, 2023, gradually adjusting to fair value.
Inflation rate.....	2.75%
Projected salary increases.....	Based on years of service, ranging from 7.00% decreasing to 3.50% after 11 years of service from Group 1 and 2 employees, and ranging from 8.00% decreasing to 4.00% after 11 years for Group 4 employees.
Cost of living adjustments.....	2.75% increase on the first \$18,000 of retirement allowance.
Rates of retirement.....	Varies based upon age for general employees, police and fire employees.
Rates of disability.....	For general employees, it was assumed that 45% of all disabilities are ordinary (55% are service connected). For police and fire employees, 10% of all disabilities are assumed to be ordinary (90% are service connected).

Mortality Rates:

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

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

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

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

Investment Policy

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of December 31, 2022, and the target allocations as of December 31, 2022, are summarized in the following table:

Asset Class	Long-Term Expected Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity.....	20.50%	6.59%
International developed markets equity..	12.00%	6.87%
International emerging markets equity...	4.50%	8.30%
Core fixed income.....	15.00%	1.53%
High-yield bonds.....	8.00%	3.54%
Real estate.....	10.00%	3.44%
Timber.....	4.00%	4.01%
Hedge fun, GTAA, Risk parity.....	10.00%	3.06%
Private equity.....	16.00%	9.49%
Total.....	100.00%	

The weighted average expected real rate of return is approximately 5.0%, which when adjusted for inflation of 2.75% is greater than the discount rate used of 6.00%.

Rate of Return

For the year ended December 31, 2022, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was -11.34%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount Rate

The discount rate used to measure the total pension liability was 6.00% (net of pension plan investment expense, including inflation), as of December 31, 2022 and December 31, 2021. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the net pension liability, calculated using the discount rate of 6.00% as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.00%) or 1-percentage-point higher (7.00%) than the current rate:

	1% Decrease (5.00%)	Current Discount (6.00%)	1% Increase (7.00%)
The Town's proportionate share of the net pension liability.....	\$ 81,675,074	\$ 44,940,515	\$ 14,244,362
Total System's net pension liability.....	\$ 82,358,228	\$ 45,316,411	\$ 14,363,506

Changes in Assumptions

- The mortality projection scale was changed from MP-2016 to MP-2021.
- The administrative expense assumption was reset to \$275,000.

Changes in Plan Provisions

- Pursuant to Chapter 269 of the Acts of 2022, the Retirement Board approved a one-time increase in the COLA percentage from 3% to 5% effective July 1, 2022.
- The Retirement Board increased the COLA base from \$18,000 to \$19,000 effective July 1, 2023, to \$20,000 effective July 1, 2024, and to \$21,000 effective July 1, 2025.

NOTE 11 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS*Plan Description*

The Town maintains a single employer defined benefit healthcare plan ("The Other Postemployment Benefit Plan"). The plan provides lifetime healthcare and life insurance for eligible retirees and their spouses. Chapter 32B of the MGL assigns authority to establish and amend benefit provisions of the Plan. The plan provides the

benefits by participating in the West Suburban Health Group. Medical and prescription drug benefits are provided to all eligible retirees through a variety of plans offered by Blue Cross Blue Shield of Massachusetts, Harvard Pilgrim Health Care, Tufts Health Plan, and Fallon Community Health Plan, as well as an out-of-area indemnity plan administered by North American Administrators. Benefit provisions are negotiated between the Town and the unions representing Town employees and are renegotiated each bargaining period. The plan also pays 50% of the retiree life insurance premiums. The Other Postemployment Benefit Plan does not issue a publicly available financial report.

The Town adopted MGL, Chapter 32B, Section 18 in April 2006, requiring all Medicare-eligible retirees to enroll in a Medicare supplement plan. The effects of this adoption have been included in the determination of OPEB liabilities by the Town's actuary.

Funding Policy

Contribution requirements are also negotiated between the Town and union representatives. Retired plan members and beneficiaries currently receiving benefits are required to contribute between 17.7% and 50% of the cost of benefits provided depending on the plan they choose. The Town is required to contribute the balance of the current premiums and may contribute additional amounts to pre-fund benefits. The Town contributed \$9,149,667 during 2023, towards these benefits including the pre-funding amount discussed below. Administrative costs of the Plan are assumed to be included in the fully insured premium rates. For the year ended June 30, 2023, the Town's average contribution rate was 8.41% of covered payroll.

The Commonwealth of Massachusetts passed special legislation that has allowed the Town to establish the postemployment benefit trust fund and enabling the Town to raise taxes necessary to pre-fund its OPEB liabilities. During 2023, the Town pre-funded future OPEB liabilities in the amount of \$3,631,505 by contributing funds to the Other Postemployment Benefit Trust Fund in excess of the pay-as-you-go required contribution. These funds are reported within the Fiduciary Fund financial statements. As of June 30, 2023, the net position of this fund totaled \$110,391,739.

The Town's governmental operations and water business-type operations have established a funding schedule, calculated through the actuarial valuation, to fund the outstanding liability over the next 18 years. The Municipal Light and sewer business-type activities have adopted more aggressive funding schedules. As a result, the municipal light department and sewer department have reported a net OPEB assets totaling \$2,020,873 and \$43,120, respectively. The governmental operations and water department have reported net OPEB liabilities totaling \$36,236,995 and \$531,438, respectively. The net assets have been blended with the net OPEB liabilities in the following disclosures and has been reported at the net amount as a net OPEB liability/(asset).

Measurement Date

The net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2022.

Employees Covered by Benefit Terms

The following table represents the Plan's membership at June 30, 2023:

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

Components of OPEB Liability

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

Total OPEB liability.....	\$	145,096,179
Less: OPEB plan's fiduciary net position.....		<u>(110,391,739)</u>
Net OPEB liability/(asset).....	\$	<u>34,704,440</u>
The OPEB plan's fiduciary net position		
as a percentage of the total OPEB liability.....		76.08%

Significant Actuarial Methods and Assumptions

The total OPEB liability in the December 31, 2022, actuarial valuation was determined by using the following actuarial assumptions, applied to all periods included in the measurement that was updated to June 30, 2023, to be in accordance with GASB #74 and GASB #75 as follows:

Valuation date.....	Actuarially determined contribution for the fiscal year ending June 30, 2023 was determined with the December 31, 2022, actuarial valuation.
Actuarial cost method.....	Entry age normal - level percentage of payroll.
Amortization method.....	Payments increase at 3.0% per year.
Remaining amortization period.....	15 years as of July 1, 2022.
Asset valuation method.....	Fair Value
Discount rate/Investment rate of return.....	6.00%
Inflation rate.....	3.00%
Health care trends rate.....	Medical and Prescription Drug: 8.0% graded by 0.25% for 10 years to an ultimate level of 4.50% Medical Part B Premium: 4.5%.
Mortality rates.....	Pre-Retirement (Non-Teachers): RP-2014 Blue Collar Employee Mortality Table projected generationally with Scale MP-2021 set forward one year for females. Healthy (Non-Teachers): RP-2014 Blue Collar Healthy Annuitant Mortality Table projected generationally with Scale MP-2021 set forward one year for females. Disabled (Non-Teachers): RP-2014 Blue Collar Healthy Annuitant Mortality Table projected generationally with Scale MP-2021 set forward one year. Pre-Retirement (Teachers): Pub-2010 Teacher Employee Mortality Table (headcount weighted) projected generationally with Scale MP-2020. Healthy (Teachers): Pub-2010 Teacher Mortality Table (headcount weighted) projected generationally with Scale MP-2020. Disabled (Teachers): Pub-2010 Teacher Mortality Table (headcount weighted) projected generationally with Scale-2020.

Rate of Return

For the year ended June 30, 2023, the annual money-weighted rate of return on investments, net of investment expense, was 5.83%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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

Asset Class	Long-Term Expected Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity.....	20.50%	6.59%
International developed markets equity..	12.00%	6.87%
International emerging markets equity...	4.50%	8.30%
Core fixed income.....	15.00%	1.53%
High yield fixed income.....	8.00%	3.54%
Real estate.....	10.00%	3.44%
Commodities.....	4.00%	4.01%
Hedge Fund, GTAA, Risk parity.....	10.00%	3.06%
Private equity.....	16.00%	9.49%
Total.....	100.00%	

Summary of Significant Accounting Policies

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

Discount Rate

The discount rate used to measure the total OPEB liability was 6.00% as of June 30, 2023 and as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed that contributions will be made in accordance with the Plan's funding policy. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be sufficient to make all projected benefit payments to current plan members. Therefore, the long-term expected rate of return on the OPEB plan assets was applied to periods of projected future benefits payments.

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

The following table presents the net other postemployment benefit liability and service cost, calculated using the discount rate of 6.00%, as well as what the net other postemployment benefit liability and service cost would be if it were calculated using a discount rate that is 1-percentage-point lower (5.00%) or 1-percentage-point higher (7.00%) than the current rate.

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
Net OPEB liability/(asset), net.....	\$ 54,624,737	\$ 34,704,440	\$ 18,290,089

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

The following table presents the net other postemployment benefit liability, calculated using the current healthcare trend rate of 8.00%, as well as what the net other postemployment benefit liability would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher.

	1% Decrease	Current Trend	1% Increase
Net OPEB liability/(asset), net.....	\$ 15,921,699	\$ 34,704,440	\$ 58,109,147

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability/(asset) (a) - (b)
Balances at June 30, 2022.....	\$ 154,052,078	\$ 100,819,292	\$ 53,232,786
Changes for the year:			
Service cost.....	5,348,412	-	5,348,412
Interest.....	9,400,896	-	9,400,896
Differences between expected and actual experience....	(19,227,500)	-	(19,227,500)
Contributions - employer.....	-	9,149,667	(9,149,667)
Net investment income.....	-	5,940,942	(5,940,942)
Changes in assumptions.....	1,040,455	-	1,040,455
Benefit payments.....	(5,518,162)	(5,518,162)	-
Net change.....	(8,955,899)	9,572,447	(18,528,346)
Balances at June 30, 2023.....	\$ 145,096,179	\$ 110,391,739	\$ 34,704,440

OPEB Expense and Deferred Outflows of Resources Related to OPEB

For the financial reporting year ended June 30, 2023 the Town recognized OPEB expense of \$4,751,629 and reported deferred outflows/(inflows) of resources related to OPEB from the following sources:

Deferred Category	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Differences between expected and actual experience.....	\$ 181,872	\$ (16,008,182)	\$ (15,826,310)
Difference between projected and actual earnings, net.....	-	(66,351)	(66,351)
Changes in assumptions.....	8,426,124	(625,396)	7,800,728
Changes in proportion and proportionate share of contributions...	504,540	(504,540)	-
Total deferred outflows/(inflows) of resources.....	\$ <u>9,112,536</u>	\$ <u>(17,204,469)</u>	\$ <u>(8,091,933)</u>

Amounts reported as deferred outflows/(inflows) of resources related to OPEB will be recognized as an increase/(decrease) in OPEB expense in the following fiscal years:

Year ended June 30:

2024.....	\$ (2,331,863)
2025.....	(3,004,790)
2026.....	838,693
2027.....	<u>(3,593,973)</u>
Total.....	\$ <u>(8,091,933)</u>

Changes of Assumptions

The per capita health costs and contributions were updated, the actuarial factors used to estimate individual retiree and spouse costs by age and gender were updated, the trend assumptions were revised, the mortality projection scale for non-teachers was updated, the Medicare enrollment assumption for future retirees hired prior to 1986 and current retirees under 65 was lowered, the percentage of active participants assumed to elect health coverage at retirement, and participants assumed to have an eligible spouse who also opts for coverage was lowered.

Changes in Plan Provisions

None.

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

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

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

	Pension Trust Fund (as of December 31, 2022)	Other Postemployment Benefit Trust Fund	Total Pension and Other Employee Benefit Trust Funds
ASSETS			
Cash and cash equivalents.....	\$ 1,249,648	\$ -	\$ 1,249,648
Investments:			
Investments in Pension Reserve Investment Trust...	255,340,768	110,391,739	365,732,507
Receivables, net of allowance for uncollectibles:			
Departmental and other.....	699,365	-	699,365
Other assets.....	2,003	-	2,003
TOTAL ASSETS.....	257,291,784	110,391,739	367,683,523
LIABILITIES			
Warrants payable.....	687,052	-	687,052
NET POSITION			
Restricted for pensions.....	256,604,732	-	256,604,732
Restricted for other postemployment benefits.....	-	110,391,739	110,391,739
TOTAL NET POSITION.....	\$ 256,604,732	\$ 110,391,739	\$ 366,996,471
ADDITIONS			
Contributions:			
Employer contributions.....	\$ 10,054,016	\$ 3,631,505	\$ 13,685,521
Employer contributions for OPEB payments.....	-	5,518,162	5,518,162
Member contributions.....	4,350,408	-	4,350,408
Transfers from other systems.....	522,171	-	522,171
3(8)c contributions from other systems.....	573,958	-	573,958
Member makeup payments and redeposits.....	13,012	-	13,012
Intergovernmental.....	54,639	-	54,639
Total contributions.....	15,568,204	9,149,667	24,717,871
Net investment income:			
Investment income (loss).....	(31,116,935)	6,463,742	(24,653,193)
Less: investment expense.....	(1,320,161)	(522,800)	(1,842,961)
Net investment income (loss).....	(32,437,096)	5,940,942	(26,496,154)
TOTAL ADDITIONS.....	(16,868,892)	15,090,609	(1,778,283)
DEDUCTIONS			
Administration.....	262,337	-	262,337
Transfers to other systems.....	930,104	-	930,104
3(8)c transfer to other systems.....	713,355	-	713,355
Retirement benefits and refunds.....	14,673,969	-	14,673,969
Other postemployment benefit payments.....	-	5,518,162	5,518,162
TOTAL DEDUCTIONS.....	16,579,765	5,518,162	22,097,927
NET INCREASE (DECREASE) IN NET POSITION.....	(33,448,657)	9,572,447	(23,876,210)
NET POSITION AT BEGINNING OF YEAR.....	290,053,389	100,819,292	390,872,681
NET POSITION AT END OF YEAR.....	\$ 256,604,732	\$ 110,391,739	\$ 366,996,471

NOTE 13 – COMMITMENTS

The Town is committed to completing various projects throughout the Town which will be funded with long-term debt totaling approximately \$58.1 million.

The general fund has various commitments for goods and services related to encumbrances and articles totaling \$7,711,820.

The Wellesley Municipal Light Plant (WMLP) purchases approximately 95% of its energy through its affiliation with Energy New England, LLC. The Plant has entered into tradeable hedging contracts with Energy New England, LLC through 2029.

The following are the Plant's future purchase commitments at June 30, 2023:

Energy Purchase Commitments Megawatt-Hour (MWH)				
Fiscal Year	Projected MWH's	(1) Committed MWH's	Average Cost Per MWH	Total Commitments
2024	257,643	258,171	\$ 59.30	\$ 15,309,778
2025	259,944	266,466	59.70	15,907,583
2026	262,306	253,255	58.86	14,906,909
2027	264,726	231,604	58.31	13,505,760
2028	265,491	210,892	57.41	12,108,142
	<u>1,310,110</u>	<u>1,220,388</u>		<u>\$ 71,738,172</u>

Amounts are based on Energy New England's analysis, through June 2028, of the Plant's firm commitment with respect to future energy purchases.

(1) Energy New England forecast assumes annual growth rate of 0%.

The Plant has also established working capital reserves with Energy New England totaling \$1,078,220 as of both June 30, 2022 and June 30, 2023.

NOTE 14 – WELLESLEY ELECTRIC CUSTOMERS ACCELERATED REDUCATION OF EMISSIONS

In 2023, the Plant established the Wellesley Electric Customers Accelerated Reduction of Emissions (WECARE) program. The WECARE program is an opt-out voluntary program where participants, both residential and commercial, are charged an additional 4% on their monthly electric bills to fund projects intended to reduce dependence on fossil fuels, increase energy stability, and preserve the planet. These additional fees collected from the program will fund local renewable energy projects chosen by the Plant for their impact on greenhouse gas emissions reduction including; community solar generation facilities; power storage for peak electric use times; and infrastructure such as public charging stations for electric vehicles, and other similar programs. In 2023, collections from the program totaled approximately \$955,000 and the Plant spent \$222,000 of program funds on energy initiatives.

The WE CARE program also offers a 100% option, which is an opt-in voluntary program where participants that opt-in, both residential and commercial, are charged an increased rate on their electric bills to purchase 100% of their energy from renewable resources. In 2023, the Plant had approximately 318 users who selected this 100% option, of which 314 are residential and 4 are commercial. This program collections totaled \$159,000 in 2023 and expenses totaled \$104,000.

NOTE 15 – BATTERY ENERGY STORAGE SYSTEM ENERGY SERVICES AGREEMENT

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

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

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

NOTE 16 – CONTINGENCIES

Federal Award Programs

The Town participates in a number of federal award programs. Although the grant programs have been audited in accordance with the provisions of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* through June 30, 2023, these programs are still subject to financial and compliance audits. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although it is expected that such amounts, if any, would be immaterial.

Litigation

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

Per-and Polyfluoroalkyl Substances

The Town is in the process of conducting vigorous research regarding the extent and remediation of Per – and Polyfluoroalkyl Substance (PFAS) contamination in the Town's water supply. In 2023, the Town used federal grant funding from the American Rescue Plan Act (ARPA) to offset costs incurred for PFAS remediation efforts. It is possible that the Town may be responsible for additional costs associated with PFAS remediation, and these future costs may be significant. While the amounts may be substantial the ultimate liability cannot be determined because of the considerable uncertainties that exist. Therefore, it is possible that there could be material negative

outcomes affected by certain contingencies existing as of June 30, 2023. The full extent of the financial impact cannot be determined at the date of the financial statements.

NOTE 17 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 19, 2023, which is the date the financial statements were available to be issued.

NOTE 18 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

During 2023, the following GASB pronouncements were implemented:

- GASB Statement #91, *Conduit Debt Obligations*. This pronouncement did not impact the annual comprehensive financial report.
- GASB Statement #94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. This pronouncement did not impact the annual comprehensive financial report.
- GASB Statement #96, *Subscription-Based Information Technology Arrangements*. This pronouncement did not impact the annual comprehensive financial report.
- GASB Statement #99, *Omnibus 2022*. This pronouncement did not impact the annual comprehensive financial report.

The following GASB pronouncements will be implemented in the future:

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

Management is currently assessing the impact the implementation of these pronouncements will have on the annual comprehensive financial report.

Required Supplementary Information

General Fund Budgetary Comparison Schedule

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

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

YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Original Budget	Final Budget			
REVENUES:					
Real estate and personnel property taxes, net of tax refunds.....	\$ 167,483,219	\$ 167,483,219	\$ 167,537,882	\$ -	\$ 54,663
Tax liens.....	-	-	476,833	-	476,833
Motor vehicle and other excise taxes.....	5,256,000	5,256,000	5,712,236	-	456,236
Meals tax.....	511,000	511,000	799,721	-	288,721
Penalties and interest on taxes.....	250,000	250,000	453,110	-	203,110
Payments in lieu of taxes.....	76,000	76,000	76,428	-	428
Intergovernmental.....	11,327,919	11,327,919	11,423,799	-	95,880
Departmental and other.....	3,293,161	3,320,305	6,537,787	-	3,217,482
Investment income.....	134,000	134,000	5,865,261	-	5,731,261
TOTAL REVENUES.....	188,331,299	188,358,443	198,883,057	-	10,524,614
EXPENDITURES:					
GENERAL GOVERNMENT:					
Executive Director's Office:					
Personnel Services.....	573,521	549,749	502,582	-	47,167
Expenses.....	39,900	39,900	21,675	300	17,925
Capital Outlay.....	539,126	13,539,127	13,300,953	147,262	90,912
	1,152,547	14,128,776	13,825,210	147,562	156,004
Climate Action Committee:					
Personnel Services.....	104,628	107,660	106,831	-	829
Expenses.....	9,784	9,784	3,992	210	5,582
Capital Outlay.....	56,000	56,000	-	56,000	-
	170,412	173,444	110,823	56,210	6,411
Central Administrative Services:					
Expenses.....	29,650	29,650	11,509	3,300	14,841
Finance Department:					
Personnel Services.....	489,230	483,116	437,132	2,650	43,334
Expenses.....	13,850	13,850	4,999	-	8,851
	503,080	496,966	442,131	2,650	52,185
Information Technology:					
Personnel Services.....	715,925	647,535	620,647	-	26,888
Expenses.....	687,403	687,403	593,476	63,556	30,371
Capital Outlay.....	534,968	534,968	229,656	285,917	19,395
	1,938,296	1,869,906	1,443,779	349,473	76,654
Treasurer/Collector:					
Personnel Services.....	358,360	362,051	288,488	-	73,563
Expenses.....	122,200	122,200	104,991	1,536	15,673
	480,560	484,251	393,479	1,536	89,236
Town Report:					
Expenses.....	3,000	3,000	2,031	-	969
Council on Aging:					
Personnel Services.....	419,641	424,426	329,601	-	94,825
Expenses.....	77,696	77,696	72,247	204	5,245
Capital Outlay.....	17,892	17,892	-	17,892	-
	515,229	520,014	401,848	18,096	100,070
Veterans' Services:					
Expenses.....	61,791	61,791	61,791	-	-

(Continued)

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

YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Original Budget	Final Budget			
Youth Commission:					
Personnel Services.....	91,541	93,614	93,543	-	71
Expenses.....	17,090	17,090	12,505	3,827	758
	<u>108,631</u>	<u>110,704</u>	<u>106,048</u>	<u>3,827</u>	<u>829</u>
Housing Development Corporation:					
Expenses.....	7,150	7,150	4,565	-	2,585
Historical Commission:					
Expenses.....	750	750	421	150	179
Memorial Day:					
Expenses.....	5,800	5,800	3,425	-	2,375
Celebrations Committee:					
Expenses.....	4,700	4,700	4,700	-	-
Zoning Board of Appeals:					
Personnel Services.....	81,022	82,420	78,457	-	3,963
Expenses.....	9,435	9,435	6,077	213	3,145
	<u>90,457</u>	<u>91,855</u>	<u>84,534</u>	<u>213</u>	<u>7,108</u>
Law:					
Expenses.....	500,000	535,000	503,615	27,794	3,591
Risk Management:					
Expenses.....	562,300	662,300	602,359	-	59,941
Audit Committee:					
Expenses.....	60,850	60,850	60,530	-	320
Street Lighting:					
Expenses.....	142,000	142,000	130,368	-	11,632
Town Clerk/Election and Registration:					
Personnel Services.....	375,470	393,128	330,746	-	62,382
Expenses.....	89,358	99,345	83,651	-	15,694
Capital Outlay.....	33,000	33,000	-	33,000	-
	<u>497,828</u>	<u>525,473</u>	<u>414,397</u>	<u>33,000</u>	<u>78,076</u>
Board of Assessors:					
Personnel Services.....	314,841	317,869	255,598	-	62,271
Expenses.....	90,900	90,900	83,377	-	7,523
Capital Outlay.....	93,000	93,000	-	93,000	-
	<u>498,741</u>	<u>501,769</u>	<u>338,975</u>	<u>93,000</u>	<u>69,794</u>
Planning Board:					
Personnel Services.....	362,703	367,305	283,965	-	83,340
Expenses.....	76,800	76,800	7,624	5,055	64,121
Capital Outlay.....	75,000	75,000	-	75,000	-
	<u>514,503</u>	<u>519,105</u>	<u>291,589</u>	<u>80,055</u>	<u>147,461</u>
Human Resources Board:					
Personnel Services.....	598,600	423,390	416,043	7,347	-
Expenses.....	40,429	67,576	36,445	28,222	2,909
	<u>639,029</u>	<u>490,966</u>	<u>452,488</u>	<u>35,569</u>	<u>2,909</u>
Advisory Committee:					
Personnel Services.....	12,000	16,200	16,200	-	-
Expenses.....	17,550	13,350	10,742	-	2,608
	<u>29,550</u>	<u>29,550</u>	<u>26,942</u>	<u>-</u>	<u>2,608</u>

(Continued)

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

YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Actual	Amounts	Variance
	Original	Final	Budgetary	Carried Forward	to Final
	Budget	Budget	Amounts	To Next Year	Budget
Advisory Committee - Reserve Fund:					
Expenses.....	175,000	175,000	-	-	175,000
TOTAL GENERAL GOVERNMENT.....	8,691,854	21,630,770	19,717,557	852,435	1,060,778
FACILITIES MAINTENANCE:					
Personnel Services.....	5,034,286	4,867,348	4,849,467	420	17,461
Expenses.....	3,739,299	3,704,299	3,446,653	94,568	163,078
Capital Outlay.....	3,044,555	3,044,555	1,363,527	1,554,648	126,380
TOTAL FACILITIES MAINTENANCE.....	11,818,140	11,616,202	9,659,647	1,649,636	306,919
PUBLIC SAFETY:					
Police Department:					
Personnel Services.....	6,503,542	6,505,033	6,504,997	-	36
Expenses.....	1,034,829	1,034,829	796,327	237,538	964
Capital Outlay.....	66,146	66,146	62,655	3,491	-
	7,604,517	7,606,008	7,363,979	241,029	1,000
Special School Police:					
Personnel Services.....	134,677	49,677	42,109	-	7,568
Expenses.....	4,103	4,103	3,551	519	33
	138,780	53,780	45,660	519	7,601
Fire Department:					
Personnel Services.....	6,006,063	6,376,064	4,868,266	-	1,507,798
Expenses.....	313,216	373,216	322,925	44,904	5,387
Capital Outlay.....	359,573	359,572	164,963	194,609	-
	6,678,852	7,108,852	5,356,154	239,513	1,513,185
Building Department:					
Personnel Services.....	577,579	596,742	594,062	-	2,680
Expenses.....	36,500	28,500	25,191	-	3,309
	614,079	625,242	619,253	-	5,989
Sealer of Weights and Measurers:					
Personnel Services.....	15,000	15,269	13,618	-	1,651
Expenses.....	2,700	2,700	2,018	-	682
	17,700	17,969	15,636	-	2,333
TOTAL PUBLIC SAFETY.....	15,053,928	15,411,851	13,400,682	481,061	1,530,108
PUBLIC WORKS:					
Engineering:					
Personnel Services.....	646,695	569,444	523,284	-	46,160
Expenses.....	51,947	65,075	59,219	2,256	3,600
Capital Outlay.....	-	70,338	61,195	9,143	-
	698,642	704,857	643,698	11,399	49,760
Highway:					
Personnel Services.....	1,266,403	1,269,059	1,205,912	-	63,147
Expenses.....	506,155	471,155	441,192	14,970	14,993
Capital Outlay.....	2,288,432	2,288,437	1,344,547	943,890	-
	4,060,990	4,028,651	2,991,651	958,860	78,140
Fleet Maintenance:					
Personnel Services.....	208,392	208,392	208,392	-	-
Expenses.....	44,331	44,331	44,331	-	-
	252,723	252,723	252,723	-	-

(Continued)

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

YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Original Budget	Final Budget			
Park:					
Personnel Services.....	1,395,390	1,398,824	1,398,327	-	497
Expenses.....	419,690	369,690	347,249	11,318	11,123
Capital Outlay.....	471,525	471,525	251,769	210,933	8,823
	<u>2,286,605</u>	<u>2,240,039</u>	<u>1,997,345</u>	<u>222,251</u>	<u>20,443</u>
Recycling and Disposal:					
Personnel Services.....	1,232,911	1,236,792	1,172,225	-	64,567
Expenses.....	1,511,189	1,601,189	1,401,168	149,810	50,211
Capital Outlay.....	243,695	243,695	142,221	100,878	596
	<u>2,987,795</u>	<u>3,081,676</u>	<u>2,715,614</u>	<u>250,688</u>	<u>115,374</u>
Management:					
Personnel Services.....	420,177	428,194	425,904	-	2,290
Expenses.....	25,515	25,515	19,849	1,715	3,951
Capital Outlay.....	1,377,514	1,377,514	997,462	380,052	-
	<u>1,823,206</u>	<u>1,831,223</u>	<u>1,443,215</u>	<u>381,767</u>	<u>6,241</u>
Winter Maintenance:					
Expenses.....	379,177	604,177	604,177	-	-
TOTAL PUBLIC WORKS.....	<u>12,489,138</u>	<u>12,743,346</u>	<u>10,648,423</u>	<u>1,824,965</u>	<u>269,958</u>
WELLESLEY FREE LIBRARY:					
Library Trustees:					
Personnel Services.....	2,202,139	2,210,207	2,168,850	-	41,357
Expenses.....	672,428	672,428	670,858	1,548	22
Capital Outlay.....	240,811	240,811	141,337	99,321	153
TOTAL WELLESLEY FREE LIBRARY.....	<u>3,115,378</u>	<u>3,123,446</u>	<u>2,981,045</u>	<u>100,869</u>	<u>41,532</u>
RECREATION:					
Recreation Commission:					
Personnel Services.....	377,965	385,720	384,432	-	1,288
Expenses.....	31,329	31,329	21,338	-	9,991
TOTAL RECREATION.....	<u>409,294</u>	<u>417,049</u>	<u>405,770</u>	<u>-</u>	<u>11,279</u>
HEALTH:					
Board of Health:					
Personnel Services.....	877,105	888,277	723,903	-	164,374
Expenses.....	144,335	144,686	91,019	2,245	51,422
	<u>1,021,440</u>	<u>1,032,963</u>	<u>814,922</u>	<u>2,245</u>	<u>215,796</u>
Mental Health Services:					
Expenses.....	285,586	285,586	265,756	-	19,830
TOTAL HEALTH.....	<u>1,307,026</u>	<u>1,318,549</u>	<u>1,080,678</u>	<u>2,245</u>	<u>235,626</u>
NATURAL RESOURCES:					
Natural Resources Commission:					
Personnel Services.....	284,524	290,214	285,516	-	4,698
Expenses.....	34,475	34,475	18,010	1,145	15,320
Capital Outlay.....	210,215	210,215	110,821	91,306	8,088
	<u>529,214</u>	<u>534,904</u>	<u>414,347</u>	<u>92,451</u>	<u>28,106</u>
Morses Pond:					
Expenses.....	151,250	151,250	145,799	-	5,451
Capital Outlay.....	9,825	9,825	8,000	1,825	-
	<u>161,075</u>	<u>161,075</u>	<u>153,799</u>	<u>1,825</u>	<u>5,451</u>
TOTAL NATURAL RESOURCES.....	<u>690,289</u>	<u>695,979</u>	<u>568,146</u>	<u>94,276</u>	<u>33,557</u>

(Continued)

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

YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Actual	Amounts	Variance
	Original	Final	Budgetary	Carried Forward	to Final
	Budget	Budget	Amounts	To Next Year	Budget
WELLESLEY PUBLIC SCHOOLS.....	92,599,287	92,599,286	82,260,319	8,066,705	2,272,262
EMPLOYEE BENEFITS:					
Group Insurance:					
Expenses.....	21,021,387	21,021,388	19,275,324	-	1,746,064
Medical - Police & Fire:					
Expenses.....	100,000	100,000	70,755	-	29,245
Worker's Compensation:					
Expenses.....	244,149	944,149	944,149	-	-
Other Postemployment Benefits Liability Fund:					
Expenses.....	3,450,000	3,450,000	3,443,628	-	6,372
Retirement Contribution:					
Expenses.....	8,586,426	8,586,426	8,586,426	-	-
Unemployment Compensation:					
Expenses.....	100,000	100,000	100,000	-	-
Compensated Absences:					
Expenses.....	120,000	159,854	159,854	-	-
TOTAL EMPLOYEE BENEFITS.....	33,621,962	34,361,817	32,580,136	-	1,781,681
State and County Charges.....	1,328,612	1,328,612	1,330,131	-	(1,519)
Debt service:					
Principal.....	14,685,000	14,685,000	14,685,000	-	-
Interest.....	8,071,223	8,071,223	7,825,873	-	245,350
Total debt service.....	22,756,223	22,756,223	22,510,873	-	245,350
TOTAL EXPENDITURES.....	203,881,131	218,003,130	197,143,407	13,072,192	7,787,531
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	(15,549,832)	(29,644,687)	1,739,650	(13,072,192)	18,312,145
OTHER FINANCING SOURCES (USES):					
Use of prior year fund balance to fund carryovers.....	11,372,160	11,372,160	-	-	(11,372,160)
Free cash.....	3,464,102	17,558,957	-	-	(17,558,957)
Free cash voted to fund fiscal year 2023 budget.....	2,652,036	2,652,036	-	-	(2,652,036)
Transfers in.....	2,030,927	2,030,927	2,046,851	-	15,924
Transfers out.....	(3,969,393)	(3,969,393)	(3,969,393)	-	-
TOTAL OTHER FINANCING SOURCES (USES).....	15,549,832	29,644,687	(1,922,542)	-	(31,567,229)
NET CHANGE IN FUND BALANCE.....	-	-	(182,892)	(13,072,192)	(13,255,084)
BUDGETARY FUND BALANCE, Beginning of year.....	47,145,585	47,145,585	47,145,585	-	-
BUDGETARY FUND BALANCE, End of year.....	\$ 47,145,585	\$ 47,145,585	\$ 46,962,693	\$ (13,072,192)	\$ (13,255,084)

See notes to required supplementary information.

(Concluded)

Pension Plan Schedules – Retirement System

The Pension Plan's Schedule of Changes in Net Pension Liability and Related Ratios presents multi-year trend information on the Plan's net pension liability and related ratios.

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

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

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

**SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY
AND RELATED RATIOS
WELLESLEY CONTRIBUTORY RETIREMENT SYSTEM**

	December 31, 2014	December 31, 2015	December 31, 2016	December 31, 2017
Total pension liability:				
Service cost.....	\$ 5,067,998	\$ 5,629,329	\$ 5,835,095	\$ 6,056,541
Interest.....	13,553,363	14,040,337	14,622,378	14,872,702
Differences between expected and actual experience.....	(4,690,325)	-	(3,526,008)	-
Changes of benefit terms.....	10,614,112	-	2,112,997	-
Changes in assumptions.....	-	-	-	2,765,608
Benefit payments.....	<u>(10,336,763)</u>	<u>(11,105,145)</u>	<u>(11,400,054)</u>	<u>(11,400,176)</u>
Net change in total pension liability.....	14,208,385	8,564,521	7,644,408	12,294,675
Total pension liability - beginning.....	<u>193,719,852</u>	<u>207,928,237</u>	<u>216,492,758</u>	<u>224,137,166</u>
Total pension liability - ending (a).....	<u>\$ 207,928,237</u>	<u>\$ 216,492,758</u>	<u>\$ 224,137,166</u>	<u>\$ 236,431,841</u>
Plan fiduciary net position:				
Employer contributions.....	\$ 7,070,467	\$ 7,304,832	\$ 7,562,273	\$ 7,835,775
Member contributions.....	3,393,034	3,478,496	3,608,960	3,783,992
Net investment income (loss).....	10,717,718	1,152,712	11,291,223	27,868,069
Administrative expenses.....	(226,954)	(250,722)	(245,349)	(243,555)
Retirement benefits and refunds.....	(10,336,763)	(11,105,145)	(11,400,054)	(11,400,176)
Other receipts.....	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net increase (decrease) in fiduciary net position.....	10,617,502	580,173	10,817,053	27,844,105
Fiduciary net position - beginning of year.....	<u>142,338,421</u>	<u>152,955,923</u>	<u>153,536,096</u>	<u>164,353,149</u>
Fiduciary net position - end of year (b).....	<u>\$ 152,955,923</u>	<u>\$ 153,536,096</u>	<u>\$ 164,353,149</u>	<u>\$ 192,197,254</u>
Net pension liability - ending (a)-(b).....	<u>\$ 54,972,314</u>	<u>\$ 62,956,662</u>	<u>\$ 59,784,017</u>	<u>\$ 44,234,587</u>
Plan fiduciary net position as a percentage of the total pension liability.....	73.56%	70.92%	73.33%	81.29%
Covered payroll.....	\$ 35,228,283	\$ 35,959,727	\$ 36,836,364	\$ 38,226,711
Net pension liability as a percentage of covered payroll.....	156.05%	175.08%	162.30%	115.72%
Discount rate.....	7.000%	6.750%	6.750%	6.625%

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.

	December 31, 2018	December 31, 2019	December 31, 2020	December 31, 2021	December 31, 2022
\$	6,304,678	\$ 6,466,006	\$ 6,653,787	\$ 7,592,740	\$ 8,065,078
	15,690,721	16,505,745	17,178,584	17,198,697	17,837,029
	2,850,684	184,200	(4,805,590)	-	(1,060,404)
	-	-	-	-	-
	-	-	20,784,416	-	(4,555,975)
	<u>(11,790,962)</u>	<u>(13,619,213)</u>	<u>(12,756,204)</u>	<u>(14,081,067)</u>	<u>(15,153,648)</u>
	13,055,121	9,536,738	27,054,993	10,710,370	5,132,080
	<u>236,431,841</u>	<u>249,486,962</u>	<u>259,023,700</u>	<u>286,078,693</u>	<u>296,789,063</u>
\$	<u>249,486,962</u>	<u>259,023,700</u>	<u>286,078,693</u>	<u>296,789,063</u>	<u>301,921,143</u>
\$	8,371,229	\$ 8,868,984	\$ 9,454,478	\$ 9,776,446	\$ 10,054,016
	3,918,951	3,869,218	4,016,762	4,186,703	4,350,408
	(4,523,402)	29,988,757	25,663,288	47,476,307	(32,437,096)
	(224,469)	(255,811)	(205,532)	(284,741)	(262,337)
	(11,790,962)	(13,619,213)	(12,756,204)	(14,081,067)	(15,153,648)
	<u>-</u>	<u>-</u>	<u>402</u>	<u>6,011</u>	<u>-</u>
	(4,248,653)	28,851,935	26,173,194	47,079,659	(33,448,657)
	<u>192,197,254</u>	<u>187,948,601</u>	<u>216,800,536</u>	<u>242,973,730</u>	<u>290,053,389</u>
\$	<u>187,948,601</u>	<u>216,800,536</u>	<u>242,973,730</u>	<u>290,053,389</u>	<u>256,604,732</u>
\$	<u>61,538,361</u>	<u>42,223,164</u>	<u>43,104,963</u>	<u>6,735,674</u>	<u>45,316,411</u>
	75.33%	83.70%	84.93%	97.73%	84.99%
\$	39,169,350	\$ 40,682,134	\$ 40,939,192	\$ 42,492,899	\$ 42,803,291
	157.11%	103.79%	105.29%	15.85%	105.87%
	6.625%	6.625%	6.00%	6.00%	6.00%

SCHEDULE OF CONTRIBUTIONS
WELLESLEY CONTRIBUTORY RETIREMENT SYSTEM

Year	Actuarially determined contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
December 31, 2022.....	\$ 10,034,958	\$ (10,054,016)	\$ (19,058)	\$ 42,803,291	23.49%
December 31, 2021.....	9,756,209	(9,782,457)	(26,248)	42,492,899	23.02%
December 31, 2020.....	9,438,070	(9,454,478)	(16,408)	40,939,192	23.09%
December 31, 2019.....	8,851,507	(8,868,984)	(17,477)	40,682,134	21.80%
December 31, 2018.....	8,349,999	(8,371,229)	(21,230)	39,169,350	21.37%
December 31, 2017.....	7,835,775	(7,874,297)	(38,522)	38,226,711	20.60%
December 31, 2016.....	7,562,273	(7,562,273)	-	36,836,364	20.53%
December 31, 2015.....	7,285,897	(7,304,832)	(18,935)	35,959,727	20.31%
December 31, 2014.....	7,040,036	(7,070,467)	(30,431)	35,228,283	20.07%

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

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

See notes to required supplementary information.

SCHEDULE OF INVESTMENT RETURNS
WELLESLEY CONTRIBUTORY RETIREMENT SYSTEM

<u>Year</u>	<u>Annual money-weighted rate of return, net of investment expense</u>
December 31, 2022.....	-11.34%
December 31, 2021.....	19.84%
December 31, 2020.....	12.02%
December 31, 2019.....	16.22%
December 31, 2018.....	-2.39%
December 31, 2017.....	17.19%
December 31, 2016.....	7.49%
December 31, 2015.....	0.76%
December 31, 2014.....	7.63%

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.

Pension Plan Schedules - Town

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

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

The Schedule of the Special Funding Amounts of the Net Pension Liability for the Massachusetts Teachers' Contributory Retirement System presents multi-year trend information on the liability and expense assumed by the Commonwealth of Massachusetts on behalf of the Town along with related ratios.

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

**SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
WELLESLEY CONTRIBUTORY RETIREMENT SYSTEM**

Year	Proportion of the net pension liability (asset)	Proportionate share of the net pension liability (asset)	Covered payroll	Net pension liability as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
December 31, 2022.....	99.17%	\$ 44,940,515	\$ 42,448,024	105.87%	84.99%
December 31, 2021.....	99.16%	6,678,767	42,133,894	15.85%	97.73%
December 31, 2020.....	99.14%	42,738,004	40,587,115	105.30%	84.93%
December 31, 2019.....	99.23%	41,868,634	40,368,882	103.72%	83.70%
December 31, 2018.....	99.22%	61,059,446	38,863,829	157.11%	75.33%
December 31, 2017.....	99.15%	43,857,182	37,901,784	115.71%	81.29%
December 31, 2016.....	99.16%	59,284,672	36,526,939	162.30%	73.33%
December 31, 2015.....	99.20%	62,453,930	35,672,049	175.08%	70.92%
December 31, 2014.....	99.20%	54,529,625	34,946,457	156.04%	73.56%

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

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

See notes to required supplementary information.

**SCHEDULE OF THE TOWN'S CONTRIBUTIONS
WELLESLEY CONTRIBUTORY RETIREMENT SYSTEM**

Year	Actuarially determined contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
June 30, 2023.....	\$ 9,951,668	\$ (9,983,171)	\$ (31,503)	\$ 43,231,324	23.09%
June 30, 2022.....	9,673,783	(9,710,677)	(36,894)	42,917,828	22.63%
June 30, 2021.....	9,431,956	(9,448,364)	(16,408)	41,348,584	22.85%
June 30, 2020.....	8,844,772	(8,862,249)	(17,477)	41,088,955	21.57%
June 30, 2019.....	8,285,437	(8,306,667)	(21,230)	39,252,467	21.16%
June 30, 2018.....	7,784,319	(7,822,841)	(38,522)	38,280,802	20.44%
June 30, 2017.....	7,512,624	(7,512,624)	-	36,892,208	20.36%
June 30, 2016.....	7,224,702	(7,243,637)	(18,935)	36,028,770	20.11%
June 30, 2015.....	6,983,288	(6,983,288)	-	35,295,921	19.78%

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

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

See notes to required supplementary information.

**SCHEDULE OF THE SPECIAL FUNDING AMOUNTS
OF THE NET PENSION LIABILITY
MASSACHUSETTS TEACHERS' RETIREMENT SYSTEM**

The Commonwealth of Massachusetts is a nonemployer contributor and is required by statute to make all actuarially determined employer contributions on behalf of the member employers which creates a special funding situation. Therefore, there is no net pension liability to recognize. This schedule discloses the Commonwealth's 100% share of the associated collective net pension liability; the portion of the collective pension expense as both a revenue and pension expense recognized; and the Plan's fiduciary net position as a percentage of the total liability.

Year	Commonwealth's 100% Share of the Associated Net Pension Liability	Expense and Revenue Recognized for the Commonwealth's Support	Plan Fiduciary Net Position as a Percentage of the Total Liability
2023.....	\$ 186,752,539	\$ 15,362,218	57.75%
2022.....	173,045,569	13,886,186	62.03%
2021.....	212,253,250	26,216,317	50.67%
2020.....	187,118,342	22,691,347	53.95%
2019.....	175,120,312	17,745,908	54.84%
2018.....	166,750,488	17,404,234	54.25%
2017.....	161,173,004	16,440,703	52.73%
2016.....	145,970,533	11,839,507	55.38%
2015.....	113,081,320	7,856,302	61.64%

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

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

See notes to required supplementary information.

Other Postemployment Benefit Plan Schedules

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

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

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

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

**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
Total OPEB Liability							
Service Cost.....	\$ 3,695,446	\$ 3,793,326	\$ 4,018,416	\$ 4,217,478	\$ 4,247,728	\$ 4,994,842	\$ 5,348,412
Interest.....	7,545,735	7,990,117	8,431,566	8,120,416	8,470,561	8,509,474	9,400,896
Changes of benefit terms.....	-	-	-	-	-	-	-
Differences between expected and actual experience...	-	(5,332,500)	-	-	(888,614)	-	(19,227,500)
Changes of assumptions.....	-	(4,380,595)	-	(1,847,908)	7,093,397	6,729,387	1,040,455
Benefit payments.....	(4,614,800)	(5,078,148)	(5,619,307)	(5,088,867)	(5,468,869)	(5,936,215)	(5,518,162)
Net change in total OPEB liability.....	6,626,381	(3,007,800)	6,830,675	5,401,119	13,454,203	14,297,488	(8,955,899)
Total OPEB liability - beginning.....	110,450,012	117,076,393	114,068,593	120,899,268	126,300,387	139,754,590	154,052,078
Total OPEB liability - ending (a).....	<u>\$ 117,076,393</u>	<u>\$ 114,068,593</u>	<u>\$ 120,899,268</u>	<u>\$ 126,300,387</u>	<u>\$ 139,754,590</u>	<u>\$ 154,052,078</u>	<u>\$ 145,096,179</u>
Plan fiduciary net position							
Employer contributions.....	\$ 3,464,970	\$ 3,646,371	\$ 3,645,843	\$ 3,648,209	\$ 3,493,370	\$ 3,616,009	\$ 3,631,505
Employer contributions for OPEB payments.....	4,614,800	5,078,148	5,619,307	5,088,867	5,468,869	5,936,215	5,518,162
Net investment income (loss).....	5,975,037	5,307,352	3,713,928	1,392,631	22,763,568	(4,077,957)	5,940,942
Benefit payments.....	(4,614,800)	(5,078,148)	(5,619,307)	(5,088,867)	(5,468,869)	(5,936,215)	(5,518,162)
Net change in plan fiduciary net position.....	9,440,007	8,953,723	7,359,771	5,040,840	26,256,938	(461,948)	9,572,447
Plan fiduciary net position - beginning of year.....	44,229,961	53,669,968	62,623,691	69,983,462	75,024,302	101,281,240	100,819,292
Plan fiduciary net position - end of year (b).....	<u>\$ 53,669,968</u>	<u>\$ 62,623,691</u>	<u>\$ 69,983,462</u>	<u>\$ 75,024,302</u>	<u>\$ 101,281,240</u>	<u>\$ 100,819,292</u>	<u>\$ 110,391,739</u>
Net OPEB liability - ending (a)-(b).....	<u>\$ 63,406,425</u>	<u>\$ 51,444,902</u>	<u>\$ 50,915,806</u>	<u>\$ 51,276,085</u>	<u>\$ 38,473,350</u>	<u>\$ 53,232,786</u>	<u>\$ 34,704,440</u>
Plan fiduciary net position as a percentage of the total OPEB liability.....	45.84%	54.90%	57.89%	59.40%	72.47%	65.44%	76.08%
Covered-employee payroll.....	\$ 96,595,069	\$ 98,526,970	\$ 100,497,509	\$ 102,507,459	\$ 104,557,608	\$ 106,648,760	\$ 108,781,735
Net OPEB liability as a percentage of covered-employee payroll.....	65.64%	52.21%	50.66%	50.02%	36.80%	49.91%	31.90%
Discount rate.....	6.750%	6.750%	6.625%	6.625%	6.00%	6.00%	6.00%

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

See notes to required supplementary information.

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

Year	Actuarially determined contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered-employee payroll	Contributions as a percentage of covered-employee payroll
June 30, 2023.....	\$ 8,056,967	\$ (9,149,667)	\$ (1,092,700)	\$ 108,781,735	8.41%
June 30, 2022.....	8,653,738	(9,552,224)	(898,486)	106,648,760	8.96%
June 30, 2021.....	9,173,192	(8,962,239)	210,953	104,557,608	8.57%
June 30, 2020.....	8,041,954	(8,737,076)	(695,122)	102,507,459	8.52%
June 30, 2019.....	7,825,463	(9,265,150)	(1,439,687)	100,497,509	9.22%
June 30, 2018.....	8,750,052	(8,724,519)	25,533	98,526,970	8.85%
June 30, 2017.....	8,484,223	(8,079,770)	404,453	96,595,069	8.36%

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

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

See notes to required supplementary information.

SCHEDULE OF INVESTMENT RETURNS
OTHER POSTEMPLOYMENT BENEFIT PLAN

Year	Annual money-weighted rate of return, net of investment expense
June 30, 2023.....	5.83%
June 30, 2022.....	-3.93%
June 30, 2021.....	29.58%
June 30, 2020.....	1.93%
June 30, 2019.....	5.79%
June 30, 2018.....	9.62%
June 30, 2017.....	12.80%

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

See notes to required supplementary information.

NOTE A – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITYBudgetary Information

Municipal Law requires the adoption of a balanced budget for the general fund that is approved at the Annual Town Meeting. The Town has an Advisory Committee that submits reports on proposed appropriations at Town Meetings. The appropriated budget is prepared by fund, function and department. Transfers of appropriations among departments require the approval of Town Meeting.

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

In the budgetary schedule, revenues are reported on a cash basis and expenditures that relate to the current year appropriations are recorded when incurred. Generally, expenditures may not exceed the legal level of spending (salaries, expenses and capital) authorized for an appropriation account. However, the payment of debt service is statutorily required, regardless of whether such amounts are appropriated. Additionally, expenditures for disasters, natural or otherwise, and final judgments may exceed the level of spending authorized by two-thirds majority vote of the Select Board and written approval from the Massachusetts Department of Revenue.

An annual budget is adopted for the general fund in conformity with the guidelines described above. The original 2023 budget included \$196.5 million in appropriations and other amounts to be raised and \$11.4 million in amounts carried over from previous years. During 2023, the Town approved \$14.1 million of supplemental appropriations primarily for capital improvement costs. These supplemental appropriations were financed through the use of free cash.

The Financial Services Department has the responsibility to ensure that budgetary control is maintained. Budgetary control is exercised through the accounting system.

Budgetary – GAAP Reconciliation

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

Net change in fund balance - budgetary basis.....	\$	(182,892)
<u>Perspective differences:</u>		
Activity of the stabilization fund recorded in the general fund for GAAP.....		371,654
<u>Basis of accounting differences:</u>		
Net change in recording tax refunds payable.....		(601,063)
Net change in recording 60 day receipts.....		(197,000)
Net change in recording accrued expenditures.....		218,549
Recognition of revenue for on-behalf payments.....		15,362,218
Recognition of expenditures for on-behalf payments.....		<u>(15,362,218)</u>
Net change in fund balance - GAAP basis.....	\$	<u>(390,752)</u>

Appropriation Deficit

During 2023, actual expenditures exceeded appropriations for state and county charges. State and county charges are assessments from the Commonwealth, which are directly deducted from local receipts provided by the state. The Town is not required to raise the state and county assessment deficit.

NOTE B – PENSION PLAN***Pension Plan Schedules – Retirement System***Schedule of Changes in the Net Pension Liability and Related Ratios

The Schedule of Changes in the Net Pension Liability and Related Ratios includes the detailed changes in the System's total pension liability, changes in the System's net position, and the ending net pension liability. It also demonstrates the plan's net position as a percentage of the total pension liability and the net pension liability as a percentage of covered payroll.

Schedule of Contributions

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

Schedule of Investment Returns

The money weighted rate of return is calculated as the internal rate of return on pension plan investments, net of pension plan investment expense. A money weighted rate of return expresses investment performance, net of pension plan investment expense, adjusted for the changing amounts actually invested. Inputs to the money weighted rate of return calculation are determined monthly.

Pension Plan Schedules - TownSchedule of the Town's Proportionate Share of the Net Pension Liability

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

Schedule of the Town's Contributions

Governmental employers are required to pay an annual appropriation as established by PERAC. The appropriation includes the amounts to pay the pension portion of each member's retirement allowance, an amount to amortize the actuarially determined unfunded liability to zero in accordance with the system's funding schedule, and additional appropriations in accordance with adopted early retirement incentive programs. The appropriations are payable on July 1 and January 1. The Town may choose to pay the entire appropriation in July at a

discounted rate. Accordingly, actual contributions may be less than the “total appropriation”. The pension fund appropriation is allocated to the Town on an actuarial basis.

Schedule of the Special Funding Amounts of the Net Pension Liabilities

The Commonwealth of Massachusetts is a nonemployer contributor and is required by statute to make all actuarially determined employer contributions on behalf of the member employers which creates a special funding situation. Since the Town does not contribute directly to MTRS, there is no net pension liability to recognize. This schedule discloses the Commonwealth's 100% share of the collective net pension liability that is associated with the Town; the portion of the collective pension expense as both revenue and pension expense recognized by the Town; and the Plan's fiduciary net position as a percentage of the total liability.

Changes in Assumptions

- The mortality projection scale was changed from MP-2016 to MP-2021.
- The administrative expense assumption was reset to \$275,000.

Changes in Plan Provisions

- Pursuant to Chapter 269 of the Acts of 2022, the Retirement Board approved a one-time increase in the COLA percentage from 3% to 5% effective July 1, 2022.
- The Retirement Board increased the COLA base from \$18,000 to \$19,000 effective July 1, 2023, to \$20,000 effective July 1, 2024, and to \$21,000 effective July 1, 2025.

NOTE C – OTHER POSTEMPLOYMENT BENEFITS

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

The Other Postemployment Benefit Plan

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

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

Schedule of the Town's Contributions

The Schedule of the Town's Contributions includes the Town's annual required contribution to the Plan, along with the contribution made in relation to the actuarially determined contribution and the covered-employee payroll. The Town is not required to fully fund this contribution. It also demonstrates the contributions as a percentage of covered-employee payroll. Methods and assumptions used to determine contribution rates are as noted on the following page.

Valuation date.....	Actuarially determined contribution for the fiscal year ending June 30, 2023 was determined with the December 31, 2022, actuarial valuation.
Actuarial cost method.....	Entry age normal - level percentage of payroll.
Amortization method.....	Payments increase at 3.0% per year.
Remaining amortization period.....	15 years as of July 1, 2022.
Asset valuation method.....	Fair Value
Discount rate/Investment rate of return.....	6.00%
Inflation rate.....	3.00%
Mortality rates.....	<p>Pre-Retirement (Non-Teachers): RP-2014 Blue Collar Employee Mortality Table projected generationally with Scale MP-2021 set forward one year for females.</p> <p>Healthy (Non-Teachers): RP-2014 Blue Collar Healthy Annuitant Mortality Table projected generationally with Scale MP-2021 set forward one year for females.</p> <p>Disabled (Non-Teachers): RP-2014 Blue Collar Healthy Annuitant Mortality Table projected generationally with Scale MP-2021 set forward one year.</p> <p>Pre-Retirement (Teachers): Pub-2010 Teacher Employee Mortality Table (headcount weighted) projected generationally with Scale MP-2020.</p> <p>Healthy (Teachers): Pub-2010 Teacher Mortality Table (headcount weighted) projected generationally with Scale MP-2020.</p> <p>Disabled (Teachers): Pub-2010 Teacher Mortality Table (headcount weighted) projected generationally with Scale-2020.</p>

Schedule of Investment Returns

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

Changes of Assumptions

The per capita health costs and contributions were updated, the actuarial factors used to estimate individual retiree and spouse costs by age and gender were updated, the trend assumptions were revised, the mortality projection scale for non-teachers was updated, the Medicare enrollment assumption for future retirees hired prior to 1986 and current retirees under 65 was lowered, the percentage of active participants assumed to elect health coverage at retirement, and participants assumed to have an eligible spouse who also opts for coverage was lowered.

Changes in Plan Provisions

None.

Combining Statements

Nonmajor Governmental Funds

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for specific revenue sources that are restricted by law or administrative action to expenditures for specific purposes.

School Lunch Fund – This fund accounts for the school cafeteria activities and is funded by user fees and grants.

Community Preservation Fund – This fund is used to account for funds received in accordance with the Community Preservation Act (the CPA). Funds are received under the CPA through a surcharge of 1% of the real property tax levy and matching state grants. The funds are spent for the acquisition, creation and preservation of open space, historic resources and affordable housing.

Grants Fund – This fund accounts for Federal and state grants which are designated for specific programs.

Receipts Reserved Fund – This fund accounts for specific receipts identified by the Commonwealth that are to be held until appropriated.

Revolving Fund – This fund accounts for self-supporting programs sponsored by the Town.

Recreation Revolving Fund – This fund accounts for self-supporting recreational programs sponsored by the Town's recreation department.

Other – This fund accounts for all other legally established special revenues where the funds are spent on governmental purposes.

Highway Chapter 90 – This fund accounts for activities associated with on-going road and sidewalk projects that are funded with grants from the Commonwealth.

PERMANENT FUND

The Permanent Fund is used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the Town's programs. The Town maintains one fund to account for nonexpendable contributions and expendable earnings that can be spent on governmental purposes.

NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET

JUNE 30, 2023

	Special Revenue Funds				
	School Lunch	Community Preservation	Grants	Receipts Reserved	Revolving
ASSETS					
Cash and cash equivalents.....	\$ 608,012	\$ 10,486,631	\$ 4,144,252	\$ 2,226,277	\$ 4,744,621
Investments.....	-	-	-	-	-
Receivables, net of uncollectibles:					
Community preservation fund surcharge.....	-	8,632	-	-	-
Departmental and other.....	-	-	-	-	114,403
Intergovernmental.....	-	313,716	-	-	-
TOTAL ASSETS.....	\$ 608,012	\$ 10,808,979	\$ 4,144,252	\$ 2,226,277	\$ 4,859,024
LIABILITIES					
Warrants payable.....	\$ 216,378	\$ 6,589	\$ 93,795	\$ 1,662	\$ 8,180
Accrued payroll.....	-	-	28,665	2,807	52,150
Due to other funds.....	-	-	-	-	-
Unearned revenue.....	-	-	2,190,566	-	-
TOTAL LIABILITIES.....	216,378	6,589	2,313,026	4,469	60,330
DEFERRED INFLOWS OF RESOURCES					
Taxes paid in advance.....	-	17,562	-	-	-
Unavailable revenue.....	-	322,348	-	-	114,403
TOTAL DEFERRED INFLOWS OF RESOURCES.....	-	339,910	-	-	114,403
FUND BALANCES					
Nonspendable.....	-	-	-	-	-
Restricted.....	391,634	10,462,480	1,831,226	2,221,808	4,684,291
TOTAL FUND BALANCES.....	391,634	10,462,480	1,831,226	2,221,808	4,684,291
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES.....	\$ 608,012	\$ 10,808,979	\$ 4,144,252	\$ 2,226,277	\$ 4,859,024

Special Revenue Funds						Total Nonmajor Governmental Funds
<u>Recreation Revolving</u>	<u>Other</u>	<u>Highway Chapter 90</u>	<u>Subtotal</u>	<u>Permanent Fund</u>		
\$ 501,760	\$ 5,363,687	\$ -	\$ 28,075,240	\$ 444,384	\$	28,519,624
-	296,492	-	296,492	1,286,252		1,582,744
-	-	-	8,632	-		8,632
-	12,000	-	126,403	-		126,403
-	-	651,518	965,234	-		965,234
<u>\$ 501,760</u>	<u>\$ 5,672,179</u>	<u>\$ 651,518</u>	<u>\$ 29,472,001</u>	<u>\$ 1,730,636</u>		<u>\$ 31,202,637</u>
\$ 24,588	\$ 910,484	\$ 6,165	\$ 1,267,841	\$ -	\$	1,267,841
10,644	-	-	94,266	-		94,266
-	-	227,939	227,939	-		227,939
-	-	-	2,190,566	-		2,190,566
<u>35,232</u>	<u>910,484</u>	<u>234,104</u>	<u>3,780,612</u>	<u>-</u>		<u>3,780,612</u>
-	-	-	17,562	-		17,562
-	-	417,414	854,165	-		854,165
-	-	417,414	871,727	-		871,727
-	-	-	-	386,022		386,022
<u>466,528</u>	<u>4,761,695</u>	<u>-</u>	<u>24,819,662</u>	<u>1,344,614</u>		<u>26,164,276</u>
<u>466,528</u>	<u>4,761,695</u>	<u>-</u>	<u>24,819,662</u>	<u>1,730,636</u>		<u>26,550,298</u>
<u>\$ 501,760</u>	<u>\$ 5,672,179</u>	<u>\$ 651,518</u>	<u>\$ 29,472,001</u>	<u>\$ 1,730,636</u>		<u>\$ 31,202,637</u>

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

YEAR ENDED JUNE 30, 2023

	Special Revenue Funds				
	School Lunch	Community Preservation	Grants	Receipts Reserved	Revolving
REVENUES:					
Charges for services.....	\$ 531,456	\$ -	\$ -	\$ 1,435	\$ -
Parking meter receipts.....	-	-	-	629,668	-
Intergovernmental.....	1,223,970	544,416	6,514,687	-	144,621
Departmental and other.....	-	-	-	-	4,421,248
Community preservation surcharge.....	-	1,568,581	-	-	-
Contributions and donations.....	-	-	-	-	299,153
Investment income.....	-	402,387	366	-	-
TOTAL REVENUES.....	1,755,426	2,515,384	6,515,053	631,103	4,865,022
EXPENDITURES:					
Current:					
General government.....	-	-	730,495	-	80,058
Facilities maintenance.....	-	-	-	-	37
Natural resources.....	-	-	-	-	-
Public safety.....	-	-	1,830,818	309,355	1,329,262
Public education.....	1,782,153	-	2,951,328	-	2,808,350
Public works.....	-	-	1,257,737	-	379,634
Health.....	-	-	111,537	-	12,407
Recreation.....	-	-	8,450	-	-
Library.....	-	-	18,420	-	9,100
Community preservation.....	-	449,660	-	-	-
Traffic and parking management.....	-	-	-	742,804	-
TOTAL EXPENDITURES.....	1,782,153	449,660	6,908,785	1,052,159	4,618,848
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	(26,727)	2,065,724	(393,732)	(421,056)	246,174
OTHER FINANCING SOURCES (USES):					
Transfers in.....	-	-	-	505,291	-
Transfers out.....	-	(550,244)	-	-	(150,000)
TOTAL OTHER FINANCING SOURCES (USES).....	-	(550,244)	-	505,291	(150,000)
NET CHANGE IN FUND BALANCES.....	(26,727)	1,515,480	(393,732)	84,235	96,174
FUND BALANCES AT BEGINNING OF YEAR.....	418,361	8,947,000	2,224,958	2,137,573	4,588,117
FUND BALANCES AT END OF YEAR.....	\$ 391,634	\$ 10,462,480	\$ 1,831,226	\$ 2,221,808	\$ 4,684,291

Special Revenue Funds					
Recreation Revolving	Other	Highway Chapter 90	Subtotal	Permanent Fund	Total Nonmajor Governmental Funds
\$ -	\$ 1,008,188	\$ -	\$ 1,541,079	\$ -	\$ 1,541,079
-	-	-	629,668	-	629,668
-	3,393,550	1,188,323	13,009,567	-	13,009,567
1,413,415	133,588	-	5,968,251	-	5,968,251
-	-	-	1,568,581	-	1,568,581
-	1,026,623	-	1,325,776	17,382	1,343,158
-	-	-	402,753	84,433	487,186
<u>1,413,415</u>	<u>5,561,949</u>	<u>1,188,323</u>	<u>24,445,675</u>	<u>101,815</u>	<u>24,547,490</u>
-	706,457	-	1,517,010	28,580	1,545,590
-	-	-	37	-	37
-	340	-	340	4,904	5,244
-	143,349	-	3,612,784	-	3,612,784
-	3,979,249	-	11,521,080	6,407	11,527,487
-	37,718	1,188,323	2,863,412	-	2,863,412
-	22,994	-	146,938	-	146,938
1,240,104	73,328	-	1,321,882	-	1,321,882
-	217,575	-	245,095	-	245,095
-	-	-	449,660	-	449,660
-	-	-	742,804	-	742,804
<u>1,240,104</u>	<u>5,181,010</u>	<u>1,188,323</u>	<u>22,421,042</u>	<u>39,891</u>	<u>22,460,933</u>
<u>173,311</u>	<u>380,939</u>	<u>-</u>	<u>2,024,633</u>	<u>61,924</u>	<u>2,086,557</u>
-	60,000	-	565,291	-	565,291
(75,923)	-	-	(776,167)	-	(776,167)
<u>(75,923)</u>	<u>60,000</u>	<u>-</u>	<u>(210,876)</u>	<u>-</u>	<u>(210,876)</u>
97,388	440,939	-	1,813,757	61,924	1,875,681
<u>369,140</u>	<u>4,320,756</u>	<u>-</u>	<u>23,005,905</u>	<u>1,668,712</u>	<u>24,674,617</u>
\$ <u>466,528</u>	\$ <u>4,761,695</u>	\$ <u>-</u>	\$ <u>24,819,662</u>	\$ <u>1,730,636</u>	\$ <u>26,550,298</u>

Internal Service Funds

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

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

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

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

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

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION

JUNE 30, 2023

	Fleet Maintenance	Health Insurance	Unemployment	Workers' Compensation	Total Internal Service Funds
ASSETS					
CURRENT:					
Cash and cash equivalents.....	\$ 45,164	\$ 424,872	\$ -	\$ 39,613	\$ 509,649
Investments.....	-	-	928,361	851,865	1,780,226
Receivables, net of allowance for uncollectibles:					
Departmental and other.....	-	18,640	-	-	18,640
TOTAL ASSETS.....	45,164	443,512	928,361	891,478	2,308,515
LIABILITIES					
CURRENT:					
Warrants payable.....	40,963	-	-	-	40,963
Accrued payroll.....	-	433,341	-	-	433,341
Workers' compensation.....	-	-	-	276,000	276,000
Total current liabilities.....	40,963	433,341	-	276,000	750,304
NONCURRENT:					
Workers' compensation.....	-	-	-	255,000	255,000
TOTAL LIABILITIES.....	40,963	433,341	-	531,000	1,005,304
NET POSITION					
Unrestricted.....	\$ 4,201	\$ 10,171	\$ 928,361	\$ 360,478	\$ 1,303,211

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

YEAR ENDED JUNE 30, 2023

	Fleet Maintenance	Health Insurance	Unemployment	Workers' Compensation	Total Internal Service Funds
OPERATING REVENUES:					
Employee contributions.....	\$ -	\$ 10,778,618	\$ -	\$ -	\$ 10,778,618
Employer contributions.....	-	18,280,662	-	-	18,280,662
Charges for services.....	1,520,092	9,882	100,000	956,449	2,586,423
TOTAL OPERATING REVENUES	1,520,092	29,069,162	100,000	956,449	31,645,703
OPERATING EXPENSES:					
Employee benefits.....	-	29,062,266	105,768	787,732	29,955,766
Fleet maintenance.....	1,590,302	-	-	-	1,590,302
TOTAL OPERATING EXPENSES.....	1,590,302	29,062,266	105,768	787,732	31,546,068
OPERATING INCOME (LOSS).....	(70,210)	6,896	(5,768)	168,717	99,635
NONOPERATING REVENUES (EXPENSES):					
Investment income (loss).....	-	2,984	5,173	(27,089)	(18,932)
CHANGE IN NET POSITION.....	(70,210)	9,880	(595)	141,628	80,703
NET POSITION AT BEGINNING OF YEAR.....	74,411	291	928,956	218,850	1,222,508
NET POSITION AT END OF YEAR.....	\$ 4,201	\$ 10,171	\$ 928,361	\$ 360,478	\$ 1,303,211

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2023

	Fleet Maintenance	Health Insurance	Unemployment	Workers' Compensation	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:					
Receipts from customers and users.....	\$ -	\$ 10,768,734	\$ -	\$ -	\$ 10,768,734
Receipts from interfund services provided.....	1,520,092	18,290,544	100,000	956,449	20,867,085
Payments for interfund services used.....	(1,583,515)	(28,986,458)	(105,768)	(783,111)	(31,458,852)
NET CASH FROM OPERATING ACTIVITIES.....	(63,423)	72,820	(5,768)	173,338	176,967
CASH FLOWS FROM INVESTING ACTIVITIES:					
Sale (purchase) of investments.....	-	150,042	595	(106,636)	44,001
Investment income (loss).....	-	2,984	5,173	(27,089)	(18,932)
NET CASH FROM INVESTING ACTIVITIES.....	-	153,026	5,768	(133,725)	25,069
NET CHANGE IN CASH AND CASH EQUIVALENTS.....	(63,423)	225,846	-	39,613	202,036
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR.....	108,587	199,026	-	-	307,613
CASH AND CASH EQUIVALENTS, END OF YEAR.....	\$ 45,164	\$ 424,872	\$ -	\$ 39,613	\$ 509,649
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES:					
Operating income (loss).....	\$ (70,210)	\$ 6,896	\$ (5,768)	\$ 168,717	\$ 99,635
Adjustments to reconcile operating income (loss) to net cash from operating activities:					
Changes in assets and liabilities:					
Departmental and other.....	-	(9,884)	-	-	(9,884)
Warrants payable.....	19,377	-	-	-	19,377
Accrued payroll.....	(12,590)	75,808	-	(5,379)	57,839
Workers' compensation.....	-	-	-	10,000	10,000
Total adjustments.....	6,787	65,924	-	4,621	77,332
NET CASH FROM OPERATING ACTIVITIES.....	\$ (63,423)	\$ 72,820	\$ (5,768)	\$ 173,338	\$ 176,967

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Statistical Section

Statistical tables differ from financial statements since they usually cover more than one fiscal year and may present non-accounting data. The following tables reflect social and economic data, financial trends, and fiscal capacity.



Town Hall's front entry with the paint removed from the bricks.
Photo courtesy of Town of Wellesley

Town of Wellesley, Massachusetts
Annual Comprehensive Financial Report
For the year ended June 30, 2023

Statistical Section

This part of the Town of Wellesley's Annual Comprehensive Financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Town's overall financial health.

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

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

**Net Position By Component
Last Ten Years**

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental activities										
Net investment in capital assets.....\$	139,229,485	\$ 141,158,278	\$ 148,818,623	\$ 155,132,937	\$ 157,153,332	\$ 162,153,159	\$ 162,479,778	\$ 166,963,845	\$ 173,603,803	\$ 188,561,362
Restricted.....	11,350,777	10,394,774	10,572,176	10,236,030	10,715,597	11,918,885	12,883,650	13,494,223	17,161,426	18,786,037
Unrestricted.....	(1,146,424)	(1,065,091)	(126,380)	(60,532,686)	(56,118,900)	(61,737,797)	(45,077,981)	(31,580,628)	(13,628,765)	(1,281,081)
Total governmental activities net position.....\$	149,433,838	\$ 150,487,961	\$ 159,264,419	\$ 104,836,281	\$ 111,750,029	\$ 112,334,247	\$ 130,285,447	\$ 148,877,440	\$ 177,136,464	\$ 206,066,318
Business-type activities										
Net investment in capital assets.....\$	83,609,607	\$ 84,703,679	\$ 85,594,311	\$ 87,359,541	\$ 87,482,288	\$ 88,572,516	\$ 88,576,032	\$ 91,095,111	\$ 93,340,179	\$ 96,012,889
Restricted.....	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	1,000,000	1,000,000	1,000,000	1,000,000	3,063,993
Unrestricted.....	7,139,890	7,808,653	12,792,675	11,907,658	9,481,231	7,303,769	7,743,526	9,373,516	10,722,603	13,878,523
Total business-type activities net position.....\$	92,749,497	\$ 94,512,332	\$ 100,386,986	\$ 101,267,199	\$ 98,963,519	\$ 96,876,285	\$ 97,319,558	\$ 101,468,627	\$ 105,062,782	\$ 112,955,405
Primary government										
Net investment in capital assets.....\$	222,839,092	\$ 225,861,957	\$ 234,412,934	\$ 242,492,478	\$ 244,635,620	\$ 250,725,675	\$ 251,055,810	\$ 258,058,956	\$ 266,943,982	\$ 284,574,251
Restricted.....	13,350,777	12,394,774	12,572,176	12,236,030	12,715,597	12,918,885	13,883,650	14,494,223	18,161,426	21,850,030
Unrestricted.....	5,993,466	6,743,562	12,666,295	(48,625,028)	(46,637,669)	(54,434,028)	(37,334,455)	(22,207,112)	(2,906,162)	12,597,442
Total primary government net position.....\$	242,183,335	\$ 245,000,293	\$ 259,651,405	\$ 206,103,480	\$ 210,713,548	\$ 209,210,532	\$ 227,605,005	\$ 250,346,067	\$ 282,199,246	\$ 319,021,723

The Town implemented GASB Statements #67, #68, and #71 in 2015 which required the net pension liability to be recorded for the first time. This also required the revision of the ending net position in 2014.
The Town implemented GASB Statements #75 in 2018 which required the net OPEB liability to be recorded for the first time. This also required the revision of the ending net position in 2017.
The 2019 column reflects the change in measurement date for GASB Statement #75.
The Town implemented GASB Statement #84 in 2021 which required the revision of 2020 ending net position.

	Changes in Net Position Last Ten Years									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Expenses										
Governmental activities:										
General government.....	\$ 14,414,151	\$ 14,818,677	\$ 16,065,450	\$ 8,805,331	\$ 8,814,934	\$ 9,652,907	\$ 10,204,381	\$ 10,467,922	\$ 10,958,616	\$ 12,402,900
Facilities maintenance.....	-	-	-	11,880,224	12,350,521	13,992,663	12,484,919	13,141,670	11,941,920	13,287,414
Natural resources.....	-	-	-	636,909	725,662	650,341	578,406	685,339	676,064	802,668
Public safety.....	17,710,263	18,190,686	19,814,209	17,132,944	17,548,998	19,494,235	18,065,791	16,528,319	14,950,639	20,277,444
Public education.....	102,344,740	107,336,897	111,214,742	118,927,884	122,811,840	129,130,514	127,392,966	134,824,373	125,111,284	130,815,799
Public works.....	10,865,268	11,612,335	11,467,571	14,112,079	13,920,456	14,862,889	14,829,916	15,186,863	15,541,723	17,619,602
Health.....	1,683,576	1,771,888	1,762,755	1,103,030	1,001,200	1,188,145	1,292,687	1,372,574	1,284,722	1,585,051
Library.....	4,004,455	4,092,547	4,509,513	4,251,592	4,420,548	4,477,590	4,582,627	4,206,811	4,010,995	5,330,772
Recreation.....	2,717,234	2,861,127	2,798,705	3,176,831	2,607,564	2,549,221	1,992,957	981,190	1,654,409	2,105,835
Traffic and parking management.....	659,832	651,374	761,292	832,610	789,994	725,300	1,039,262	663,265	632,053	742,804
Community preservation.....	19,992	35,941	75,855	187,011	687,669	357,988	331,855	240,468	153,550	137,844
Interest.....	3,442,724	3,080,832	5,219,877	4,830,418	4,391,453	4,416,324	4,008,703	3,752,244	4,157,954	5,953,469
Total government activities expenses.....	157,862,235	164,452,304	173,689,969	185,876,863	190,070,839	201,498,117	196,804,470	202,051,038	191,073,929	211,061,602
Business-type activities:										
Sewer.....	7,010,402	7,183,205	7,065,470	7,403,979	7,452,341	7,548,483	7,725,163	7,691,315	7,916,278	7,669,340
Water.....	5,938,980	6,293,253	5,741,906	6,100,706	6,707,078	6,736,557	7,879,097	7,633,496	7,174,603	8,694,792
Municipal light.....	32,845,603	33,471,296	31,752,049	33,237,686	38,605,006	39,338,634	34,014,913	34,296,172	34,756,415	35,449,813
Total business-type activities expenses.....	45,794,985	46,947,754	44,559,425	46,742,371	52,764,425	53,623,674	49,619,173	49,620,983	49,847,296	51,813,945
Total primary government expenses.....	\$ 203,657,220	\$ 211,400,058	\$ 218,249,394	\$ 232,619,234	\$ 242,835,264	\$ 255,121,791	\$ 246,423,643	\$ 251,672,021	\$ 240,921,225	\$ 262,875,547
Program Revenues										
Governmental activities:										
Education charges for services.....	\$ 3,780,607	\$ 4,133,754	\$ 4,588,795	\$ 4,868,667	\$ 4,968,173	\$ 5,242,307	\$ 4,102,835	\$ 1,894,437	\$ 3,879,929	\$ 3,639,467
Public safety charges for services.....	3,991,467	4,095,632	4,272,574	3,852,917	6,577,435	5,600,029	4,395,145	5,618,531	4,844,361	6,066,895
Other charges for services.....	3,793,602	3,739,997	4,044,264	4,804,745	4,061,182	4,249,760	3,337,844	3,160,222	3,740,089	4,161,944
Education operating grants and contributions.....	25,190,552	21,027,295	26,120,256	30,971,700	32,205,325	33,102,976	38,117,534	45,911,233	32,119,179	33,301,387
Other operating grants and contributions.....	1,083,745	752,440	1,358,563	872,209	1,063,246	1,493,174	3,346,835	2,302,433	5,844,112	2,902,555
Education capital grant and contributions.....	-	-	1,174,029	3,020,319	-	-	-	-	592,026	2,153,068
Other capital grant and contributions.....	990,827	1,950,446	2,446,151	1,028,260	580,951	1,169,737	1,968,482	748,470	1,484,735	2,638,059
Total government activities program revenues.....	38,830,800	35,699,464	44,004,632	49,418,817	49,456,312	50,857,983	55,268,675	59,635,326	52,504,431	54,863,375
Business-type activities:										
Municipal light charges for services.....	33,747,559	34,209,512	34,885,519	34,592,292	35,313,607	37,268,992	35,661,467	37,299,444	37,663,105	39,783,403
Sewer and water charges for services.....	13,899,712	14,350,065	14,683,479	15,837,178	15,119,727	15,088,805	14,859,420	16,204,322	15,138,294	19,727,494
Operating grants and contributions.....	-	-	-	-	-	-	-	-	-	71,520
Municipal light capital grant and contributions.....	602,671	1,151,012	1,636,744	663,708	880,585	771,777	541,559	454,547	1,640,052	1,124,151
Sewer and water capital grant and contributions.....	-	-	228,337	-	146,826	-	-	811,739	-	-
Total business-type activities program revenues.....	48,249,942	49,710,589	51,434,079	51,093,178	51,460,745	53,129,574	51,062,446	54,770,052	54,441,451	60,706,568
Total primary government program revenues.....	\$ 87,080,742	\$ 85,410,053	\$ 95,438,711	\$ 100,511,995	\$ 100,917,057	\$ 103,987,557	\$ 106,331,121	\$ 114,405,378	\$ 106,945,882	\$ 115,569,943
Net (Expense)/Revenue										
Governmental activities.....	\$ (119,031,435)	\$ (128,752,840)	\$ (129,685,337)	\$ (136,458,046)	\$ (140,614,527)	\$ (150,640,134)	\$ (141,535,795)	\$ (142,415,712)	\$ (138,569,498)	\$ (156,198,227)
Business-type activities.....	2,454,957	2,762,835	6,874,654	4,350,807	(1,303,680)	(494,100)	1,443,273	5,149,069	4,594,155	8,892,623
Total primary government net expense.....	\$ (116,576,478)	\$ (125,990,005)	\$ (122,810,683)	\$ (132,107,239)	\$ (141,918,207)	\$ (151,134,234)	\$ (140,092,522)	\$ (137,266,643)	\$ (133,975,343)	\$ (147,305,604)
General Revenues and other Changes in Net Position										
Governmental activities:										
Real estate and personal property taxes, net of tax refunds payable and tax liens.....	\$ 112,155,012	\$ 120,017,005	\$ 127,800,794	\$ 131,146,331	\$ 135,997,161	\$ 140,554,509	\$ 144,857,998	\$ 149,157,707	\$ 155,928,386	\$ 167,102,451
Community preservation surcharge.....	1,019,365	1,084,562	1,153,629	1,201,441	1,247,964	1,301,988	1,341,104	1,383,742	1,416,834	1,568,581
Motor vehicle and other excise taxes.....	4,824,229	5,065,773	5,464,687	5,265,624	5,847,263	5,919,710	5,650,461	5,622,515	5,716,542	5,670,815
Meals tax.....	547,618	583,551	620,369	637,046	658,814	684,631	611,589	470,833	653,495	799,721
Nonrestricted grants, contributions, and other.....	1,919,920	1,793,829	1,794,382	2,102,798	1,735,859	2,057,273	1,914,868	2,457,810	2,199,463	2,596,703
Unrestricted investment income (loss).....	297,426	262,241	627,934	582,309	1,041,214	2,229,856	2,357,181	915,098	(86,198)	6,389,810
Transfers.....	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Total governmental activities.....	121,763,570	129,806,961	138,461,795	141,935,549	147,528,275	153,747,967	157,733,201	161,007,705	166,828,522	185,128,081
Business-type activities:										
Transfers.....	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)
Total primary government.....	\$ 120,763,570	\$ 128,806,961	\$ 137,461,795	\$ 140,935,549	\$ 146,528,275	\$ 152,747,967	\$ 156,733,201	\$ 160,007,705	\$ 165,828,522	\$ 184,128,081
Changes in Net Position										
Governmental activities.....	\$ 2,732,135	\$ 1,054,121	\$ 8,776,458	\$ 5,477,503	\$ 6,913,748	\$ 3,107,833	\$ 16,197,406	\$ 18,591,993	\$ 28,259,024	\$ 28,929,854
Business-type activities.....	1,454,957	1,762,835	5,874,654	3,350,807	(2,303,680)	(1,494,100)	443,273	4,149,069	3,594,155	7,892,623
Total primary government.....	\$ 4,187,092	\$ 2,816,956	\$ 14,651,112	\$ 8,828,310	\$ 4,610,068	\$ 1,613,733	\$ 16,640,679	\$ 22,741,062	\$ 31,853,179	\$ 36,822,477

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

**Fund Balances, Governmental Funds
Last Ten Years**

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Fund										
Committed.....	\$ 1,936,883	\$ 4,240,335	\$ 2,990,300	\$ 3,950,943	\$ 5,080,885	\$ 1,880,827	\$ 1,743,287	\$ 2,005,167	\$ 4,433,910	\$ 4,779,923
Assigned.....	5,169,365	3,726,971	3,834,068	5,949,459	3,478,397	5,021,045	6,332,723	5,573,169	4,011,368	5,644,649
Unassigned.....	<u>15,230,000</u>	<u>14,521,699</u>	<u>18,092,104</u>	<u>18,566,100</u>	<u>20,788,871</u>	<u>24,245,720</u>	<u>26,918,753</u>	<u>34,191,300</u>	<u>39,870,878</u>	<u>37,500,832</u>
Total general fund.....	<u>\$ 22,336,248</u>	<u>\$ 22,489,005</u>	<u>\$ 24,916,472</u>	<u>\$ 28,466,502</u>	<u>\$ 29,348,153</u>	<u>\$ 31,147,592</u>	<u>\$ 34,994,763</u>	<u>\$ 41,769,636</u>	<u>\$ 48,316,156</u>	<u>\$ 47,925,404</u>
All Other Governmental Funds										
Nonspendable.....	\$ 357,953	\$ 357,953	\$ 357,953	\$ 357,953	\$ 357,952	\$ 474,055	\$ 437,266	\$ 387,519	\$ 386,023	\$ 386,022
Restricted.....	18,248,261	34,628,603	29,736,594	20,707,687	26,564,000	28,739,533	24,372,120	33,145,424	111,395,628	84,284,050
Unassigned.....	<u>(807,356)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total all other governmental funds....	<u>\$ 17,798,858</u>	<u>\$ 34,986,556</u>	<u>\$ 30,094,547</u>	<u>\$ 21,065,640</u>	<u>\$ 26,921,952</u>	<u>\$ 29,213,588</u>	<u>\$ 24,809,386</u>	<u>\$ 33,532,943</u>	<u>\$ 111,781,651</u>	<u>\$ 84,670,072</u>

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

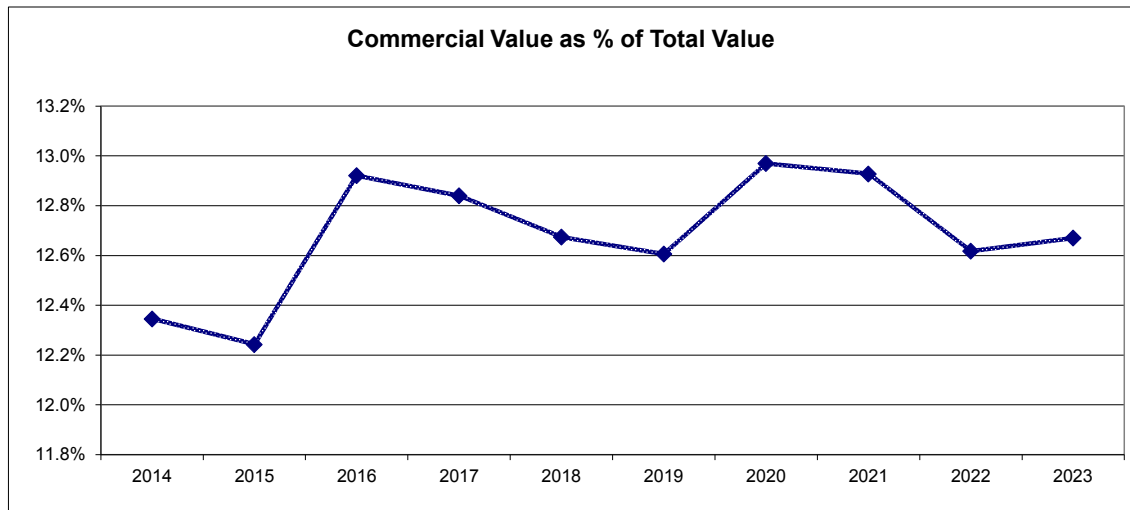
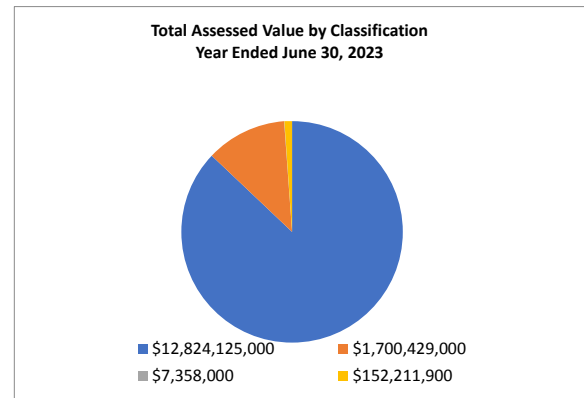
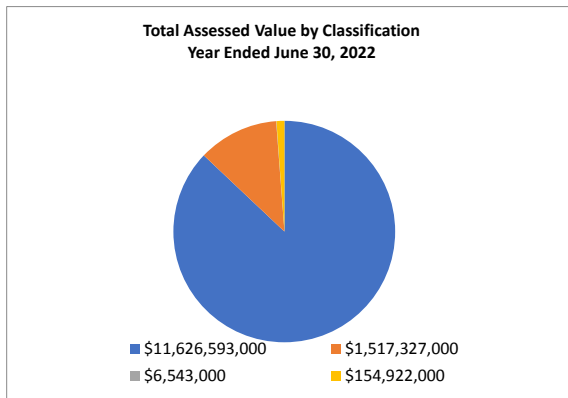
**Changes in Fund Balances, Governmental Funds
Last Ten Years**

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenues:										
Real estate and personal property taxes, net of tax refunds.....	\$ 112,573,209	\$ 119,526,163	\$ 127,955,497	\$ 131,692,216	\$ 135,032,080	\$ 140,561,739	\$ 144,447,614	\$ 149,493,703	\$ 155,843,154	\$ 167,216,652
Motor vehicle and other excise taxes.....	5,382,154	4,956,214	5,616,703	5,544,062	5,843,270	5,901,008	5,534,128	5,582,870	5,738,573	5,712,236
Meals tax.....	547,618	583,551	620,369	637,046	658,814	684,631	611,589	470,833	653,495	799,721
Community preservation surcharge.....	1,019,365	1,084,562	1,153,629	1,201,441	1,247,964	1,301,988	1,341,104	1,383,742	1,416,834	1,568,581
Charges for service.....	1,118,806	1,215,693	1,291,915	1,482,112	1,503,011	1,549,919	1,102,284	204,022	778,871	1,541,079
Intergovernmental.....	26,896,444	24,027,252	29,706,452	36,376,415	34,095,554	35,948,591	41,425,334	49,800,383	38,793,414	41,948,652
Departmental and other.....	12,658,370	12,833,870	16,715,684	14,967,860	17,205,908	18,088,147	15,400,684	13,822,023	15,011,328	21,417,144
Total Revenue.....	160,195,966	164,227,305	183,060,249	191,901,152	195,586,601	204,036,023	209,862,737	220,757,576	218,235,669	240,204,065
Expenditures:										
General government.....	11,542,295	11,684,930	12,860,407	4,540,347	4,610,308	5,263,101	5,164,269	7,025,102	7,124,001	8,214,812
Facilities maintenance.....	-	-	-	8,539,854	8,692,135	9,858,158	9,226,047	9,064,289	8,396,523	9,098,438
Natural resources.....	-	-	-	440,230	510,259	465,353	415,933	495,394	476,376	573,390
Public safety.....	11,565,484	11,805,762	12,339,995	12,296,502	13,592,778	13,889,443	13,892,751	14,668,588	14,911,699	16,534,308
Public education.....	69,318,778	77,020,768	77,139,421	79,160,007	84,322,361	86,595,124	87,167,344	90,011,076	91,517,951	94,502,716
Public works.....	8,503,550	9,215,863	8,640,708	7,909,141	8,301,071	8,290,037	8,355,908	8,821,106	9,540,649	10,540,210
Health.....	1,116,404	1,182,446	1,127,921	707,180	754,201	828,863	997,006	1,162,678	1,198,288	1,230,472
Recreation.....	1,572,670	1,584,791	1,488,351	2,246,211	1,847,868	1,975,394	1,740,630	929,511	1,548,888	1,727,652
Library.....	2,452,277	2,486,348	2,663,336	2,734,755	2,921,632	2,624,097	2,911,780	3,035,952	3,031,601	3,188,700
Pension benefits - Teachers Retirement.....	11,910,914	7,856,302	11,839,507	16,440,703	17,404,000	17,746,000	22,691,000	26,216,317	13,886,186	15,362,218
Pension benefits.....	5,024,893	5,952,739	6,161,639	6,408,377	6,640,351	7,073,362	7,487,909	7,967,738	8,234,817	8,586,426
Employee benefits.....	19,112,319	20,025,444	20,170,637	20,188,388	21,869,262	21,387,830	21,980,846	22,326,853	22,208,024	24,038,041
Capital outlay.....	7,076,881	52,519,057	20,205,770	22,588,576	12,460,987	10,480,193	12,669,833	14,656,315	22,870,687	50,065,788
Community preservation.....	19,993	35,941	75,855	187,011	687,669	357,988	331,855	240,468	344,800	449,660
State and county charges.....	1,139,836	1,172,460	1,222,643	1,230,199	1,239,256	1,262,764	1,263,722	1,316,042	1,286,137	1,330,131
Other.....	659,832	651,374	761,292	832,610	789,994	725,300	1,039,262	663,265	632,053	742,804
Debt service.....										
Principal.....	8,915,000	8,825,000	11,245,000	11,380,000	11,840,000	11,643,000	11,020,000	9,970,000	10,820,000	14,685,000
Interest.....	3,665,637	3,364,814	5,502,309	5,227,790	4,883,736	5,022,317	5,235,696	4,690,924	4,713,529	7,835,630
Total Expenditures.....	163,596,763	215,384,039	193,444,791	203,057,880	203,367,868	205,488,324	213,591,791	223,261,618	222,742,209	268,706,396
Excess (Deficiency) of revenues over (under) expenditures.....	<u>(3,400,797)</u>	<u>(51,156,734)</u>	<u>(10,384,542)</u>	<u>(11,156,728)</u>	<u>(7,781,267)</u>	<u>(1,452,301)</u>	<u>(3,729,054)</u>	<u>(2,504,042)</u>	<u>(4,506,540)</u>	<u>(28,502,331)</u>
Other Financing Sources (Uses)										
Issuance of bonds.....	-	68,840,000	15,445,700	5,860,000	12,443,000	4,245,000	18,530,000	14,347,500	81,785,000	-
Issuance of refunding bonds.....	-	-	-	-	-	-	-	8,907,500	-	-
Premium from issuance of bonds.....	-	1,973,541	1,612,743	392,000	1,076,230	298,376	2,905,345	2,977,679	6,516,768	-
Premium from issuance of refunding bonds.....	-	-	-	-	-	-	-	2,207,059	-	-
Payments to refunded bond escrow agent.....	-	(4,274,541)	(11,738,443)	-	-	-	(21,000,000)	(11,000,000)	-	-
Transfers in.....	1,538,218	10,797,345	7,523,635	1,852,893	1,906,337	4,694,134	4,632,213	3,286,535	8,291,699	18,420,443
Transfers out.....	(538,218)	(8,839,156)	(4,923,635)	(1,869,135)	(906,337)	(3,694,134)	(3,632,213)	(3,286,535)	(7,291,699)	(17,420,443)
Total other financing sources (uses).....	1,000,000	68,497,189	7,920,000	6,235,758	14,519,230	5,543,376	1,435,345	17,439,738	89,301,768	1,000,000
Net change in fund balance.....	\$ (2,400,797)	\$ 17,340,455	\$ (2,464,542)	\$ (4,920,970)	\$ 6,737,963	\$ 4,091,075	\$ (2,293,709)	\$ 14,935,696	\$ 84,795,228	\$ (27,502,331)
Debt service as a percentage of noncapital expenditures.....	8.04%	7.48%	9.67%	9.20%	8.76%	8.55%	8.09%	7.03%	7.77%	10.30%

Notes: In 2015 Intergovernmental revenues and Teacher's pension benefits were lower due to the way the State calculated these amounts in that year.
In 2017 the Town ACFR renamed/revised the functional expenditure groupings. Functional groupings prior to 2017 were not revised.

Assessed Value and Actual Value of Taxable Property by Classification and Tax Rates Last Ten Years

Year	Assessed and Actual Values and Tax Rates									
	Residential Value	Residential Tax Rate	Residential % of Total Value	Commercial Value	Industrial Value	Personal Property	Total Commercial Value	Commercial Tax Rate	Commercial % of Total Value	Total Direct Rate
2014	\$8,550,806,000	11.54	87.65%	\$1,087,234,000	\$7,814,000	\$109,281,300	\$1,204,329,300	11.54	12.35%	11.54
2015	\$9,116,045,000	11.56	87.76%	\$1,159,807,000	\$8,155,000	\$103,805,900	\$1,271,767,900	11.56	12.24%	11.56
2016	\$9,382,323,000	11.83	87.76%	\$1,269,582,000	\$8,380,000	\$114,193,700	\$1,392,155,700	11.83	12.92%	11.83
2017	\$9,721,777,000	11.79	87.16%	\$1,309,028,000	\$7,801,000	\$115,324,400	\$1,432,153,400	11.79	12.84%	11.79
2018	\$9,935,541,000	11.95	87.33%	\$1,318,844,000	\$7,330,000	\$115,824,600	\$1,441,998,600	11.95	12.67%	11.95
2019	\$10,654,218,000	11.57	87.39%	\$1,406,187,000	\$8,593,000	\$122,039,081	\$1,536,819,081	11.57	12.61%	11.57
2020	\$10,908,678,000	11.56	87.03%	\$1,490,134,000	\$6,543,000	\$128,979,400	\$1,625,656,400	11.56	12.97%	11.56
2021	\$11,072,021,000	11.75	87.07%	\$1,494,659,000	\$6,543,000	\$142,724,500	\$1,643,926,500	11.75	12.93%	11.75
2022	\$11,626,593,000	11.68	87.38%	\$1,517,327,000	\$6,543,000	\$154,922,000	\$1,678,792,000	11.68	12.62%	11.68
2023	\$12,824,125,000	11.45	87.33%	\$1,700,429,000	\$7,358,000	\$152,211,900	\$1,859,998,900	11.45	12.67%	11.45



Source: Assessor's Department, Town of Wellesley
All property in the Commonwealth of Massachusetts is assessed at 100% of fair cash value.

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

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

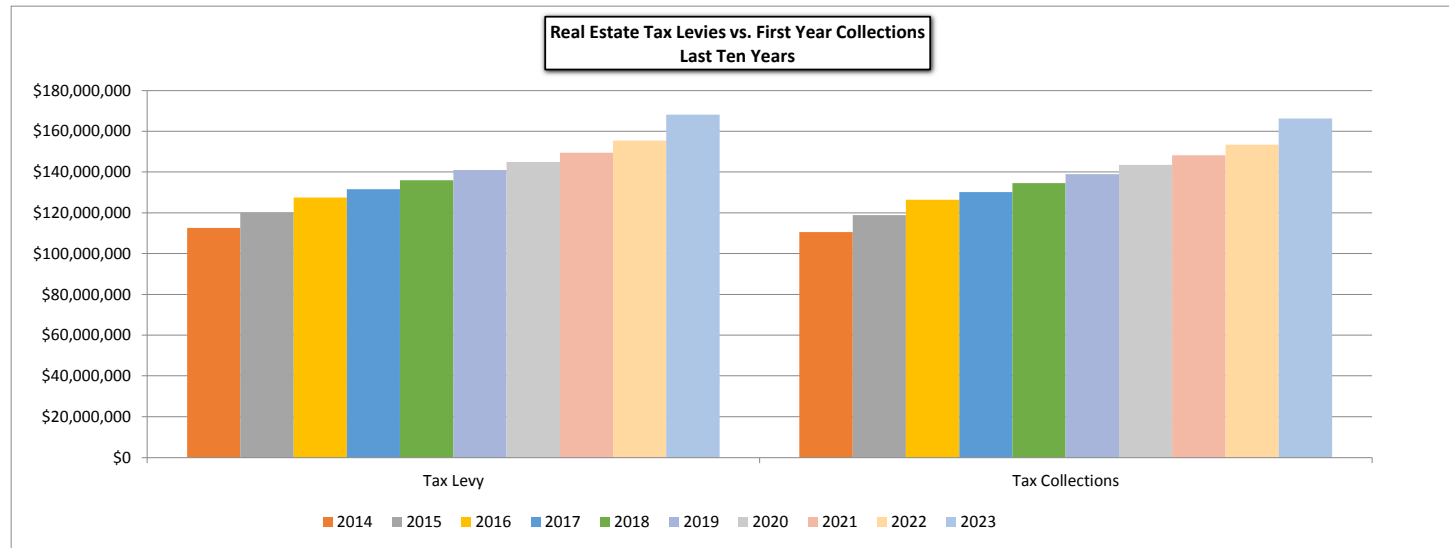
Name	Nature of Business	2023			2014		
		Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value	Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value
John Hancock	Insurance and Financial Services	\$ 342,000,000	1	2.33%	\$ 154,889,000	1	1.59%
Haynes Management	Office Buildings/Real Estate	215,131,000	2	1.47%	145,546,000	2	1.49%
FR Linden Square, Federal Realty	Retail/Real Estate	140,098,000	3	0.95%	102,784,000	3	1.05%
Wellesley Gateway (fka Harvard Pilgrim Health)	Real Estate	132,000,000	4	0.90%	63,563,000	6	0.65%
Wellesley St Ground Owner (fka Sun Life)	Insurance and Financial Services	129,000,000	5	0.88%	89,456,000	4	0.92%
Wellesley College	Higher Education	117,945,000	6	0.80%	80,332,000	5	0.82%
National Grid/Essex Gas	Utilities	68,322,000	7	0.47%	N/A	N/A	N/A
Wellesley Washington Street / Waterstone	Senior Living	63,000,000	8	0.43%	44,442,000	7	0.46%
Linear Realty	Senior Living	53,554,000	9	0.36%	N/A	N/A	N/A
PRI Glen Grove, LLC	Real Estate	46,000,000	10	0.31%	N/A	N/A	N/A
Newton Wellesley Executive Office Park	Office Buildings	N/A	N/A	N/A	30,059,000	8	0.31%
Hunnweel Family	Residential	N/A	N/A	N/A	29,893,000	9	0.31%
Grignaffini & Sons	Real Estate Development	N/A	N/A	N/A	21,670,000	10	0.22%
Totals		\$ 1,307,050,000		8.90%	\$ 762,634,000		7.82%

Source: Board of Assessors

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

**Property Tax Levies and Collections
Last Ten Years**

Year	(1) Total Tax Levy	Less Abatements & Exemptions	(1) Net Tax Levy	First Year Current Tax Collections	Percent of Net Levy Collected	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections to Net Tax Levy (2)
2014	\$112,574,261	\$417,132	\$112,157,129	\$110,515,646	98.5%	\$554,853	\$111,070,499	99.03%
2015	\$120,083,117	\$748,894	\$119,334,223	\$118,816,355	99.6%	\$289,485	\$119,105,840	99.81%
2016	\$127,462,083	\$445,139	\$127,016,944	\$126,399,234	99.5%	\$617,760	\$127,016,994	100.00%
2017	\$131,504,839	\$436,914	\$131,067,925	\$130,108,550	99.3%	\$833,634	\$130,942,184	99.90%
2018	\$135,961,598	\$431,814	\$135,529,784	\$134,533,542	99.3%	\$467,956	\$135,001,498	99.61%
2019	\$141,050,299	\$482,325	\$140,567,974	\$138,984,438	98.9%	\$900,210	\$139,884,648	99.51%
2020	\$144,896,906	\$464,738	\$144,432,168	\$143,428,814	99.3%	\$861,004	\$144,289,818	99.90%
2021	\$149,412,383	\$352,376	\$149,060,007	\$148,267,110	99.5%	\$464,519	\$148,731,629	99.78%
2022	\$155,406,896	\$643,768	\$154,763,128	\$153,432,940	99.1%	\$324,754	\$153,757,694	99.35%
2023	\$168,133,219	\$379,373	\$167,753,846	\$166,193,728	99.1%	-	\$166,193,728	99.07%



Source: Assessor's Department, Town of Wellesley

(1) Includes tax liens.

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

**Ratios of Outstanding Debt and General Bonded Debt
Last Ten Years**

Year	U. S. Census Population (1)	Personal Income	Assessed Value	Governmental Activities Debt			
				General Obligation Bonds	Per Capita	Percentage of Personal Income	Percentage of Assessed Value
2014	27,982	\$1,997,047,358	\$9,755,135,300	\$90,853,790	\$3,247	4.55%	0.93%
2015	27,982	\$2,015,991,172	\$10,387,812,900	\$148,129,507	\$5,294	7.35%	1.43%
2016	27,982	\$2,007,232,806	\$10,774,478,700	\$142,800,780	\$5,103	7.11%	1.33%
2017	27,982	\$2,058,875,872	\$11,153,930,400	\$137,232,552	\$4,904	6.67%	1.23%
2018	27,982	\$2,228,234,642	\$11,377,539,600	\$138,365,189	\$4,961	6.21%	1.22%
2019	27,982	\$2,236,181,530	\$12,191,037,081	\$130,629,055	\$4,668	5.84%	1.07%
2020	27,982	\$2,327,067,066	\$12,534,334,400	\$118,961,669	\$4,251	5.11%	0.95%
2021	27,982	\$2,400,407,888	\$12,715,947,500	\$125,350,126	\$4,480	5.22%	0.99%
2022	29,550	\$2,632,934,550	\$13,305,385,000	\$201,875,432	\$6,832	7.67%	1.52%
2023	29,550	\$2,874,092,100	\$14,684,123,900	\$185,382,299	\$6,274	6.45%	1.26%

Year	Business-Type Activities (2)			Total Primary Government			
	General Obligation Bonds	Direct Borrowings	Total Business-Type	Total Debt Outstanding	Per Capita	Percentage of Personal Income	Percentage of Assessed Value
2014	\$5,945,000	\$1,042,483	\$6,987,483	\$97,841,273	\$3,497	4.90%	1.00%
2015	\$5,470,000	\$728,628	\$6,198,628	\$154,328,135	\$5,515	7.66%	1.49%
2016	\$5,307,672	\$690,033	\$5,997,705	\$148,798,485	\$5,318	7.41%	1.38%
2017	\$4,776,696	\$505,091	\$5,281,787	\$142,514,339	\$5,093	6.92%	1.28%
2018	\$5,250,722	\$560,289	\$5,811,011	\$144,176,200	\$5,169	6.47%	1.27%
2019	\$4,632,748	\$416,742	\$5,049,490	\$135,678,545	\$4,849	6.07%	1.11%
2020	\$4,003,915	\$273,194	\$4,277,109	\$123,238,778	\$4,404	5.30%	0.98%
2021	\$3,385,232	\$475,104	\$3,860,336	\$129,210,462	\$4,618	5.38%	1.02%
2022	\$2,775,866	\$341,191	\$3,117,057	\$204,992,489	\$6,937	7.79%	1.54%
2023	\$2,175,819	\$1,779,275	\$3,955,094	\$189,337,393	\$6,407	6.59%	1.29%

(1) 2010/2020 Census, US Census Bureau

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

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

Direct and Overlapping Governmental Activities Debt

As of June 30, 2023

<u>Town of Wellesley, Massachusetts</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes:			
Norfolk County.....	\$ 15,315,000	3.59%	\$ 549,180
Town direct debt.....	<u>185,382,299</u>		<u>185,382,299</u>
Total direct and overlapping debt.....	\$ <u>200,697,299</u>		\$ <u>185,931,479</u>

The overlapping debt percentage used to arrive at the Town's share of the total Norfolk County outstanding debt is the ratio of the Town's operating assessment for FY23 paid to the County divided by the total of all assessments paid by each municipality within the jurisdictional boundary of the County.

Source: Norfolk County Treasurer's Office

**Computation of Legal Debt Margin
Last Ten Years**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Equalized Valuation.....	<u>\$ 10,212,968,600</u>	<u>\$ 10,212,968,600</u>	<u>\$ 11,749,686,900</u>	<u>\$ 11,749,686,900</u>	<u>\$ 11,377,539,600</u>	<u>\$ 11,377,539,600</u>	<u>\$ 13,524,019,800</u>	<u>\$ 13,524,019,800</u>	<u>\$ 14,471,634,900</u>	<u>\$ 14,471,634,900</u>
Debt Limit -5% of Equalized Valuation.....	\$ 510,648,430	\$ 510,648,430	\$ 587,484,345	\$ 587,484,345	\$ 568,876,980	\$ 568,876,980	\$ 676,200,990	\$ 676,200,990	\$ 723,581,745	\$ 723,581,745
Less:										
Outstanding debt applicable to limit.....	90,853,790	138,860,700	142,232,552	137,232,552	138,365,189	126,545,700	113,055,700	115,340,700	186,305,700	185,382,299
Authorized and unissued debt.....	<u>40,499,698</u>	<u>13,269,526</u>	<u>18,282,590</u>	<u>13,856,229</u>	<u>8,125,350</u>	<u>11,938,021</u>	<u>11,962,297</u>	<u>14,005,451</u>	<u>52,687,464</u>	<u>58,087,838</u>
Legal debt margin.....	<u>\$ 379,294,942</u>	<u>\$ 358,518,204</u>	<u>\$ 426,969,203</u>	<u>\$ 436,395,564</u>	<u>\$ 422,386,441</u>	<u>\$ 430,393,259</u>	<u>\$ 551,182,993</u>	<u>\$ 546,854,839</u>	<u>\$ 484,588,581</u>	<u>\$ 480,111,608</u>
Total debt applicable to the limit as a percentage of debt limit.....	25.72%	29.79%	27.32%	25.72%	25.75%	24.34%	18.49%	19.13%	33.03%	33.65%

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

**Demographic and Economic Statistics
Last Ten Years**

Year	Population Estimates	Personal Income	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
2014	27,982	\$1,997,047,358	\$71,369	38.2	4,940	4.2%
2015	27,982	\$2,015,991,172	\$72,046	37.1	4,970	4.2%
2016	27,982	\$2,007,232,806	\$71,733	38.2	4,923	3.9%
2017	27,982	\$2,065,519,312	\$73,816	38.2	4,917	2.9%
2018	27,982	\$2,228,234,642	\$79,631	38.2	4,908	2.7%
2019	27,982	\$2,236,181,530	\$79,915	38.2	4,863	2.7%
2020	27,982	\$2,327,067,066	\$83,163	38.2	4,758	9.4% *
2021	27,982	\$2,400,407,888	\$85,784	38.2	4,362	4.1%
2022	29,550	\$2,632,934,550	\$89,101	38.2	4,280	2.8%
2023	29,550	\$2,874,092,100	\$97,262	38.2	4,158	3.0%

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

* COVID - 19

**Principal Employers (excluding the Town)
Current Year and Nine Years Ago**

Employer	Nature of Business	2023			2014		
		Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
Sun Life Financial	Insurance Company	1,209	1	9.20%	1,661	1	11.72%
Wellesley College	Higher Education	1,172	2	8.92%	1,200	2	8.46%
Babson College	Higher Education	961	3	7.31%	975	3	6.88%
Harvard Pilgrim Health Care	Insurance Company	434	4	3.30%	414	4	2.92%
Harvard Vanguard Medical Associates	Healthcare	351	5	2.67%	343	6	N/A
Mass Bay Community College	Higher Education	287	6	2.18%	350	5	2.47%
Dana Hall School	Private School	269	7	2.05%	236	8	1.66%
Whole Foods	Grocery	241	8	1.83%	N/A	N/A	N/A
Wellesley Country Club	Private Recreation Club	227	9	1.73%	222	9	1.57%
Roche Brothers	Grocery	222	10	1.69%	253	7	1.78%
Elizabeth Seton Residence	Healthcare	N/A	N/A	N/A	140	10	0.99%
		<u>5,373</u>		<u>40.88%</u>	<u>5,794</u>		<u>38.45%</u>

According to the Massachusetts Workforce Development Data, in June 2023 Wellesley had a total labor force of 13,543, of whom 13,142 were employed and 401 were unemployed.

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

N/A = No previous historical data

**Operating Indicators by Function/Program
Last Ten Years**

<u>Function/Program</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
General Government										
Facilities maintenance work orders.....	1,254	1,371	1,102	1,006	1,763	1,525	1,329	1,081	1,236	1,339
Building										
New home building permits.....	67	69	69	79	37	45	49	51	65	44
Residential Additions.....	104	119	108	100	83	97	68	113	94	86
Residential Alterations.....	352	425	419	348	332	348	300	349	332	442
Residential Demolition.....	64	65	104	89	36	45	44	49	57	47
Commercial Alterations.....	96	103	121	104	120	143	57	69	81	81
Police										
Physical arrests.....	199	206	167	169	140	189	146	146	129	94
Motor vehicle violations.....	8,596	8,460	7,681	6,723	7,041	5,717	5,046	2,280	3,178	2,652
Police personnel and officers.....	57	58	58	59	60	60	60	60	60	60
Fire										
Inspections.....	2,024	2,469	2,222	1,967	2,130	2,158	1,150	1,350	1,570	1,673
Emergency responses.....	3,924	4,140	4,233	4,221	4,311	4,226	3,878	3,534	4,015	4,207
Fire personnel and officers.....	58	57	57	58	58	57	57	57	57	57
Education										
Number of public school students.....	4,940	4,970	4,923	4,917	4,908	4,863	4,758	4,362	4,280	4,158
Health services										
Number of vaccinations.....	771	680	669	946	712	1,040	1,045	1,639	984	726
Reported Disease Investigations.....	188	197	174	283	283	194	581	1,347	4,428	1,287
Library										
Volumes in circulation.....	758,179	743,337	739,316	760,434	774,617	782,598	628,787	511,552	517,471	629,713
eBook Collection (1).....	20,334	66,894	171,292	85,824	90,966	60,153	62,856	122,673	76,244	97,737
Reference Questions Answered.....	96,876	110,256	86,184	106,089	110,760	133,368	126,684	51,996	27,237	36,026
Recreation										
Total program revenue.....	\$1,061,929	\$1,060,831	\$1,205,072	\$1,369,561	\$1,417,819	\$1,582,803	\$1,265,017	\$576,836	\$1,051,155	\$1,381,025
Programs Ran.....	530	605	610	702	1,021	774	749	569	787	880
Program Participants.....	7,592	6,920	9,551	7,267	7,241	9,624	9,280	4,339	6,312	5,804
Morses Pond Attendance.....	17,893	24,170	24,263	28,387	23,367	18,199	21,619	42,405	14,674	8,077
Traffic and parking management										
Total parking revenue.....	\$835,971	\$832,488	\$905,227	\$881,374	\$874,404	\$950,212	\$730,185	\$165,953	\$420,885	\$623,669
Meters Repaired.....	unavailable	659	302	unavailable	212	88	33	45	60	130
Sewer										
Number of accounts.....	8,130	8,093	8,181	8,129	8,173	8,059	8,188	8,207	8,252	8,269
Feet rodded/flushed.....	327,635	293,000	254,755	303,770	233,573	158,144	111,070	51,760	176,100	88,951
Water										
Number of accounts.....	12,188	8,296	8,388	8,373	8,357	8,250	8,381	13,495	8,396	8,388
Consumption in gallons (millions).....	1,036	919	942	973	915	849	897	1,002	891	1,118
Daily consumption (millions).....	2.84	2.52	2.57	3.00	2.50	2.33	2.45	2.74	2.44	3.06
Municipal Light										
Total kilowatt hour sales.....	247,815,724	245,245,456	236,712,233	240,208,941	237,285,787	250,561,304	237,580,900	242,118,183	241,048,682	240,762,544
Municipal kilowatt hour usage.....	11,617,297	11,527,241	11,283,168	11,626,264	11,712,227	11,459,336	9,875,581	9,983,606	10,178,223	10,316,110
Streetlight kilowatt hour usage (2).....	1,879,380	1,879,505	1,880,308	1,880,192	1,880,192	970,060	925,581	925,681	925,681	925,681

Source: Various Town Departments

(1) The eBook collection is lower in 2017 as a result of a vendor changing contracts to reduce the number of available titles and increase the quality of selection.

(2) The LED lighting project decreased usage beginning in 2019.

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

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Function										
General government.....	71	72	74	78	79	79	80	80	80	79
Public safety.....	121	122	122	124	124	125	125	125	125	125
School custodians.....	40	40	40	40	39	39	39	39	39	39
* Public education.....	773	804	822	843	853	868	885	887	888	880
Public works.....	88	89	89	87	87	89	89	89	89	89
Health services.....	5	5	5	5	5	5	6	7	8	9
Library.....	31	31	31	31	31	31	31	31	31	37
Recreation.....	5	5	5	5	5	5	5	5	5	5
Water/Sewer.....	29	29	29	28	28	28	28	28	27	27
Municipal light.....	33	33	32	32	32	32	32	32	32	32
Total	<u>1,196</u>	<u>1,230</u>	<u>1,249</u>	<u>1,273</u>	<u>1,283</u>	<u>1,301</u>	<u>1,320</u>	<u>1,323</u>	<u>1,324</u>	<u>1,322</u>

Source: Various Town Departments, Payroll count

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

**Capital Asset Statistics by Function/Program
Last Ten Years**

<u>Function/Program</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
General Government										
Number of buildings.....	4	4	4	5	5	5	5	5	5	5
Police										
Number of stations.....	1	1	1	1	1	1	1	1	1	1
Fire										
Number of stations.....	2	2	2	2	2	2	2	2	2	2
Education										
Number of elementary schools.....	7	7	7	7	7	7	7	7	7	7
Number of preschools.....	1	1	1	1	1	1	1	1	1	1
Number of middle schools.....	1	1	1	1	1	1	1	1	1	1
Number of high schools.....	1	1	1	1	1	1	1	1	1	1
Public Works										
Streets to maintain (miles).....	110	110	110	110	110	110	110	110	110	110
Sidewalks to maintain (miles).....	118	118	118	118	118	118	118	118	118	118
Library										
Buildings.....	3	3	3	3	3	3	3	3	3	3
Recreation										
Park and playground (acreage).....	365	365	365	365	365	365	365	365	365	365
Feet of public beach front.....	660	660	660	660	660	660	660	660	660	600
Public beaches.....	1	1	1	1	1	1	1	1	1	1
Tennis courts.....	16	16	16	16	16	16	16	16	16	16

Source: Various Town Departments

Free Cash and Stabilization Fund Balances

Last Ten Years

<u>Year</u>	<u>Free Cash</u>	<u>Stabilization Funds</u>			
		<u>General</u>	<u>Baler Fund</u>	<u>IOD Fund</u>	<u>SPED Fund</u>
2023.....	\$ 27,250,546	\$ 3,599,216	\$ 892,656	\$ 727,805	\$ 1,687,559
2022.....	27,138,344	3,568,667	872,799	684,072	1,410,044
2021.....	25,830,840	3,692,805	888,816	663,837	1,427,061
2020.....	18,319,871	3,555,097	846,430	593,257	789,808
2019.....	16,171,779	3,371,774	806,179	564,669	760,775
2018.....	14,615,285	3,289,225	741,191	502,818	106,133
2017.....	12,129,416	3,274,957	732,942	500,332	-
2016.....	11,858,182	3,271,285	732,000	387,888	-
2015.....	8,831,500	3,170,851	-	292,471	-
2014.....	10,336,925	3,134,152	-	250,220	-

Source: Town Records

Baler Fund = Reserve for the replacement of the Town's baler

IOD Fund = Injured on Duty stabilization fund

SPED Fund = Special Education stabilization fund

