



Town of Wayland Massachusetts

Audit Committee

Yutian Zhang
Klaus Shigley
Samantha Shullo (Chair)
Randi Sterrn
Michael German

AUDIT COMMITTEE
Agenda Monday, February 12, 2024
Via Zoom -5:00 P.M.

One may watch or may participate remotely with the meeting link that can be found at <https://www.wayland.ma.us/public-body-meeting-information-virtual-inperson-and-hybrid>.

Pursuant to Chapter 2 of the Acts of 2023, this meeting will be conducted via remote participation. No in person attendance by members of the public will be permitted. This meeting may be recorded which will be made available to the public on WayCAM as soon after the meeting as is practicable.

When required by law or allowed by the Chair, persons wishing to provide public comment or otherwise participate in the meeting, may do so by in person attendance, or by accessing the meeting remotely, as noted above. We request public comment be limited to two minutes per person.”

Note: Items may not be discussed in the order listed or at the times estimated. Times are approximate. The meeting may be broadcast or videotaped for later broadcast on WayCam.

5:00 pm: Call to Order; assign minute taker.

5:05 pm: Review Agenda for Public.

5:10pm Public Comment

5:15 pm: Announcements; Public Comment; Members’ Response to Public Comment.

5:20 pm: Review the Management Letter (ML) from the town with Brian Keveny.

5:30 pm: Prepare Response to the Management Letter.

6:15 pm: Review the current charge for the Audit Committee.

6:45 pm: Approve minutes of the January 22, 2024 meeting.

7:00 pm: Members’ Reports, Concerns, and Topics.

7:15 pm: Topics Not Reasonably Anticipated by the Chair 48 Hours Prior to Posting.

7:30 pm: Adjourn.

Attachments:22nd meeting minutes

Draft Management Letter

TOWN OF WAYLAND, MASSACHUSETTS

Management Letter
For the Year Ended June 30, 2023

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To the Select Board
Town of Wayland, Massachusetts

In planning and performing our audit of the financial statements of the Town of Wayland, Massachusetts as of and for the year ended June 30, 2023, 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, we considered the Town of Wayland's internal accounting control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A reasonable possibility exists when the likelihood of an event occurring is either reasonable possible or probable as defined as follows:

- *Reasonably possible*. The chance of the future event or events occurring is more than remote but less than likely.
- *Probable*. The future event or events are likely to occur.

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

During our audit, we became aware of other matters that we believe represent opportunities for strengthening internal controls and operating efficiency. The recommendations that accompany this letter summarize our comments and suggestions concerning those matters.

The Town's written responses to our comments and suggestions have not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

The purpose of this communication, which is an integral part of our audit, is to describe for management and those charged with governance, including those overseeing the financial reporting process, the scope of our testing of internal control and the results of that testing. Accordingly, this communication is not intended to be and should not be used for any other purpose.

Merrimack, New Hampshire
February XX, 2024

PRIOR YEAR RECOMMENDATIONS:

1. Re-Establish Timely Cash Reconciliations

Prior Year Comment:

In the prior year, we recommended that the Town re-establish monthly cash reconciliations to improve the reliability of interim financial reports and accelerate the year-end closing process. Monthly cash reconciliations were not performed throughout fiscal year 2022. An outside consultant completed the reconciliation of all bank accounts, cash book, and MUNIS through June 30, 2022 after year-end. However, there were unresolved reconciling items related to Student Activity Funds accounts, totaling approximately \$129,000. The School Department was reconciling these accounts to their activity ledgers but not to MUNIS.

Current Year Status:

Monthly cash reconciliations were performed throughout the fiscal year 2023. However, there are still unresolved reconciling items related to Student Activity Funds accounts, totaling approximately \$150,000 at June 30, 2023. The School Department continues to reconcile these accounts to their activity ledgers but not to MUNIS.

Further Action Needed:

The School must reconcile Student Activity Accounts to MUNIS and resolve old variances that have been around for many years.

Town's Response:

The Student Activity Accounts in MUNIS are now being reconciled to the Student Activity Bank statements on a monthly basis. The outstanding unreconciled cash variance has been reduced to less than \$1,000 as of October 31, 2023. It is expected that this variance will be resolved by the end of Fiscal 2024.

Prior Year Comment:

2. Reconcile Guaranteed Deposits Account to Detailed List

The Town receives deposits from various conservation, building, planning, and health permits. These deposits are refundable at the completion of the projects when specifications are met. At June 30, 2022, the amount of deposits in the general ledger was over \$600,000 but no detailed listing of individual deposits was provided.

Current Year Status:

Guaranteed deposits are still over \$600,000. Although Planning, Conservation, Board of Health and Building departments have been tasked to develop a plan to reconcile all receipts and disbursements related to their guaranteed deposits accounts, minor progress has been made and the analysis is incomplete.

Town's Response:

As of June 30, 2023, the total amount of Guaranteed Deposits on the Town's Balance Sheet is \$673,516. Four town departments receive and disperse Guaranteed Deposits. The four departments started a working group after last year audit. This process involves reviewing MUNIS reports and bank statements as well as discussing the deposits with the various town committees.

The Conservation Department and the Board of Health have reconciled a substantial portion of their respective deposit accounts. The Town will be hiring on a temporary worker to assist the four departments reconcile their respective accounts. The Town is committed to having all the accounts reconciled by June 30, 2024.

CURRENT YEAR RECOMMENDATIONS:

3. Prepare for Governmental Accounting Standard Board (GASB) Statement Number 101

The GASB has issued Statement No. 101 “Compensated Absences”. This Statement establishes new accounting and financial reporting requirements for compensated absences and is effective for fiscal years beginning with fiscal year 2025. The Statement requires governments to review and update their accounting practices for recording and reporting compensated absences such as vacation and sick leave. It also provides guidance on how to measure and recognize liabilities related to compensated absences in the financial statements.

We recommend that the town management undertake the following steps:

- Familiarize themselves with the requirements of GASB Statement No. 101 by reviewing the standard and any available implementation guidance.
- Perform a gap analysis to determine the differences between current accounting practices and the requirements of the new standard.
- Assess the potential impact of the new standard on the Town's financial reporting and identify any changes needed in the recording and valuation of compensated absences.
- Update or establish internal controls and procedures to accurately measure and report compensated absences in accordance with the new standard.
- Provide training to finance staff and other relevant personnel on the new requirements.
- Consider engaging a consultant or subject matter expert if additional expertise is required for the implementation process.
- Begin the process well in advance of the effective date to allow for any challenges that may arise during the transition.

Taking proactive measures to prepare for GASB Statement No. 101 will help ensure that the Town remains in compliance with generally accepted accounting principles and that its financial statements accurately reflect the obligations related to compensated absences.

Town's Response:

Town Management is aware of GASB 101 and the requirements to implement. We will ensure that accounting practices and procedures are updated for Fiscal 2025.



TOWN OF WAYLAND, MASSACHUSETTS

Annual Comprehensive Financial Report

For the Fiscal Year Ending

June 30, 2023

TOWN OF WAYLAND, MASSACHUSETTS

Annual Comprehensive Financial Report
Financial Statements
And Supplementary Information

For the Year Ended June 30, 2023

**Prepared by:
The Finance Department**

TOWN OF WAYLAND, MASSACHUSETTS

Annual Comprehensive Financial Report
For the Fiscal Year Ended June 30, 2023

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**INTRODUCTORY
SECTION**



STEPHEN CRANE
ACTING TOWN MANAGER

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TOWN OF WAYLAND

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WAYLAND, MASSACHUSETTS 01778

SELECT BOARD

ADAM G. GUTBEZAHL
CAROL B. MARTIN
THOMAS J. FAY
ANNE BRENSLEY
WILLIAM WHITNEY

Letter of Transmittal

January 29, 2024

To Members of the Select Board and Citizens of the Town of Wayland:

At the close of each fiscal year, State Law requires the Town of Wayland to publish a complete set of financial statements presented in conformance with Generally Accepted Accounting Principles, (GAAP) and in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to the requirement, we hereby issue the Annual Comprehensive Financial Report (ACFR) of the Town of Wayland, Massachusetts, for the fiscal year ending June 30, 2023 for your review.

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

Because the cost of internal controls should not outweigh their benefits, the Town of Wayland's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements for the fiscal year ending June 30, 2023, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

The Town of Wayland's financial statements have been audited by Marcum, LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town of Wayland for the fiscal year ending 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, Wayland’s financial statements for the fiscal year ending June 30, 2023, are fairly presented in conformity with GAAP.

The independent audit of the financial statements of the Town of Wayland was part of a broader, federally mandated “Single Audit” designed to meet the special needs of the 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 of federal awards. These reports are available on the Town of Wayland’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 a Management’s Discussion and Analysis (MD&A). This letter of transmittal is designed to complement that analysis and should be read in conjunction with it. The Town of Wayland’s MD&A can be found immediately following the report of the independent auditors.

Profile of the Town of Wayland

Wayland was incorporated as a town in 1780. Wayland is located in Middlesex County in the eastern part of Massachusetts, approximately 20 miles west of Boston. Located on the historic Sudbury River, Wayland is bordered by the Towns of Sudbury, Weston, Lincoln and Natick. Wayland is approximately 15.8 square miles of land area with 93.6 lane miles of roadways and has a population of approximately 14,000. Within the borders of Wayland are Route 20, Route 27 and Route 126. Wayland provides an excellent location and services to its residents and businesses.

Local legislative decisions are made by an open town meeting consisting of all registered voters in the town. Town Meetings are held in the spring of each year to approve annual budgets, capital projects and special articles. Town Meetings can also be held in the fall with the approval of the Wayland Select Board. A five-member Select Board appoints the Town Manager. Each member serves a staggered three-year term. The Wayland Town Manager serves under the direction of the Select Board. The Select Board makes policy decisions, and the Town Manager is responsible for carrying out the policies of the Selectmen. The local taxes are assessed by a five-member elected Wayland Board of Assessors.

The Town provides a range of traditional municipal services including public education in grades K-12, Police and Fire departments, Advanced Life Support ambulance and rescue services, Department of Public Works, Transfer Station, Public Library, Council on Aging and Health and Human services. The Wayland Housing Authority, a separate legal entity, provides public housing for eligible low-income families, elderly and handicapped residents.

Many of the town's open space areas, ponds and wetlands have been protected and preserved for present and future residents. Among the protected are the Great Meadows National Wildlife Refuge, Sudbury River, Lincoln Road, Sedge Meadow and Heard Field Conservation. There are approximately 2,709 acres of open space, which is 27% Wayland's total land.

The School Committee is comprised of a five-member elected board. Each member serves a staggered three-year term. The School Committee has the authority to appoint the Superintendent and establish educational goals. The town is no longer a member of the Minuteman Regional Vocational School System which provides vocational education to residents. However, residents can attend the school as out-of-district students. The town continuously maintains the school facilities with capital improvements. The Wayland High School has completed a major renovation and rebuilding. Most recently the High School Fields completed a major reconstruction and improvement.

An annual operating budget is approved by the Town Meeting at the annual spring town meeting each year. The annual budget serves as the foundation for the Town's and School Department financial planning and control. The town's General Fund budget is prepared by fund and function and managed by each respective department manager. Capital projects and special articles are also approved at Town Meeting. Transfers between appropriations need special approval by Town Meeting. The Wayland Finance Committee has the authority to transfer funding from the Reserve Fund account by majority vote.

Factors Affecting Economic Conditions

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the Town of Wayland operates.

Local Economy

Wayland is home to diverse businesses of all sizes. The Town Center was developed in 2010. The Town Center continues to grow and attract new businesses and patrons. Wayland Center and Cochituate Village offer small to medium retail and office space as well as providing a mix of fast food and full-service restaurants. The Wayland Town Center currently has a 90% occupancy rate. The new Council on Aging / Community Center is currently under construction and is expected to be completed in Fiscal Year 2025.

The Town continues to reflect a strong economic condition; per capita income is significantly higher than the state averages and the unemployment rate is low. The Town continues to be a highly desirable community given its close proximity to Boston and access to Route 95 and Route 90. The residential sales market in Wayland is very strong. The Town's proximity to Boston and major highways, its quality of life, and dedication to public education and public safety maintains the community's reputation. The new Wayland High School completed construction in 2011.

Annually the Town appropriates capital project funds to maintain and upgrade all town and school buildings.

The Town is in the process of installing an emergency connection to the MWRA Water supply. The project will be completed in Fiscal 2024. The Town will be pursuing a long-term connection with the MWRA, which may supply over 50% for the Town's water demand.

The new Department of Public Works Facility located at 66 River Road opened in June 2015. Minor construction continues to take place as the facility is close to completion. The new facility has provided enhanced services for town residents and significantly improves the work environment of town employees. The new facility is a 36,500 square foot building and which offers safer working conditions for employees and offers indoor storage for vehicles and equipment. Additionally, the facility has a state-of-the-art vehicle maintenance garage so mechanics can now work on equipment safely and with modern equipment. Wash bays to properly clean trucks have also been installed. There are expected capital improvements that are in the capital plan for this facility. The facility also houses the harvester which is used at Dudley Pond.

Long-Term Financial Planning

The Town continues to manage its financial affairs in a prudent manner as is demonstrated by its recent October 2022 Moody's Aaa bond rating. The Town issued debt in November 2022. Included in this amount was \$11M funding for the new COA/CC facility. The Town's financial actions are generally guided by long range planning for long-term liabilities such as Other Post-Employment Benefits. The Town strives to prioritize spending, refrain from use of Free Cash to balance annual budgets, and follow municipal best practices. Free Cash is appropriated for Capital Projects and Articles only. The Finance Committee recommends no use of Free Cash to balance the operating budget. The Town has established Enterprise Funds for the Water Department, Wastewater Department, and most recently the Transfer Station. Massachusetts General Laws (MGL) Chapter 53E ½ facilitates the management of specific programs and services by allowing revenues collected to be directly reinvested into those services. MGL Chapter 53E ½ governs the establishment and administration of the revolving funds without the need for appropriation at the annual town meeting. The Town authorizes six 53E ½ funds: Recreation Revolving, Recreation Fields, School Curriculum, School Professional Development, Council on Aging Revolving, and Community Gardens.

The Town currently manages \$80 million in long-term and short-term debt. As a benchmark, the Town strives to limit the total annual debt payments to an amount that is no more than 10% of the total General Fund Budget. The ratio in Fiscal 2024 is approximately 7.5%. Both the Water Enterprise Fund and Wastewater Enterprise Fund appropriate annual debt in their respective budgets. The Transfer Station has no debt.

The Town's main source of revenue is property tax which is capped by Proposition 2 ½ and can only be overridden by a majority vote at a town election. The tax rate has fluctuated between

\$17 and \$19 per \$1,000 of assessed value over the past four years. The tax rate for Fiscal 2023 is \$16.65. State aid continues to increase at a minimal rate and accounts for approximately 7% of the Town's budgeted revenue. The Town did receive an increase in state aid in FY23 and FY24. It is unclear if state aid will increase in FY25. Total Local Receipts (motor vehicle excise tax, building permits and various other fees) in Fiscal 2023 were \$5.5 million in comparison to \$4.7 million in Fiscal 2022. Surplus Overlay was not used to balance the annual Fiscal 2023 or Fiscal 2024 budgets. Surplus Overlay results when the Assessing Board releases unused reserve for abatements and exemptions.

Tax bills are generated quarterly by the Town Assessing and Town Treasurers office. The Town Treasurer collects and deposits all revenue for the town. The Commissioners of Trust Funds advise the Town Treasurer on investments related to Trust Funds. The Town Treasurer invests the Other Post Employment Benefit (OPEB) funds. In Fiscal 2016 the OPEB funds were transferred from two investment firms to the State Retirees Benefits Trust (SRBT), a State-run investment agency. Odyssey Advisors performs the annual OPEB actuarial report for the Town. At June 30, 2023 the balance in the OPEB account is \$26M. The Town Treasurer borrows all capital projects funding in each year for projects which have been approved by Town Meeting.

Financial Policies That Affected the Financial Position in the Current Year

The Wayland Finance Committee is a seven-member Committee appointed by the Wayland Select Board. The Finance Committee is responsible for preparing and presenting the annual town budget to Town Meeting. Various boards and committees review their respective budgets with the Finance Committee. Additionally, the Finance Committee presents the annual Capital Project Budget to Town Meeting.

Town meeting approves the annual budget in which each department has a defined appropriation. The level of budgetary control is established by Town Meeting. Department Managers are responsible for the spending and oversight of the department budgets. Additional appropriations may be approved at town meeting or by vote from the Finance Committee Reserve Fund. The Town Finance Department is responsible for payment of all payroll wages to employees and payments to vendors.

The Town complies with the laws of the Commonwealth of Massachusetts regarding the investment of public funds. The Town Treasurer balances cash available for investments with the cash flow needs of the Town. As of June 30, 2023 the balance of unrestricted cash and cash equivalents for all other government funds totaled \$108,535,831.

The Town manages risk with the purchase of commercial insurance. The insurance coverages include general liability, property and casualty, unemployment and workers compensation. The Town is a member of the West Suburban Health Insurance Collaborative which allows the Town to purchase employee health insurance at a group rate. Town management meets on a regular basis with other communities and West Suburban Health Insurance Collaborative.

Town Management is responsible for establishing and maintaining an internal control structure designed to protect the assets of the Town from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with GAAP. The Town Finance Director / Town Accountant is responsible for evaluating the adequacy and effectiveness of internal control structures and implementing improvements.

The Town Treasurer is responsible for transferring funds into various depository accounts at bank institutions. Short-term funds are transferred to various banks and financial institutions to obtain the highest competitive return. The Treasurer maintains adequate cash on hand to pay invoices and fund payroll on a bi-weekly basis.

Cash flow requirements are continuously evaluated to determine the amount of money that can be invested for a longer term and thus, yield a higher return on investments. Maturities on various investments vary based on cash flow projections.

Major Initiatives and Accomplishments

The Town of Wayland continued working on a number of major financial, economic and community development initiatives as well as planning for infrastructure upgrades and improvements funded through a variety of sources. In Fiscal 2016, the Town changed from housing the Town's information system, MUNIS, to a cloud-based solution provided by Tyler Technologies. Additional funding was appropriated in the Fiscal 2019 Capital Budget to install a new Revenue Module. The Town is continuing to implement the upgrade in the Treasury Department. This implementation has been completed in September 2023.

Economic Development

The Town of Wayland is currently working on a Route 20 corridor study to strengthen its future economic development. The Town hopes to leverage all properties enclosed in the study area including right of ways. We also want to study buildings that are currently built but are either underperforming or could be further leveraged to better support economic development goals. Further, there is likely an opportunity to leverage public facilities towards enabling parking and wastewater infrastructure capacity that would support small business in the immediate redevelopment area.

The process will result in the development of a suite of consensus driven zoning recommendations that may be included in the Annual 2024 Town Meeting. This will also include the creation of an Economic Development Action Plan with implementation steps and key strategies identified.

Wayland Town Center Project - Great News!

The Town of Wayland's Planning Board approved the Council on Aging / Community Center in August 2023. The Recreation Department and Council of Aging Staff are working together to coordinate the use of shared space and resources so that the facility is used to its full potential and services can be streamlined by the Town department's staff through joint planning. The Town started accepting construction bids in the fall of 2023.

Mass Central Rail Trail

The Massachusetts Central Rail Trail is now complete from Wayland Town Center through Weston. The Town of Wayland negotiated with DCR and Eversource (electricity provider) to construct the rail-trail in Wayland and Weston. Eversource constructed the gravel base and DCR funded the final paving. This long-awaited Mass Central Trail which passes through our New Town Center Development, when finally completed will be over 100 miles long through 24 communities, making it the longest single rail trail in New England. Wayland has approximately 1 mile of Rail Trail construction remaining, from Russel's to the Sudbury Town Line through the National Wildlife refuge. The Town of Wayland has identified funding for this section, by collaborating with MassDOT and DCR to place this final 1 mile section on the Transportation Improvement Program ("TIP") for Federal Construction costs at \$4,380,000.

Affordable Housing & Comprehensive Permit applications pursuant to G.L.c.40B, §§ 20-23 (the "Act")

The Massachusetts Department of Housing and Community Development has certified that Wayland is above the 10% affordable housing requirement of all units with inclusion of the approved 60 Units at Saint Anne's. This certification gives Wayland safe harbor for 40B developments to July 14, 2025. The units were produced in accordance with our approved 2022 Housing Production Plan (HPP).

Other Projects:

- Windsor Place - The subject property is located at 24 School Street and consists of approximately 37,865 square feet of land bordering a stream on the adjacent property to the west. The site is zoned single family R-20., 20,000 square feet, 20% minimum lot coverage. The Applicant proposes the construction of two buildings with a total of 7 units, of which 2 will be affordable. This application is in front of the Conservation Commission for review.
- Cascade – The property is located at 113,115,117 & 119 Boston Post Road and consists of approximately 6.49 acres. The site is zoned Single Residential Zone 40,000 – 180' of frontage. The upland areas are located towards the front and rear portions of the site while the wetlands diagonally traverse the center. The wetlands are associated with Pine Brook and traverses from east to west before gathering into the river channel. The applicant proposes a series of three-story elements in a single structure. The single structure will constitute 60 dwelling units. Of the 60 ownership units, 15 will be affordable to households under the 80%

of the area median income (AMI) and 45 will be available to households at market rates. This application is also in front of the Conservation Commission for review.

Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town for its annual comprehensive financial report (ACFR) for the fiscal year ended June 30, 2022. This was the 8th consecutive year that the Town has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the Town had to publish an easily readable and efficiently organized ACFR that satisfied both generally accepted accounting principles and applicable program requirements. A Certificate of Achievement for Excellence in Financial Reporting is valid for a period of one year only. However, we believe that our current ACFR continues to meet the Certificate of Achievement for Excellence in Financial Reporting Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

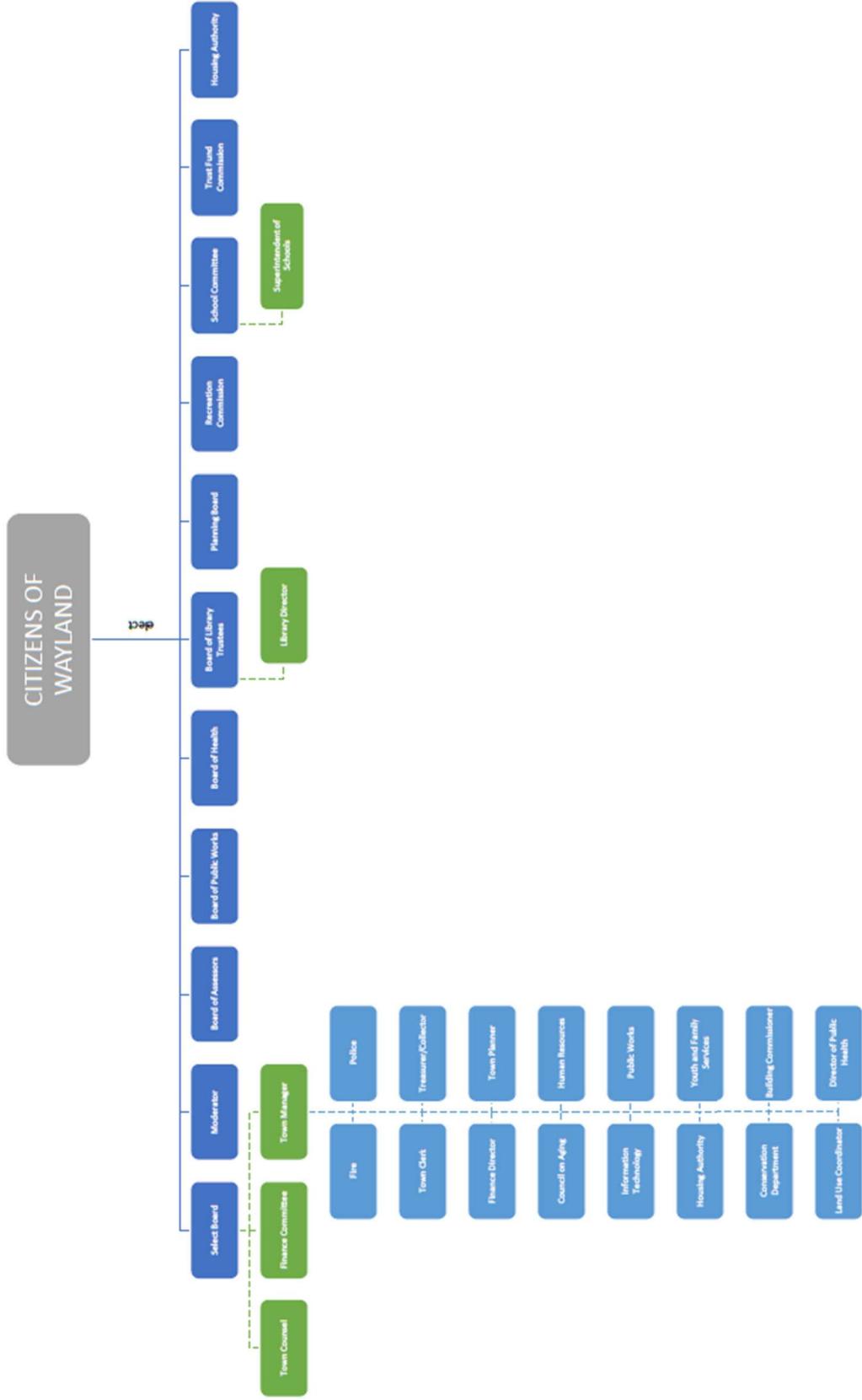
This report represents the collective efforts of Town management, Wayland Select Board, Wayland Audit Committee, Wayland Finance Committee, Wayland Town Planner and the citizens of Wayland. The publication of the Annual Comprehensive Financial Report represents an important achievement for the Town of Wayland. The report contains enhanced financial information for citizens, elected and appointed officials and investors. Special thanks also go to the public accounting firm of Marcum LLP for their guidance and support in compiling and presenting the information.

Respectfully submitted,

A handwritten signature in black ink that reads "Brian Keveny". The signature is written in a cursive style with a long horizontal flourish extending to the right.

Brian Keveny
Finance Director
Town of Wayland, Massachusetts

Organizational Chart



Principal Town Officials

Title	Name	Selection / Team	Term Expires
Selectwoman	Anne Bresley	Elected / 3 Years	2026
Selectman	Adam Garrett Gutbezahl	Elected / 3 Years	2024
Selectman	William Whitney	Elected / 3 Years	2026
Selectwoman	Carol B Martin	Elected / 3 Years	2024
Selectman	Thomas J Fay	Elected / 3 Years	2025
Town Manager	Michael McCall	Appointed / 3 Years	2026
School Committee	Ellen Grieco	Elected / 3 Years	2024
School Committee	Erin Mueller	Elected / 3 Years	2026
School Committee	Jeanne Downs	Elected / 3 Years	2024
School Committee	Christina Rodrigo	Elected / 3 Years	2026
School Committee	Erin Gibbons	Elected / 3 Years	2024
Interim School Superintendent	David Fleishman	Appointed / 1 Years	2024



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Town of Wayland
Massachusetts**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morill

Executive Director/CEO

**FINANCIAL
SECTION**



INDEPENDENT AUDITORS' REPORT

To the Select Board
Town of Wayland, 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, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Wayland, Massachusetts (the Town), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Wayland, Massachusetts, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibility for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, the budgetary comparison for the General Fund, and certain pension and OPEB schedules be presented to supplement the basic financial statements. Such information 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 evidence sufficient to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The accompanying supplementary statements and schedules 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 financial statements. The supplementary 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 information is 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 (ACFR). The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 29, 2024 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

Marcum LLP

Merrimack, NH
January 29, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Town of Wayland, Massachusetts (the Town), we offer readers this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2023.

Overview of the Financial Statements

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

Government-Wide Financial Statements

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

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

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

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

The discretely presented component unit represents the Wayland Municipal Affordable Housing Trust (the Housing Trust) which was established to provide for the creation and preservation of affordable housing in the Town. It is funded by inclusionary housing payments and community preservation funds. The Housing Trust issues a stand-alone separate financial report. The report can be requested from the Finance Director, Town of Wayland, 41 Cochituate Road, Wayland, Massachusetts 01778.

Fund Financial Statements

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

Governmental Funds

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

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

Governmental funds (as well as enterprise funds) are separated by major and nonmajor. A fund is considered major if both its assets and deferred outflows, liabilities and deferred inflows, revenues, or expenditures/expenses are at least 10 percent of the corresponding total for all funds of that category or type. In addition, major fund has assets and deferred outflows, liabilities and deferred inflows, revenues, or expenditures/expenses that are at least 5 percent of the aggregate amount for all governmental and enterprise funds combined.

Proprietary Funds

Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position, and cash flows. The proprietary fund category includes enterprise funds.

Enterprise funds are used to report activity for which a fee is charged to external users, and must be used when one of the following criteria are met: (1) activity is financed with debt that is secured solely by a pledge of the net revenues from fees and charges, (2) laws or regulations require the activity's costs of providing services be recovered with fees and charges, and (3) the pricing

policies of the activity establish fees and charges designed to recover its costs, including capital costs such as depreciation or debt service. The primary focus on these criteria is on fees charged to external users. Enterprise funds are used to report the same functions presented as the business-type activities in the government-wide financial statements, only in more detail. Specifically, enterprise funds are used to account for the water and wastewater operations, both of which are considered to be major funds, as well as the nonmajor transfer station fund.

Fiduciary Funds

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

The Town maintains two different fiduciary funds: an OPEB trust fund and custodial fund.

Notes to Financial Statements

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

Required and Other Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information in connection with pension and OPEB and the General Fund budget and actual comparison (GF BVA), which is required to be disclosed by accounting principles generally accepted in the United States of America. GF BVA is a key financial analysis performed by the Town where the budgeted figures for revenues, expenditures, and other financing sources and uses are compared against the actual results for the fiscal year. GF BVA is a vital tool for Town's management to assess its financial performance, stay on track with its financial goals and make informed decisions based on its financial performance.

Combining statements are presented in connection with nonmajor governmental funds. In addition, a detailed schedule of General Fund expenditures (budget to actual comparison) is presented immediately following the required supplementary information.

Financial Highlights

- As of the close of the current fiscal year, net position in governmental activities was \$44,554,060, an increase of \$3,587,132, and net position in business-type activities was \$16,898,663, a decrease of \$754,398.
- As of the close of the current fiscal year, governmental funds reported combined ending fund balances of \$64,712,252, an increase of \$17,386,153 in comparison to the prior year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$14,132,834 an increase of \$402,912 in comparison to the prior year.

Government-Wide Financial Analysis

The following is a summary of condensed government-wide financial data for the current and prior fiscal year (in thousands):

Summary of Net Position

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 75,041	\$ 56,573	\$ 10,003	\$ 9,928	\$ 85,044	\$ 66,501
Capital assets	<u>142,587</u>	<u>140,199</u>	<u>21,942</u>	<u>22,327</u>	<u>164,529</u>	<u>162,526</u>
Total assets	217,628	196,772	31,945	32,255	249,573	229,027
Deferred outflows of resources	<u>18,797</u>	<u>11,406</u>	<u>367</u>	<u>147</u>	<u>19,164</u>	<u>11,553</u>
Total assets and deferred outflows of resources	<u>\$ 236,425</u>	<u>\$ 208,178</u>	<u>\$ 32,312</u>	<u>\$ 32,402</u>	<u>\$ 268,737</u>	<u>\$ 240,580</u>
Long-term liabilities outstanding	\$ 179,717	\$ 147,867	\$ 15,090	\$ 13,691	\$ 194,807	\$ 161,558
Other liabilities	<u>7,506</u>	<u>7,633</u>	<u>219</u>	<u>699</u>	<u>7,725</u>	<u>8,332</u>
Total liabilities	187,223	155,500	15,309	14,390	202,532	169,890
Deferred inflows of resources	4,648	11,711	104	359	4,752	12,070
Net position:						
Net investment in capital assets	87,832	85,844	11,746	11,032	99,578	96,876
Restricted	20,546	19,373	-	-	20,546	19,373
Unrestricted	<u>(63,824)</u>	<u>(64,250)</u>	<u>5,153</u>	<u>6,621</u>	<u>(58,671)</u>	<u>(57,629)</u>
Total net position	<u>44,554</u>	<u>40,967</u>	<u>16,899</u>	<u>17,653</u>	<u>61,453</u>	<u>58,620</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 236,425</u>	<u>\$ 208,178</u>	<u>\$ 32,312</u>	<u>\$ 32,402</u>	<u>\$ 268,737</u>	<u>\$ 240,580</u>

Changes in Net Position

	Governmental		Business-Type		Total	
	<u>Activities</u>		<u>Activities</u>			
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Revenues:						
Program revenues						
Charges for services	\$ 7,641	\$ 6,995	\$ 4,727	\$ 4,436	\$ 12,368	\$ 11,431
Operating grants and contributions	22,067	20,660	-	-	22,067	20,660
Capital grants and contributions	-	-	95	142	95	142
General revenues:						
Property taxes	82,397	78,455	-	-	82,397	78,455
Excise taxes	2,881	2,641	-	-	2,881	2,641
Grants and contributions not restricted to specific programs	1,976	1,712	-	-	1,976	1,712
Investment income (loss)	1,528	(562)	72	4	1,600	(558)
Other	<u>1,764</u>	<u>2,712</u>	<u>114</u>	<u>212</u>	<u>1,878</u>	<u>2,924</u>
Total revenues	120,254	112,613	5,008	4,794	125,262	117,407
Expenses:						
General government	8,267	7,768	-	-	8,267	7,768
Public safety	10,016	8,395	-	-	10,016	8,395
Education	69,675	63,400	-	-	69,675	63,400
Public works	4,479	6,872	-	-	4,479	6,872
Health and human services	2,150	1,828	-	-	2,150	1,828
Culture and recreation	3,517	3,026	-	-	3,517	3,026
Intergovernmental	147	140	-	-	147	140
Employee benefits	16,157	15,690	-	-	16,157	15,690
Interest on long-term debt	2,184	2,377	-	-	2,184	2,377
Water	-	-	4,517	3,379	4,517	3,379
Wastewater	-	-	889	559	889	559
Transfer station	<u>-</u>	<u>-</u>	<u>431</u>	<u>350</u>	<u>431</u>	<u>350</u>
Total expenses	<u>116,592</u>	<u>109,496</u>	<u>5,837</u>	<u>4,288</u>	<u>122,429</u>	<u>113,784</u>
Change in net position before transfers	3,662	3,117	(829)	506	2,833	3,623
Transfers in (out)	<u>(75)</u>	<u>(208)</u>	<u>75</u>	<u>208</u>	<u>-</u>	<u>-</u>
Change in net position	3,587	2,909	(754)	714	2,833	3,623
Net position - beginning of year	<u>40,967</u>	<u>38,058</u>	<u>17,653</u>	<u>16,939</u>	<u>58,620</u>	<u>54,997</u>
Net position - end of year	<u>\$ 44,554</u>	<u>\$ 40,967</u>	<u>\$ 16,899</u>	<u>\$ 17,653</u>	<u>\$ 61,453</u>	<u>\$ 58,620</u>

As noted earlier, net position may serve over time as a useful indicator of the Town's financial position.

The largest portion of net position \$99,578,051 reflects our investment in capital assets (e.g., land, buildings, machinery, equipment, infrastructure, and right to use leased assets); less any related debt used to acquire those assets that is still outstanding. These capital assets are used to provide services to citizens; consequently, these assets are not available for future spending.

Although the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of net position of \$20,545,811 represents resources that are subject to external restrictions on how they may be used.

Unrestricted net position has a negative balance of \$(58,671,139) for fiscal year 2023. The deficit balance is primarily the result of the adoption of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, in fiscal year 2015 and GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, in fiscal year 2018. Here's how these statements can impact the unrestricted net position:

- *GASB Statement No. 68*: This statement requires the Town to report the difference between the total pension liability and the pension plan's fiduciary net position as a net pension liability on its statement of net position. The Town reports this for its share of Middlesex County Retirement System. Thus, the Town is reporting a liability for the past service costs which are not yet fully funded, but are expected to be fully funded in the next 17 years.
- *GASB Statement No. 75*: Similar to GASB 68, GASB 75 requires the Town to report the net OPEB liability, such as healthcare benefits for retired employees, and the related effects on the statement of net position. The net OPEB liability is the difference between the total OPEB liability and the assets set aside in an OPEB trust to pay for these benefits. According to our actuarial analysis, the Trust will be fully funded in 2050.

Governmental Activities

Governmental activities for the year resulted in an increase in net position of \$3,587,132. This change is primarily driven by the Town's practice of funding some capital assets through general revenues.

Revenues increased \$7.6 million or 7% from the prior year due primarily to a \$2.0 million increase in investment income and a \$3.9 million increase in property taxes. Property taxes remain the largest source of revenue at \$82.4 million for the current fiscal year. Investment income increased because it contains unrealized gains and losses. In fiscal year 2023, the Town had unrealized gains on investments while for the fiscal year 2022, the Town had unrealized losses on investments. The assessed valuations have increased 15% from \$4,204,426,300 in fiscal year 2022 to \$4,817,610,400 in fiscal year 2023, and the rate charged to property owners has changed from \$18.35 in fiscal year 2022 to \$16.65 in fiscal year 2023, a 9% decrease. Valuations increased due to property reevaluations performed by Assessing Staff in fiscal year 2023. Operating grants and contributions include the Massachusetts State Teachers Retirement System (MTRS) on-behalf payment that increased by \$1.4 million, a 20% increase from the prior year. MTRS provides pensions to retired teachers. Expenses increased \$7.1 million (6%) from the prior year. Education expense increased \$6.3 million from the prior year primarily due to special education costs. Public works expense decreased \$2.4 million from the prior year primarily due to a project awarded by MassWorks through a grant that incurred \$1.7 million of

expenses in fiscal year 2022. The project wrapped up with only \$0.4 million expenses in fiscal year 2023.

Business-Type Activities

Business-type activities for the year resulted in a decrease in net position of \$754,398. Revenues increased 4% from the prior year while expenses increased \$1.5 million or 36% from the prior year. Wastewater contractual noncapital services increased by \$299,235 related to the Wastewater Plant. Water expenses increased primarily due to GASB 68 which decreased pension expense by \$220,653 in fiscal year 2022, but increased pension expense by \$298,002 in fiscal year 2023.

Financial Analysis of the Town’s Funds

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

Governmental Funds

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

General Fund

The General Fund is the chief operating fund. As a measure of the General Fund’s liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total General Fund revenues. In this connection, it is worth noting that the ratio of the fund balance of the General Fund to total General Fund revenue is an important metric used by Moody’s Rating Service in assigning credit ratings. Refer to the table below.

<u>General Fund</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>Change</u>	Balance % of Total General Fund Revenue ⁽¹⁾ <u>June 30, 2023</u>
Restricted	\$ -	\$ 5,410	\$ (5,410)	0.0%
Committed	2,319,291	2,974,600	(655,309)	2.5%
Assigned	2,248,550	1,286,901	961,649	2.4%
Unassigned	<u>14,132,834</u>	<u>13,729,922</u>	<u>402,912</u>	<u>15.2%</u>
Total fund balance	<u>\$ 18,700,675</u>	<u>\$ 17,996,833</u>	<u>\$ 703,842</u>	<u>20.1%</u>

⁽¹⁾ Revenues exclude the on-behalf payment to teachers’ retirement provided by the Commonwealth.

In the assigned fund balance amount above, the capital stabilization (reserve) balance of \$1,132,941 is included at June 30, 2023, and in the unassigned fund balance amounts above, the general stabilization (reserve) balance of \$4,546,763 is included at June 30, 2023.

The total fund balance of the General Fund increased by \$703,842 during the current fiscal year, primarily due to strong local receipts revenue and unexpected increases in unspent appropriations.

The Town’s unassigned fund balance of the General Fund increased by \$402,912 during the current fiscal year. Key factors in this change are as follows:

Unassigned fund balance June 30, 2022	\$ 13,729,922
Budgetary results of operations in fiscal year 2023:	
Expenditures less than budget	2,521,391
Other changes:	
Use of free cash for fiscal year 2024 capital	(2,319,291)
Other changes	<u>200,812</u>
Unassigned fund balance June 30, 2023	<u>\$ 14,132,834</u>

Other Major Funds

Community Preservation Fund – State legislation allows property taxes and state matching funds of the Community Preservation Act (CPA) Fund to finance projects such as preservation of historical buildings, and certain applicable debt service costs. Most of the fiscal year 2023 CPA Fund expenditures relate to land acquisition on Sherman Bridge Road and debt service on Mainstone Farm. The CPA Fund balance increased due to property tax and state match exceeding expenditures by a similar amount as in the prior year, without a major open space acquisition. The nature of the fund is to accumulate resources until an opportunity for a major acquisition arises.

Town Revolving and Grant Fund – established to account for the revenues and expenditures thereof of certain departmental activities segregated in revolving funds established in accordance with MGL Chapter 44, Sections 53, 53C, 53E and E1/2 and available for expenditure without further appropriation. The fund is also used to account for ambulance and other activities as well as various donations and related expenditures. The fund balance of the Town Revolving and Grant Fund increased due in part to Mass Grants and American Rescue Plan Act (ARPA).

Capital Project Fund – established to account for resources obtained and expended for the acquisition of major capital facilities or equipment. The increase in the fund balance of the Capital Project Fund resulted primarily from the issuance of bonds in the current year.

Nonmajor Governmental Funds

The increase in fund balance in nonmajor governmental funds results primarily from an increase in investment income and in increase in intergovernmental revenue.

Proprietary Funds

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

Unrestricted net position of the Water Fund at the end of the year amounted to \$2,016,859, a decrease of \$977,645 in comparison with the prior year. This is partly attributable to actual revenues coming in under budget for the year. Additionally, the GASB 68 adjustment resulted in a significant increase to pension expense.

Unrestricted net position of the Wastewater Fund at the end of the year amounted to \$2,908,855, a decrease of \$528,737 in comparison with the prior year. This is partly attributable to earned revenues coming in under budget for the year.

Nonmajor Proprietary Funds

The increase in fund balance in the nonmajor proprietary fund, the Transfer Station Fund, resulted primarily from a transfer in from the General Fund.

General Fund Budgetary Highlights

General Fund Revenues

The Town has collected approximately 99% of property taxes, net of overlay (reserve for abatement and exemptions), local receipts, transfers from other funds and State aid budgeted revenue. Current year levy taxation revenue was \$79.2M or 99% compared to \$76.2M or 99% of budget last year. Total local receipts collections were \$5.4M or 103% compared to \$4.7M in fiscal year 2022. Most notably, investment income revenue showed a favorable variance in collecting \$887,415 over budget. State aid receipts amount to \$7.3M compared to \$6.5M last year. Total fiscal year 2023 collections totaled \$93,485,262 compared to \$89,268,042 last year. Additionally, there was a June 2023 supplemental real estate commitment issued in the amount of \$617,000 which will be collected in July 2023.

Unbudgeted revenue collections totaled \$931,254 compared to \$675,092 last fiscal year. Specifically, the collection of account closeouts revenue increased \$223,000 and prior year tax increased by \$67,564 compared to last fiscal year.

General Fund Expenditures

Town departments (general government, public safety, vocational education, public works, health and human services, and culture and recreation) expended and encumbered \$20,769,719 or 93% of budget. The School Department expended and encumbered \$47,120,086 or 99.9% of budget. The unclassified category (debt service, pension, and unclassified) expended and encumbered \$22,226,443 or 94% of budget. In total, the General Fund expended 97% of budget. The total combined turn back net of overlay amounts was \$2,707,291 compared to \$1,659,076 last fiscal year. The fiscal year 2023 rollover amount is \$986,654 compared to \$1,289,328 last year. The largest departmental turnback amounts were experienced in general government - \$477,840, and public works - \$511,095. The unclassified budget turn back was \$1,215,259. The Finance Committee transferred \$178,589 to other appropriations during the year compared to \$52,000 last year.

Capital Assets and Debt Administration

Capital Assets

Total investment in capital assets for governmental and business-type activities at year-end amounted to \$164,529,493 (net of accumulated depreciation and amortization), a change of \$2,003,306 from the prior year. This investment in capital assets includes land, conservation easements, buildings and improvements, infrastructure, machinery, vehicles, equipment and furnishings, collections, construction in progress, and right to use leased assets.

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

- Loker School Roof: \$3,348,870
- Loker School Fields: \$1,765,663
- Land on Sherman Bridge Road: \$1,500,000
- Council on Aging / Community Center: \$836,059

Additional information on capital assets can be found in the Notes to Financial Statements, Note 7.

Credit Rating

Moody's Investor Services affirmed the Town's Aaa rating, with a stable outlook on October 20, 2022, which was the most recent borrowing date.

Long-Term Debt

At the end of the current fiscal year, total bonded debt outstanding was \$79,495,000, all of which was backed by the full faith and credit of the Town. Including loans payable and unamortized bond premiums, the total bonds and loans payable at June 30, 2023 was \$87,727,706. Additional information on long-term debt can be found in the Notes to Financial Statements, Note 12.

Requests for Information

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

Finance Director
Town of Wayland
41 Cochituate Road
Wayland, Massachusetts 01778

BASIC FINANCIAL STATEMENTS

TOWN OF WAYLAND, MASSACHUSETTS

Statement of Net Position
June 30, 2023

	Primary Government			Discretely Presented Component Unit
	Governmental Activities	Business-Type Activities	Total	
Assets and Deferred Outflows of Resources				
Assets				
Current:				
Cash and short-term investments	\$ 60,966,714	\$ 7,768,261	\$ 68,734,975	\$ 1,231,692
Investments	10,672,846	-	10,672,846	101,369
Receivables, net of allowance for uncollectibles:				
Property taxes	1,540,972	-	1,540,972	-
Excises	369,196	-	369,196	-
User fees	-	568,693	568,693	-
Betterments	-	180,095	180,095	-
Assessments	9,097	-	9,097	-
Departmental	263,944	-	263,944	11,036
Due from primary government	-	-	-	140,447
Total current assets	73,822,769	8,517,049	82,339,818	1,484,544
Noncurrent:				
Property taxes receivable, net of allowance	1,217,978	-	1,217,978	-
Betterments receivable, net of allowance	-	1,485,585	1,485,585	-
Capital assets:				
Nondepreciable capital assets	42,435,844	1,029,693	43,465,537	252,444
Other capital assets, net of accumulated depreciation/amortization	100,151,134	20,912,822	121,063,956	187,338
Total noncurrent assets	143,804,956	23,428,100	167,233,056	439,782
Total Assets	217,627,725	31,945,149	249,572,874	1,924,326
Deferred Outflows of Resources				
Related to pension	7,259,430	282,496	7,541,926	-
Related to OPEB	11,537,770	84,118	11,621,888	-
Total Deferred Outflows of Resources	18,797,200	366,614	19,163,814	-
Total Assets and Deferred Outflows of Resources	\$ 236,424,925	\$ 32,311,763	\$ 268,736,688	\$ 1,924,326

(continued)

(continued)

TOWN OF WAYLAND, MASSACHUSETTS

Statement of Net Position
June 30, 2023

	Primary Government			Discretely Presented Component Unit
	Governmental Activities	Business-Type Activities	Total	
Liabilities, Deferred Inflows of Resources and Net Position				
Liabilities				
Current:				
Accounts payable	\$ 1,432,135	\$ 113,110	\$ 1,545,245	\$ -
Accrued interest	578,198	100,580	678,778	-
Accrued payroll and withholdings	980,906	5,090	985,996	-
Guaranteed deposits payable	673,355	-	673,355	-
Due to component unit	140,447	-	140,447	-
Unearned revenue	3,688,660	-	3,688,660	-
Other current liabilities	11,803	-	11,803	-
Current portion of long-term liabilities:				
Bonds and loans payable	6,156,255	1,339,064	7,495,319	-
Leases payable	185,985	126,117	312,102	-
Compensated absences liability	242,336	7,696	250,032	-
Landfill liability	10,000	-	10,000	-
Total current liabilities	14,100,080	1,691,657	15,791,737	-
Noncurrent:				
Long-term liabilities:				
Bonds and loans payable, net of current portion	69,483,388	10,748,999	80,232,387	-
Leases payable, net of current portion	391,725	265,631	657,356	-
Compensated absences liability, net of current portion	727,008	29,102	756,110	-
Landfill liability, net of current portion	200,000	-	200,000	-
Net pension liability	57,798,324	2,249,191	60,047,515	-
Net OPEB liability	44,522,546	324,599	44,847,145	-
Total noncurrent liabilities	173,122,991	13,617,522	186,740,513	-
Total Liabilities	187,223,071	15,309,179	202,532,250	-
Deferred Inflows of Resources				
Related to pension	2,214,664	86,182	2,300,846	-
Related to OPEB	2,433,130	17,739	2,450,869	-
Total Deferred Inflows of Resources	4,647,794	103,921	4,751,715	-
Net Position				
Net investment in capital assets	87,832,476	11,745,575	99,578,051	439,782
Restricted for:				
Housing trust	-	-	-	1,484,544
Community preservation	3,521,246	-	3,521,246	-
General government	5,397,636	-	5,397,636	-
Education	2,653,400	-	2,653,400	-
Recreation	1,459,660	-	1,459,660	-
Public safety	1,426,146	-	1,426,146	-
Other purposes	1,377,592	-	1,377,592	-
Permanent fund:				
Nonexpendable	1,542,457	-	1,542,457	-
Expendable	3,167,674	-	3,167,674	-
Unrestricted	(63,824,227)	5,153,088	(58,671,139)	-
Total Net Position	44,554,060	16,898,663	61,452,723	1,924,326
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 236,424,925	\$ 32,311,763	\$ 268,736,688	\$ 1,924,326

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

TOWN OF WAYLAND, MASSACHUSETTS

Statement of Activities
For the Year Ended June 30, 2023

	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expenses) Revenues</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Governmental Activities:					
General government	\$ 8,265,944	\$ 686,773	\$ 781,432	\$ -	\$ (6,797,739)
Public safety	10,016,424	2,293,195	344,378	-	(7,378,851)
Education	69,675,482	3,428,404	19,724,371	-	(46,522,707)
Public works	4,479,073	6,650	820,320	-	(3,652,103)
Health and human services	2,149,894	217,084	327,371	-	(1,605,439)
Culture and recreation	3,517,019	1,009,184	69,422	-	(2,438,413)
Intergovernmental	147,158	-	-	-	(147,158)
Employee benefits	16,157,162	-	-	-	(16,157,162)
Interest	2,183,590	-	-	-	(2,183,590)
Total Governmental Activities	<u>116,591,746</u>	<u>7,641,290</u>	<u>22,067,294</u>	<u>-</u>	<u>(86,883,162)</u>
Business-Type Activities:					
Water services	4,517,227	4,064,282	-	-	(452,945)
Wastewater services	889,462	268,552	-	95,363	(525,547)
Transfer station services	431,197	394,345	-	-	(36,852)
Total Business-Type Activities	<u>5,837,886</u>	<u>4,727,179</u>	<u>-</u>	<u>95,363</u>	<u>(1,015,344)</u>
Total primary government	<u>\$ 122,429,632</u>	<u>\$ 12,368,469</u>	<u>\$ 22,067,294</u>	<u>\$ 95,363</u>	<u>\$ (87,898,506)</u>
Component unit	<u>\$ 12,759</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 155,856</u>	<u>\$ 143,097</u>

(continued)

TOWN OF WAYLAND, MASSACHUSETTS

Statement of Activities
For the Year Ended June 30, 2023

(continued)	Governmental <u>Activities</u>	Business- Type <u>Activities</u>	<u>Total</u>	Discretely Presented Component <u>Unit</u>
Net (expenses) revenue from previous page	\$ (86,883,162)	\$ (1,015,344)	\$ (87,898,506)	\$ 143,097
General Revenues and Transfers:				
Property taxes	82,397,234	-	82,397,234	-
Excise taxes	2,881,062	-	2,881,062	-
Grants and contributions not restricted to specific programs	1,975,585	-	1,975,585	-
Investment income	1,528,262	71,862	1,600,124	5,126
Other	1,763,151	114,084	1,877,235	-
Transfers	<u>(75,000)</u>	<u>75,000</u>	<u>-</u>	<u>-</u>
Total General Revenues and Transfers	<u>90,470,294</u>	<u>260,946</u>	<u>90,731,240</u>	<u>5,126</u>
Change in Net Position	3,587,132	(754,398)	2,832,734	148,223
Net Position:				
Beginning of year	<u>40,966,928</u>	<u>17,653,061</u>	<u>58,619,989</u>	<u>1,776,103</u>
End of year	<u>\$ 44,554,060</u>	<u>\$ 16,898,663</u>	<u>\$ 61,452,723</u>	<u>\$ 1,924,326</u>

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

TOWN OF WAYLAND, MASSACHUSETTS

Governmental Funds
Balance Sheet
June 30, 2023

	<u>General</u>	<u>Community</u>	<u>Town Revolving</u>	<u>Capital</u>	<u>Nonmajor</u>	<u>Total</u>
	<u>Fund</u>	<u>Preservation</u>	<u>and Grant</u>	<u>Project</u>	<u>Governmental</u>	<u>Governmental</u>
		<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Funds</u>	<u>Funds</u>
Assets						
Cash and short-term investments	\$ 15,140,961	\$ 3,505,332	\$ 12,770,311	\$ 27,073,492	\$ 2,476,618	\$ 60,966,714
Investments	5,959,639	-	-	-	4,713,207	10,672,846
Receivables:						
Property taxes	2,740,046	18,904	-	-	-	2,758,950
Excises	369,196	-	-	-	-	369,196
Assessments	5,299	-	3,798	-	-	9,097
Departmental	2,600	-	261,344	-	-	263,944
Total Assets	\$ 24,217,741	\$ 3,524,236	\$ 13,035,453	\$ 27,073,492	\$ 7,189,825	\$ 75,040,747
Liabilities, Deferred Inflows of Resources and Fund Balances						
Liabilities						
Accounts payable	\$ 615,239	\$ 2,990	\$ 299,504	\$ 325,478	\$ 188,924	\$ 1,432,135
Accrued payroll and withholdings	959,081	-	-	-	21,825	980,906
Guaranteed deposits payable	673,355	-	-	-	-	673,355
Due to component unit	140,447	-	-	-	-	140,447
Unearned revenue	-	-	3,688,662	-	-	3,688,662
Other liabilities	11,803	-	-	-	-	11,803
Total Liabilities	2,399,925	2,990	3,988,166	325,478	210,749	6,927,308
Deferred Inflows of Resources						
Unavailable revenues	3,117,141	18,904	265,142	-	-	3,401,187
Fund Balances						
Nonspendable	-	-	-	-	1,542,457	1,542,457
Restricted	-	3,502,342	9,395,893	21,671,679	5,821,074	40,390,988
Committed	2,319,291	-	-	6,037,687	-	8,356,978
Assigned	2,248,550	-	-	-	-	2,248,550
Unassigned	14,132,834	-	(613,748)	(961,352)	(384,455)	12,173,279
Total Fund Balances	18,700,675	3,502,342	8,782,145	26,748,014	6,979,076	64,712,252
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 24,217,741	\$ 3,524,236	\$ 13,035,453	\$ 27,073,492	\$ 7,189,825	\$ 75,040,747

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

TOWN OF WAYLAND, MASSACHUSETTS

Reconciliation of Total Governmental Fund
Balances to Net Position of Governmental
Activities in the Statement of Net Position
June 30, 2023

Total governmental fund balances	\$ 64,712,252
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.	142,586,978
Revenues are reported on the accrual basis of accounting and are not deferred until collection.	3,401,187
In the Statement of Activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.	(578,198)
Long-term liabilities, and related deferred outflows/inflows of resources, are not due and payable in the current period and, therefore, are not reported in governmental funds.	
Bonds and loans payable	(68,929,488)
Unamortized debt premium	(6,710,153)
Leases payable	(577,710)
Net pension liability	(57,798,324)
Pension related deferred outflows of resources	7,259,430
Pension related deferred inflows of resources	(2,214,664)
Net OPEB liability	(44,522,546)
OPEB related deferred outflows of resources	11,537,770
OPEB related deferred inflows of resources	(2,433,130)
Compensated absences liability	(969,344)
Landfill liability	(210,000)
Net position of governmental activities	\$ 44,554,060

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

TOWN OF WAYLAND, MASSACHUSETTS

Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2023

	General Fund	Community Preservation Fund	Town Revolving and Grant Fund	Capital Project Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues						
Property taxes	\$ 80,125,580	\$ 1,058,092	\$ -	\$ -	\$ -	\$ 81,183,672
Excise taxes	2,739,329	-	-	-	-	2,739,329
Licenses and permits	981,111	-	-	-	-	981,111
Intergovernmental	15,876,828	387,171	1,637,456	754,634	5,260,369	23,916,458
Charges for services	234,596	-	2,902,468	-	3,468,832	6,605,896
Investment income	1,096,085	8,198	1,417	-	422,562	1,528,262
Fines and forfeitures	10,492	-	-	-	-	10,492
Contributions	-	-	335,263	-	28,695	363,958
Other revenues	41,933	-	919,348	-	-	961,281
Total Revenues	101,105,954	1,453,461	5,795,952	754,634	9,180,458	118,290,459
Expenditures						
Current:						
General government	5,590,787	1,702,083	801,444	-	81,429	8,175,743
Public safety	8,241,344	-	817,121	-	-	9,058,465
Education	55,792,130	-	-	-	7,431,665	63,223,795
Public works	2,390,167	-	434,626	-	-	2,824,793
Health and human services	1,675,631	144,820	333,728	-	-	2,154,179
Culture and recreation	2,543,539	-	810,483	-	-	3,354,022
Employee benefits	16,157,162	-	-	-	-	16,157,162
Intergovernmental	147,158	-	-	-	-	147,158
Debt service:						
Principal	4,399,469	165,000	-	-	-	4,564,469
Interest	1,786,354	210,481	-	-	-	1,996,835
Capital outlay	-	-	-	8,723,954	-	8,723,954
Total Expenditures	98,723,741	2,222,384	3,197,402	8,723,954	7,513,094	120,380,575
Excess (deficiency) of revenues over (under) expenditures	2,382,213	(768,923)	2,598,550	(7,969,320)	1,667,364	(2,090,116)
Other Financing Sources (Uses)						
Issuance of bonds	-	-	-	18,456,088	-	18,456,088
Bond premium	-	-	-	1,095,181	-	1,095,181
Transfers in	1,236,389	-	173	3,219,760	-	4,456,322
Transfers out	(2,914,760)	-	(1,037,333)	(173)	(579,056)	(4,531,322)
Total Other Financing Sources (Uses)	(1,678,371)	-	(1,037,160)	22,770,856	(579,056)	19,476,269
Net change in fund balances	703,842	(768,923)	1,561,390	14,801,536	1,088,308	17,386,153
Fund Balances, at Beginning of Year	17,996,833	4,271,265	7,220,755	11,946,478	5,890,768	47,326,099
Fund Balances, at End of Year	\$ 18,700,675	\$ 3,502,342	\$ 8,782,145	\$ 26,748,014	\$ 6,979,076	\$ 64,712,252

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

TOWN OF WAYLAND, MASSACHUSETTS

Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of
Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2023

Net changes in fund balances - total governmental funds	\$ 17,386,153
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation and amortization expense:</p>	
Capital outlay purchases, net of disposals	8,602,547
Depreciation and amortization	(6,214,723)
<p>Revenues in the Statement of Activities that do not provide current financial resources are fully deferred in the Statement of Revenues, Expenditures, and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable (i.e., real estate and personal property, motor vehicle excise, etc.) differ between the two statements. This amount represents the net change in deferred inflows of resources.</p>	
	1,399,084
<p>The issuance of long-term debt (e.g., bonds and loans) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net position:</p>	
Issuance of debt	(18,456,088)
Repayments of bonds and leases	4,564,469
Bond premium received	(1,095,181)
Bond premium amortization	466,608
<p>In the Statement of Activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.</p>	
	(186,753)
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds.</p>	
Change in net pension liability	(13,016,329)
Change in pension-related deferred outflows	4,845,015
Change in pension-related deferred inflows	8,548,515
Change in net OPEB liability	(4,404,602)
Change in OPEB-related deferred outflows	2,546,087
Change in OPEB-related deferred inflows	(1,485,815)
Change in compensated absences liability	78,145
Change in landfill liability	10,000
Change in net position of governmental activities	\$ 3,587,132

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

TOWN OF WAYLAND, MASSACHUSETTS

Proprietary Funds
Statement of Net Position
June 30, 2023

	Business-Type Activities Enterprise Funds			
	Water Fund	Wastewater Fund	Nonmajor Transfer Station Fund	Total
Asset and Deferred				
Outflows of Resources				
Assets				
Current:				
Cash and short-term investments	\$ 6,125,977	\$ 1,412,907	\$ 229,377	\$ 7,768,261
User fees receivable	438,767	129,926	-	568,693
Betterments receivable	-	180,095	-	180,095
Total current assets	6,564,744	1,722,928	229,377	8,517,049
Noncurrent:				
Betterments receivable, net of allowance	-	1,485,585	-	1,485,585
Capital assets:				
Nondepreciable capital assets	1,029,693	-	-	1,029,693
Other capital assets, net of accumulated depreciation/amortization	16,918,940	3,993,882	-	20,912,822
Total noncurrent assets	17,948,633	5,479,467	-	23,428,100
Total Assets	24,513,377	7,202,395	229,377	31,945,149
Deferred Outflows of Resources				
Related to pension	253,120	29,376	-	282,496
Related to OPEB	84,118	-	-	84,118
Total Deferred Outflows of Resources	337,238	29,376	-	366,614
Total Assets and Deferred Outflows of Resources	\$ 24,850,615	\$ 7,231,771	\$ 229,377	\$ 32,311,763
Liabilities, Deferred Inflows of Resources, and Net Position				
Liabilities				
Current:				
Accounts payable	\$ 45,721	\$ 66,471	\$ 918	\$ 113,110
Accrued interest	81,122	19,458	-	100,580
Accrued payroll	3,751	254	1,085	5,090
Current portion of long-term liabilities:				
Bonds and loans payable	1,076,595	262,469	-	1,339,064
Leases payable	126,117	-	-	126,117
Compensated absences liability	7,696	-	-	7,696
Total current liabilities	1,341,002	348,652	2,003	1,691,657
Noncurrent:				
Bonds and loans payable, net of current portion	8,324,032	2,424,967	-	10,748,999
Leases payable, net of current portion	265,631	-	-	265,631
Compensated absences liability, net of current portion	29,102	-	-	29,102
Net pension liability	2,015,302	233,889	-	2,249,191
Net OPEB liability	324,599	-	-	324,599
Total noncurrent liabilities	10,958,666	2,658,856	-	13,617,522
Total Liabilities	12,299,668	3,007,508	2,003	15,309,179
Deferred Inflows of Resources				
Related to pension	77,220	8,962	-	86,182
Related to OPEB	17,739	-	-	17,739
Total Deferred Inflows of Resources	94,959	8,962	-	103,921
Net Position				
Net investment in capital assets	10,439,129	1,306,446	-	11,745,575
Unrestricted	2,016,859	2,908,855	227,374	5,153,088
Total Net Position	12,455,988	4,215,301	227,374	16,898,663
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 24,850,615	\$ 7,231,771	\$ 229,377	\$ 32,311,763

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

TOWN OF WAYLAND, MASSACHUSETTS

Proprietary Funds
Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2023

	Business-Type Activities Enterprise Funds			
	Water Fund	Wastewater Fund	Nonmajor Transfer Station Fund	Total
Operating Revenues				
Charges for services	\$ 4,064,282	\$ 268,552	\$ 394,345	\$ 4,727,179
Operating Expenses				
Personnel services	1,490,749	146,272	195,996	1,833,017
Nonpersonnel	1,874,794	488,049	235,201	2,598,044
Depreciation/amortization	<u>858,513</u>	<u>151,535</u>	<u>-</u>	<u>1,010,048</u>
Total Operating Expenses	<u>4,224,056</u>	<u>785,856</u>	<u>431,197</u>	<u>5,441,109</u>
Operating Loss	(159,774)	(517,304)	(36,852)	(713,930)
Nonoperating Revenues (Expenses)				
Investment income	47,908	23,954	-	71,862
Interest expense	(293,171)	(103,606)	-	(396,777)
Miscellaneous revenue	<u>35,294</u>	<u>78,790</u>	<u>-</u>	<u>114,084</u>
Total Nonoperating Revenues (Expenses), Net	<u>(209,969)</u>	<u>(862)</u>	<u>-</u>	<u>(210,831)</u>
Loss Before Contributions and Transfers	(369,743)	(518,166)	(36,852)	(924,761)
Capital Contributions	-	95,363	-	95,363
Transfers In	<u>-</u>	<u>-</u>	<u>75,000</u>	<u>75,000</u>
Change in Net Position	(369,743)	(422,803)	38,148	(754,398)
Net Position, at Beginning of Year	<u>12,825,731</u>	<u>4,638,104</u>	<u>189,226</u>	<u>17,653,061</u>
Net Position, at End of Year	<u>\$ 12,455,988</u>	<u>\$ 4,215,301</u>	<u>\$ 227,374</u>	<u>\$ 16,898,663</u>

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

TOWN OF WAYLAND, MASSACHUSETTS

Proprietary Funds
Statement of Cash Flows
For the Year Ended June 30, 2023

	Business-Type Activities Enterprise Funds			
	Water	Wastewater	Nonmajor Transfer	Total
	Fund	Fund	Station Fund	
Cash Flows From Operating Activities				
Receipts from customers and users	\$ 3,990,244	\$ 359,699	\$ 394,345	\$ 4,744,288
Payments of employee salaries, benefits, and related expenses	(1,192,151)	(129,755)	(195,546)	(1,517,452)
Payments to vendors	<u>(1,865,922)</u>	<u>(434,567)</u>	<u>(237,758)</u>	<u>(2,538,247)</u>
Net cash provided (used) by operating activities	932,171	(204,623)	(38,959)	688,589
Cash Flows From Capital and Related Financing Activities				
Acquisition and construction of capital assets	(625,530)	-	-	(625,530)
Betterments payments received	-	261,220	-	261,220
Issuance of bonds	1,798,912	-	-	1,798,912
Principal payments on bonds and notes	(1,435,000)	(231,200)	-	(1,666,200)
Interest expense	(292,563)	(52,981)	-	(345,544)
Transfer from other funds	<u>-</u>	<u>-</u>	<u>75,000</u>	<u>75,000</u>
Net cash provided (used) by capital and related financing activities	(554,181)	(22,961)	75,000	(502,142)
Cash Flows From Investing Activities				
Investment income	<u>47,908</u>	<u>23,954</u>	<u>-</u>	<u>71,862</u>
Net Change in Cash and Short-Term Investments	425,898	(203,630)	36,041	258,309
Cash and Short-Term Investments, Beginning of Year	<u>5,700,079</u>	<u>1,616,537</u>	<u>193,336</u>	<u>7,509,952</u>
Cash and Short-Term Investments, End of Year	<u>\$ 6,125,977</u>	<u>\$ 1,412,907</u>	<u>\$ 229,377</u>	<u>\$ 7,768,261</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating loss	\$ (159,774)	\$ (517,304)	\$ (36,852)	\$ (713,930)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:				
Depreciation/amortization	858,513	151,535	-	1,010,048
Changes in assets, liabilities, and deferred outflows/inflows:				
User fees receivable	(74,038)	91,147	-	17,109
Deferred outflows	(198,826)	(20,430)	-	(219,256)
Accounts payable	8,872	53,482	(2,557)	59,797
Accrued payroll	1,059	(92)	450	1,417
Compensated absences liability	(14,820)	-	-	(14,820)
Net pension liability	716,111	67,958	-	784,069
Net OPEB liability	19,573	-	-	19,573
Deferred inflows	<u>(224,499)</u>	<u>(30,919)</u>	<u>-</u>	<u>(255,418)</u>
Net cash provided (used) by operating activities	<u>\$ 932,171</u>	<u>\$ (204,623)</u>	<u>\$ (38,959)</u>	<u>\$ 688,589</u>

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

TOWN OF WAYLAND, MASSACHUSETTS

Fiduciary Funds
Statement of Fiduciary Net Position
June 30, 2023

	Other Post- Employment Benefits <u>Trust Fund</u>	Custodial <u>Fund</u>
Assets		
Cash and short-term investments	\$ -	\$ 398,903
Investments:		
External investment pool	<u>26,256,986</u>	<u>-</u>
Total Assets	\$ <u>26,256,986</u>	\$ <u>398,903</u>
 Liabilities and Net Position		
Other liabilities	\$ -	\$ 6,242
Net position restricted for OPEB and other purposes	<u>26,256,986</u>	<u>392,661</u>
Total Liabilities and Net Position	\$ <u>26,256,986</u>	\$ <u>398,903</u>

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

TOWN OF WAYLAND, MASSACHUSETTS

Fiduciary Funds
Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2023

	Other Post- Employment Benefits <u>Trust Fund</u>	Custodial <u>Fund</u>
Additions		
Employer contributions	\$ 3,214,251	\$ -
Investment earnings:		
Investment income	661,968	-
Net realized gains	152,105	-
Net unrealized losses	<u>722,426</u>	<u>-</u>
Total investment earnings	1,536,499	-
Less: management fees	<u>(124,798)</u>	<u>-</u>
Net investment income	1,411,701	-
Student activity fund receipts	<u>-</u>	<u>651,881</u>
Total Additions	4,625,952	651,881
Deductions		
Benefit payments	2,683,997	-
Student activity fund payments	<u>-</u>	<u>626,444</u>
Total Deductions	<u>2,683,997</u>	<u>626,444</u>
Change in Net Position	1,941,955	25,437
Restricted Net Position		
Beginning of year	<u>24,315,031</u>	<u>367,224</u>
End of year	\$ <u><u>26,256,986</u></u>	\$ <u><u>392,661</u></u>

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

TOWN OF WAYLAND, MASSACHUSETTS

Notes to Financial Statements

1. Summary of Significant Accounting Policies

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

Reporting Entity

The Town is a municipal corporation governed by an elected Select Board. As required by GAAP, these financial statements present the Town and applicable component units for which the Town is considered to be financially accountable. In fiscal year 2023, the following entity met the component unit requirements of GASB 14 (as amended) and is presented as a discretely presented component unit to emphasize that it is legally separate from the Town:

The Wayland Municipal Affordable Housing Trust (Housing Trust) provides for the creation and preservation of affordable housing in the Town for the benefit of low- and moderate-income households, established in accordance with MGL Chapter 491 of the Accts of 2004, as amended by Sections 1 through 6 of Chapter 109, i.e., Chapter 44 §55C, and authorized by the vote of the 2014 Annual Town Meeting under Article 12. The Housing Trust is governed by a Board of Trustees consisting of seven members appointed by the Select Board. The Town can impose its will on the Housing Trust. The Housing Trust issues a stand-alone separate financial report. The report can be requested from the Finance Director, Town of Wayland, 41 Cochituate Road, Wayland, Massachusetts 01778.

Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

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

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include (1) charges to customers or applicants who purchase, use, or directly benefit from goods,

services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Fund Financial Statements

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-Wide Financial Statements

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

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

Fund Financial Statements

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Revenue items are considered to be measurable and available only when cash is received. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, certain expenditures such as debt service, claims and judgments, compensated absences, OPEB, and pension are recorded only when payment is due.

The Town reports the following major governmental funds:

- The *General Fund* is the Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

- The *Community Preservation Fund* was created as a result of the Community Preservation Act adopted by the Town on April 24, 2001 by a state-wide act enabling legislation to allow cities and towns to choose to create a new funding source that can be used to address the following core community concerns:
 - Acquisition and preservation of open space
 - Creation and support of affordable housing
 - Acquisition and preservation of historic buildings and landscapes
 - Recreation

The revenue and other resources for this fund include a 3% surcharge on property taxes, matching state grants, and eligible bond issuance.

- The *Town Revolving and Grant Fund* was created to account for the revenues and expenditures thereof of certain departmental activities segregated into revolving funds established in accordance with MGL Chapter 44, Sections 53, 53C, 53E, and E1/2 and available for expenditure without further appropriation. It is also used to account for ambulance and other activities, as well as various donations and related expenditures.
- The *Capital Project Fund* was created to account for the energy updates, highway costs in accordance with MGL Chapter 90, road construction, building repairs, purchases of heavy vehicles, renovations of Wayland Public Schools, furniture purchases, and various other capital costs or equipment.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation/amortization on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The Town reports the following major proprietary funds:

- The *Water Fund* is used to report the Town's water enterprise fund operations.
- The *Wastewater Fund* is used to report the Town's wastewater enterprise fund operations.

The Town reports the following fiduciary funds:

- The *Other Post-Employment Benefits (OPEB) Trust Fund* (the OPEB Trust) was established under Chapter 372 of the laws of the Commonwealth of Massachusetts. The OPEB Trust is credited with all amounts appropriated or otherwise made available by the Town, including any earnings or interest accruing from the investment of these funds, to offset the anticipated cost of health insurance contributions or other benefits for retired employees, their spouses and eligible dependents, and the surviving spouses and eligible dependents of deceased retirees. Amounts in the OPEB Trust are expended only for the payment of the costs payable by the Town for other postemployment benefits. Contributions and benefit payments are grossed up in accordance with GASB 74. The Town's OPEB plan is reported in accordance with MGL Chapter 32B Section 20. The OPEB Trust issues a stand-alone separate financial report. The report can be requested from Finance Director, Town of Wayland, 41 Cochituate Road, Wayland, MA 01778.
- The *Custodial Fund* accounts for fiduciary assets held by the Town in a custodial capacity as an agent on behalf of others and includes funds collected from student organizations.

Cash and Investments

Deposits with financial institutions consist primarily of demand deposits, money market deposits, certificates of deposits, and savings accounts. A cash and investment pool is maintained that is available for use by all funds, except those required to be segregated by law. Each fund's portion of this pool is reflected on the financial statements under the caption "cash and short-term investments." The interest earnings attributable to each fund type are included under investment income. The deposits and investments of the OPEB Trust and permanent funds, as well as certain special revenue and proprietary deposits, are held separately from those of other funds.

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

The Town's short-term investments also include their share of the Massachusetts Municipal Depository Trust (MMDT) cash portfolio, an external investment pool overseen by the Treasurer of the Commonwealth of Massachusetts. MMDT is not SEC registered. In accordance with GASB 79, MMDT pool's portfolio securities are valued at amortized cost.

The Town conforms to the municipal finance laws of the Commonwealth of Massachusetts, including Massachusetts General Laws Chapter 44, Sections 54 and 55, with respect to investments of trust funds and public funds on deposit, limitations, and investments.

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

Property Tax Limitations

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

Capital Assets

Capital assets, which include property, plant, equipment, infrastructure assets, and right-to-use leased assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and the proprietary fund statements. Capital assets are defined by the Town as assets with an initial individual cost of more than \$25,000 and an estimated useful life in excess of seven years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

<u>Assets</u>	<u>Years</u>
Buildings and improvements	40
Infrastructure	40
Vehicles	7
Machinery, equipment, and furnishings	7
Right-to-use leased assets	*

*GASB requires lessees to amortize leased assets over the shorter or the lease term or the useful life of the asset.

Leases

Town as a Lessee

At the commencement of a lease, the Town initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The corresponding right-to-use asset is initially measured as the amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the right to use asset is amortized on a straight-line basis over its useful life. The following assumptions are made:

- The Town uses the interest rate charged by the lessor as the discount rate. When the interest rate charged is not provided, the Town uses its estimated incremental borrowing rate as the discount rate for leases.

- The lease term includes the noncancellable period of the lease, including renewal terms reasonably certain to be exercised. Lease payments included in the measurement of the lease liability are comprised of fixed payments and the purchase option price, if the Town is reasonably certain that it will be exercised.

The Town monitors changes in circumstances that would require a remeasurement of its existing leases and will remeasure the lease assets and liabilities if certain changes occur that are expected to significantly affect the amount of the lease liability. Right-to-use assets are reported with other capital assets and lease liabilities are reported with long-term debt on the Statement of Net Position.

Town as Lessor

Upon the implementation of GASB Statement 87, management determined that lease receivables were not material to the Town's financial statements. Management reassesses the determination if the terms and conditions of the contracts are changed, and upon entering new agreements.

Compensated Absences

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

Fund Equity

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

Fund Balance

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

- *Nonspendable* represents the perpetual care trust principal, which can never be spent.
- *Restricted* represents amounts that are used solely for the purpose in which the fund was established. In the case of special revenue funds, these funds are created by statute or otherwise have external constraints on how the funds can be expended. In the case of capital project funds, these funds are restricted for projects financed by bonds.

- *Committed* represents amounts that are reported and expended as a result of motions passed by the highest decision-making authority in the Town, the Town Meeting.
- *Assigned* represents amounts that may include encumbrances and fund balance voted to be used in the subsequent fiscal year. Departments encumber annual General Fund appropriations at the end of each fiscal year for invoices that have not been received from a vendor by year-end. The invoices are only for goods or services ordered but not received by the Town by June 30 of each fiscal year. Department managers approve outstanding encumbrances at year-end. The authoritative body for assignment of fund balance for the subsequent year's operating budget is the Town Meeting. The Town Meeting is the only authoritative body that can modify this type of assignment.
- *Unassigned* represents amounts that are available to be spent in future periods, the residual classification for the General Fund, and includes all amounts not contained in the other classifications. Unassigned amounts are available for any purpose. Temporary fund balance deficits are reported as negative amounts in the unassigned classification in other governmental funds. Positive unassigned amounts are reported only in the General Fund.

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

Net Position

Net position represents the difference between assets/deferred outflows and liabilities/deferred inflows. Net investment in capital assets, consist of capital assets, net of accumulated depreciation/amortization, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on use either through enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Permanent fund restricted net position is segregated between nonexpendable and expendable. The nonexpendable portion represents the original restricted principal contribution, and the expendable portion represents accumulated earnings which are available to be spent based on donor restrictions. The remaining net position is reported as unrestricted.

Sometimes the Town will fund outlays for a particular purpose from both restricted 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.

Use of Estimates

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

2. Stewardship, Compliance, and Accountability

Budgetary Information

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

Departments are limited to the line items as voted. Certain items may exceed the line item budget as approved if it is for an emergency and for the safety of the general public. These items are limited by Massachusetts General Laws and must be raised in the next year's tax rate.

Formal budgetary integration is employed as a management control device during the year for the General Fund. Effective budgetary control is achieved for all other funds through provisions of Massachusetts General Laws.

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

Deficit Fund Equity

As of June 30, 2023, the Town reflects deficits in various capital project funds, revolving and grant funds, and nonmajor governmental funds either caused by grant expenses occurring in advance of grant reimbursements or financing projects with bond anticipation notes. The deficits in these funds will be eliminated through future intergovernmental revenues and bond proceeds.

3. Deposits and Investments

Deposits

Custodial Credit Risk

Custodial credit risk is the risk that in the event of failure of a financial institution or counterparty, the Town's deposits may not be returned or the Town will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Massachusetts General Laws, Chapter 44, Section 55, limit the Town's deposits "in a bank or trust company or banking company to an amount not exceeding sixty percent (60%) of the capital and surplus of such bank or trust company or banking company, unless satisfactory security is given to it by such bank or trust company or banking company for such excess." The Town's policy requires the due diligence necessary to affirm the financial strength, capital adequacy, and reputation of financial institutions. Due diligence includes reviewing the institutions' financial statements. The Town minimizes the concentration of credit risk by diversifying the investment portfolio among financial institutions. The policy prohibits the investment of more than ten percent (10%) of cash in any single financial institution that is not fully collateralized.

As of June 30, 2023, \$10,326,110 of the Town's deposits of \$71,605,999 were exposed to custodial credit risk as uninsured or uncollateralized. Additionally, \$561,528 was invested in MMDT, which is not subject to this disclosure.

Investments – Primary Government

The following is a summary of the primary government's investments as of June 30, 2023:

<u>Investment Type</u>	<u>Amount</u>
Corporate bonds	\$ 683,762
Corporate equities	3,403,026
Equity mutual funds	3,216,060
Exchange traded products	639,916
Federal agency securities	471,570
Fixed income mutual funds	925,255
US treasury notes	<u>1,333,257</u>
Total investments	\$ <u><u>10,672,846</u></u>

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. For short-term investments that were purchased using surplus revenues, Massachusetts General Laws, Chapter 44, Section 55, limit the Town's investments to the top rating issued by at least one nationally recognized statistical rating organization (NRSRO). The Town's policy requires all securities to be held in the Town's name and tax identification number by a third-party custodian approved by the Treasurer and evidenced

by safekeeping receipts showing individual CUSIP numbers for each security. The Town's investments include \$366,465 insured by FDIC and \$10,306,381 held in the Town's name.

All federal agency securities have an implied Moody's credit rating of Aaa. The ratings as of year-end for other debt related investments of the primary government were as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Aaa-A3</u>	<u>Rating as of Year End</u>		
			<u>Baa1-B3</u>	<u>Caa1-C</u>	<u>Other/Unrated</u>
Debt related:					
Corporate bonds	\$ 683,762	\$ 455,357	\$ 228,405	\$ -	\$ -
Fixed income mutual funds	<u>925,255</u>	<u>342,095</u>	<u>210,285</u>	<u>10,559</u>	<u>362,316</u>
Total	<u>\$ 1,609,017</u>	<u>\$ 797,452</u>	<u>\$ 438,690</u>	<u>\$ 10,559</u>	<u>\$ 362,316</u>

Concentration of Credit Risk

The Town minimizes concentration of credit risk by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized. Other than mutual funds, the Town does not have investments in any one issuer that represent 5% or more of total investments at June 30, 2023.

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 manages interest rate risk by managing the duration of its investments.

Information about the sensitivity of the fair values of the Town's investments to market interest rate fluctuations was as follows at June 30, 2023:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Average Effective Duration (in years)</u>
Debt related:		
Corporate bonds	\$ 683,762	3.97
Federal agency securities	471,570	3.82
Fixed income mutual funds	925,255	13.25
US treasury notes	<u>1,333,257</u>	3.44
Total debt securities	<u>\$ 3,413,844</u>	

Foreign Currency Risk

Foreign currency risk is the risk that changes in foreign exchange rates will adversely affect the fair value of an investment. The Town's investment policy prohibits exposure to foreign currency.

Fair Value

The Town categorizes its fair value measurements within the fair value hierarchy established by Governmental Accounting Standards Board Statement No. 72, *Fair Value Measurement and Application* (GASB 72). The hierarchy is based on the valuation inputs used to measure the fair value of an asset or liability and give the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The hierarchy categorizes the inputs to valuation techniques used for fair value measurement into three levels as follows:

- Level 1 - Unadjusted quoted prices for identical instruments in active markets.
- Level 2 – Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs are observable.
- Level 3 – Valuations derived from valuation techniques in which significant inputs are unobservable.

In instances where inputs used to measure fair value fall into different levels in the fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Town's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

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

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

The Town had the following fair value measurements as of June 30, 2023:

<u>Description</u>	<u>Fair Value Measurements Using:</u>			
	Quoted prices in active markets for identical assets <u>(Level 1)</u>	Significant observable inputs <u>(Level 2)</u>	Significant unobservable inputs <u>(Level 3)</u>	
Debt securities:				
Corporate bonds	\$ 683,762	\$ -	\$ 683,762	\$ -
Exchange traded products	639,916	-	639,916	-
Federal agency securities	471,570	-	471,570	-
Fixed income mutual funds	925,255	-	925,255	-
US Treasury notes	1,333,257	-	1,333,257	-
Equity securities:				
Equity mutual funds	3,216,060	3,216,060	-	-
Consumer discretionary	143,237	143,237	-	-
Consumer staples	867,084	867,084	-	-
Financials	842,436	842,436	-	-
Healthcare	850,712	850,712	-	-
Industrials	288,685	288,685	-	-
Information technology	115,808	115,808	-	-
Utilities	295,064	295,064	-	-
Total	<u>\$ 10,672,846</u>	<u>\$ 6,619,086</u>	<u>\$ 4,053,760</u>	<u>\$ -</u>

Investments – OPEB Trust

OPEB Plan Funding/Investment Policy

The investment policy of the Town’s OPEB plan contemplates reaching full funded status by 2050, with expected 6.30% investment return, and a target asset allocation as disclosed in the corresponding OPEB note. The investment policy is consistent with the prudent investor rule as defined per MGL Chapter 203C. The funding policy is that the Town pays for retiree benefits on a “pay-as-you-go” basis and is expected to contribute \$550,000 in fiscal year 2024 and per year thereafter into the OPEB Trust. Once the OPEB Trust is fully funded, benefits will be paid out of the OPEB Trust.

Custodial Credit Risk

The OPEB Trust’s investments at June 30, 2023 were held in State Retirees Benefits Trust (SRBT), a state pool, and therefore, not subject to custodial credit risk disclosure.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. The external investment pool SRBT is not registered with the Securities and Exchange Commission.

Fair Value

Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy.

All of the OPEB Trust's assets of \$26,256,986, measured using net asset value as of June 30, 2023, were in the SRBT external investment pool. The OPEB Trust can redeem funds monthly, with a redemption notice period of thirty days. There were no unfunded commitments applicable to this investment.

Investments - Discretely Presented Component Unit – Housing Trust

The Housing Trust is a separate legal entity and, therefore, is not subject to the Town's investment policies. Nonetheless, the Housing Trust's trustees have determined that it is prudent to have the Town of Wayland's Treasurer manage the Housing Trust's liquid assets, where possible, in accordance with the Town's investment policy. The Housing Trust invests in nonnegotiable certificates of deposits, as disclosed under the custodial credit risk section of this note.

4. Property Taxes and Excise Taxes Receivable

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

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

Based on the Town's experience, most property taxes are collected during the year in which they are assessed. Fourteen days after the due date for the final tax bill for real estate taxes, a demand notice may be sent to the delinquent taxpayer. Fourteen days after the demand notice has been sent, the Tax Collector may proceed to file a lien against the delinquent taxpayer's property. The Town has an ultimate right to foreclose on property for unpaid taxes. Personal property taxes cannot be secured through the lien process.

A statewide property tax limitation known as “Proposition 2 ½” limits the amount of increase in the property tax levy in any fiscal year. Generally, Proposition 2 ½ limits the total levy to an amount not greater than 2 ½% of the total assessed value of all taxable property within the Town. Secondly, the tax levy cannot increase by more than 2 ½ % of the prior year’s levy limit plus the taxes on property newly added to the tax rolls. Certain provisions of Proposition 2 ½ can be overridden by a referendum. The fiscal year 2023 difference between the maximum tax levy limit and the actual tax levy (excess capacity) was \$4,118,197.

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

Property taxes receivable at June 30, 2023 consisted of the following:

<u>Receivables:</u>	<u>Amount</u>
Real estate taxes	\$ 1,468,634
Personal property taxes	53,434
Community preservation	18,904
Tax liens	1,147,460
Deferred taxes	<u>70,518</u>
Total property taxes	2,758,950
Less: current portion	<u>(1,540,972)</u>
Noncurrent	<u>\$ 1,217,978</u>

5. Betterments Receivable

Betterments receivable at June 30, 2023 reflect an estimated allowance for doubtful accounts of \$79,900.

6. Departmental Receivables

Departmental receivables were comprised of the following at June 30, 2023.

Ambulance	\$	214,970
Police detail		46,374
Fines		<u>2,600</u>
Total	\$	<u><u>263,944</u></u>

7. Capital Assets

Capital asset activity for the year ended June 30, 2023 was as follows (in thousands):

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital assets, being depreciated/amortized:				
Buildings and improvements	\$ 158,027	\$ 4,678	\$ -	\$ 162,705
Machinery, equipment, and furnishings	6,052	383	-	6,435
Right-to-use machinery, equipment, and furnishings	757	-	-	757
Vehicles	4,062	417	(99)	4,380
Infrastructure	<u>21,087</u>	<u>913</u>	<u>-</u>	<u>22,000</u>
Total capital assets, being depreciated/amortized	189,985	6,391	(99)	196,277
Less accumulated depreciation/amortization for:				
Buildings and improvements	(71,393)	(4,363)	-	(75,756)
Machinery, equipment, and furnishings	(4,244)	(551)	-	(4,795)
Right-to-use machinery, equipment, and furnishings	(189)	(189)	-	(378)
Vehicles	(3,530)	(249)	82	(3,697)
Infrastructure	<u>(10,637)</u>	<u>(863)</u>	<u>-</u>	<u>(11,500)</u>
Total accumulated depreciation/amortization	<u>(89,993)</u>	<u>(6,215)</u>	<u>82</u>	<u>(96,126)</u>
Total capital assets, being depreciated/amortized, net	99,992	176	(17)	100,151
Capital assets, not being depreciated:				
Land	21,580	1,500	-	23,080
Collections	1,747	-	-	1,747
Intangible asset for permanent conservation easement	14,400	-	-	14,400
Construction in progress	<u>2,480</u>	<u>2,858</u>	<u>(2,129)</u>	<u>3,209</u>
Total capital assets, not being depreciated	<u>40,207</u>	<u>4,358</u>	<u>(2,129)</u>	<u>42,436</u>
Governmental activities capital assets, net	<u>\$ 140,199</u>	<u>\$ 4,534</u>	<u>\$ (2,146)</u>	<u>\$ 142,587</u>

	Beginning <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	Ending <u>Balance</u>
Business-Type Activities				
Capital assets, being depreciated/amortized:				
Buildings and improvements	\$ 2,702	\$ 473	\$ -	\$ 3,175
Machinery, equipment, and furnishings	306	250	-	556
Right-to-use machinery, equipment, and furnishings	514	-	-	514
Vehicles	982	189	-	1,171
Infrastructure	<u>25,789</u>	<u>1,254</u>	<u>-</u>	<u>27,043</u>
Total capital assets, being depreciated/amortized	30,293	2,166	-	32,459
Less accumulated depreciation/amortization for:				
Buildings and improvements	(644)	(120)	-	(764)
Machinery, equipment, and furnishings	(306)	(25)	-	(331)
Right-to-use machinery, equipment, and furnishings	-	(129)	-	(129)
Vehicles	(908)	(76)	-	(984)
Infrastructure	<u>(8,678)</u>	<u>(660)</u>	<u>-</u>	<u>(9,338)</u>
Total accumulated depreciation/amortization	<u>(10,536)</u>	<u>(1,010)</u>	<u>-</u>	<u>(11,546)</u>
Total capital assets, being depreciated/amortized, net	19,757	1,156	-	20,913
Capital assets, not being depreciated:				
Construction in progress	<u>2,570</u>	<u>290</u>	<u>(1,830)</u>	<u>1,030</u>
Business-type activities capital assets, net	<u>\$ 22,327</u>	<u>\$ 1,446</u>	<u>\$ (1,830)</u>	<u>\$ 21,943</u>

Depreciation/amortization expense was charged to functions of the Town as follows:

Governmental Activities

General government	\$ 429,830
Public safety	731,817
Education	3,447,064
Public works	1,481,849
Culture and recreation	<u>124,163</u>
Total depreciation/amortization expense - governmental activities	<u>\$ 6,214,723</u>

Business-Type Activities

Water Fund	\$ 858,513
Wastewater Fund	<u>151,535</u>
Total depreciation/amortization expense - business-type activities	<u>\$ 1,010,048</u>

8. Deferred Outflows of Resources

Deferred outflows of resources represent the consumption of net assets by the Town that apply to future reporting periods. Deferred outflows of resources have a positive effect on net position, similar to assets. Deferred outflows of resources related to pension and

OPEB, in accordance with GASB Statements No. 68 and 75, are more fully discussed in the corresponding pension and OPEB notes.

9. Notes Payable

The Town had the following activity in notes payable for the year ending June 30, 2023:

<u>Purpose</u>	<u>Interest Rate</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Balance at 6/30/22</u>	<u>New Issues</u>	<u>Maturities</u>	<u>Balance at 6/30/23</u>
Governmental - Public Offering:							
Rivers Edge	0.67%	11/19/21	11/18/22	\$ 465,000	-	(465,000)	\$ -
Middle School Carpet and Locker Replacement	1.50%	11/19/21	11/18/22	564,000	-	(564,000)	-
Fire Station Rehabilitation	1.50%	11/19/21	11/18/22	485,429	-	(485,429)	-
Ambulance	1.50%	11/19/21	11/18/22	345,000	-	(345,000)	-
Dump Truck	1.50%	11/19/21	11/18/22	275,000	-	(275,000)	-
Business-Type - Public Offering:							
PFAS Water	2.08%	06/17/22	11/18/22	550,000	-	(550,000)	-
Total				<u>\$ 2,684,429</u>	<u>-</u>	<u>(2,684,429)</u>	<u>\$ -</u>

10. Unearned Revenue

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

11. Leases Payable

The Town rents computers and pressure vessels for poly-fluoroalkyl substances (PFAS) removal. These arrangements qualify as leases under GASB Statement Number 87 (i.e., convey the right to control the use of asset for a period of time in exchange for consideration with initial term greater than 12 months). Terms expire in fiscal year 2026, after taking into consideration the renewal options that are reasonably certain of being exercised. The interest rate was calculated using the estimated incremental borrowing rate of 3.5%. The annual payments outstanding as of June 30, 2023 were as follows:

	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 185,985	\$ 20,220	\$ 206,205
2025	192,494	13,710	206,204
2026	<u>199,231</u>	<u>6,973</u>	<u>206,204</u>
Total	<u>\$ 577,710</u>	<u>\$ 40,903</u>	<u>\$ 618,613</u>

	<u>Business-Type Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 126,117	\$ 13,711	\$ 139,828
2025	130,531	9,297	139,828
2026	135,100	4,729	139,829
Total	<u>\$ 391,748</u>	<u>\$ 27,737</u>	<u>\$ 419,485</u>

Leased assets included in capital assets at June 30, 2023 were as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Right-to-use machinery, vehicles, and equipment	\$ 757,405	\$ 513,600
Less: accumulated amortization	<u>378,702</u>	<u>128,400</u>
Leased assets, net	<u>\$ 378,703</u>	<u>\$ 385,200</u>

12. Long-Term Debt

General Obligation Bonds and Loans

The Town issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. The Town also has direct borrowings with state agencies. General obligation bonds and direct borrowings outstanding were as follows at June 30, 2023:

<u>Governmental Activities:</u>				Amount Outstanding as of <u>6/30/23</u>
	<u>Original Issue</u>	<u>Serial Maturities Through</u>	<u>Interest Rate(s) %</u>	
2014 Municipal Purposes	\$ 12,585,000	02/01/34	3.0 - 5.0%	\$ 6,385,000
2015 Municipal Purposes	5,917,000	02/01/35	3.0 - 3.25%	2,590,000
2016 Municipal Purposes	2,401,000	10/01/36	2.0 - 4.0%	995,000
2016 G.O. Refunding	3,339,000	07/15/27	2.0 - 5.0%	925,000
2017 Municipal Purposes	3,300,000	03/27/33	2.0 - 5.0%	1,350,000
2018 Municipal Purposes	3,505,000	02/01/33	3.0 - 5.0%	1,760,000
2020 Municipal Purposes	9,295,000	12/15/39	2.0 - 5.0%	11,720,000
2021 Municipal Purposes	21,088,500	11/01/40	2.0 - 5.0%	18,618,400
2022 Municipal Purposes	18,456,088	11/15/42	4.125- 5.0%	<u>18,456,088</u>
Total bonded debt to be paid by the General Fund				62,799,488
2017 Mainstone Farm	7,000,000	03/27/47	2.5 - 5.0%	<u>6,130,000</u>
Total bonded debt to be paid by the CPA Fund				<u>6,130,000</u>
Grand Total				<u>\$ 68,929,488</u>

<u>Business-Type Activities:</u>				Amount
	Original	Serial	Interest	Outstanding
	Issue	Maturities	Rate(s) %	as of
		Through		6/30/23
2012 Wastewater treatment facility	\$ 325,000	02/01/31	4.0 - 5.0%	\$ 160,000
2014 Wastewater	200,000	02/01/34	4.0 - 5.0%	110,000
2015 Water pumping station	1,000,000	02/01/35	3.0 - 3.25%	600,000
2016 Water mains	700,000	10/01/36	2.0 - 4.0%	455,000
2016 G.O. Refunding	1,186,000	07/15/27	2.0 - 5.0%	425,000
2017 Water pumping station, mains and Old Sudbury	2,710,000	03/27/37	2.0 - 5.0%	1,845,000
2018 Water mains	670,000	06/30/33	3.0 - 5.0%	445,000
Refunding of 2008 bonds	2,815,000	06/30/28	3.0 - 5.0%	1,410,000
2020 Municipal purposes	1,680,000	12/15/39	2.0 - 5.0%	1,265,000
2021 Municipal purposes	2,591,500	11/01/40	2.0 - 5.0%	2,051,600
2022 Municipal purposes	1,798,912	11/15/42	4.125- 5.0%	<u>1,798,912</u>
Total public offerings				10,565,512
Water - MCWT	700,000	07/15/39	2.00%	<u>595,000</u>
Total direct borrowings				<u>595,000</u>
Grand Total				<u>\$ 11,160,512</u>

Future Debt Service

The annual payments to retire all general obligation long-term debt outstanding as of June 30, 2023 were as follows:

<u>Governmental Public Offering Bonds: excluding CPA</u>			
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 5,464,888	\$ 2,886,229	\$ 8,351,117
2025	5,408,800	2,190,422	7,599,222
2026	5,271,800	1,950,081	7,221,881
2027	5,058,800	1,719,704	6,778,504
2028	4,588,800	1,501,389	6,090,189
2029-2033	21,311,400	4,780,834	26,092,234
2034-2038	11,350,000	1,662,563	13,012,563
2039-2043	<u>4,345,000</u>	<u>396,075</u>	<u>4,741,075</u>
Total	<u>\$ 62,799,488</u>	<u>\$ 17,087,297</u>	<u>\$ 79,886,785</u>

Governmental Bonds Public Offering Bonds: CPA

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 170,000	\$ 202,231	\$ 372,231
2025	180,000	193,731	373,731
2026	190,000	184,731	374,731
2027	195,000	179,031	374,031
2028	200,000	173,181	373,181
2029-2033	1,085,000	781,857	1,866,857
2034-2038	1,260,000	606,494	1,866,494
2039-2043	1,475,000	386,656	1,861,656
2044-2048	<u>1,375,000</u>	<u>119,757</u>	<u>1,494,757</u>
Total	\$ <u>6,130,000</u>	\$ <u>2,827,669</u>	\$ <u>8,957,669</u>

Business-Type Public Offering Bonds

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 1,230,112	\$ 450,037	\$ 1,680,149
2025	1,216,200	351,206	1,567,406
2026	1,233,200	296,321	1,529,521
2027	1,161,200	244,624	1,405,824
2028	1,086,200	201,139	1,287,339
2029-2033	3,153,600	524,195	3,677,795
2034-2038	1,165,000	155,350	1,320,350
2039-2040	<u>320,000</u>	<u>28,143</u>	<u>348,143</u>
Total	\$ <u>10,565,512</u>	\$ <u>2,251,015</u>	\$ <u>12,816,527</u>

Business-Type Loans - Direct Borrowing

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 35,000	\$ 11,550	\$ 46,550
2025	35,000	10,850	45,850
2026	35,000	10,150	45,150
2027	35,000	9,450	44,450
2028	35,000	8,750	43,750
2029-2033	175,000	33,250	208,250
2034-2038	175,000	15,750	190,750
2039-2040	<u>70,000</u>	<u>1,400</u>	<u>71,400</u>
Total	\$ <u>595,000</u>	\$ <u>101,150</u>	\$ <u>696,150</u>

Changes in Long-Term Liabilities

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

	Beginning Balance	Additions	Reductions	Ending Balance	Less Current Portion	Equals Long-Term Portion
Governmental Activities						
Public offering bonds	\$ 54,852	\$ 18,456	\$ (4,378)	\$ 68,930	\$ (5,635)	\$ 63,295
Notes from direct borrowings	6	-	(6)	-	-	-
Unamortized debt premiums	<u>6,082</u>	<u>1,095</u>	<u>(467)</u>	<u>6,710</u>	<u>(521)</u>	<u>6,189</u>
Subtotal	60,940	19,551	(4,851)	75,640	(6,156)	69,484
Leases payable	758	-	(180)	578	(186)	392
Net pension liability	44,782	13,016	-	57,798	-	57,798
Net OPEB liability	40,118	4,405	-	44,523	-	44,523
Other:						
Compensated absences liability	1,047	-	(78)	969	(242)	727
Landfill closure liability	<u>220</u>	<u>-</u>	<u>(10)</u>	<u>210</u>	<u>(10)</u>	<u>200</u>
Totals	\$ <u>147,865</u>	\$ <u>36,972</u>	\$ <u>(5,119)</u>	\$ <u>179,718</u>	\$ <u>(6,594)</u>	\$ <u>173,124</u>

	Beginning Balance	Additions	Reductions	Ending Balance	Less Current Portion	Equals Long-Term Portion
Business-Type Activities						
Public offering bonds	\$ 9,848	\$ 1,799	\$ (1,082)	\$ 10,565	\$ (1,230)	\$ 9,335
Notes from direct borrowings	630	-	(35)	595	(35)	560
Unamortized debt premiums	<u>877</u>	<u>112</u>	<u>(61)</u>	<u>928</u>	<u>(74)</u>	<u>854</u>
Subtotal	11,355	1,911	(1,178)	12,088	(1,339)	10,749
Leases payable	514	-	(122)	392	(126)	266
Net pension liability	1,465	784	-	2,249	-	2,249
Net OPEB liability	305	20	-	325	-	325
Other:						
Compensated absences liability	<u>52</u>	<u>-</u>	<u>(15)</u>	<u>37</u>	<u>(8)</u>	<u>29</u>
Totals	\$ <u>13,691</u>	\$ <u>2,715</u>	\$ <u>(1,315)</u>	\$ <u>15,091</u>	\$ <u>(1,473)</u>	\$ <u>13,618</u>

Long-Term Debt Supporting Governmental and Business-Type Activities

General obligation bonds issued by the Town for various municipal projects are approved by Town Meeting and repaid with revenues recorded in the General Fund and user fees recorded in enterprise funds. All other long-term debt is repaid from the funds that the cost relates to, primarily the General Fund and enterprise funds. The Town's General Fund and enterprise funds liquidate pension liabilities. The General Fund, enterprise funds, and applicable special revenue funds liquidate OPEB liabilities. Compensated absences are repaid from the funds that the costs relate to, either the General Fund or the Water Fund.

Prior Year Refunding

In fiscal year 2018, the Town defeased a bond issue by creating a separate irrevocable trust fund. The proceeds from the new issuance of the general obligation bonds were used to purchase U.S. government securities, and those securities were deposited in an irrevocable trust with an escrow agent to provide debt service payments until the refunded bonds mature in fiscal year 2028. For financial reporting purposes, the debt has been considered defeased and therefore removed as a liability from Town’s financial statements. As of June 30, 2023, the amount of defeased debt outstanding but removed was \$1,500,000.

13. Landfill Monitoring and Postclosure Care Costs

The Town’s municipal solid waste landfill is closed. The Town worked with the State Regulatory Agency (DEP) to cap the landfill. State and federal laws and regulations require the Town to place a final cover on its landfill site after it stopped accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. On February 1, 2011, the Town borrowed \$850,000 and most of the proceeds were used in fiscal year 2012 for capping costs, with the balance substantially used up by fiscal year 2014, when the Town completed the capping of the landfill.

The landfill liability reported at June 30, 2023 is based on estimated costs to be incurred after fiscal year 2023 for annual landfill postclosure monitoring and care costs. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

14. Deferred Inflows of Resources

Deferred inflows of resources represent the acquisition of net assets by the Town that are applicable to future reporting periods. Deferred inflows of resources have a negative effect on net position, similar to liabilities. The Town reports deferred inflows of resources attributable to pension and OPEB on the Statement of Net Position and unavailable revenues arising from the current financial resources’ measurement focus and the modified accrual basis of accounting in governmental funds.

Deferred inflows of resources related to pension and OPEB will offset pension and OPEB expense in future years and are more fully described in the corresponding pension and OPEB notes.

Governmental funds report *unavailable revenues* at June 30, 2023 for revenues that are not considered to be available to liquidate liabilities of the current period.

15. Governmental Funds - Fund Balances

The Town's fund balances at June 30, 2023 were comprised of the following:

	General Fund	Community Preservation Fund	Town Revolving and Grant Fund	Capital Project Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:						
Nonexpendable permanent funds:						
Perpetual care	\$ -	\$ -	\$ -	\$ -	\$ 1,115,277	\$ 1,115,277
Gossels academic excellence	-	-	-	-	284,512	284,512
Other nonexpendable	-	-	-	-	142,668	142,668
Total Nonspendable	-	-	-	-	1,542,457	1,542,457
Restricted:						
Community preservation:						
Acquisition and preservation of historic buildings and landscapes	-	1,413,569	-	-	-	1,413,569
Acquisition and preservation of open space	-	577,629	-	-	-	577,629
Recreation	-	521,434	-	-	-	521,434
Creation and support of affordable housing	-	205,809	-	-	-	205,809
Community preservation administration	-	56,373	-	-	-	56,373
Other community preservation funds	-	727,528	-	-	-	727,528
Town special revenue accounts:						
TC parking lot	-	-	1,745,904	-	-	1,745,904
Receipts reserved from sale of real estate	-	-	1,687,470	-	-	1,687,470
Police gifts	-	-	732,974	-	-	732,974
Playground grant	-	-	388,454	-	-	388,454
Ambulance	-	-	278,028	-	-	278,028
MWHF grant	-	-	255,088	-	-	255,088
Earmark State grant 2020	-	-	249,007	-	-	249,007
Other town grants and revolving accounts	-	-	4,058,968	-	-	4,058,968
School special revenue accounts:						
School lunch	-	-	-	-	1,271,895	1,271,895
BASE	-	-	-	-	382,035	382,035
Circuit breaker	-	-	-	-	183,000	183,000
Other school grants and revolving accounts	-	-	-	-	816,470	816,470
Capital projects:						
COA/CC	-	-	-	10,163,940	-	10,163,940
Fire station	-	-	-	2,916,281	-	2,916,281
Library improvements	-	-	-	2,442,011	-	2,442,011
Town building HVAC	-	-	-	1,565,000	-	1,565,000
Loker grass field	-	-	-	1,234,336	-	1,234,336
Other capital project funds	-	-	-	3,350,111	-	3,350,111
Expendable permanent funds	-	-	-	-	3,167,674	3,167,674
Total Restricted	-	3,502,342	9,395,893	21,671,679	5,821,074	40,390,988
Committed:						
Fiscal year 2024 capital projects	2,319,291	-	-	-	-	2,319,291
Capital projects:						
Road construction	-	-	-	594,095	-	594,095
Public safety radio system	-	-	-	350,000	-	350,000
Interior renovations	-	-	-	346,556	-	346,556
Road improvements	-	-	-	313,221	-	313,221
Other	-	-	-	4,433,815	-	4,433,815
Total Committed	2,319,291	-	-	6,037,687	-	8,356,978

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	General Fund	Community Preservation Fund	Town Revolving and Grant Fund	Capital Project Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assigned:						
Encumbered for:						
General government	407,859	-	-	-	-	407,859
Public safety	14,090	-	-	-	-	14,090
Education	218,558	-	-	-	-	218,558
Public works	97,101	-	-	-	-	97,101
Health and human services	28,887	-	-	-	-	28,887
Culture and recreation	14,194	-	-	-	-	14,194
Other	334,920	-	-	-	-	334,920
Capital Stabilization	<u>1,132,941</u>	-	-	-	-	<u>1,132,941</u>
Total Assigned	2,248,550	-	-	-	-	2,248,550
Unassigned:						
General fund	9,586,071	-	-	-	-	9,586,071
Stabilization*	4,546,763	-	-	-	-	4,546,763
Town revolving	-	-	(613,748)	-	-	(613,748)
Capital projects	-	-	-	(961,352)	-	(961,352)
Other nonmajor	-	-	-	-	(384,455)	(384,455)
Total Unassigned	<u>14,132,834</u>	-	<u>(613,748)</u>	<u>(961,352)</u>	<u>(384,455)</u>	<u>12,173,279</u>
Total Fund Balance	<u>\$ 18,700,675</u>	<u>\$ 3,502,342</u>	<u>\$ 8,782,145</u>	<u>\$ 26,748,014</u>	<u>\$ 6,979,076</u>	<u>\$ 64,712,252</u>

* Established by Massachusetts General Laws, Chapter 40, Section 5B.

16. Interfund Accounts

The Town reports interfund transfers between various funds. Most transfers result from budgetary or statutory actions, whereby funds are moved to accomplish various expenditure purposes. The following is a schedule of interfund transfers for the year ended June 30, 2023.

	<u>Transfers In</u>	<u>Transfers Out</u>
<u>Governmental Funds:</u>		
General Fund	\$ 1,236,389	\$ 2,914,760
(Major) Town Revolving and Grant Fund	173	1,037,333
(Major) Capital Project Fund	3,219,760	173
Nonmajor funds:		
School Revolving Fund	-	579,056
Subtotal Governmental Funds	<u>4,456,322</u>	<u>4,531,322</u>
<u>Business-Type Funds:</u>		
Nonmajor fund:		
Transfer Station Fund	<u>75,000</u>	<u>-</u>
Grand Total	<u>\$ 4,531,322</u>	<u>\$ 4,531,322</u>

The transfers into the General Fund include \$374,400 in annual Ambulance Revolving Fund revenues, \$47,794 from the Recreation Revolving Fund revenues, \$579,056 from the

School Department, and various other amounts from the Town Revolving and Grant Fund to offset General Fund employee benefit expenditures.

Transfers out of General Fund represent the Town's practice of financing capital projects with General Fund revenues.

17. Middlesex County Retirement System

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

Plan Description

Substantially all employees of the Town (except teachers and administrators under contract employed by the School Department) are members of the Middlesex County Contributory Retirement System (the System), a cost-sharing, multiple-employer public employee retirement system (PERS). Eligible employees must participate in the System. The pension plan provides pension benefits, deferred allowances, and death and disability benefits. Chapter 32 of Massachusetts General Laws establishes the authority of the System, contribution percentages and benefits paid. The System Retirement Board does not have the authority to amend benefit provisions. Additional information is disclosed in the System's annual financial reports publicly available from the System located at 25 Linnell Circle, Billerica, Massachusetts 01865. Reports are also available on the System's website at www.middlesexretirement.org.

Participant Contributions

Participants contribute a set percentage of their gross regular compensation annually. Employee contribution percentages are specified in Chapter 32 of Massachusetts General Laws. The employee's individual contribution percentage are as follows:

<u>Membership Date</u>	<u>% of Compensation</u>
Prior to 1975	5% of regular compensation
1975 to 1983	7% of regular compensation
1984 to 6/30/1996	8% of regular compensation
7/1/1996 to present	9% of regular compensation
1979 to present	An additional 2% of regular compensation in excess of \$30,000

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

Participant Retirement Benefits

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

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

There are three classes of membership in the Middlesex County Retirement System:

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

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

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

Methods of Payment

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

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

Participant Refunds

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

Employer Contributions

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

The actuarially determined contribution for the year ended June 30, 2023 was \$5,728,625. The Town’s contribution to the System was \$5,728,625 and was made in July 2022.

Summary of Significant Accounting Policies

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

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

At June 30, 2023, the Town reported a liability for its proportionate share of the net pension liability of \$60,047,515. 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 that date. The Town’s proportion of the net pension liability (NPL) was based on a projection of the Town’s long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At December 31, 2022, the Town’s proportion was 3.54%. For the year ended June 30, 2023, the Town recognized a pension expense of \$5,666,033.

No contributions were made between January 1, 2023 to June 30, 2023. The Town reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Net difference between projected and actual investment earnings on pension plan investments	\$ 4,827,611	\$ -
Difference between expected and actual experience	441,223	-
Change in assumptions	1,036,820	-
Changes in proportion	<u>1,236,272</u>	<u>2,300,846</u>
Total	<u>\$ 7,541,926</u>	<u>\$ 2,300,846</u>

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

<u>Year Ended June 30:</u>	
2024	\$ 390,481
2025	621,507
2026	1,148,282
2027	<u>3,080,810</u>
Total	\$ <u>5,241,080</u>

Actuarial Assumptions

The total pension liability in the Middlesex County Retirement System actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Wage Inflation	3.25%
Projected salary increases	Varies by length of service with ultimate rates of 4.00% for Group 1, 4.25% for Group 2, and 4.50% for Group 4
Discount rate/investment rate of return	7.15%
Cost of living adjustments	3.00% of first \$16,000 of retirement income

Mortality rates were based on the following:

- Pre-retirement – The RP-2014 Blue Collar Employee Mortality Table projected generationally with Scale MP-2021.
- Healthy participants – The RP-2014 Blue Collar Healthy Annuitant Mortality Table projected generationally with Scale MP-2021.
- Disabled retirees – The RP-2014 Blue Collar Healthy Annuitant Mortality Table set forward one year and projected generationally with Scale MP-2021.

Significant assumptions are reevaluated as follows:

- Investment rate of return and inflation – annually
- Projected salary increases – biennially
- Mortality rates – to the extent the new mortality tables are available, but the numbers of expected death, terminations, disabilities, and retirements are compared to the actual numbers biennially.

Target Allocations

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
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%
Timber	4.00%	4.01%
Hedge funds, GTAA, risk parity	10.00%	3.06%
Private equity	<u>16.00%</u>	9.49%
Total	<u>100.00%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumed that the plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the actuarially determined contribution rates. For this purpose, only employer contributions that are intended to fund benefits for current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
June 30, 2023	\$ 74,330,570	\$ 60,047,515	\$ 48,022,364

Pension Plan Fiduciary Net Position

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

18. Massachusetts Teachers’ Retirement System (MTRS)

Plan Description

The Massachusetts Teachers’ Retirement System (MTRS) is a public employee retirement system (PERS) that administers a cost-sharing multi-employer defined benefit plan, as defined in Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans*. MTRS is managed by the Commonwealth of Massachusetts on behalf of municipal teachers and municipal teacher retirees. The Commonwealth of Massachusetts is a nonemployer contributor and is responsible for all contributions and future benefit requirements of the MTRS. The MTRS covers certified teachers in cities (except Boston), towns, regional school districts, charter schools, educational collaboratives, and Quincy College. The MTRS is part of the Commonwealth of Massachusetts’ reporting entity and does not issue a stand-alone audited financial report.

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

Benefits Provided

MTRS provides retirement, disability, survivor, and death benefits to members and their beneficiaries. Massachusetts General Laws (MGL) establishes uniform benefit and contribution requirements for all contributory PERS. These requirements provide for superannuation retirement allowance benefits up to a maximum of 80% of a member’s highest 3-year average annual rate of regular compensation. For employees hired after April 1, 2012, retirement allowances are calculated on the basis of the last 5 years or any

5 consecutive years, whichever is greater in terms of compensation. Benefit payments are based upon a member’s age, length of creditable service, and group creditable service, and group classification. The authority for amending these provisions rests with the Legislature.

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

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

Contributions

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

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

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

Actuarial Assumptions

The net pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of January 1, 2022 rolled forward to June 30, 2022. This valuation used the following assumptions:

- (a) 2.50% inflation rate, (b) 7.00% investment rate of return, (c) 3.50% interest rate credited to the annuity savings fund and (d) 3.00% cost of living increase on the first \$13,000 per year.

- Salary increases are based on analyses of past experience but range from 4.00% to 7.50% depending on length of service.
- Experience study is dated July 21, 2014 and encompasses the period January 1, 2006 to December 31, 2011, updated to reflect post-retirement mortality from 2012-2020.
- Mortality rates were as follows:
 - Pre-retirement – reflects Pub-2010 Teachers Employees mortality table (headcount weighted) projected generationally with Scale MP-2020 (gender distinct).
 - Post-retirement – reflects Pub-2010 Teachers Retirees mortality table (headcount weighted) projected generationally with Scale MP-2020 (gender distinct).
 - Disability – assumed to be in accordance with the Pub-2010 Teachers Retirees mortality table (headcount weighted) projected generationally with Scale MP-2020 (gender distinct).

Target Allocations

Investment assets of the MTRS are with the Pension Reserves Investment Trust (PRIT) Fund. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage. Best estimates of geometric rates of return for each major asset class included in the PRIT Fund's target asset allocation as of June 30, 2022 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global equity	38.00%	4.2%
Core fixed income	15.00%	0.5%
Private equity	15.00%	7.3%
Portfolio Completion Strategies	10.00%	2.7%
Real estate	10.00%	3.3%
Value added fixed income	8.00%	3.7%
Timber/natural resources	4.00%	3.9%
Total	<u>100.00%</u>	

Discount Rate

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

determined contribution rates and the member rates. Based on those assumptions, the net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity Analysis

The following illustrates the sensitivity of the collective net pension liability to changes in the discount rate as of June 30, 2023. In particular, the table presents the MTRS collective net pension liability assuming it was calculated using a single discount rate that is one-percentage-point lower or one-percentage-point higher than the current discount rate (amounts in thousands):

	<u>Current Discount</u>	
<u>1% Decrease</u>	<u>Rate</u>	<u>1% Increase</u>
\$ 32,734,080	\$ 25,888,138	\$ 20,094,302

Special Funding Situation

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. Therefore, these employers are considered to be in a special funding situation as defined by Government Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions (GASB 68)* and the Commonwealth of Massachusetts is a nonemployer contributing entity in MTRS. Since the employers do not contribute directly to MTRS, there is no net pension liability to recognize for each employer.

Town Proportions

In fiscal year 2022 (the most recent measurement period), the Town’s proportionate share of the MTRS’ collective net pension liability was \$101,407,106 based on a proportionate share of 0.392%. As required by GASB 68, the Town has recognized its portion of the Commonwealth of Massachusetts’ contribution of \$8,244,000 as both a revenue and expenditure on the Statement of Revenues, Expenditures, and Changes in Fund Balances, and its portion of the collective pension expense of \$8,341,724 as both a revenue and expense on the Statement of Activities.

19. Other Post-Employment Benefits

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB)*, replaces the requirements of *Statement No. 43, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. This applies if a trust fund has been established to fund future OPEB costs. On November 17, 2010, the Town established an OPEB trust fund to provide funding for future employee health care costs.

The OPEB Trust issues separate stand-alone financial statements. See the full GASB 74 disclosures as of June 30, 2023 in the stand-alone financial statements. The report can be requested from the Finance Director, Town of Wayland, 41 Cochituate Road, Wayland, Massachusetts 01778.

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

All the following OPEB disclosures are based on a measurement date of June 30, 2023 with a valuation date of July 1, 2022.

General Information about the OPEB Plan

Plan Description

The Town provides post-employment healthcare benefits for retired employees through the Town’s plan. The Town provides health insurance coverage through West Suburban Health Group. The benefits, benefit levels, employee contributions, and employer contributions are governed by Chapter 32B of Massachusetts General Laws. The OPEB plan is a single employer defined benefit plan.

Benefits Provided

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

Contributions

Employee contributions are governed by the respective collective bargaining agreements. Town contributes the remaining premium costs and advanced contribution to the OPEB Trust. Town’s contributions are based on actuarially determined amounts, which include service cost and amortization of unfunded liability.

Plan Membership

At July 1, 2022, the following employees were covered by the benefit terms:

Retirees, disabled, and dependent beneficiaries	
currently receiving benefit payments	515
Active employees	<u>690</u>
Total	<u><u>1,205</u></u>

Actuarial Assumptions and Other Inputs

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

Inflation	2.50%
Salary increases	3.00%
Investment rate of return	6.30%, net of OPEB plan investment expense, including inflation
Municipal bond rate	4.13%
Discount rate	6.29%
Healthcare cost trend rates	4.50 - 5.00%
Retirees' share of benefit-related costs	26 - 50 %
Participation rate	80% of eligible employees

Mortality rates were based on:

- Pre-retirement – reflects RP-2014 Mortality Table for Blue Collar Employees projected generationally with scale MP-2016 for males and females, set forward 1 year for females.
- Post-retirement – reflects RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females, set forward 1 year for females.
- Disability – reflects RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females, set forward 1 year.

The actuarial assumptions used in the valuation were based on the results an actuarial experience analysis issued in 2014 and a recent analysis of retiree mortality during 2015 and 2016.

Target Allocations

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return 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, netting with investment expense and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2023 are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Domestic Equity - Large Cap	14.50%	4.10%
Domestic Equity - Small/Mid Cap	3.50%	4.55%
International Equity - Developed Market	16.00%	4.64%
International Equity-Emerging Market	6.00%	5.45%
Domestic Fixed Income	20.00%	1.05%
International Fixed Income	3.00%	0.96%
Alternatives	23.00%	5.95%
Real estate	<u>14.00%</u>	6.25%
Total	<u><u>100.00%</u></u>	

Discount Rate

The discount rate used to measure the net OPEB liability was 6.29%.

The projection of cash flows assumed that contributions will be made in accordance with the Town’s funding policy, that the Town is expected to contribute \$550,000 in Fiscal 2024 and per year thereafter. Based on these assumptions, the OPEB Plan’s fiduciary net position is projected to be sufficient to make all projected benefit payments to current plan members. Therefore, the long-term expected rate of return of the OPEB Plan assets was applied to all projected future benefit payments.

Net OPEB Liability

The components of the net OPEB liability, measured as of June 30, 2023, were as follows:

Total OPEB liability	\$ 71,104,131
Plan fiduciary net position	<u>26,256,986</u>
Net OPEB liability	<u><u>\$ 44,847,145</u></u>

Plan fiduciary net position has been determined on the same basis used by the OPEB plan. For this purpose, the plan recognizes benefit payments when due and payable in accordance with benefit terms. Investments are reported at fair value.

Changes in the Net OPEB Liability

The following summarizes the changes in the net OPEB liability for the year ending June 30, 2023:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances, beginning of year	\$ 64,738,001	\$ 24,315,031	\$ 40,422,970
Changes for the year:			
Service cost	1,597,860	-	1,597,860
Interest	4,167,443	-	4,167,443
Change in experience	(2,435,078)	-	(2,435,078)
Change in assumptions	5,719,902	-	5,719,902
Contributions - employer	-	3,214,251	(3,214,251)
Net investment income	-	1,411,701	(1,411,701)
Benefit payments	(2,683,997)	(2,683,997)	-
Net Changes	<u>6,366,130</u>	<u>1,941,955</u>	<u>4,424,175</u>
Balances, end of year	<u>\$ 71,104,131</u>	<u>\$ 26,256,986</u>	<u>\$ 44,847,145</u>

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

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

1% <u>Decrease</u>	Current Discount <u>Rate</u>	1% <u>Increase</u>
\$ 54,805,042	\$ 44,847,145	\$ 36,741,077

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

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

<u>1% Decrease</u>	Current Healthcare Cost Trend <u>Rates</u>	<u>1% Increase</u>
\$ 35,843,283	\$ 44,847,145	\$ 55,995,967

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

For the year ended June 30, 2023, the Town recognized an OPEB expense of \$6,572,938. As of June 30, 2023, the Town reported deferred outflows and inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between actual and expected experience	\$ 323,500	\$ 2,225,687
Change of assumptions	11,119,386	225,182
Net difference between projected and actual OPEB investment earnings	<u>179,002</u>	<u>-</u>
Total	<u>\$ 11,621,888</u>	<u>\$ 2,450,869</u>

Deferred outflows (inflows) of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ended June 30:</u>	
2024	\$ 2,254,496
2025	1,979,734
2026	2,859,747
2027	1,352,652
2028	649,494
Thereafter	<u>74,896</u>
Total	<u>\$ 9,171,019</u>

20. Commitments and Contingencies

Outstanding Legal Issues

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

Abatements

There are several cases pending before the Appellate Tax Board in regard to alleged discrepancies in property assessments. The Town reports an estimated liability for the probable outcome of these cases.

Grants

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

Encumbrances

At year-end, the Town's General Fund had \$1,115,609 in encumbrances that will be honored in the next fiscal year.

21. Subsequent Events

Management has evaluated subsequent events through January 29, 2024, which is the date the financial statements were available to be issued.

22. New Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) has also issued GASB Statement No. 101, *Compensated Absences*, effective for the Town for fiscal year ending June 30, 2025. Management is currently evaluating the impact of implementing this GASB pronouncement.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF WAYLAND, MASSACHUSETTS

Required Supplementary Information
 General Fund
 Schedule of Revenues, Expenditures, and Other Financing Sources (Uses) -
 Budget and Actual
 For the Year Ended June 30, 2023
 (Unaudited)

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
	<u>Budget</u>	<u>Budget</u>	<u>Amounts</u>	Positive
				<u>(Negative)</u>
Revenues				
Property taxes	\$ 80,213,213	\$ 80,213,213	\$ 79,952,656	\$ (260,557)
Abatements	(194,934)	(194,934)	-	194,934
Intergovernmental	7,332,369	7,332,369	7,328,039	(4,330)
Motor vehicle and other excise tax	3,235,000	3,235,000	2,977,904	(257,096)
Penalties and interest	256,000	256,000	146,747	(109,253)
In-lieu payments	41,000	41,000	43,587	2,587
Departmental fees and charges	625,000	625,000	312,037	(312,963)
Licenses and permits	1,070,095	1,070,095	981,111	(88,984)
Special assessments	1,500	1,500	1,170	(330)
Fines and forfeitures	16,000	16,000	22,617	6,617
Investment income	50,000	50,000	887,415	837,415
Other	<u>5,404</u>	<u>5,404</u>	<u>-</u>	<u>(5,404)</u>
Total Revenues	<u>92,650,647</u>	<u>92,650,647</u>	<u>92,653,283</u>	<u>2,636</u>
Expenditures				
General government	5,896,463	6,157,052	5,679,212	477,840
Public safety	7,886,683	8,450,645	8,243,969	206,676
Education	47,164,770	47,164,770	47,164,443	327
Vocational education	214,000	242,700	242,652	48
Public works	3,981,607	3,981,607	3,470,512	511,095
Health and human services	1,852,615	1,852,615	1,700,183	152,432
Culture and recreation	1,537,521	1,537,521	1,424,734	112,787
State and county assessments	142,085	142,085	147,158	(5,073)
Debt service	6,599,543	6,249,936	6,006,128	243,808
Pension	5,728,625	5,728,625	5,728,625	-
OPEB	500,000	500,000	500,000	-
Unclassified	<u>11,816,785</u>	<u>11,313,141</u>	<u>10,491,690</u>	<u>821,451</u>
Total Expenditures	<u>93,320,697</u>	<u>93,320,697</u>	<u>90,799,306</u>	<u>2,521,391</u>
Excess (deficiency) of revenues over/under expenditures	(670,050)	(670,050)	1,853,977	2,524,027
Other Financing Sources (Uses)				
Use of free cash for capital	2,974,600	2,974,600	-	(2,974,600)
Transfers from other funds	1,421,050	1,421,050	1,421,050	-
Transfers to other funds	<u>(3,725,600)</u>	<u>(3,725,600)</u>	<u>(3,725,600)</u>	<u>-</u>
Total Other Financing Sources(Uses)	<u>670,050</u>	<u>670,050</u>	<u>(2,304,550)</u>	<u>(2,974,600)</u>
Excess (deficiency) of revenues and other sources over/under expenditures and other uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (450,573)</u>	<u>\$ (450,573)</u>

See Independent Auditors' Report and Notes to Required Supplementary Information

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

Budgetary Basis

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

Budget/GAAP Reconciliation

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

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

	<u>Revenues</u>	<u>Expenditures</u>	<u>Other Financing Sources/Uses</u>
GAAP Basis	\$ 101,105,954	\$ (98,723,741)	\$ (1,678,371)
Gross up enterprise reimbursements related to indirect costs	-	(407,661)	(407,661)
Reverse expenditures of prior year carryforwards	-	1,071,215	-
Use of restricted fund balance	-	211,536	-
Add end of year appropriation carryforwards to expenditures	-	(1,115,609)	-
Reverse the effect of non-budgeted state contributions for teachers retirement	(8,244,000)	8,244,000	-
Other reconciling items	<u>(208,671)</u>	<u>(79,046)</u>	<u>(218,518)</u>
Budgetary Basis	<u>\$ 92,653,283</u>	<u>\$ (90,799,306)</u>	<u>\$ (2,304,550)</u>

TOWN OF WAYLAND, MASSACHUSETTS

Required Supplementary Information
Schedule of Proportionate Share
of the Net Pension Liability
(Unaudited)

Middlesex County Retirement System

Fiscal Year	Measurement Date	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Liability	Covered Payroll	Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position Percentage of the Total Pension Liability
June 30, 2023	December 31, 2022	3.538325%	\$60,047,515	\$ 22,086,979	272%	52.61%
June 30, 2022	December 31, 2021	3.449405%	\$46,247,117	\$ 21,184,193	218%	61.14%
June 30, 2021	December 31, 2020	3.684738%	\$56,416,777	\$ 20,891,951	270%	53.42%
June 30, 2020	December 31, 2019	3.699320%	\$59,191,196	\$ 20,058,574	295%	49.45%
June 30, 2019	December 31, 2018	3.799758%	\$59,255,947	\$ 19,166,003	309%	46.40%
June 30, 2018	December 31, 2017	3.783694%	\$53,697,606	\$ 18,372,533	292%	49.27%
June 30, 2017	December 31, 2016	3.916549%	\$55,492,666	\$ 18,058,289	307%	45.49%
June 30, 2016	December 31, 2015	4.120452%	\$53,154,605	\$ 18,096,912	294%	46.13%
June 30, 2015	December 31, 2014	4.107272%	\$49,341,309	\$ 17,400,877	284%	47.65%

Massachusetts Teachers' Retirement System

Fiscal Year	Measurement Date	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Liability	Commonwealth of Massachusetts' Total Proportionate Share of the Net Pension Liability Associated with the Town	Total Net Pension Liability Associated with the Town	Covered Payroll	Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position Percentage of the Total Pension Liability
June 30, 2023	June 30, 2022	0.391713%	-	\$ 101,407,106	\$ 101,407,106	\$ 33,615,792	0%	57.75%
June 30, 2022	June 30, 2021	0.393726%	-	\$ 89,402,985	\$ 89,402,985	\$ 30,522,005	0%	62.03%
June 30, 2021	June 30, 2020	0.374179%	-	\$ 106,808,852	\$ 106,808,852	\$ 28,362,235	0%	50.67%
June 30, 2020	June 30, 2019	0.372853%	-	\$ 94,011,205	\$ 94,011,205	\$ 27,122,640	0%	53.95%
June 30, 2019	June 30, 2018	0.376651%	-	\$ 89,308,714	\$ 89,308,714	\$ 26,478,077	0%	54.84%
June 30, 2018	June 30, 2017	0.367142%	-	\$ 84,021,985	\$ 84,021,985	\$ 24,935,156	0%	54.25%
June 30, 2017	June 30, 2016	0.363580%	-	\$ 81,289,015	\$ 81,289,015	\$ 23,883,375	0%	52.73%
June 30, 2016	June 30, 2015	0.363664%	-	\$ 74,513,557	\$ 74,513,557	\$ 22,651,856	0%	55.38%
June 30, 2015	June 30, 2014	0.362077%	-	\$ 57,557,092	\$ 57,557,092	\$ 22,200,747	0%	61.64%

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

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

See Independent Auditors' Report.

TOWN OF WAYLAND, MASSACHUSETTS

Required Supplementary Information
Schedule of Pension Contributions
(Unaudited)

Middlesex County Retirement System

Fiscal 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	\$ 5,728,625	\$ 5,728,625	\$ -	\$ 22,086,979	25.9%
June 30, 2022	\$ 5,378,336	\$ 5,378,336	\$ -	\$ 23,719,943	22.7%
June 30, 2021	\$ 5,182,237	\$ 5,182,543	\$ (306)	\$ 21,783,810	23.8%
June 30, 2020	\$ 4,862,852	\$ 4,863,333	\$ (481)	\$ 22,547,138	21.6%
June 30, 2019	\$ 4,648,984	\$ 4,648,984	\$ -	\$ 21,328,568	21.8%
June 30, 2018	\$ 4,362,369	\$ 4,364,388	\$ (2,019)	\$ 18,427,215	23.7%
June 30, 2017	\$ 4,235,414	\$ 4,235,414	\$ -	\$ 16,826,529	25.2%
June 30, 2016	\$ 3,971,988	\$ 3,971,988	\$ -	\$ 15,131,319	26.3%
June 30, 2015	\$ 3,740,468	\$ 3,740,468	\$ -	\$ 13,626,724	27.4%

Massachusetts Teachers' Retirement System

Fiscal Year	Actuarially Determined Contribution Provided by Commonwealth	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
June 30, 2023	\$ 8,244,000	\$ 8,244,000	\$ -	\$ 33,615,792	24.5%
June 30, 2022	\$ 6,884,241	\$ 6,884,241	\$ -	\$ 31,171,810	22.1%
June 30, 2021	\$ 5,812,622	\$ 5,812,622	\$ -	\$ 30,522,005	19.0%
June 30, 2020	\$ 5,382,915	\$ 5,382,915	\$ -	\$ 28,362,235	19.0%
June 30, 2019	\$ 4,952,138	\$ 4,952,138	\$ -	\$ 27,122,640	18.3%
June 30, 2018	\$ 4,536,100	\$ 4,536,100	\$ -	\$ 26,478,077	17.1%
June 30, 2017	\$ 4,088,762	\$ 4,088,762	\$ -	\$ 24,935,156	16.4%
June 30, 2016	\$ 3,716,397	\$ 3,716,397	\$ -	\$ 23,883,375	15.6%
June 30, 2015	\$ 3,394,038	\$ 3,394,038	\$ -	\$ 22,651,856	15.0%

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

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

See Independent Auditors' Report.

TOWN OF WAYLAND, MASSACHUSETTS

Required Supplementary Information
Schedule of Changes in Net OPEB Liability
(Unaudited)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB Liability							
Service cost	\$ 1,597,860	\$ 1,426,421	\$ 1,238,546	\$ 1,176,584	\$ 1,121,044	\$ 938,983	\$ 938,983
Interest on total OPEB liability	4,167,441	4,010,252	3,421,574	3,301,185	3,110,726	2,905,702	2,843,330
Differences between expected and actual experience	(2,435,078)	-	(288,614)	(131,937)	3,318,840	-	-
Changes of assumptions	5,719,902	2,658,950	8,667,291	-	(2,310,162)	-	-
Benefit payments, including refunds of member contributions	(2,064,659)	(2,641,543)	(2,745,466)	(2,632,355)	(2,519,842)	(1,823,387)	(1,823,387)
Implicit cost amount	(619,338)	-	-	-	-	-	-
Net change in total OPEB liability	6,366,128	5,454,080	10,293,331	1,713,477	2,720,606	2,021,298	1,958,926
Total OPEB liability - beginning	<u>64,738,003</u>	<u>59,283,923</u>	<u>48,990,592</u>	<u>47,277,115</u>	<u>44,556,509</u>	<u>42,535,211</u>	<u>40,576,285</u>
Total OPEB liability - ending (a)	<u>\$ 71,104,131</u>	<u>\$ 64,738,003</u>	<u>\$ 59,283,923</u>	<u>\$ 48,990,592</u>	<u>\$ 47,277,115</u>	<u>\$ 44,556,509</u>	<u>\$ 42,535,211</u>
Plan Fiduciary Net Position							
Contributions - employer	\$ 3,214,251	\$ 2,901,867	\$ 3,003,870	\$ 3,183,409	\$ 3,066,376	\$ 2,066,671	\$ 2,074,672
Net investment income (loss)	1,411,701	(954,934)	5,638,307	358,086	968,586	1,443,193	1,573,467
Benefit payments, including refunds of member contributions	<u>(2,683,997)</u>	<u>(2,641,543)</u>	<u>(2,745,467)</u>	<u>(2,632,355)</u>	<u>(2,519,842)</u>	<u>(1,823,387)</u>	<u>(1,823,387)</u>
Net change in plan fiduciary net position	1,941,955	(694,610)	5,896,710	909,140	1,515,120	1,686,477	1,824,752
Plan fiduciary net position - beginning	<u>24,315,031</u>	<u>25,009,641</u>	<u>19,112,931</u>	<u>18,203,791</u>	<u>16,688,671</u>	<u>15,002,194</u>	<u>13,177,442</u>
Plan fiduciary net position - ending (b)	<u>26,256,986</u>	<u>24,315,031</u>	<u>25,009,641</u>	<u>19,112,931</u>	<u>18,203,791</u>	<u>16,688,671</u>	<u>15,002,194</u>
Net OPEB liability - ending (a-b)	<u>\$ 44,847,145</u>	<u>\$ 40,422,972</u>	<u>\$ 34,274,282</u>	<u>\$ 29,877,661</u>	<u>\$ 29,073,324</u>	<u>\$ 27,867,838</u>	<u>\$ 27,533,017</u>
Plan fiduciary net position as a percentage of the total OPEB liability	36.9%	37.6%	42.2%	39.0%	38.5%	37.5%	35.3%
Covered employee payroll	\$ 55,195,000	\$ 54,009,754	\$ 52,436,654	\$ 46,270,904	\$ 44,923,208	\$ 43,614,765	\$ 41,284,252
Net OPEB liability as a percentage of covered employee payroll	81.3%	74.8%	65.4%	64.6%	64.7%	63.9%	66.7%

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

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

See Independent Auditors' Report.

TOWN OF WAYLAND, MASSACHUSETTS

Required Supplementary Information
Other Post-Employment Benefits (OPEB)
Schedule of Contributions and Investment Returns
(Unaudited)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Schedule of Contributions							
Actuarially determined contribution	\$ 3,214,251	\$ 2,901,867	\$ 3,003,870	\$ 3,183,409	\$ 3,066,376	\$ 2,066,671	\$ 2,074,672
Contributions in relation to the actuarially determined contribution	<u>3,214,251</u>	<u>2,901,867</u>	<u>3,003,870</u>	<u>3,183,409</u>	<u>3,066,376</u>	<u>2,066,671</u>	<u>2,074,672</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered employee payroll	\$ 55,195,000	\$ 54,009,754	\$ 52,436,654	\$ 46,270,904	\$ 44,923,208	\$ 43,614,765	\$ 41,284,252
Contributions as a percentage of covered employee payroll	5.82%	5.37%	5.73%	6.88%	6.83%	4.74%	5.03%
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Schedule of Investment Returns							
Annual money weighted rate of return, net of investment expense	5.77%	-3.79%	29.25%	1.97%	5.67%	9.54%	7.04%

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

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

See Independent Auditors' Report.

**SUPPLEMENTARY STATEMENTS
AND SCHEDULES**

GENERAL FUND

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

TOWN OF WAYLAND, MASSACHUSETTS

General Fund
Detailed Schedule of Expenditures
Budget and Actual
For the Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		Adjusted Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>		
<u>General Government</u>				
Selectmen				
Nonpersonnel	\$ 54,000	\$ 54,000	\$ 54,000	\$ -
Town office				
Personnel	712,500	712,500	635,017	77,483
Nonpersonnel	269,207	269,207	265,576	3,631
Personnel Board				
Personnel	17,500	17,500	17,477	23
Nonpersonnel	26,000	26,000	25,976	24
Finance				
Personnel	325,036	347,036	347,022	14
Nonpersonnel	66,365	66,365	66,352	13
Assessor				
Personnel	246,745	246,745	207,714	39,031
Nonpersonnel	61,701	61,701	50,788	10,913
Treasurer				
Personnel	209,139	244,139	243,779	360
Nonpersonnel	88,050	113,050	113,050	-
Town Counsel				
Nonpersonnel	244,000	422,589	398,236	24,353
Information Technology				
Personnel	367,762	367,762	322,703	45,059
Nonpersonnel	724,350	724,350	722,057	2,293
Town Clerk				
Personnel	186,619	186,619	154,121	32,498
Nonpersonnel	80,404	80,404	68,857	11,547
Conservation				
Personnel	254,139	254,139	235,392	18,747
Nonpersonnel	61,200	61,200	49,756	11,444
Planning				
Personnel	103,559	103,559	74,261	29,298
Nonpersonnel	7,300	7,300	2,954	4,346
Facilities				
Personnel	642,889	642,889	487,186	155,703
Nonpersonnel	1,144,223	1,144,223	1,133,394	10,829
Miscellaneous Committees				
Nonpersonnel	<u>3,775</u>	<u>3,775</u>	<u>3,544</u>	<u>231</u>
Total General Government	5,896,463	6,157,052	5,679,212	477,840

(continued)

(continued)

	<u>Budgeted Amounts</u>		<u>Adjusted Actual Amounts</u>	Variance with Final Budget Positive <u>(Negative)</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
<u>Public Safety</u>				
Police				
Personnel	3,008,304	3,008,304	2,953,440	54,864
Nonpersonnel	408,205	408,205	388,371	19,834
Joint Communications				
Personnel	651,772	651,772	651,124	648
Nonpersonnel	38,000	38,000	33,967	4,033
Fire				
Personnel	3,044,937	3,608,899	3,490,205	118,694
Nonpersonnel	301,839	301,839	299,782	2,057
Building and Zoning				
Personnel	415,576	415,576	409,062	6,514
Nonpersonnel	<u>18,050</u>	<u>18,050</u>	<u>18,018</u>	<u>32</u>
Total Public Safety	7,886,683	8,450,645	8,243,969	206,676
<u>Education</u>				
Schools	47,164,770	47,164,770	47,164,443	327
<u>Vocational Education</u>				
Regional Vocational School	214,000	242,700	242,652	48
<u>Public Works</u>				
Highway				
Personnel	1,133,034	1,133,034	979,814	153,220
Nonpersonnel	636,500	636,500	578,055	58,445
Engineering				
Personnel	329,807	329,807	295,507	34,300
Nonpersonnel	40,920	40,920	18,600	22,320
Snow				
Personnel	175,000	104,600	104,561	39
Nonpersonnel	325,000	395,400	350,145	45,255
Transfer Station				
Nonpersonnel	65,000	65,000	42,065	22,935
Park and Cemetery				
Personnel	858,496	858,496	763,389	95,107
Nonpersonnel	<u>417,850</u>	<u>417,850</u>	<u>338,376</u>	<u>79,474</u>
Total Public Works	3,981,607	3,981,607	3,470,512	511,095
<u>Health and Human Services</u>				
Board of Health				
Personnel	997,878	997,878	978,571	19,307
Nonpersonnel	180,554	180,554	139,740	40,814
Veterans Services				
Nonpersonnel	50,000	50,000	31,671	18,329
Council on Aging				
Personnel	271,993	271,993	235,165	36,828
Nonpersonnel	42,150	42,150	51,311	(9,161)
Youth Services				
Personnel	303,489	303,489	260,101	43,388
Nonpersonnel	<u>6,551</u>	<u>6,551</u>	<u>3,624</u>	<u>2,927</u>
Total Health and Human Services	1,852,615	1,852,615	1,700,183	152,432

(continued)

(continued)

	<u>Budgeted Amounts</u>		Adjusted Actual <u>Amounts</u>	Variance with Final Budget Positive <u>(Negative)</u>
	Original <u>Budget</u>	Final <u>Budget</u>		
<u>Culture and Recreation</u>				
Library				
Personnel	974,114	974,114	933,991	40,123
Nonpersonnel	284,229	284,229	284,166	63
Recreation				
Personnel	194,498	194,498	179,494	15,004
Nonpersonnel	<u>84,680</u>	<u>84,680</u>	<u>27,083</u>	<u>57,597</u>
Total Culture and Recreation	1,537,521	1,537,521	1,424,734	112,787
<u>State Assessments and Charges</u>				
Assessments	142,085	142,085	147,158	(5,073)
<u>Debt Service</u>				
Debt Principal and Interest	6,599,543	6,249,936	6,006,128	243,808
<u>Pension</u>				
Pension Assessment	5,728,625	5,728,625	5,728,625	-
<u>OPEB</u>				
OPEB Contribution	500,000	500,000	500,000	-
<u>Unclassified</u>				
Insurance General	1,086,605	1,086,605	970,231	116,374
Insurance 32B	9,147,825	8,997,575	8,487,165	510,410
Medicare	805,000	844,550	844,435	115
Unemployment	50,000	50,000	43,729	6,271
Police and Fire Disability	15,000	15,000	-	15,000
Reserve for Salary Adj	214,355	-	-	-
Occupational Health	8,000	8,000	7,686	314
Retirement and Buyback	40,000	40,000	22,721	17,279
Stormwater	200,000	200,000	115,723	84,277
Reserve Fund	<u>250,000</u>	<u>71,411</u>	<u>-</u>	<u>71,411</u>
Total Unclassified	<u>11,816,785</u>	<u>11,313,141</u>	<u>10,491,690</u>	<u>821,451</u>
Total Expenditures	<u>\$ 93,320,697</u>	<u>\$ 93,320,697</u>	<u>\$ 90,799,306</u>	<u>\$ 2,521,391</u>

See Independent Auditors' Report.

**Combining and Individual Fund
Financial Statements**

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

Special revenue funds are established for the following purposes:

- School Revolving: To account for the revenues and expenditures thereof of certain departmental activities segregated in revolving funds established in accordance with MGL Chapter 71:71E, Sections 26A, 26B, 26C, and 47.
- School Grants: To account for grant funds received from the United States government, either directly or through the Commonwealth of Massachusetts, and designated for specific purposes.

PERMANENT FUND

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

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

TOWN OF WAYLAND, MASSACHUSETTS

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2023

	Special Revenue Funds				Total Nonmajor Governmental Funds
	School <u>Revolving</u>	School <u>Grants</u>	<u>Subtotals</u>	Permanent <u>Fund</u>	
Assets					
Cash and short-term investments	\$ 2,474,944	\$ -	\$ 2,474,944	\$ 1,674	\$ 2,476,618
Interfund receivable	16,475	-	16,475	-	16,475
Investments	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,713,207</u>	<u>4,713,207</u>
Total Assets	<u>\$ 2,491,419</u>	<u>\$ -</u>	<u>\$ 2,491,419</u>	<u>\$ 4,714,881</u>	<u>\$ 7,206,300</u>
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ 52,862	\$ 131,312	\$ 184,174	\$ 4,750	\$ 188,924
Accrued payroll	8,377	13,448	21,825	-	21,825
Interfund payable	<u>-</u>	<u>16,475</u>	<u>16,475</u>	<u>-</u>	<u>16,475</u>
Total Liabilities	61,239	161,235	222,474	4,750	227,224
Fund Balances:					
Nonspendable	-	-	-	1,542,457	1,542,457
Restricted	2,435,216	218,184	2,653,400	3,167,674	5,821,074
Unassigned	<u>(5,036)</u>	<u>(379,419)</u>	<u>(384,455)</u>	<u>-</u>	<u>(384,455)</u>
Total Fund Balances	<u>2,430,180</u>	<u>(161,235)</u>	<u>2,268,945</u>	<u>4,710,131</u>	<u>6,979,076</u>
Total Liabilities and Fund Balances	<u>\$ 2,491,419</u>	<u>\$ -</u>	<u>\$ 2,491,419</u>	<u>\$ 4,714,881</u>	<u>\$ 7,206,300</u>

See Independent Auditors' Report.

TOWN OF WAYLAND, MASSACHUSETTS

Combining Statement of Revenues, Expenditures, and Changes in Fund Equity
Nonmajor Governmental Funds
For the Year Ended June 30, 2023

	Special Revenue Funds			Permanent <u>Fund</u>	Total Nonmajor Governmental <u>Funds</u>
	<u>School Revolving</u>	<u>School Grants</u>	<u>Subtotal</u>		
Revenues:					
Intergovernmental	\$ 1,448,601	\$ 3,811,768	\$ 5,260,369	\$ -	\$ 5,260,369
Charges for services	3,428,404	-	3,428,404	40,428	3,468,832
Investment income	-	-	-	422,562	422,562
Contributions	<u>4,495</u>	<u>-</u>	<u>4,495</u>	<u>24,200</u>	<u>28,695</u>
Total Revenues	4,881,500	3,811,768	8,693,268	487,190	9,180,458
Expenditures:					
Current:					
General government	-	-	-	81,429	81,429
Education	<u>4,201,666</u>	<u>3,229,999</u>	<u>7,431,665</u>	<u>-</u>	<u>7,431,665</u>
Total Expenditures	<u>4,201,666</u>	<u>3,229,999</u>	<u>7,431,665</u>	<u>81,429</u>	<u>7,513,094</u>
Excess of revenues over expenditures	679,834	581,769	1,261,603	405,761	1,667,364
Other Financing Sources (Uses):					
Transfers out	<u>(579,056)</u>	<u>-</u>	<u>(579,056)</u>	<u>-</u>	<u>(579,056)</u>
Total Other Financing Sources (Uses)	<u>(579,056)</u>	<u>-</u>	<u>(579,056)</u>	<u>-</u>	<u>(579,056)</u>
Net change in fund balances	100,778	581,769	682,547	405,761	1,088,308
Fund Balances, beginning of year	<u>2,329,402</u>	<u>(743,004)</u>	<u>1,586,398</u>	<u>4,304,370</u>	<u>5,890,768</u>
Fund Balances, end of year	<u>\$ 2,430,180</u>	<u>\$ (161,235)</u>	<u>\$ 2,268,945</u>	<u>\$ 4,710,131</u>	<u>\$ 6,979,076</u>

See Independent Auditors' Report.

**STATISTICAL
SECTION**

TOWN OF WAYLAND, MASSACHUSETTS

STATISTICAL SECTION

The Town of Wayland’s Annual Comprehensive Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Town’s overall financial health.

	<u>Page</u>
<i>Financial Trends</i> These schedules contain trend information to help the reader understand how the Town’s financial performance and well-being have changed over time.	101 - 105
<i>Revenue Capacity</i> These schedules contain information to help the reader assess the Town’s most significant local revenue source, the property tax.	106 – 108
<i>Debt Capacity</i> These schedules present information to help the reader assess the affordability of the Town’s current levels of outstanding debt and the Town’s ability to issue additional debt in the future.	109 - 110
<i>Demographic and Economic Information</i> These schedules offer demographic and economic indicators to help the reader understand the environment within which the Town’s financial activities take place.	111 - 112
<i>Operating Information</i> These schedules contain service and infrastructure data to help the reader understand how the information in the Town’s financial report relates to the service the Town provides and the activities it performs.	113 - 115

Town of Wayland, Massachusetts										
Net Position by Component										
Last Ten Fiscal Years										
	2014	2015 *	2016	2017	2018	2019	2020	2021	2022	2023
Governmental Activities										
Net Investment in Capital Assets	\$75,337,000	\$76,294,684	\$74,873,915	\$81,887,903	\$83,264,446	\$84,705,916	\$84,203,456	\$86,578,244	\$85,843,784	\$87,832,476
Restricted	17,004,000	15,687,166	20,417,537	14,075,519	13,337,151	3,926,813	14,032,773	16,372,617	19,373,075	20,545,811
Unrestricted	14,025,000	(28,730,657)	(32,234,710)	(30,969,054)	(61,801,893)	(54,955,018)	(63,904,916)	(64,753,977)	(64,249,931)	(64,346,927)
Total governmental activities net position	\$106,366,000	\$63,251,193	\$63,056,742	\$64,992,368	\$34,799,704	\$33,677,711	\$34,331,313	\$38,196,884	\$40,966,928	\$44,031,360
Business-type Activities										
Net Investment in Capital Assets	\$5,951,000	\$7,905,424	\$8,370,063	\$8,897,952	\$8,990,521	\$9,840,991	\$10,182,939	\$10,230,877	\$13,150,531	\$11,745,575
Unrestricted	5,336,000	6,009,776	6,264,256	6,734,632	6,495,871	5,723,168	5,841,440	6,569,238	4,502,530	5,153,088
Total business-type activities net position	\$11,287,000	\$13,915,200	\$14,634,319	\$15,632,584	\$15,486,392	\$15,564,159	\$16,024,379	\$16,800,115	\$17,653,061	\$16,898,663
Primary Government										
Net Investment in Capital Assets	\$81,288,000	\$84,200,108	\$83,243,978	\$90,785,855	\$92,254,967	\$94,546,907	\$94,386,395	\$96,809,121	\$98,994,315	\$99,578,051
Restricted	17,004,000	15,687,166	20,417,537	14,075,519	13,337,151	3,926,813	14,032,773	16,372,617	19,373,075	20,545,811
Unrestricted	19,361,000	(22,720,881)	(25,970,454)	(24,234,422)	(55,306,022)	(49,231,850)	(58,063,476)	(58,184,739)	(59,747,401)	(59,193,839)
Total primary government net position	\$117,653,000	\$77,166,393	\$77,691,061	\$80,624,952	\$50,286,096	\$49,241,870	\$50,355,692	\$54,996,999	\$58,619,989	\$60,930,023

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

Data source: Audited financial statements

Town of Wayland, Massachusetts Changes in Net Position Last Ten Fiscal Years											
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	
Expenses											
Governmental activities											
General government	\$4,985,198	\$4,913,356	\$5,040,458	\$5,841,164	\$5,420,548	\$8,980,339	\$7,774,181	\$7,489,061	\$7,767,466	\$8,285,944	
Public safety	6,320,091	6,637,288	6,940,548	7,460,289	8,029,121	8,514,928	8,395,203	8,673,990	8,395,420	10,016,424	
Education	50,193,078	48,825,024	52,440,003	55,900,259	59,000,094	60,816,612	64,671,678	67,103,253	63,400,036	69,675,482	
Public works	4,352,718	3,466,324	3,243,638	3,988,596	4,199,103	5,524,779	5,164,865	5,563,565	6,872,280	4,479,073	
Health and human services	1,219,182	1,300,343	1,637,689	1,730,441	1,661,094	1,832,811	1,602,670	1,838,445	1,827,656	2,149,894	
Cultural and recreation	2,579,339	2,495,849	2,679,967	2,970,266	2,973,955	3,087,857	3,055,178	2,879,549	3,025,838	3,517,019	
Intergovernmental	131,848	109,179	203,615	147,287	197,704	235,132	116,215	116,317	140,288	147,158	
Employee benefits	11,335,432	11,221,601	12,055,183	12,690,387	12,672,324	13,509,174	14,562,712	15,213,613	15,689,840	16,157,162	
Interest	2,254,871	2,607,947	2,501,542	2,489,416	2,555,391	2,412,708	2,531,947	2,192,390	2,377,222	2,183,590	
Total governmental activities expenses	82,971,757	81,576,511	86,742,643	95,198,105	96,709,334	104,514,340	107,874,649	111,070,183	109,496,016	116,591,746	
Business-type Activities											
Water operations	2,679,521	2,836,461	3,176,216	3,079,589	3,481,769	3,314,776	3,074,473	3,320,501	3,379,093	4,517,227	
Wastewater operations	652,493	612,552	572,602	584,118	583,056	625,009	744,213	534,818	558,586	889,462	
Nonmajor Transfer Station operations	-	-	-	-	-	-	-	-	360,071	481,197	
Total business-type activities expenses	3,332,014	3,449,013	3,748,818	3,663,707	4,064,825	3,939,785	3,818,686	3,855,319	4,287,750	5,837,886	
Total primary government expenses	\$86,303,771	\$85,025,524	\$90,491,461	\$98,861,812	\$100,774,159	\$108,454,125	\$111,693,335	\$114,925,502	\$113,783,766	\$122,429,632	
Program revenues											
Governmental activities											
Charges for services											
General government	\$842,337	\$655,766	\$618,342	\$739,331	\$888,649	\$731,911	\$684,769	\$729,512	\$674,764	\$686,773	
Public safety	1,320,015	1,970,449	1,862,117	1,841,293	1,992,674	1,565,787	1,672,215	3,489,363	1,366,918	2,293,195	
Education	4,553,210	4,922,063	4,879,436	4,822,143	5,550,602	5,534,028	5,004,948	2,534,687	3,958,909	3,428,404	
Public works	433,662	428,009	421,579	399,116	349,090	361,837	413,780	428,149	12,800	6,650	
Health and human services	193,217	212,744	246,132	237,713	204,722	206,499	187,942	182,991	237,316	217,084	
Cultural and recreation	1,022,109	728,996	935,041	845,061	775,569	838,462	653,807	395,459	742,211	1,009,184	
Operating grants and contributions	10,086,715	6,513,227	13,031,722	15,934,277	15,487,124	17,704,583	22,588,521	24,521,925	20,660,229	22,067,294	
Capital grants and contributions	500,000	1,253,720	1,138,161	639,688	339,066	565,655	-	-	-	-	
Total governmental activities program revenues	18,901,265	16,685,374	23,192,530	24,958,622	25,577,496	27,508,762	31,205,982	32,282,086	27,655,147	29,708,584	
Business-type Activities											
Charges for services											
Water operations	3,847,237	3,737,953	3,530,632	4,073,904	3,641,357	3,616,603	3,641,839	4,224,656	3,689,044	4,064,282	
Wastewater operations	621,988	4,346,580	674,376	466,302	351,824	518,201	353,111	295,738	315,281	268,552	
Nonmajor Transfer Station operations	-	-	-	-	-	-	-	-	481,309	394,345	
Capital grants and contributions	-	-	-	-	-	-	157,006	94,398	141,966	95,363	
Total business-type activities revenues	4,469,225	8,084,533	4,205,008	4,540,206	3,993,181	4,134,804	4,151,956	4,614,792	4,577,600	4,822,542	
Total primary government revenues	\$23,370,490	\$24,769,907	\$27,397,538	\$29,498,828	\$29,570,677	\$31,643,566	\$35,357,938	\$36,896,878	\$32,232,747	\$34,531,126	
Net (Expense) / Revenue											
Governmental activities	(\$64,070,492)	(\$64,899,137)	(\$63,550,113)	(\$68,239,483)	(\$71,131,838)	(\$77,005,578)	(\$76,668,667)	(\$78,788,097)	(\$81,840,869)	(\$86,883,162)	
Business-type activities	1,137,211	4,635,520	456,190	876,499	(71,644)	95,019	333,270	759,473	289,850	(1,015,344)	
Total primary government net (expense)	(\$62,933,281)	(\$60,255,617)	(\$63,093,923)	(\$67,362,984)	(\$71,203,482)	(\$76,810,559)	(\$76,335,397)	(\$78,028,624)	(\$81,551,019)	(\$87,898,506)	
											continued

Data source: Audited financial statements

Town of Wayland, Massachusetts Changes in Net Position Last Ten Fiscal Years										
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
continued										
General Revenues and other Changes in Net Position										
Governmental activities:										
Real estate and personal property-net	\$55,052,067	\$60,094,824	\$59,394,566	\$64,548,329	\$66,111,884	\$70,101,630	\$71,923,297	\$75,011,682	\$78,455,374	\$81,999,034
of refunds payable	2,285,174	2,306,959	2,648,630	2,636,399	2,780,477	2,806,721	2,385,927	2,851,499	2,640,544	2,756,562
Excise tax	5,807,424	5,280,405	1,521,878	1,780,162	1,323,639	1,796,082	1,489,122	1,285,356	1,711,916	1,975,585
Grants, contributions- not restricted	539,874	302,319	428,446	603,720	438,010	977,769	778,880	1,809,414	(561,401)	1,528,262
to specific programs	176,699	176,700	199,814	606,499	459,070	560,481	788,643	1,666,930	2,711,153	1,763,151
Investment income (loss)	402,653	164,095	(175,000)	-	(50,085)	219,000	(43,600)	28,787	(207,988)	(75,000)
Other										
Transfers										
Total governmental activities	\$64,263,891	\$68,325,302	\$64,018,334	\$70,175,109	\$71,062,995	\$76,461,683	\$77,322,269	\$82,653,668	\$84,749,598	\$89,947,594
Business-type activities										
Grants, contributions- not restricted	-	-	7,516	41,492	10,995	6,127	11,939	-	-	-
to specific programs	5,457	10,395	11,413	11,168	13,577	67,973	48,946	10,968	3,734	71,862
Investment income	8,805	9,732	69,000	69,106	76,978	27,648	22,465	34,082	212,689	114,084
Miscellaneous	(402,653)	(164,095)	175,000	-	50,085	(219,000)	43,600	(28,787)	207,988	75,000
Transfers										
Total business-type activities	(388,391)	(143,968)	262,929	121,766	151,635	(117,252)	126,950	16,263	424,411	260,946
Total primary government	\$63,875,500	\$68,181,334	\$64,281,263	\$70,296,875	\$71,214,630	\$76,344,431	\$77,449,219	\$82,669,931	\$85,174,009	\$90,208,540
Changes in Net Position										
Governmental activities	\$193,399	\$3,434,165	\$468,221	\$1,935,626	(\$68,843)	(\$543,895)	\$653,602	\$3,865,571	\$2,908,729	\$3,064,432
Business-type activities	748,820	4,491,552	719,119	998,265	79,991	77,767	460,220	775,736	714,261	(754,398)
Total primary government changes in net position	\$942,219	\$7,925,717	\$1,187,340	\$2,933,891	\$11,148	(\$466,128)	\$1,113,822	\$4,641,307	\$3,622,990	\$2,310,034

Data source: Audited financial statements

Town of Wayland, Massachusetts										
Fund Balances, Governmental Funds										
Last Ten Fiscal Years										
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Fund										
Restricted	\$ 1,198,453	\$ 1,091,466	\$ 992,021	\$ 1,341,434	\$ 884,394	\$ 720,053	\$ 636,211	\$ 10,814	\$ 5,410	\$ -
Committed	1,696,808	77,495	1,224,521	457,113	1,596,720	1,489,367	1,931,000	2,171,500	2,974,600	2,319,291
Assigned	4,080,165	4,983,687	3,523,701	3,433,163	1,400,531	737,642	1,164,075	1,022,783	1,286,901	2,248,550
Unassigned	7,249,678	9,925,141	7,904,567	10,889,879	11,803,073	12,882,925	13,713,620	15,051,895	13,729,922	13,610,134
Total general fund	\$14,225,104	\$16,077,789	\$13,644,810	\$16,121,589	\$15,684,718	\$15,829,987	\$17,444,906	\$18,256,992	\$17,996,833	\$18,177,975
All Other Governmental Funds										
Nonspendable	\$ 1,175,522	\$ 1,248,929	\$ 1,252,564	\$ 1,269,728	\$ 1,295,057	\$ 1,333,609	\$ 1,387,112	\$ 1,420,727	\$ 1,475,499	\$ 1,542,457
Restricted	27,323,950	19,285,848	21,270,746	15,890,614	15,742,191	12,880,125	16,580,890	23,299,475	24,994,899	40,390,988
Committed	-	894,747	962,953	1,474,921	2,231,148	2,853,629	4,318,032	4,687,669	5,659,265	6,037,687
Unassigned	(52,336)	(239,025)	(109,805)	(250,838)	(158,055)	(1,337,254)	(1,354,125)	(2,148,452)	(2,800,397)	(1,959,555)
Total all other governmental funds	\$28,447,136	\$21,190,499	\$23,376,458	\$18,384,425	\$19,110,341	\$15,730,109	\$20,931,909	\$27,259,419	\$29,329,266	\$46,011,577

Data source: Audited financial statements

Town of Weyland, Massachusetts
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenues:										
Real estate and personal property taxes	\$54,670,917	\$60,592,925	\$59,238,299	\$65,131,478	\$65,988,087	\$69,939,936	\$71,888,011	\$74,938,712	\$78,382,394	\$80,785,472
net of tax refunds	2,340,067	2,390,377	2,535,034	2,527,301	2,883,394	2,814,811	2,346,404	2,835,704	2,603,096	2,614,829
Motor vehicle and other excise taxes	687,589	999,262	945,108	793,310	761,310	555,647	380,023	1,770,951	967,479	981,111
License and permits	15,843,489	7,782,080	8,170,087	17,738,390	12,885,247	15,932,647	18,052,619	18,417,471	22,071,537	23,916,458
Intergovernmental	7,647,548	7,704,543	7,953,235	8,052,267	8,983,330	8,776,101	7,978,966	5,320,670	6,897,412	6,605,896
Charges for services	539,874	302,319	428,450	603,718	438,010	977,773	778,879	1,809,414	(561,401)	1,528,262
Investment income (loss)	78,748	53,005	55,078	37,524	36,000	30,991	22,303	3,266	7,287	10,492
Fines and forfeitures	500,650	1,074,534	1,537,961	115,737	31,063	35,667	61,857	144,014	21,206	363,958
Contributions	-	-	-	321,214	161,848	263,259	437,018	93,963	2,211,506	961,281
Other	-	-	-	-	-	-	-	-	-	-
Total Revenues	82,308,882	80,899,045	80,883,252	95,321,423	92,168,289	99,326,832	101,946,080	105,334,165	112,600,516	117,767,759
Expenditures:										
General government	6,697,293	5,650,886	4,539,313	5,306,080	5,164,471	6,860,938	6,733,521	6,660,071	6,658,027	8,175,743
Public safety	5,878,600	6,000,341	6,272,557	6,543,082	6,966,883	7,309,241	6,943,787	7,630,652	8,077,703	9,058,465
Education	47,209,574	41,589,125	42,965,822	52,452,803	50,957,219	52,968,923	54,247,694	55,954,323	58,962,477	63,223,795
Public works	2,302,763	2,520,070	2,155,571	2,699,337	2,571,856	3,059,140	2,575,809	2,810,598	4,132,253	2,824,793
Health and human services	1,219,183	1,726,704	1,516,899	1,539,481	1,541,662	1,606,301	1,468,114	1,807,229	2,010,558	2,154,179
Cultural and recreation	2,392,713	2,254,234	2,393,816	2,648,730	2,697,895	2,793,309	2,719,634	2,714,056	3,103,943	3,354,022
Employee benefits	10,731,130	10,943,350	11,912,407	12,312,420	12,672,324	13,509,174	14,562,712	15,213,613	15,689,840	16,157,162
Intergovernmental	131,848	109,179	203,615	147,287	197,704	235,132	116,215	116,317	140,288	147,158
Debt service										
Principal	5,103,948	5,154,948	5,214,699	5,107,659	5,342,659	5,135,659	4,587,159	5,451,306	4,635,227	4,564,469
Interest	2,221,013	2,554,411	2,516,073	2,479,910	2,603,027	2,473,615	2,517,273	2,474,144	2,576,835	1,996,835
Capital outlay	6,264,218	13,853,129	3,839,874	17,356,017	4,215,536	6,829,363	9,251,002	2,564,912	5,557,383	8,723,954
Total Expenditures	90,152,283	92,356,377	83,530,646	108,592,806	94,933,236	102,780,795	105,722,920	103,397,221	111,544,513	120,380,575
Excess of revenues over / (under) expenditures	(7,843,401)	(11,457,332)	(2,647,394)	(13,271,383)	(2,764,947)	(3,453,963)	(3,776,840)	1,936,944	1,056,003	(2,612,816)
Other Financing Sources (Uses):										
Issuance of bonds and notes	12,585,000	5,917,000	2,401,000	10,300,000	2,835,000	-	9,295,000	4,569,400	-	18,456,088
Issuance of refunding bonds	-	-	3,339,000	-	-	-	5,240,000	16,519,100	-	-
Issuance of leases	-	-	-	-	-	-	-	-	961,673	-
Bond premiums	882,064	462,210	521,147	546,129	179,077	-	2,102,159	3,215,797	-	1,095,181
Payments to refund bond escrow	-	-	(3,685,773)	-	-	-	(6,000,000)	(19,130,432)	-	-
Transfer in	3,244,552	2,704,262	2,073,527	3,020,270	3,016,003	4,264,581	4,104,358	3,353,897	3,607,066	4,456,322
Transfer out	(2,841,898)	(3,029,933)	(2,248,527)	(3,020,270)	(3,066,088)	(4,045,581)	(4,147,958)	(3,325,110)	(3,815,054)	(4,531,322)
Total Other Financing Sources (Uses)	13,869,718	6,053,539	2,400,374	10,846,129	2,963,992	219,000	10,593,559	5,202,652	753,685	19,476,269
Net change in fund balance	\$6,026,317	\$(5,403,793)	\$(2,472,020)	\$(2,425,254)	\$199,045	\$(2,334,963)	\$6,816,719	\$7,139,596	\$1,809,688	\$16,863,453
Debt service as a percentage of non-capital expenditures	8.99%	9.81%	9.68%	8.29%	8.75%	7.73%	7.28%	7.76%	6.66%	5.87%

Data source: Audited financial statements

Town of Wayland, Massachusetts									
Assessed Value of Taxable Property by Classification									
Last Ten Fiscal Years									
Fiscal Year	Assessed Value								
	Residential Value	Residential Tax Rate	Commercial Value	Industrial Value	Personal Property	Total Commercial Value	Commercial Tax Rate	Total Town Value	
2014	\$ 2,813,813,898	18.33	\$ 120,110,205	4,521,200	\$ 39,669,200	\$ 164,300,605	18.33	\$ 2,978,114,503	
2015	3,074,997,622	18.39	120,350,478	4,518,700	40,279,600	165,148,778	18.39	3,240,146,400	
2016	3,195,245,423	17.34	123,391,777	4,573,000	43,276,500	171,241,277	17.34	3,366,486,700	
2017	3,282,868,662	18.14	125,833,138	4,275,000	44,162,100	174,270,238	18.14	3,457,138,900	
2018	3,430,086,890	18.03	127,493,310	4,383,900	45,470,000	177,347,210	18.03	3,607,434,100	
2019	3,588,644,790	18.28	132,189,710	4,470,100	45,816,700	182,476,510	18.28	3,771,121,300	
2020	3,811,844,266	17.76	132,854,334	4,452,500	45,781,200	183,088,034	17.76	3,994,932,300	
2021	3,816,051,966	18.52	131,565,734	4,452,500	47,379,700	183,397,934	18.52	3,999,449,900	
2022	4,003,020,148	18.35	137,208,352	4,657,300	59,540,500	201,406,152	18.35	4,204,426,300	
2023	4,606,059,010	16.65	144,149,490	4,392,800	62,509,100	211,051,390	16.65	4,817,110,400	

Data Source: Town of Wayland Tax Recapitulation Sheets

Town of Wayland, Massachusetts Principal Taxpayers Current Year and Nine Years Ago									
Name of Taxpayer	Nature of Business	2023			2014			% of Total Taxable Assessed Value	% of Total Taxable Assessed Value
		Assessed Valuation	Rank	% of Total Taxable Assessed Value	Assessed Valuation	Rank	% of Total Taxable Assessed Value		
BOS Retail 1, LLC	Development	\$37,288,200	1	0.77%	\$20,659,200	1	0.69%		
NSTAR Electric Co.	Energy	25,011,000	2	0.52%	14,456,600	2	0.49%		
Alta's Rivers Edge LLC	Residential	22,783,300	3	0.47%					
Boston Gas Company	Energy	16,972,600	4	0.35%	5,288,400	3	0.18%		
373 Commonwealth Residence LLC	Development	10,020,700	4	0.21%					
Individual	Residential	8,674,600	5	0.18%					
BMSH II / LCB Wayland MA LLC	Assisted Living	8,526,600	6	0.18%					
Northbridge Carriage House II LLC	Assisted Living	8,478,900	7	0.18%					
Individual	Residential	8,384,400	8	0.17%					
Sunrise Assisted Living, Inc.	Assisted Living	6,972,100	9	0.14%					
Totals		\$153,112,400		3.18%	\$40,404,200		1.36%		

Data Source: Official Statements

Town of Wayland, Massachusetts											
Property Tax Levies and Collections											
Last Ten Fiscal Years											
Fiscal Year	Total Tax Levy	Less Actual Abate-ments & Exemptions	Net Tax Levy	First Year Current Tax Collections	% of Net Levy Collected	Delinquent Tax Collections	Total Tax Collections	% of Total Tax Collections to Net Tax Levy	Outstanding Delinquent Taxes	% of Delinquent Tax to Tax Levy	
2014	\$54,588,838	\$135,853	\$54,452,985	\$53,599,061	98.43%	\$543,403	\$54,142,464	99.43%	\$310,521	0.57%	
2015	\$59,926,362	\$340,070	\$59,586,292	\$59,063,986	99.12%	\$390,423	\$59,454,409	99.78%	\$131,883	0.22%	
2016	\$58,374,879	\$208,265	\$58,166,614	\$57,582,181	99.00%	\$225,210	\$57,807,391	99.38%	\$505,924	0.87%	
2017	\$62,712,499	\$167,138	\$62,545,361	\$62,089,730	99.27%	\$657,703	\$62,747,433	100.32%	\$531,003	0.85%	
2018	\$65,042,036	\$147,865	\$64,894,171	\$64,349,066	99.16%	\$545,105	\$64,894,171	100.00%	\$545,105	0.84%	
2019	\$68,936,097	\$80,126	\$68,855,971	\$68,278,337	99.16%	\$577,634	\$68,855,971	100.00%	\$577,634	0.84%	
2020	\$70,949,997	\$160,053	\$70,789,944	\$70,167,631	99.12%	\$622,313	\$70,789,944	100.00%	\$451,153	0.64%	
2021	\$74,069,812	\$211,328	\$73,858,484	\$73,288,027	99.23%	\$570,457	\$73,858,484	100.00%	\$591,084	0.80%	
2022	\$77,151,222	\$153,496	\$76,997,726	\$76,437,533	99.27%	\$560,193	\$76,997,726	100.00%	\$560,193	0.73%	
2023	\$80,213,213	\$194,934	\$80,018,279	\$79,244,401	99.03%	\$773,878	\$80,018,279	100.00%	\$773,878	0.96%	

Data source: Audited financial statements
Wayland Assessors Office

Town of Wayland, Massachusetts
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Governmental Activities Debt

Fiscal Year	Population	Total Personal Income	Assessed Valuation	Bonds	Notes	Total Debt Outstanding	Per Capita Income	Percentage of Personal Income	Percentage of Assessed Value
2014	13,444	\$1,976,693,675	\$2,978,114,503	\$65,789,055	\$115,529	\$65,904,584	\$147,032	3.33%	2.21%
2015	13,444	\$1,996,460,611	\$3,240,146,400	\$66,853,066	\$99,081	\$66,952,147	\$148,502	3.35%	2.07%
2016	13,294	\$2,016,425,217	\$3,366,486,700	\$64,134,516	\$99,270	\$64,233,786	\$151,679	3.19%	1.91%
2017	13,684	\$2,036,589,470	\$3,457,138,900	\$69,676,850	\$66,563	\$69,743,413	\$148,830	3.42%	2.02%
2018	13,827	\$2,056,955,365	\$3,607,434,100	\$67,067,305	\$50,304	\$67,117,609	\$148,764	3.26%	1.86%
2019	13,965	\$2,077,524,918	\$3,771,121,300	\$61,651,183	\$34,045	\$61,685,228	\$148,764	2.97%	1.64%
2020	13,896	\$2,098,300,168	\$3,994,932,300	\$67,419,721	\$17,786	\$67,437,507	\$151,000	3.21%	1.69%
2021	13,931	\$2,119,283,169	\$3,999,449,900	\$65,709,156	\$11,948	\$65,721,104	\$152,127	3.10%	1.64%
2022	13,931	\$2,140,476,001	\$4,204,426,300	\$60,933,782	\$5,974	\$60,939,756	\$153,648	2.85%	1.45%
2023	13,882	\$2,161,880,761	\$4,817,110,400	\$75,639,643	\$0	\$75,639,643	\$155,733	3.50%	1.57%

Business - Type Activities Debt

Fiscal Year	Population	Total Personal Income	Assessed Valuation	Bonds	Notes	Total Debt Outstanding	Per Capita Income	Percentage of Personal Income	Percentage of Assessed Value
2014	13,444	\$1,976,693,675	\$2,978,114,503	\$79,241,555	\$424,892	\$79,666,447	\$147,032	4.03%	2.68%
2015	13,444	\$1,996,460,611	\$3,240,146,400	\$80,334,066	\$374,808	\$80,708,874	\$148,502	4.04%	2.49%
2016	13,294	\$2,016,425,217	\$3,366,486,700	\$77,227,956	\$336,555	\$77,564,511	\$151,679	3.85%	2.30%
2017	13,684	\$2,036,589,470	\$3,457,138,900	\$84,369,250	\$234,745	\$84,603,995	\$148,830	4.15%	2.45%
2018	13,827	\$2,056,955,365	\$3,607,434,100	\$81,281,105	\$180,044	\$81,461,149	\$148,764	3.96%	2.26%
2019	13,965	\$2,077,524,918	\$3,771,121,300	\$74,642,383	\$120,539	\$74,762,922	\$148,764	3.60%	1.98%
2020	13,896	\$2,098,300,168	\$3,994,932,300	\$80,597,446	\$761,033	\$81,358,479	\$151,000	3.88%	2.04%
2021	13,931	\$2,119,283,169	\$3,999,449,900	\$78,334,834	\$676,948	\$79,011,782	\$152,127	3.73%	1.98%
2022	13,931	\$2,140,476,001	\$4,204,426,300	\$71,659,197	\$635,974	\$72,295,171	\$153,648	3.38%	1.72%
2023	13,882	\$2,161,880,761	\$4,817,110,400	\$87,132,706	\$595,000	\$87,727,706	\$155,733	4.06%	1.82%

Data Source: Massachusetts Department of Revenue, Local Services Division
Data Source: Town of Wayland Treasury Department-DEBT

Town of Wayland, Massachusetts Legal Debt Margin Information Last Ten Fiscal Years										
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Equalized Valuation	\$2,978,114,500	\$3,240,146,400	\$3,366,486,700	\$3,457,138,900	\$3,607,434,100	\$3,771,121,300	\$3,994,932,300	\$3,999,449,900	\$4,204,426,300	\$4,817,610,400
Debt Limit - 5% of equalized valuation	148,905,725	162,007,320	168,324,335	172,856,945	180,371,705	188,556,065	199,746,615	199,972,495	210,221,315	240,880,520
Less:										
Total debt applicable to limitation	16,876,111	18,360,970	19,076,904	19,076,904	19,840,888	20,741,167	21,972,128	21,996,974	23,124,345	26,496,857
Legal debt margin	\$132,029,614	\$143,646,350	\$149,247,431	\$153,780,041	\$160,530,817	\$167,814,898	\$177,774,487	\$177,975,521	\$187,096,970	\$214,383,663
Total debt applicable to the limit as a percentage of debt limit	11.33%	11.33%	11.33%	11.04%	11.00%	11.00%	11.00%	11.00%	11.00%	11.00%

Data Source: Official Statements

Town of Wayland, Massachusetts Demographic and Economic Statistics Last Ten Fiscal Years						
Fiscal Year	Population Estimates	Per Capita		Median Age	School Enrollment	Unemployment Rate
		Personal Income				
2014	13,444	\$147,032		46	2,690	3.80%
2015	13,444	\$148,502		46	2,659	3.70%
2016	13,294	\$151,679		47	2,648	3.30%
2017	13,684	\$148,830		47	2,659	3.30%
2018	13,827	\$150,318		46	2,707	2.50%
2019	13,965	\$148,764		46	2,707	2.50%
2020	13,896	\$151,000		46	2,700	2.50%
2021	13,931	\$152,127		44	2,700	3.30%
2022	13,931	\$153,648		45	2,700	3.00%
2023	13,882	\$155,733		43	2,754	2.70%

Data Source: Official Statements

Town of Wayland, Massachusetts
Principal Employers
Current Year and Nine Years Ago

Employer	Type of Business	2023			2014		
		Number of Employees	Rank	Percentage of Total Town Employment	Number of Employees	Rank	Percentage of Total Town Employment
Russells Garden Center	Garden / Flowers / Gifts	200	1	2.85%	60	5	0.91%
Villa Restaurant	Restaurant	75	2	1.07%	51	6	0.78%
Wayland Country Club	Recreation	75	3	1.07%			0.00%
Stop and Shop	Retail	70	4	1.00%			0.00%
Northbridge Wayland Asst. Living	Assisted Living	75	5	1.07%			0.00%
The Local	Restaurant	35	6	0.50%			0.00%
Sandy Burr	Recreation	65	7	0.93%			0.00%
110 Grill	Restaurant	35	8	0.50%			0.00%
Donelan's	Retail	43	9	0.61%			0.00%
Traditions Wayland	Assisted Living	41	10	0.58%			0.00%
		714			111		

Data Source: Official Statements

Town of Wayland, Massachusetts										
Government Employees by Function - Full Time Equivalents										
Last Ten Fiscal Years										
Function	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Government	42.30	46.65	36.67	38.69	37.05	37.05	41.05	40.19	43.05	48.53
Public Safety										
Police	33.33	33.59	33.29	33.59	33.59	34.59	36.59	36.59	36.59	36.59
Fire	28.87	28.87	29.87	26.54	26.54	28.54	30.54	30.54	30.54	30.54
Education	374.64	391.86	393.50	405.50	417.65	427.92	436.49	460.84	449.84	455.5
Public Works - Highway	28.37	29.41	29.41	39.69	41.24	42.34	43.15	41.82	41.82	41.82
Planning and Human Services										
Planning	1.40	1.40	1.40	1.40	1.40	1.40	1.40	1.00	1.00	1.00
Board of Health	9.15	9.29	9.29	9.29	9.29	9.29	9.29	10.43	10.43	10.43
Recreation	1.83	2.11	2.54	3.54	3.54	3.54	3.54	3.54	3.54	3.54
Council on Aging	2.83	3.34	3.34	3.34	3.34	3.34	3.34	4.09	3.75	3.75
Total	15.21	12.80	16.57	17.57	17.57	17.57	17.57	19.06	18.72	18.72
Library	14.74	13.74	13.74	13.69	13.69	13.39	13.39	13.69	13.69	13.69
TOTALS:	537.46	556.92	553.05	575.27	587.33	601.40	618.78	642.73	634.25	645.39

Source: Town of Wayland Human Resources Office

Town of Wayland, Massachusetts Operating Indicators by Function Last Ten Fiscal Years										
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Finance										
Registered Voters	9,870	9,965	9,971	9,971	10,334	10,334	10,334	10,334	10,500	10,500
Taxable property parcels assessed	5,128	5,131	5,172	5,183	5,181	5,181	5,181	5,181	5,181	5,181
Motor vehicle registered	13,957	13,957	14,285	14,309	14,309	14,309	14,309	14,309	14,500	14,500
Police										
Physical arrests	116	83	85	71	39	54	36	20	32	36
Traffic violations	2,984	2,917	2,691	2,041	2,478	2,315	983	658	428	973
Fire										
Calls answered	4,006	3,280	4,258	3,908	3,532	3,729	3,293	3,391	3,387	2,727
Emergency response	2,301	1,913	2,361	2,611	2,119	2,333	2,239	2,095	1,879	2,727
Fires extinguished	36	23	37	35	77	15	31	33	17	34
Number of inspections conducted	702	639	841	742	613	609	517	704	730	607
Emergency medical responses	1,153	884	1,019	1,289	1,139	1,206	1,029	930	1,135	1,332
Building										
Building permits issued	808	808	1,061	939	765	859	774	971	971	1,260
Estimated construction value	\$42,149,266	\$42,149,266	\$42,150,000	\$31,297,805	\$31,000,000	\$23,250,000	\$14,000,000	\$92,874,491	\$32,160,458	\$57,639,399
Public works										
Miles snow plowed	93.6	93.6	93.6	93.6	93.6	93.6	93.6	93.6	93.6	93.6
Public Library										
Volumes of collections	106,967	106,967	136,567	134,777	163,313	159,187	161,583	179,982	179,982	210,894
Total volumes borrowed	222,184	222,184	226,731	228,677	234,654	236,306	200,158	157,572	160,000	238,414
Total circulation	252,405	252,405	264,848	264,532	265,535	271,117	223,023	218,382	219,200	276,179
Registered borrowers	6,880	6,880	6,837	6,753	6,749	7,274	8,008	7,777	8,000	7,437
Water										
Water main breaks	31	31	11	8	9	9	11	14	14	13
Daily average consumption	1.35	1.35	1.45	1.43	1.45	1.43	1.39	1.55	1.55	1.55
Peak daily consumption	1.74	1.74	2.00	1.98	2.27	2.00	1.87	2	2	2

Source: Town of Wayland Departmental Managers

Town of Wayland, Massachusetts
 Capital Assets Statistics by Function
 Last Ten Fiscal Years

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Police										
Number of stations	1	1	1	1	1	1	1	1	1	1
Fire and Rescue										
Number of stations	2	2	2	2	2	2	2	2	2	2
Number of ladder trucks	1	1	1	1	1	1	1	1	1	1
Number of pumps	3	3	3	3	3	3	3	3	3	3
Number of support vehicles	5	5	5	5	5	5	5	5	5	5
Public Works										
Miles of street	96.3	96.3	96.3	96.3	96.3	96.3	96.3	96.3	96.3	96.3
Miles of storm drains	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200
Recreation										
Parks	12	12	12	12	12	13	14	14	14	14
Playgrounds	12	12	12	12	12	12	12	12	12	12
Public Beach	1	1	1	1	1	1	1	1	1	1
Athletic Fields	17	17	17	17	17	17	18	18	18	18
Ball Diamonds	15	15	15	15	15	15	15	15	15	15
Gymnasias	1	1	1	1	1	1	1	1	1	1
Tennis Courts	10	10	-	-	-	-	6	6	6	6
Water system										
Miles of water mains	102	102	102	102	102	102	102	102	102	102
Number of service connections	4,993	4,993	4,993	5,028	5,028	5,028	5,028	5,028	5,028	5,028
Storage capacity in gallons (millions of gallons)	2	2	2	2	2	2	2	2	2	2
Maximum daily capacity of plant (millions of gallons)	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
Number of fire hydrants	491	491	491	497	497	497	497	497	497	497
Sewer Systems										
Miles of sanitary sewers	0.95	0.95	0.95	0.95	0.95	0.95	0.95	0.95	0.95	0.95
Number of treatment plants	100	120	120	120	120	120	120	120	120	120
Number of service connections	100	120	120	120	120	120	120	120	120	120

Source: Town of Wayland Departmental Managers



Town of Wayland Massachusetts

Audit Committee

Stephen Curtin
Klaus Shigley (Chair)
Samantha Shullo
Randi Stern
Deborah Vogt

March 27, 2023

Final Report to the Wayland Select Board from the Wayland Audit Committee regarding the FY '22 Audit Cycle

Background

The Audit Committee is tasked as follows:

1. Make recommendations to the Board of Selectmen for areas where extra focus or expanded attention may be appropriate.
2. Review annual financial statement and management reports prepared by the auditors and provide comments with respect to said review.
3. Review and report to the Select Board (SB) at least annually on the status of management recommendations made by the independent auditor and corrective action taken by management.

This Report addresses those tasks.

1. The Committee met on November 29, 2022, to review their summer assignment. Examine the mission statements of Audit Committees of Peer Towns. The report of that assignment is attached to this report.
2. The Committee next met on Feb 21, 2023, to discuss the draft ACFR for FY '22 and a draft of the Management Letter (ML) relating to the FY '22 audit with the Town's independent auditor. Alina Korsak was the presenter for Marcum Accountants and Advisors, formerly Melanson, and Brian Keveny, Wayland Finance Director, also attended. The Committee

provided written comments and suggestions re the ACFR. The ML addressed two issues that had been raised in the previous year, as well as their current year status: Timely Cash Reconciliations and Ensure Compliance with Uniform Guidance. In addition, the auditor raised two new issues: Reconcile Guaranteed deposits and prepare for GASB Statements 94 and 96.

Material Weakness in Cash Reconciliation

The auditors concluded that monthly cash reconciliations were not done timely in FY '22. This issue has been cited by the auditor since FY '18, it was elevated to the level of a material weakness in FY '21 and has again been cited as a material weakness in FY '22.

In last year's report to the SB, the Audit Committee recommended that the Treasurer position report to a Finance Director, as it was the Audit Committee's belief that the Treasurer was not being properly supervised by the Town Administrator, and the Treasurer position would benefit from a reorganization. This recommendation has since been substantively adopted. Moreover, the Town Manager has committed to providing quarterly updates to the SB on the progress of the cash reconciliation.

Other Matters

The auditor states that there are unresolved reconciling items related to Student Activity Funds accounts, totaling appr. \$129,000. The Town's response is that the issue is currently being resolved.

Audit Committee Recommendation

The Audit Committee feels no other action is necessary. Based on interim discussions with the Wayland Finance Director, the Audit Committee believes that the "cash reconciliation" issue will be removed from next year's ML.

Ensure Compliance with Uniform Guidance

In their FY '21 ML the auditors had recommended that Town "implement enhanced policies and procedures and that all departments be made aware of Uniform Guidance (over federal grants) requirements". That recommendation has still not been implemented.

Audit Committee Recommendation

The Audit Committee has previously taken the position that Uniform Guidance (UG) requirements are not broadly applicable to the Town because Commonwealth of MA grant funding is below the triggering threshold for UG guidelines. If federal grants are of a triggering size in the future, the Town will need to ensure it is compliant with UG requirements. It should be noted that the School Department has received federal grants exceeding the triggering thresholds and it has implemented the UG requirements.

Town Response

The Town Manager has committed to publishing and implementing the Town's procedural manual on Federal Grants and Procurements in March 2023.

Reconcile Guaranteed Deposits

The auditor states that as of June 30, there are \$666,000 of deposits in the general ledger without a detailed listings on who provided those deposits. These are individual department accounts that hold contractor funds while work is completed within the town. When the work is completed, the funds are returned to the contractor. Over time, and with staffing changes, many departments have lost track of what is owed back to whom and the contractors have not come forward to request their funds back.

Audit Committee Recommendation

The Town has been aware of this problem for many years. However, this is the first time it has been cited in the ML. The inattention to resolving this problem is a clear failure to supervise, and responsibility rests with prior Town Administrators.

Town Response

The Town Manager has committed to a reconciliation by the end of FY '23.

Prepare for Government Accounting Standards Board (GASB) Statements Number 94 and 96

Town Response

The Town is aware and ensures compliance.

3. The Audit Committee received the final versions of the ACFR and ML, including the Town's written response on March 22, 2023. These documents were added to the Audit Committee packet and posted to the Audit Committee web page and distributed to Audit Committee members by email. The Committee met on March 27, 2023, to review final versions of the ACFR, the ML, and the Town Management response.
 - Audit Committee believes that their written feedback on the draft ACFR was materially accommodated in the final version of the ACFR.
 - The Audit Committee believes it is worth mentioning that the discount rate used to measure pension liabilities for the Town Employees' Pension Plan is 7.15%. The OPEB discount rate on the other hand is 6.41%. This suggests that there is significant uncertainty regarding the discount rate. If the discount rate were to be reduced, pension liabilities would go up. Based on disclosures in the ACFR, a 1% reduction in the discount rate would cause pension liabilities for Town employees to go from \$46 Million to \$60 Million. (Note: The cost to amortize each \$1 million over 30 years at 6.15% is \$74 thousand per year).
 - Management responses to the ML are incorporated in this "Final Report."
 - The Audit Committee recommends that the Town Manager make available an overview of the investment policies and procedures to the SB and/or the Audit Committee that Town funds are invested in accordance with such policies as well as in compliance with Mass laws. Two reasons: 1. The SVB failure provides added urgency for looking at the suitability of investments, and 2. We have had significant

turnover in the Treasurer position. Per the FY '22 ACFR, the Town had cash and short-term securities of \$44 million and investments of \$10 million.

The Audit Committee voted 5-0 in favor of accepting the final versions of the FY '22 CAFR and FY '22 ML as presented,

The Audit Committee voted to approve the submission of this Annual Report to the SB.
Approval voted (5-0)

Respectfully submitted,
Wayland Audit Committee

Remarks to the SB.

My name is Klaus Shigley. I am the chair of the AC. Our Committee did not meet as a committee this evening. However, they appointed me to summarize our annual report. Your meeting package includes the Annual Report of the AC to the SB. Unlike last year, this report is mostly benign. And I don't have much to add to what Alina and Michael McCall have already said.

But,

I did want to elaborate on one of the recommendations in our Annual Report.

- Our annual report recommends quote:” that the Town Manager make available an overview of the investment policies and procedures to the SB and/or the Audit Committee that Town funds are invested in accordance with such policies as well as in compliance with Mass laws. Two reasons: 1. The SVB failure provides added urgency for looking at the suitability of investments, and 2. We have had significant turnover in the Treasurer position”. End quote.

This recommendation was the result of an unscientific survey the Committee did of Peer Town Audit Procedures. (That survey is also included in your meeting package).

We discovered among other things that just 3 of our 11 Peer Towns have an Audit Committee. So, it's unusual for a Town our size to have an AC.

Also, in Wayland, the Independent Auditor makes a report to both the AC and the SB. Hence there's an element of redundancy.

So how does the AC add value?

One of the common denominators of the various AC mission statements that we reviewed was that they recommend, but do not have authority to demand, expanded scope audits.

Hence, our report on “Peer Town Audit Practices” states one of the outcomes of our survey is that the Audit Committee will quote: “consider expanding the audit scope with each annual report to the SB”.

Our candidate for an expanded scope audit this year was to ask for a report on the investment policies and procedures used by the Town Treasurer. The AC recognizes that they don't have the expertise to make judgements about whether the Treasurer has invested prudently, but they think it's important to make sure that investments are consistent with policies and procedures.

So, what does that mean?

The Town has unassigned fund balances of \$13 million. That number tends to be fairly constant. How is that money invested? What's discretionary and what's non-discretionary? If

discretionary, do we have an investment policy WRT credit risk, maturity risk, market risk, concentration risk? Do we use bond ladders where they're appropriate? Does the Treasurer write an annual report? I don't know about the specific constraints pertaining to Public sector investment guidelines, but I used to be a CFA and I know that discretionary investment decisions can have an impact on financial performance. So, there should at least be an annual report to the Select Board. BTW. I should point out that I shared these remarks with the Treasurer's boss ahead of time, and he had no issues.

Thank you for your consideration.



Town of Wayland Massachusetts

Audit Committee

Yutian Zhang
Klaus Shigley
Samantha Shullo (Chair)
Randi Stern
Michael German

AUDIT COMMITTEE
Draft Minutes
Monday, January 22, 2024
Via Zoom -5:00 P.M.

Attendance: Samantha Shullo, Klaus Shigley, Randi Stern, Michael German, Yutian Zhang, Brian Keveny (Finance Director for the Town of Wayland), Alina Korsak (Independent Auditor- Marcum, LLP)

Call to Order: The meeting was called to order at 5:05 PM. Mr. Shigley was assigned to take minutes.

Review Agenda for Public: S. Shullo reviewed the agenda for the public. The focus of the meeting was the presentation of the draft ACFR for FY 23 and the FY 23 Management Letter (ML).

Announcements: None.

Public Comment: Ms. Shullo noted there were no members of the public present to comment.

Alina Korsak- Marcum, LLP- presentation:

Ms. Korsak reviewed the highlights of the FY 23 ACFR with a Power Point presentation.

Mr. Shigley suggested some edits and raised a few questions/issues. He indicated that he would send his marked up copy of the draft ACFR to Mr. Keveny and Ms. Korsak after the meeting. Other members of the AC were asked to send their edits, if any, no later than Wednesday.

Among the issues raised:

- Can someone explain what a “negative unrestricted” net position means and how it’s derived.
- Clarify that the Moody’s rating dated Oct 22 is still AAA as of the issue date of the Final ACFR, expected at the end of Jan 24.
- Observed that the Town has \$60 million in short terms and only \$10 million in “investments”. The same observation was made last year. Moreover, the following recommendation was made in last year’s *AC Report to the SB*: “The Audit Committee recommends that the Town Manager make available an overview of the investment policies and procedures to the SB and/or the Audit Committee that Town funds are invested in accordance with such policies as well as in compliance with Mass laws. Two reasons: 1. The SVB failure provides added urgency for looking at the suitability of investments, and 2. We have had significant turnover in the Treasurer position. Per the FY ‘22 ACFR, the Town had cash and short-term securities of \$44 million and investments of \$10 million.
- The ACFR states: “The investment policy of the Town’s OPEB plan contemplates reaching full funded status by 2050”. What does “contemplate” mean in this sentence? Does the Town have a funding policy to achieve that objective? Is the Town committed to getting full funding by 2050, or is 2050 just the solution to an algorithm?
- There is a disconnect between the assumed “discount rate” and the “investment rate” assumption used for the Mass Teacher’s Retirement System. The discount rate (7%) exceeds the Investment rate (6.32%). That shouldn’t happen.

Ms. Korsak also discussed the FY 24 ML.

It was noted that the issues raised in last year’s ML were still present. However, they did not rise to the level of a material weakness this year. Mr. Zhang asked the question: Why not.

Audit Committee discusses Audit Committee Report to Select Board.

The AC is charged with preparing an annual report to the SB. This report typically includes the Town’s response to the issues raised in the ML as well as the AC’s recommendation with respect to those issues.

The AC’s report to the SB will also typically state that the “Audit Committee believes that their written feedback on the draft ACFR was materially accommodated in the final version of the ACFR”. This requires that we have another meeting to review the final ACFR as well as the Town’s response to the ML.

Update on Summer Projects if any:

The summer project was to think about constructive ideas for expanding the scope of the committee’s work. How can we improve town governance or how town finances are managed? Consider how to be more relevant & add value to the town.

Last year we stepped outside the box and recommended that the Town Treasurer prepare a report on how Town funds are invested.

Mr. Zhang promised to have some ideas.

This, i.e. finding ways to add value, will be an on-going challenge/assignment.

Approve minutes of the May 24, 2023, AC Meeting:

Mr. Shigley submitted some suggested edits. Ms. Shullo will incorporate those suggestions. There were no other changes. Mr. Shigley motioned to approve the minutes. Ms. Stern seconded. Motion passed. Vote 5-0.

Ms. Shullo will send the Minutes to Mr. Keveny, who will forward to the Town Clerk.

Members' Reports, Concerns, and Topics: There was some discussion of next steps.

Topics Not Reasonably Anticipated by the Chair 48 Hours Prior to Posting: N/A

Adjourn: Ms. Shullo motioned to adjourn. Ms. Stern seconded. Motion passed. Vote 5-0. Meeting adjourned at 6:46 PM.

Respectfully Submitted,

Klaus Shigley

Attachments:

Approved Minutes of the May 24, 2024, meeting.

Draft FY 23 ACFR

Draft FY 23 ML