

TOWN OF DRACUT, MASSACHUSETTS

Annual Comprehensive Financial Report



For the Fiscal Year Ended June 30, 2022

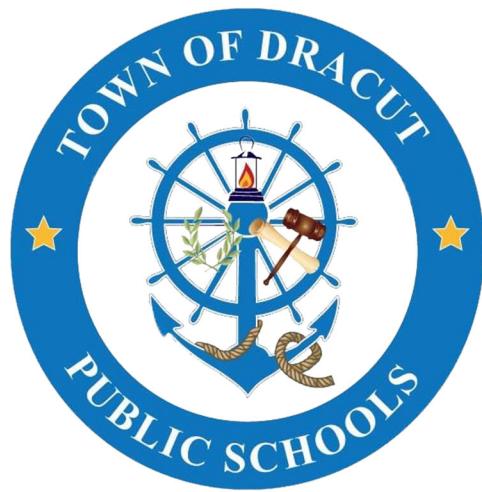
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Town of Dracut, Massachusetts

Annual Comprehensive Financial Report

For the Fiscal Year Ended June 30, 2022

Ann M. Vandal, Town Manager



Prepared by the Finance Director's Office

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For the Fiscal Year Ended June 30, 2022

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INTRODUCTORY SECTION



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Town of *Dracut*
MASSACHUSETTS

February 13, 2023

To Members of the Board of Selectmen and Citizens of the Town of Dracut:

At the close of each fiscal year, State Law requires the Town of Dracut (the Town) 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 Dracut, Massachusetts, for the fiscal year ending June 30, 2022 for your review.

This report consists of management's representations concerning the finances of the Town of Dracut. 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 Dracut 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 Dracut's financial statements in conformity with GAAP.

Because the cost of internal controls should not outweigh their benefits, the Town of Dracut'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, 2022, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The Town of Dracut's financial statements have been audited by Melanson, 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 Dracut for fiscal year ending June 30, 2022, 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 auditors concluded, the Town's financial statements for fiscal year ending June 30, 2022, are fairly presented in conformity with GAAP.

The independent audit of the financial statements of the Town of Dracut 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 Dracut’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 Dracut’s MD&A can be found immediately following the report of the independent auditors.

Profile of the Town of Dracut

Dracut, incorporated in 1701, is governed by an open town meeting and a five-member Board of Selectmen. The Town is located in northeastern Middlesex County, about 28 miles north of Boston. It is bordered on the north by Pelham, New Hampshire, on the east by Methuen, Massachusetts, on the south by Lowell and Tewksbury, Massachusetts and on the west by Tyngsborough, Massachusetts. The Town occupies a land area of 20.84 square miles.

Local legislative decisions are made by an open town meeting. Subject to the legislative decisions made by the town meeting, the affairs of the Town are generally administered by a board of five selectmen who are elected on an at-large basis for staggered three-year terms. The operations of the Town are under the direction of a Town Manager appointed by the Board of Selectmen. Local school affairs are administered by an elected school committee of five persons while local taxes are assessed by a board of three assessors all appointed on an at-large basis for staggered three-year terms.

The Town provides general governmental services for the territory within its boundaries including police and fire protection, disposal of rubbish, public education in grades K to 12, sewer services, streets, parks and recreation. Water services are provided by the Town and the Dracut Water Supply District.

The Dracut Housing Authority provides housing for eligible low-income families and handicapped persons. The Greater Lowell Regional Vocational School District provides vocational training for students in grades 9-12.

Many of the Town’s open space areas, ponds, and wetlands have been protected and preserved for present and future residents. Among the protected in no particular order are: Ogonowski Farm Tranquility Trail, Long Pond, Lake Mascuppic, Dracut/Tyngsboro State Forest, Dunlap Sanctuary, The Yapp Farm, Beaver Brook (Richardson) Farm, Leczynski Farm, Proprietor’s Way, Dillon-McAnespie Park, Veteran’s Park, and Monahan Park.

The School Committee comprises 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 also a member of the Greater Lowell Regional School District, which provides vocational education to residents. Dracut has been fortunate to have been able to complete the construction of a new Junior High School and Dracut Senior High School over the past 15 years.

An annual operating budget is approved by Town Meeting at the annual spring Town Meeting each year and if needed at the annual fall Town Meeting. The annual budget serves as the foundation for the Towns and School Departments financial planning and control. The Town's General Fund budget is prepared by function and managed by each respective department manager. Capital projects and special articles are also approved at Town Meeting. The Town Manager is the Chief Administrative Officer of the Town and is responsible for preparation, submission and implementation of the annual budget.

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 Dracut operates.

Local Economy

The Town is situated to provide ready access to the Lowell and Boston metropolitan areas to the south, the Atlantic seacoast to the east and the mountains and lakes of New England to the north. There is an abundance of recreational, healthcare, and educational institutions within an hour or less drive. The Town is located near interstates 93 and 495, which cater to a number of regional employment centers. The community itself is primarily residential with a recent increase in the commercial and industrial districts.

The Town's household incomes are strong compared with national medians. The 2018 median household effective buying income was 107% of the U. S. level, which the per-capita effective buying income is 110% of the national level. Unemployment in the community was 3.2% in 2022, down from 6.6% in 2013. Due to the coronavirus, the Town has experienced an increase in our unemployment rate.

As a result of the hard work of the administration, the Town will recognize \$533K in new growth for fiscal year 2023. During fiscal year 2022 we saw construction and occupancy of many commercial spaces throughout the community; zoning changes to combine lots to provide achievable business opportunities and extensive construction of single-family homes and the permitting of four retail cannabis establishments, one of which has opened to the public. We will soon see several major projects underway, all of which could result in new growth revenue, the most important piece of our economic stability. The Town has and continues to budget revenues cautiously and departments have responded well to our call for even more conservancy with

respect to budget expenditures. It is imperative that the Town continue to cautiously budget revenues, as a significant amount of cannabis revenue does have a sunset clause. The implementation of a strategic use of free cash is a necessary step the Town must take in order to responsibly introduce some one-time revenues into the budget process.

Going forward the Town will closely monitor the economy and make necessary adjustments to its budget lines and estimated revenues. Fiscal year 2022 has been a challenging one in many areas, our finances are no exception. Fortunately, the Federal Government recognizes these struggles that all municipalities are having, and they provided us a resource to help cover increased expenditures related to the coronavirus pandemic.

We are shifting our priorities to meet the requirements of the American Rescue Plan. These funds will provide us the opportunity to attack some long-awaited capital projects. All grants come with strict timelines; it is important that we keep abreast of these requirements.

Long-Term Financial Planning

The Town continues to manage its financial affairs in a prudent manner as is demonstrated by its Standard and Poor's improved rating of AA. Town management made a concerted effort to focus on the improvement of the Towns bond rating and did so by improving our reserve position, developing and implementing various policies and procedures and meeting our goals with respect to reserves, investments and debt management. The Town's financial actions are generally guided by long-range planning for long-term liabilities. The Town strives to prioritize spending, refrain from use of free cash or one-time revenues to balance annual budgets, and follow municipal best practices.

The Town currently manages \$70 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 ten percent of the General Fund Budget. The ratio in Fiscal Year 2023 is approximately 6.5%. Both enterprise funds and the Community Preservation Fund appropriate annual debt service in their respective budgets.

The Town's main source of revenue is property taxes which is capped by Proposition 2 ½ and can be overridden only by a majority vote at a Town election. The tax rate has averaged \$12.79/\$1,000 of assessed value over the past five years. The tax rate for Fiscal Year 2023 has been certified at \$11.58/\$1,000. State Aid is an important part of Town revenues, it represents approximately 27% of the Town's revenue budget. Chapter 70 and State Aid did see an increase in fiscal year 2023 about 12% higher than fiscal year 2022. The Town has and continues to be conservative with estimating local revenues. Local revenues are economically driven, if the overall economy is good, the Town will recognize higher collections in excise tax, permitting fees, meals taxes and other areas of the revenue budget.

Tax bills are generated quarterly by the Assessing and Tax Departments. The Town Treasurer is the custodian and depository of all Town funds; reconciliation of cash is the most important task.

The Treasurer also manages the payroll, employee benefits, retirement administration, the Town's debt obligations/needs and other duties and responsibilities as dictated in various Chapters of Massachusetts General Laws including but not limited to Chapters 44, 41, 32, 149, etc.

Annual Budget Process

In accordance with the Town Charter, at least four months before the start of the fiscal year, the Town Manager shall submit to the Finance Committee a proposed budget for the ensuing fiscal year with an accompanying budget message and supporting documents. They shall simultaneously provide for the publication of the proposed budget on the Town's official website and for the publication in a local newspaper of a general summary of the proposed budget and a notice stating the times and places where complete copies of his proposed budget shall be available for examination by the public. After deliberations and review the committee will report its recommendations at Town Meeting.

Town Meeting vote provides for lump sum appropriations for education components as well as Town operations, specifically Town Manager and Superintendent of Schools authority to pay all salaries, wages, expenses and transfers.

Relevant Financial Policies

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 Finance Director and Treasurer are responsible for evaluating the adequacy and effectiveness of internal control structures and implementing improvement.

The Town has adopted comprehensive policies and procedures. The Fund Balance Policy was created in consideration of unanticipated events that could adversely affect the financial condition of the Town and jeopardize the continuation of necessary public services. This policy will ensure that the Town maintains adequate fund balances and reserves in order to: provide sufficient cash flow for daily financial needs; secure and maintain investment grade bond ratings; offset significant economic downturns or revenue shortfalls and provide funds for unforeseen expenditures related to emergencies.

Other topics that are represented in our Financial Policies include: Reserve Fund Policy; Capitalization Policy; Procurement Policy; Investment Policy; Debt Policy; Fraud Policy; Receipt Policy; Red Flag Policy; Post-Issuance Tax Compliance Procedures and OPEB Policy. All of these policies are available for review and are updated as changes in the world of municipal finance evolves.

The 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 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. With the increase in free cash the Town is able to begin to be slightly more aggressive and flexible with the terms of its investments.

Major Initiatives and Accomplishments

The Town has partnered with Coalition for a Better Acre with the rehabilitation of a school house and turning it into Veterans' housing. There will be 9 units and Dracut residents will be given preference.

The Town has a project management team comprised of the Town Manager, Assistant Town Manager, Community Development Director, DPW Director, Assistant DPW Director, Engineer, Water/Sewer Superintendent, and Recreation Director that meets monthly to discuss current and upcoming projects. This team strategizes on ways to secure grants and other funds for these project initiatives.

The Town has been very successful with the application and receipt of many grants. The application and implementation timeline for most of these grants can be daunting but our Department Heads and Boards and Commissions persist on applying to improve our economy and address some projects that need attention and would not be possible without outside funding. Some examples are:

Grant Name	Purpose	Expended
ESSER II Cares Act Grant	School	\$1,052,035
Cares Act Fund	COVID-19 Expenses	\$371,589
American Rescue Plan (Federal)	Infrastructure	\$142,947
Elder Affairs Grant	Council on Aging	\$62,368
LED Green Communities	LED Street Lights	\$37,286
Municipal Sidewalk Earmark	Library Sidewalks	\$35,000
Public Safety Earmark	Public Safety	\$28,132
Municipal Sign Earmark	Town Hall Sign	\$25,000
Fire Safety Grant	Fire	\$20,790
MIIA Wellness Grant	Wellness	\$19,740
Fire HAZMAT Grant	Fire	\$10,992
Fire SAFE Grant	Fire	\$10,347
MIIA Risk Management Grant	Safety Equipment	\$9,999
AED Equipment	Fire AED	\$2,500
Fire Senior Safe Grant	Fire	\$2,347

With grants comes responsibility, we must monitor and ensure all guidelines, reporting and expenditures are handled properly. We will continue to search for and apply for grants if it is a good decision for the Town. In some cases we simply do not qualify and in others we do not possess the required structure to manage. The Town does not have a grant writer, the process for all grants is completed by various department heads. This being the case we are limited to which grants can be managed by the departments on top of all their other responsibilities. In order for the Town to improve its economy, infrastructure, quality of life and investment in town services, we must invest in our ability to produce and perform.

In an effort to digitize and improve our service delivery within the Department of Public Works, we have introduced an application that provides immediate access to job orders. As we implement the program, the goal is to allow the public a resource to report issues such as potholes, tree limbs, etc. We will expand on the system as time and resources allow.

In an effort to improve the Town's Commercial/Industrial tax base as well as provide job opportunities for residents, the administration continues its mission to create opportunities that will attract quality businesses to the community. Many of the cannabis facilities that have been permitted are under construction. One in particular is investing upwards of \$10M in the community. The Board of Selectmen have pledged to limit the amount of retail establishments to four as is required.

The Town's last master plan was completed in 1999. The Plan, prepared by John Brown Associates, Inc. was not adopted by the Dracut Planning Board. Several members of the Dracut Planning Board cited inconsistencies and errors that resulted in their lack of endorsement of the Plan.

The newly formed 2017 Master Plan Committee completed its work and has updated the Plan. It acknowledges that the Town is in a new cycle of development- primarily residential development. Additionally, in many commercially zoned locations, redevelopment - rebuilding in place- is occurring. Redevelopment is anticipated to change the commercial nodes within the community, as well as Dracut's neighborhoods and open spaces. Between new residential development and redevelopment of commercial areas, the look and feel of the community is bound to change.

This Master Plan effort took a comprehensive look at how Dracut is changing and aims to gather updated factual information for all master plan chapters in order to ultimately be able to make recommendations on where the Town should be going. The Plan is not intended to provide a detailed blueprint for the future, rather it is intended to provide strategic direction for those who will make decisions about the new development, both new construction and redevelopment of existing structures within Dracut.

This Master Plan will consider all master plan chapters as designated in MGL, Chapter 41, Section 81. These chapters include: goals and objectives; housing and their neighborhoods, land use, economic development, transportation and circulation; open space and recreation; historic and

cultural resources; natural resources; municipal facilities, including services and infrastructure; and an action plan for the governance of development and municipal policies.

For fiscal year 2022 the Town appropriated funding from Free Cash to re-write both the Zoning Bylaw and the General Bylaw. Both documents take considerable time to draft, this project could take up to two years. The goal is to update both documents in line with the Master Plan.

The Town of Dracut, like every other community in the nation and worldwide, have been faced with the COVID-19 Pandemic. With the pandemic came significant disruption to every part of local government. It has taken its toll on our healthcare system, local economy, service delivery, education, parenting, it goes on and on. Dracut has been fortunate to have the cooperation of its residents and businesses with respect to adhering to the mandates and overall handling of this unprecedented time we are all experiencing. We are not done with it yet; we have been forced to alter the way we do business and provide a safe working environment at the same time. Thanks to the investments the Town has made with technology we were successful in conducting business remotely. Town government does not lend itself to working remotely, we re-opened Town buildings as soon as we could safely, but we recently had to close them to the public again. I am extremely happy with the tenacity in which our employees handled this crisis, we truly did not miss a beat, some things may have taken more time to complete but all and all they performed exceptionally well.

Financial Reporting Awards

The Town of Dracut has received a Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association of the United States and Canada (GFOA) for its ACFR for the last four fiscal years. In order to receive this prestigious award the report must be easily readable and efficiently organized, the contents must conform to program standards, and it must satisfy both generally accepted accounting principles and applicable legal requirements. The award is presented to government units and public employee retirement systems whose ACFRs achieve the highest standards in government accounting and financial reporting.

The Certificate of Achievement is valid for a period of one year only. We believe that this ACFR conforms to the standards required for the certificate and will be submitting it to the GFOA for review.

Acknowledgements

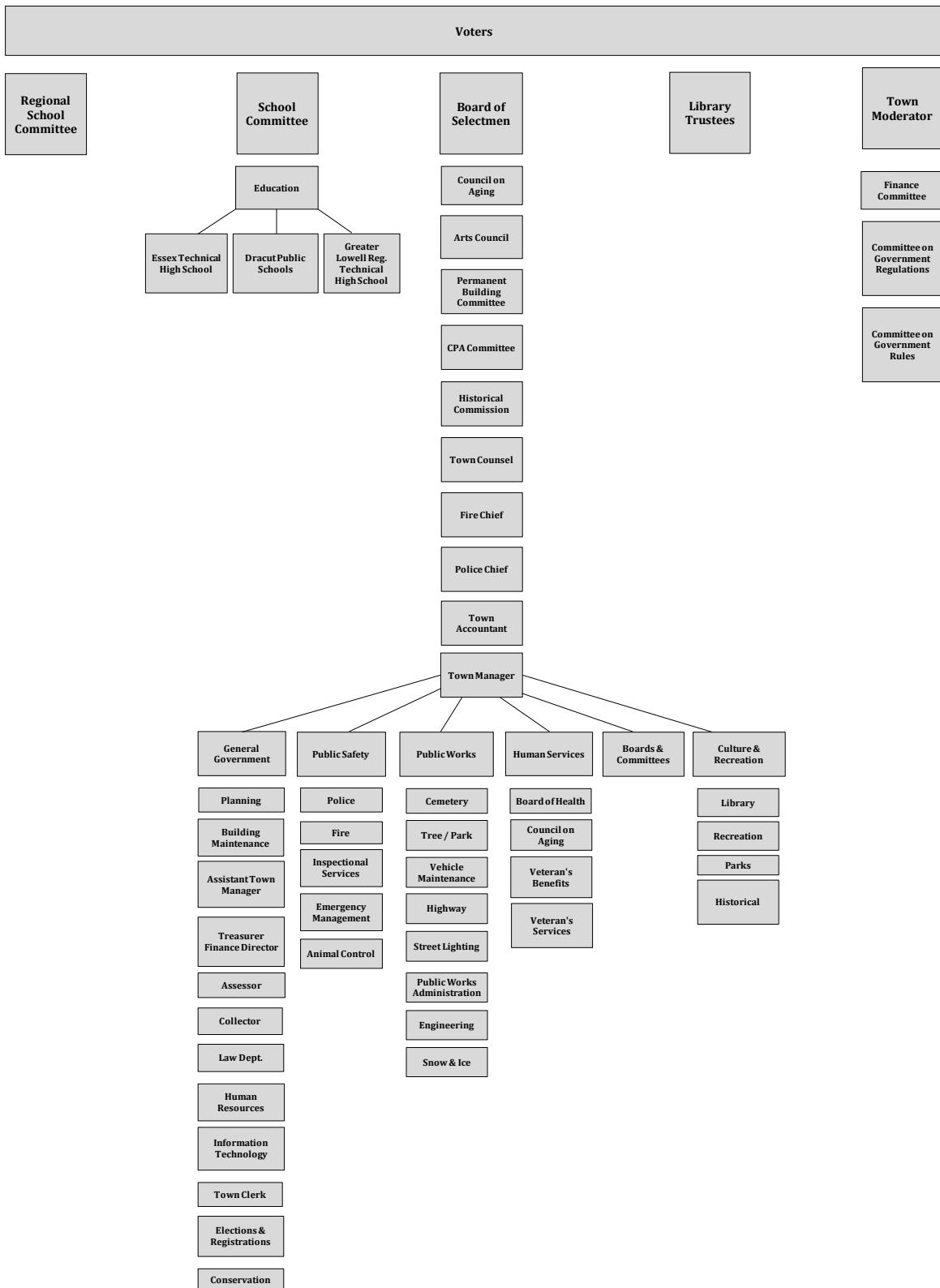
This report represents the collective efforts of Town Management, the Board of Selectmen and the accounting firm of Melanson. The publication of the Annual Comprehensive Financial Report represents an important achievement for the Town of Dracut. The report contains enhanced financial information for citizens, elected and appointed officials, and investors.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ann Vandal".

Ann M. Vandal
Town Manager

Town of Dracut, Massachusetts Organizational Chart



Town of Dracut, Massachusetts

Principal Town Officials

Board/Title	Name	Term
Elected Officials		
Board of Selectmen	Tony Archinski	2025
Board of Selectmen	Joseph DiRocco, Jr.	2024
Board of Selectmen	Alison Genest	2023
Board of Selectmen	Jennifer Kopcinski	2025
	Heather Santiago-Hutchings	2023
Board of Selectmen	Joseph Wilkie	2024
School Committee	Rebecca Duda	2024
School Committee	Linda Trouville	2025
School Committee	Allison Volpe	2025
School Committee	Renee Young	2023
Principal Executive Officers		
Town Manager	Ann Vandal	Indefinite
Superintendent of Schools	Steven Stone	Indefinite
Town Counsel	David Deluca	Indefinite
Assistant Town Manager	Victor Garofalo	Indefinite
Police Chief	Peter Bartlett	Indefinite
Fire Chief	Rich Patterson	Indefinite
Public Works Director	Edward Patenaude	Indefinite
Town Clerk	Jayne Boissonneau	Indefinite
Finance Director/Town Accountant	Victor Garofalo	Indefinite
Chief Assessor	Karen Golden	2023
Tax Collector	Colleen Merrill	Indefinite
Human Resource Director	Sabrina Vozzella	Indefinite
Conservation/Recreation Director	Lori Cahill	Indefinite
Planning/Community Development	Alisson Manugian	Indefinite
Building Inspector	Daniel McLaughlin	Indefinite
Town Engineer	Mark Hamel	Indefinite
Sewer/Water Superintendent	Marguerite Hoover	Indefinite
Health Agent	David Oullette	Indefinite
Council on Aging Director	Bethany Loveless	Indefinite
Veteran's Agent	Jerome Thomas	Indefinite
Library Director	Christine Muir	Indefinite



Government Finance Officers Association

**Certificate of
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in Financial
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Presented to

**Town of Dracut
Massachusetts**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

Christopher P. Morrell

Executive Director/CEO

Town of Dracut, Massachusetts

Geographic Location



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FINANCIAL SECTION





INDEPENDENT AUDITOR'S REPORT

To the Board of Selectmen
Town of Dracut, Massachusetts

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Dracut, Massachusetts (the Town), as of and for the year ended June 30, 2022, 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 present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Dracut, Massachusetts, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Change in Accounting Principle

As discussed in Note 28 to the financial statements, in the year ending June 30, 2022, the Town adopted new accounting guidance for Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

Merrimack, New Hampshire
Andover, Massachusetts
Greenfield, Massachusetts
Ellsworth, Maine

800.282.2440 | melansoncpas.com



Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The combining and individual nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.



Other Information

Management is responsible for the other information included in the Annual Comprehensive Financial Report (ACFR). The other information comprises the introductory and statistical sections but does not include the financial statements and our auditor's report thereon. Our opinions on the 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 financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the 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 February 13, 2023 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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.



Andover, Massachusetts
February 13, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Town of Dracut, 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, 2022.

A. Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the basic financial statements. The basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the 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 being 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, and debt service interest on long-term debt. The business-type activities are comprised of sewer, water and stormwater management operations, as well as PEG access services.

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.

The Town maintains several individual governmental funds. Information is presented separately in the governmental funds Balance Sheet and in the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, Town Grants Fund, and the Community Preservation Fund. Information from all other governmental funds is combined into a single, aggregated, presentation as nonmajor governmental funds. Individual fund information for nonmajor governmental funds is provided in the form of combining statements that can be located on pages 108 – 111 of this report.

An annual appropriated budget is adopted for the General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with the budget. This can be found in the Required Supplementary Information section of this report.

Proprietary Funds

Proprietary fund reporting focuses on the determination of operating income, changes in net position (or cost recovery), 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 business-type activities in the government-wide financial

statements, only in more detail. Specifically, enterprise funds are used to account for sewer, water, stormwater management, and PEG access operations.

Proprietary funds provide the same type of information as the business-type activities reported in the government-wide financial statements, only in more detail. The proprietary fund financial statements provide information for the sewer, water, stormwater management, and PEG access operations. Sewer operations are considered to be a major fund while water operations, stormwater management operations, and PEG access operations are reported as nonmajor funds.

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.

Notes to the Financial Statements

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

Required/Other Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information which is required to be disclosed by accounting principles generally accepted in the United States of America. Furthermore, other supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements.

B. Financial Highlights

- As of the close of the current fiscal year, net position in governmental activities was \$(80,533,483), a change of \$(1,484,181), and net position in business-type activities was \$49,422,752, a change of \$2,112,091, as further discussed in Section C.
- As of the close of the current fiscal year, governmental funds reported combined ending fund balances of \$35,691,453, a change of \$3,022,789 in comparison to the prior year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$10,012,925, a change of \$(1,401,710) in comparison to the prior year.

C. Government-Wide Financial Analysis

The following is a summary of condensed government-wide statement of net position financial data for the current and prior fiscal year.

	NET POSITION					
	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Assets						
Current and other assets	\$ 49,889,869	\$ 45,010,960	\$ 8,084,405	\$ 7,886,506	\$ 57,974,274	\$ 52,897,466
Capital assets	<u>158,571,289</u>	<u>160,716,981</u>	<u>72,734,668</u>	<u>74,384,962</u>	<u>231,305,957</u>	<u>235,101,943</u>
Total assets	208,461,158	205,727,941	80,819,073	82,271,468	289,280,231	287,999,409
Deferred Outflows of Resources:						
Related to pension	6,867,796	5,002,680	98,927	72,061	6,966,723	5,074,741
Related to OPEB	<u>13,461,759</u>	<u>9,988,501</u>	<u>83,548</u>	<u>61,992</u>	<u>13,545,307</u>	<u>10,050,493</u>
Total deferred outflows of resources	20,329,555	14,991,181	182,475	134,053	20,512,030	15,125,234
Liabilities						
Current liabilities	15,413,246	14,835,487	3,641,063	3,913,661	19,054,309	18,749,148
Noncurrent liabilities	<u>251,284,114</u>	<u>269,760,569</u>	<u>27,523,787</u>	<u>30,971,450</u>	<u>278,807,901</u>	<u>300,732,019</u>
Total liabilities	266,697,360	284,596,056	31,164,850	34,885,111	297,862,210	319,481,167
Deferred Inflows of Resources:						
Related to pension	10,541,754	4,035,713	151,850	58,133	10,693,604	4,093,846
Related to OPEB	30,414,620	11,136,655	188,764	69,117	30,603,384	11,205,772
Related to leases	1,670,462	-	-	-	1,670,462	-
Other	-	-	73,332	82,499	73,332	82,499
Total deferred inflows of resources	42,626,836	15,172,368	413,946	209,749	43,040,782	15,382,117
Net Position						
Net investment in capital assets	119,318,802	118,824,926	43,624,931	41,968,162	162,943,733	160,793,088
Restricted	<u>15,436,228</u>	<u>15,204,954</u>	<u>-</u>	<u>-</u>	<u>15,436,228</u>	<u>15,204,954</u>
Unrestricted	<u>(215,288,513)</u>	<u>(213,079,182)</u>	<u>5,797,821</u>	<u>5,342,499</u>	<u>(209,490,692)</u>	<u>(207,736,683)</u>
Total net position	<u>\$ (80,533,483)</u>	<u>\$ (79,049,302)</u>	<u>\$ 49,422,752</u>	<u>\$ 47,310,661</u>	<u>\$ (31,110,731)</u>	<u>\$ (31,738,641)</u>

As noted earlier, net position may serve over time as a useful indicator of the Town's financial position. At the close of the most recent fiscal year, total net position was \$(31,110,731), a change of \$627,910 in comparison to the prior year.

The largest portion of net position, \$162,943,733, reflects our investment in capital assets (e.g., land, buildings, machinery, equipment, and infrastructure); less any related debt used to acquire those assets that is still outstanding. These capital assets are used to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of net position, \$15,436,228, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position reflects a deficit of \$(209,490,692) primarily resulting from unfunded pension and OPEB liabilities.

The following is a summary of condensed government-wide statement of changes in net position financial data for the current and prior fiscal year:

	CHANGE IN NET POSITION					
	Governmental Activities		Business-Type Activities		Total	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Revenues						
Program revenues:						
Charges for services	\$ 3,524,872	\$ 2,599,498	\$ 9,547,895	\$ 9,193,501	\$ 13,072,767	\$ 11,792,999
Operating grants and contributions	37,080,764	42,991,257	-	-	37,080,764	42,991,257
Capital grants and contributions	-	-	70,305	75,481	70,305	75,481
General revenues:						
Property taxes	56,175,542	54,510,606	-	-	56,175,542	54,510,606
Excises	4,964,507	5,055,269	-	-	4,964,507	5,055,269
Penalties, interest, and other taxes	3,419,757	1,267,225	-	-	3,419,757	1,267,225
Grants and contributions not restricted to specific programs	4,271,321	3,805,725	-	-	4,271,321	3,805,725
Investment income (loss)	(431,267)	54,738	52,964	35,344	(378,303)	90,082
Miscellaneous	<u>1,300,391</u>	<u>483,564</u>	-	-	<u>1,300,391</u>	<u>483,564</u>
Total revenues	110,305,887	110,767,882	9,671,164	9,304,326	119,977,051	120,072,208
Expenses						
General government	8,068,345	7,462,669	-	-	8,068,345	7,462,669
Public safety	17,502,016	17,045,845	-	-	17,502,016	17,045,845
Education	71,317,145	73,758,408	-	-	71,317,145	73,758,408
Public works	9,598,638	8,996,083	-	-	9,598,638	8,996,083
Health and human services	1,108,045	1,112,298	-	-	1,108,045	1,112,298
Culture and recreation	2,267,413	2,106,395	-	-	2,267,413	2,106,395
Debt service interest	1,258,766	1,118,277	-	-	1,258,766	1,118,277
Sewer operations	-	-	5,919,068	4,891,386	5,919,068	4,891,386
Water operations	-	-	1,552,309	1,570,966	1,552,309	1,570,966
Stormwater operations	-	-	454,722	458,871	454,722	458,871
PEG access operations	-	-	302,674	-	302,674	-
Total expenses	<u>111,120,368</u>	<u>111,599,975</u>	<u>8,228,773</u>	<u>6,921,223</u>	<u>119,349,141</u>	<u>118,521,198</u>
Change in net position before transfers	(814,481)	(832,093)	1,442,391	2,383,103	627,910	1,551,010
Transfers in (out)	<u>(669,700)</u>	<u>(500,278)</u>	<u>669,700</u>	<u>500,278</u>	<u>-</u>	<u>-</u>
Change in net position	(1,484,181)	(1,332,371)	2,112,091	2,883,381	627,910	1,551,010
Net position - beginning of year	<u>(79,049,302)</u>	<u>(77,716,931)</u>	<u>47,310,661</u>	<u>44,427,280</u>	<u>(31,738,641)</u>	<u>(33,289,651)</u>
Net position - end of year	<u>\$ (80,533,483)</u>	<u>\$ (79,049,302)</u>	<u>\$ 49,422,752</u>	<u>\$ 47,310,661</u>	<u>\$ (31,110,731)</u>	<u>\$ (31,738,641)</u>

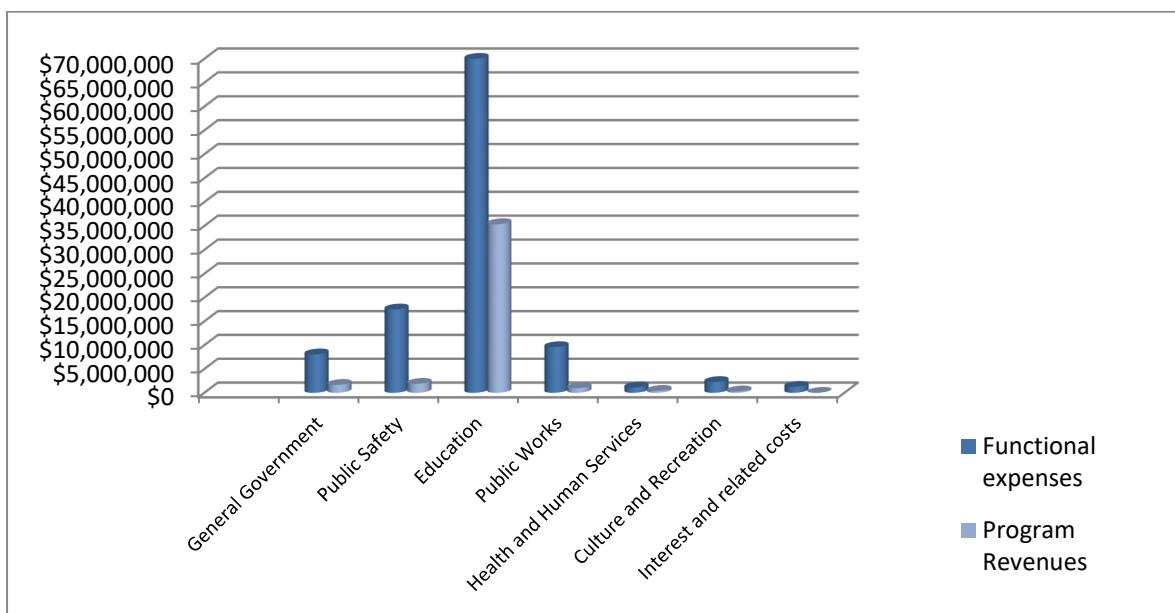
Fiscal year 2021 amounts were not restated because the application of Governmental Accounting Standards Board Statement No. 87, *Leases* to prior amounts was not practical.

Governmental Activities

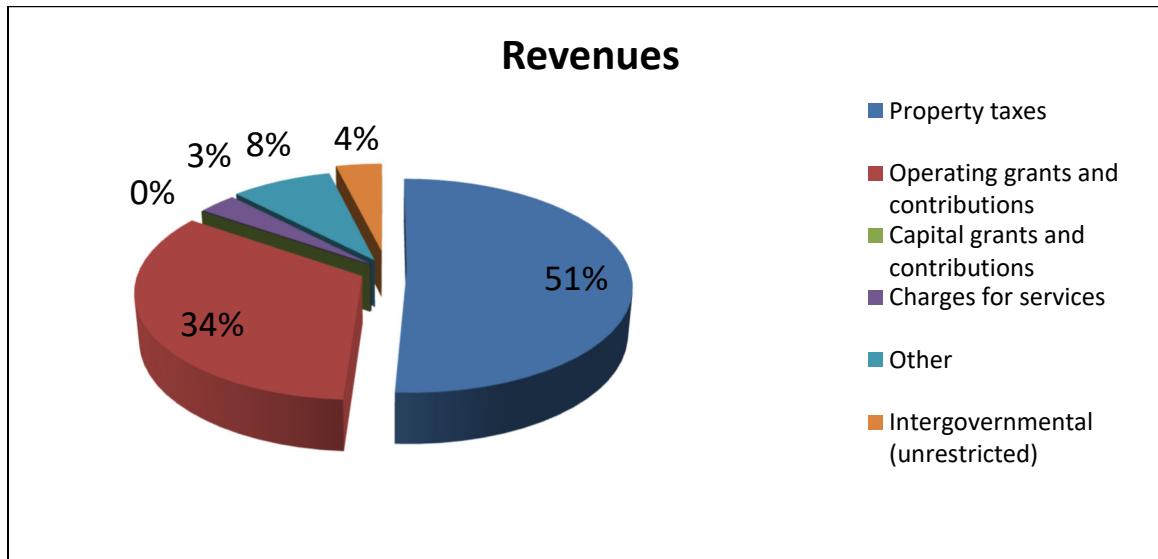
Governmental activities for the year resulted in a change in net position of \$(1,484,181). Key elements of this change are as follows:

General Fund revenues in excess of expenditures	\$ 3,939,070
Town Grants Fund revenues in excess of expenditures	493,915
Community Preservation Fund revenues in excess of expenditures	991,391
Depreciation expense in excess of principal debt service	(3,613,225)
Decrease in net pension liability, net of related deferrals	(308,515)
Decrease in net OPEB liability, net of related deferrals	(3,335,071)
Other	<u>348,254</u>
Total	\$ <u>(1,484,181)</u>

The following graph displays governmental activities functional expenses and program revenues:

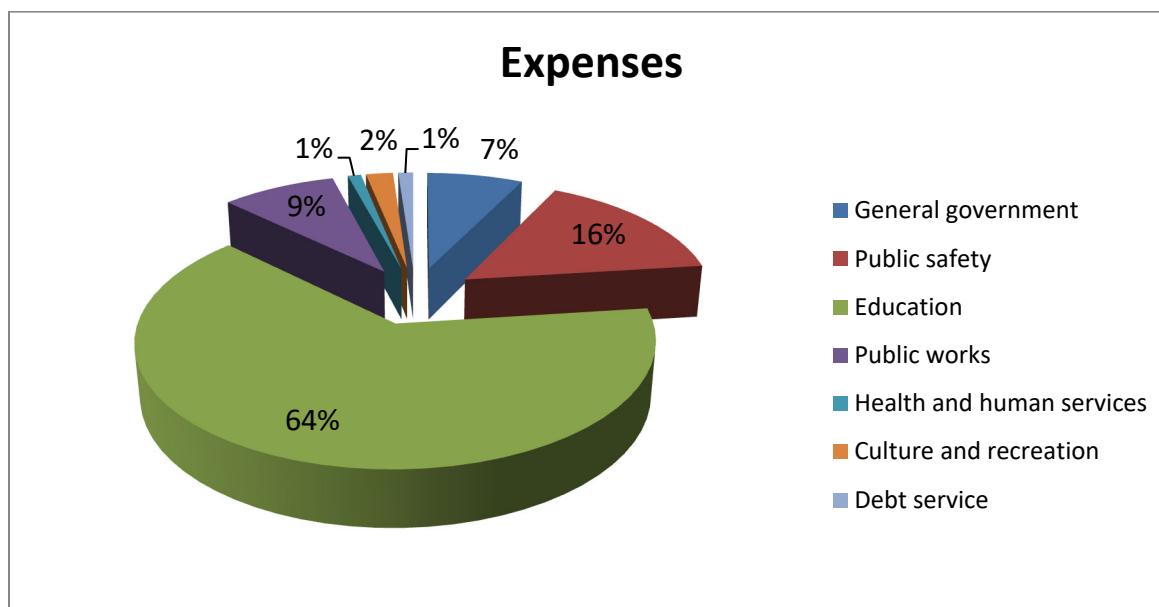


Significant sources of governmental activities revenues consist of:



- (1) *Property taxes* – represented approximately 50.93% of total fiscal year 2022 governmental activity revenues, an increase of \$1,664,936 over the prior year as a result of new growth in the tax base and Proposition 2½ limitations.
- (2) *Operating grants and contributions* – represented approximately 33.62% of the total fiscal year 2022 governmental activity revenues, a decrease of \$5,910,493 compared to the prior year. This decrease is mainly attributable to COVID-19 funding received in the previous year along with a decrease in the Town's proportion of MTRS revenue and expense.

Significant expenses in governmental activities expenses consist of:



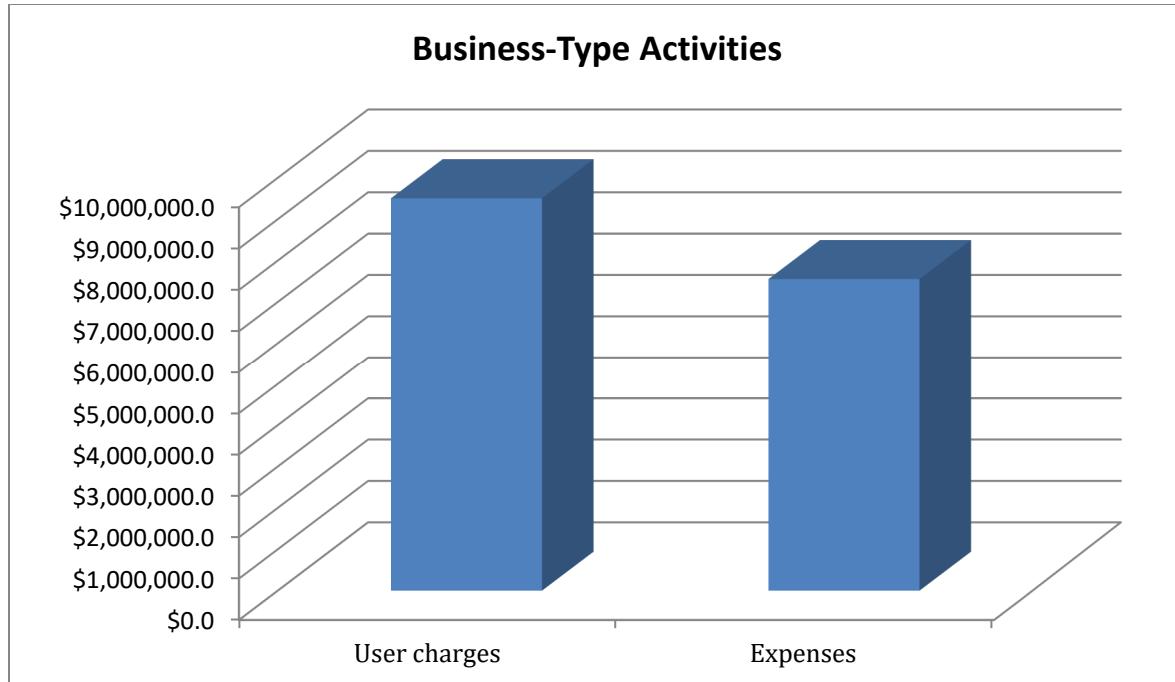
(1) *Education* – the continued education and development of the Town's youth continues to be an area in which the Town devotes substantial resources. Costs in this critical area represent the area of largest distribution for the Town, as approximately 64.18% of total fiscal year expenses related to education. Education expenses decreased from the prior year due to one-time costs incurred in reopening schools during the pandemic in fiscal year 2021.

(2) *Public safety* – the safety and well-being of the Town's residents continues to be a critical funding area; public safety expenses increased by \$456,171 and represents 15.75% of the Town's governmental expenses in fiscal year 2022.

Business-Type Activities

Business-type activities for the year resulted in a change in net position of \$2,112,091. Key elements of the change are as follows:

	<u>Revenues</u>	<u>Expenses</u>	<u>Transfers In (Out)</u>	<u>Change in Net Position</u>
Sewer fund	\$ 7,666,456	\$ 5,919,068	\$ -	\$ 1,747,388
Water fund	1,575,688	1,552,309	-	23,379
Stormwater fund	47,875	454,722	669,700	262,853
PEG Access fund	381,145	302,674	-	78,471
Total	<u>\$ 9,671,164</u>	<u>\$ 8,228,773</u>	<u>\$ 669,700</u>	<u>\$ 2,112,091</u>



Net position of the sewer fund and nonmajor enterprise funds changed by approximately 4% and 15%, respectively. This is primarily driven by planned budgetary increases to user fees in the sewer fund and stormwater expenses coming in lower than originally anticipated.

D. 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.

As of the end of the current fiscal year, governmental funds reported combined ending fund balances of \$35,691,453, a change of \$3,022,789 in comparison to the prior year. The change primarily results from permanently financing our capital projects.

General Fund

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$10,012,925, while total fund balance was \$17,015,989. The unassigned fund balance decreased approximately \$1.4 million primarily due to the increased use of free cash for capital purposes voted in fiscal year 2022 and reserved for expenditures in 2023. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total General Fund expenditures, as illustrated in the table below:

<u>General Fund</u>	<u>6/30/22</u>	<u>6/30/21</u>	<u>Change</u>	<u>Total General Fund Expenditures*</u>	<u>% of Total General Fund Expenditures*</u>
Unassigned fund balance ¹	\$ 10,012,925	\$ 11,414,635	\$ (1,401,710)		11.42%
Total fund balance ²	\$ 17,015,989	\$ 15,792,640	\$ 1,223,349		19.40%

¹ Includes general stabilization account

² Includes all stabilization accounts

*Expenditure amounts used to calculate the above percentages have been adjusted to exclude the on-behalf payment from the Commonwealth of Massachusetts to the Massachusetts Teachers Retirement System of \$4,801,501.

The total fund balance of the General Fund changed by \$1,223,349 during the current fiscal year. Key factors in this change are as follows:

Use of fund balance as a funding source	\$ (2,721,837)
Use of restricted fund balance as a funding source	
Revenues and transfer in greater than budget	3,448,492
Expenditures less than budget	729,158
Change in stabilization accounts	(119,937)
Current year encumbrances less than expenditures of prior year encumbrances	<u>(112,527)</u>
Total	\$ <u>1,223,349</u>

The budgetary revenue surplus is mainly due to excess intergovernmental revenues along with new cannabis sales tax revenues. Stringent budget controls resulted in expenditures being less than budget, most noticeably in employee benefits.

Included in the total General Fund balance are the Town's stabilization accounts with the following balances:

	<u>6/30/22</u>	<u>6/30/21</u>	<u>Change</u>	<u>Fund Balance Classification</u>
General stabilization	\$ 1,078,442	\$ 1,011,604	\$ 66,838	Unassigned
Town Hall stabilization	1,031,524	1,110,984	(79,460)	Committed
Tip Fee stabilization	132,731	131,808	923	Committed
Technology stabilization	107,500	106,753	747	Committed
Equipment stabilization	-	250,000	(250,000)	Committed
Special Education stabilization	<u>342,253</u>	<u>201,238</u>	<u>141,015</u>	Committed
Total	<u>\$ 2,692,450</u>	<u>\$ 2,812,387</u>	<u>\$ (119,937)</u>	

The change in stabilization accounts fund balances is largely attributable to budgeted transfers for various projects offset by the budgeted use of "Free Cash" being transferred into these funds.

Town Grants Fund

The Town Grants Fund was established for the purpose of accounting for state and federal grants received by the Town. The fund balance of the Town Grants Fund changed by \$392,562, primarily from timing differences between the receipt and disbursement of grants.

Community Preservation Fund

The Community Preservation Fund was established for the purpose of acquiring land for conservation purposes, developing more affordable housing units in Town, and preserving and acquiring historical property. Revenues were planned to exceed expenditures and financing uses in order for funds to be reserved for the planned purposes noted above.

Nonmajor Governmental Funds

The fund balance of nonmajor funds changed by \$585,577 primarily from timing differences between the receipt and disbursement of grants and permanent financing of capital projects.

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 enterprise funds at the end of the year amounted to \$5,797,821, a change of \$455,322 in comparison to the prior year as illustrated in the below table:

<u>Fund</u>	<u>6/30/22</u>	<u>6/30/21</u>	<u>Change</u>
Sewer	\$ 3,857,397	\$ 3,873,999	\$ (16,602)
Water	961,902	869,228	92,674
Stormwater	900,051	599,272	300,779
PEG Access	<u>78,471</u>	<u>-</u>	<u>78,471</u>
Total	<u>\$ 5,797,821</u>	<u>\$ 5,342,499</u>	<u>\$ 455,322</u>

The increase in Stormwater unrestricted net position results from expenditures coming in less than anticipated.

Other factors concerning the finances of proprietary funds have already been addressed in the entity-wide discussion of business-type activities.

E. General Fund Budgetary Highlights

The original budget increased by \$2,874,298 during fiscal year 2022. This increase was mainly attributable to the use of “Free Cash” for capital projects and to fund snow and ice related expenditures.

The budget versus actual had an overall favorable variance of \$1,455,813. This was attributable to excess cannabis sales tax revenues driving a favorable balance in penalties, interest, and other taxes of \$2.1 million, intergovernmental revenues of \$710 thousand, as well as strict budgetary controls and reserve funds that were not needed, creating a positive expenditure variance of \$729 thousand. These were softened by the use of “Free Cash” or fund balance for capital, stabilization, and snow and ice purposes. See detailed budget versus actual schedule in the Required Supplementary Information section of this report.

F. Capital Assets and Debt Administration

Capital Assets

Total investment in capital assets for governmental and business-type activities at year-end amounted to \$231,305,957 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery, equipment, and furnishings, construction in progress, and infrastructure.

Major capital asset activity included:

Governmental

\$ 1,430,144	Dracut senior center construction
\$ 1,029,434	DPW building construction
\$ 759,127	Various road improvements
\$ 612,529	School technology

Business-Type

\$ 786,488	Sewer infrastructure
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Long-Term Debt

At the end of the current fiscal year, total bonded debt outstanding was \$69,708,428, all of which was backed by the full faith and credit of the Town.

The Town maintained its AA/Stable rating from S&P Global for their general obligation debt.

Additional information on capital assets and long-term debt can be found in Notes 11 and 19, respectively, of the Notes to the Financial Statements.

G. Economic Factors and Next Year's Budgets and Rates

We are pleased to report that we once again have closed the year on a positive note. Our free cash was certified at just over \$8.4 million. We have begun to be aggressive with the use of free cash to tackle many capital items that have been lingering for some time, including but not limited to: fire and police equipment/vehicles, technology, infrastructure, and many other items/projects that we normally could not address. We do not recommend it but if we were to introduce free cash use into the budget, we must do so responsibly and strategically develop a plan that coincides with the revenue estimates. To date we have not included any revenues associated with cannabis impact fees in the budget, we included \$500 thousand in cannabis sales tax revenue in fiscal year 2022. Impact fees have been an ongoing discussion at the state level; they are re-visiting the guidelines for communities. The Town currently has 4 cannabis facilities who have generated \$1.2 million in impact fees and the same in excise tax during fiscal year 2022. Each license has a 5-year shelf life, after which negotiations will

ensue to renew. At the time of renewal, we will be required to adhere to any new guidelines that are issued by the state.

The Town continues to move forward with its commitment to improve our commercial/industrial tax base. Economic development director Dan Phelps has been busy working with existing and potential businesses. The Economic Development Committee (EDC) is committed to pushing forward while keeping an eye on vacancies and struggles businesses may be having. The EDC meets on a regular basis to strategize and create opportunities for businesses to take advantage of. Dracut does not have a town center; the EDC is working hard to define areas of town to attract more businesses with a primary focus on the Navy Yard and Collinsville areas. We currently have very few storefronts available, which is a good sign in this economy. As many communities are experiencing, Dracut businesses also have a shortage of qualified applicants, which is impacting many business sectors. We have held job fairs for small businesses; provided marketing materials and established a more robust business directory and communication platform via the Town's website.

From a budgeting perspective, the Town had a very positive year during fiscal year 2022. We continue to be conservative on both sides of the general ledger. We have made a practice of not relying on one-time revenues to support the budget while at the same time economically driven revenues are estimated to the best of our knowledge and are not overestimated.

Investing in education, public safety, and public works continues to be a priority. As the community grows so does the need to provide the necessary funding to support the impact each is experiencing. For fiscal year 2023, the budget is increased approximately 2% overall; it provides the funding for all known contractual obligations, to automate many areas within town government, increases the number of sworn officers in police, increases training funding, increases the Town's commitment to education, and absorbs all personnel costs (i.e., insurance, retirement, etc.). With the new administration on Beacon Hill, we are proceeding cautiously with formulating the fiscal year 2024 budget.

It is expected that new growth will continue to play an important role for our community. As we have in the past, we will continue to budget conservatively and carefully analyze the impact of changes and adjust accordingly.

With the infusion of funding from the federal government, we will be working on several capital projects that have been lingering. The Town is on track to invest just under \$10 million in infrastructure improvements. Some of these projects include milling and paving, culvert replacement, and equipment purchases, to name a few. We have established a "Capital Project Working Team" that is made up of department heads; we are currently working on approximately 60 capital projects.

Although the pandemic seems to have dissipated there are still residuals that the Town and its departments are facing. We have kept many of the new procedures and technology

changes in place but need to be cognizant of serving those that are not technology savvy. We cannot lose sight of the need to still have the in-person options for all.

Over the next two years we will see an updated zoning bylaw, general bylaw, and charter. All are due to be re-visited to meet the demands of today. In some cases, the last time they were reviewed was back in the late 1980's. It is time. This along with many other tasks, would not be possible without the commitment and energy of our volunteers, and of course our staff.

Requests for Information

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

Office of the Finance Director
Town of Dracut, Massachusetts
62 Arlington Street
Dracut, Massachusetts 01826

BASIC FINANCIAL STATEMENTS

TOWN OF DRACUT, MASSACHUSETTS

Statement of Net Position

June 30, 2022

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets			
Current:			
Cash and short-term investments	\$ 39,823,213	\$ 7,377,330	\$ 47,200,543
Investments	6,570,772	-	6,570,772
Receivables, net of allowance for uncollectibles:			
Property taxes	424,939	-	424,939
Excises	439,292	-	439,292
User fees	-	587,227	587,227
Intergovernmental	260,984	68,280	329,264
Betterments	34,123	7,618	41,741
Leases	251,696	-	251,696
Departmental and other	114,443	-	114,443
Total Current Assets	<u>47,919,462</u>	<u>8,040,455</u>	<u>55,959,917</u>
Noncurrent:			
Receivables, net of allowance for uncollectibles:			
Property taxes	488,545	-	488,545
Betterments	63,096	43,950	107,046
Leases	1,418,766	-	1,418,766
Capital assets, depreciable, net of accumulated depreciation	138,458,756	72,734,668	211,193,424
Capital assets, non-depreciable	<u>20,112,533</u>	<u>-</u>	<u>20,112,533</u>
Total Noncurrent Assets	<u>160,541,696</u>	<u>72,778,618</u>	<u>233,320,314</u>
Total Assets	<u>208,461,158</u>	<u>80,819,073</u>	<u>289,280,231</u>
Deferred Outflows of Resources			
Related to pension	6,867,796	98,927	6,966,723
Related to OPEB	<u>13,461,759</u>	<u>83,548</u>	<u>13,545,307</u>
Total Deferred Outflows of Resources	<u>20,329,555</u>	<u>182,475</u>	<u>20,512,030</u>

(continued)

TOWN OF DRACUT, MASSACHUSETTS

Statement of Net Position
June 30, 2022

(continued)

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Liabilities			
Current:			
Warrants and accounts payable	2,131,889	42,950	2,174,839
Accrued payroll and withholdings	2,986,077	9,288	2,995,365
Accrued liabilities	469,156	278,934	748,090
Unearned revenue	4,695,518	-	4,695,518
Escrow deposits	1,209,033	-	1,209,033
Other current liabilities	82,575	2,025	84,600
Current portion of long-term liabilities:			
Bonds and loans payable	3,657,713	3,307,866	6,965,579
Estimated landfill closure and postclosure care costs	45,000	-	45,000
Accrued employee benefits	136,285	-	136,285
Total Current Liabilities	<u>15,413,246</u>	<u>3,641,063</u>	<u>19,054,309</u>
Noncurrent:			
Bonds and loans payable, net of current portion	37,014,310	25,728,539	62,742,849
Net pension liability	61,302,263	883,031	62,185,294
Net OPEB liability	146,982,005	912,217	147,894,222
Estimated landfill closure and postclosure care costs, net of current portion	1,579,000	-	1,579,000
Accrued employee benefits, net of current portion	4,406,536	-	4,406,536
Total Noncurrent Liabilities	<u>251,284,114</u>	<u>27,523,787</u>	<u>278,807,901</u>
Total Liabilities	<u>266,697,360</u>	<u>31,164,850</u>	<u>297,862,210</u>
Deferred Inflows of Resources			
Related to pension	10,541,754	151,850	10,693,604
Related to OPEB	30,414,620	188,764	30,603,384
Related to leases	1,670,462	-	1,670,462
Related to debt refunding	-	73,332	73,332
Total Deferred Inflows of Resources	<u>42,626,836</u>	<u>413,946</u>	<u>43,040,782</u>
Net Position			
Net investment in capital assets	119,318,802	43,624,931	162,943,733
Restricted for:			
Grants and other statutory contributions	15,071,474	-	15,071,474
Permanent funds:			
Nonexpendable	259,720	-	259,720
Expendable	105,034	-	105,034
Unrestricted	<u>(215,288,513)</u>	<u>5,797,821</u>	<u>(209,490,692)</u>
Total Net Position	<u>\$ (80,533,483)</u>	<u>\$ 49,422,752</u>	<u>\$ (31,110,731)</u>

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

TOWN OF DRACUT, MASSACHUSETTS

Statement of Activities
For the Year Ended June 30, 2022

	<u>Program Revenues</u>					<u>Net (Expenses) Revenues</u>
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>		
Governmental Activities						
General government	\$ 8,068,345	\$ 359,324	\$ 1,305,220	\$ -	\$ (6,403,801)	
Public safety	17,502,016	1,771,141	119,672	-	(15,611,203)	
Education	71,317,145	1,019,622	34,361,328	-	(35,936,195)	
Public works	9,598,638	92,929	869,393	-	(8,636,316)	
Health and human services	1,108,045	75,362	327,708	-	(704,975)	
Culture and recreation	2,267,413	206,494	97,443	-	(1,963,476)	
Debt service interest	<u>1,258,766</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,258,766)</u>	
Total Governmental Activities	111,120,368	3,524,872	37,080,764	-	(70,514,732)	
Business-Type Activities						
Sewer services	5,919,068	7,564,340	-	70,305	1,715,577	
Water services	1,552,309	1,561,092	-	-	8,783	
Stormwater services	454,722	41,650	-	-	(413,072)	
PEG Access services	<u>302,674</u>	<u>380,813</u>	<u>-</u>	<u>-</u>	<u>78,139</u>	
Total Business-Type Activities	<u>8,228,773</u>	<u>9,547,895</u>	<u>-</u>	<u>70,305</u>	<u>1,389,427</u>	
Total	<u>\$ 119,349,141</u>	<u>\$ 13,072,767</u>	<u>\$ 37,080,764</u>	<u>\$ 70,305</u>	<u>(69,125,305)</u>	

(continued)

TOWN OF DRACUT, MASSACHUSETTS

Statement of Activities
For the Year Ended June 30, 2022

(continued)

	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
Change in net (expenses) revenues from previous page	\$ (70,514,732)	\$ 1,389,427	\$ (69,125,305)
General Revenues			
Property taxes	56,175,542	-	56,175,542
Excises	4,964,507	-	4,964,507
Penalties, interest, and other taxes	3,419,757	-	3,419,757
Grants and contributions not restricted to specific programs	4,271,321	-	4,271,321
Investment income (loss)	(431,267)	52,964	(378,303)
Miscellaneous	1,300,391	-	1,300,391
Transfers, Net	<u>(669,700)</u>	<u>669,700</u>	<u>-</u>
Total General Revenues and Transfers	69,030,551	722,664	69,753,215
Change in Net Position	(1,484,181)	2,112,091	627,910
Net Position			
Beginning of year	<u>(79,049,302)</u>	<u>47,310,661</u>	<u>(31,738,641)</u>
End of year	<u>\$ (80,533,483)</u>	<u>\$ 49,422,752</u>	<u>\$ (31,110,731)</u>

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

TOWN OF DRACUT, MASSACHUSETTS

Governmental Funds

Balance Sheet

June 30, 2022

	General Fund	Town Grants Fund	Community Preservation Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets					
Cash and short-term investments	\$ 16,529,201	\$ 5,452,711	\$ 6,565,028	\$ 11,276,273	\$ 39,823,213
Investments	5,924,893	-	645,879	-	6,570,772
Receivables:					
Property taxes	1,010,369	-	8,360	-	1,018,729
Excises	642,203	-	-	-	642,203
Intergovernmental	63,089	29,290	-	168,605	260,984
Betterments	97,219	-	-	-	97,219
Leases	-	-	-	1,670,462	1,670,462
Due from other funds	97,093	-	-	-	97,093
Departmental and other	-	-	-	114,443	114,443
Total Assets	<u>\$ 24,364,067</u>	<u>\$ 5,482,001</u>	<u>\$ 7,219,267</u>	<u>\$ 13,229,783</u>	<u>\$ 50,295,118</u>
Liabilities					
Warrants and accounts payable	\$ 1,464,628	\$ 56,535	\$ 26	\$ 610,700	\$ 2,131,889
Accrued payroll and withholdings	2,869,184	1,135	-	115,758	2,986,077
Unearned revenue	-	4,695,518	-	-	4,695,518
Due to other funds	-	-	-	97,093	97,093
Escrow deposits	1,209,033	-	-	-	1,209,033
Other liabilities	82,575	-	-	-	82,575
Total Liabilities	<u>5,625,420</u>	<u>4,753,188</u>	<u>26</u>	<u>823,551</u>	<u>11,202,185</u>
Deferred Inflows of Resources					
Unavailable revenues	1,722,658	-	8,360	-	1,731,018
Related to leases	-	-	-	1,670,462	1,670,462
Total Deferred Inflows of Resources	<u>1,722,658</u>	<u>-</u>	<u>8,360</u>	<u>1,670,462</u>	<u>3,401,480</u>
Fund Balances					
Nonspendable	-	-	-	259,720	259,720
Restricted	30,573	728,813	7,210,881	8,726,350	16,696,617
Committed	5,761,633	-	-	2,225,365	7,986,998
Assigned	1,210,858	-	-	-	1,210,858
Unassigned	10,012,925	-	-	(475,665)	9,537,260
Total Fund Balances	<u>17,015,989</u>	<u>728,813</u>	<u>7,210,881</u>	<u>10,735,770</u>	<u>35,691,453</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 24,364,067</u>	<u>\$ 5,482,001</u>	<u>\$ 7,219,267</u>	<u>\$ 13,229,783</u>	<u>\$ 50,295,118</u>

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

TOWN OF DRACUT, MASSACHUSETTS

Reconciliation of Total Governmental Fund Balances
to Net Position of Governmental Activities
in the Statement of Net Position

June 30, 2022

Total Governmental Fund Balances	\$ 35,691,453
• Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.	158,571,289
• Deferred outflows of resources to be recognized as an increase to pension and OPEB expense in future periods:	
Related to pension	6,867,796
Related to OPEB	13,461,759
• Revenues are reported on the accrual basis of accounting and are not deferred until collection.	1,422,862
• Long-term liabilities are not due and payable in the current period and, therefore, are not reported in governmental funds:	
Bonds and loans payable, including unamortized premium	(40,672,023)
Net pension liability	(61,302,263)
Net OPEB liability	(146,982,005)
Landfill closure and postclosure care costs	(1,624,000)
Accrued employee benefits	(4,542,821)
• Deferred inflows of resources to be recognized as a decrease to pension and OPEB expense in future periods:	
Related to pension	(10,541,754)
Related to OPEB	(30,414,620)
• In the Statement of Activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.	<u>(469,156)</u>
Net Position of Governmental Activities	<u>\$ (80,533,483)</u>

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

TOWN OF DRACUT, MASSACHUSETTS

Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2022

	General Fund	Town Grants Fund	Community Preservation Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues					
Property taxes	\$ 55,360,729	\$ -	\$ 1,066,119	\$ -	\$ 56,426,848
Excises	4,931,657	-	-	-	4,931,657
Penalties, interest, and other taxes	3,417,350	-	2,407	-	3,419,757
Charges for services	485,101	-	-	2,303,130	2,788,231
Intergovernmental	31,460,427	1,276,888	452,103	7,960,420	41,149,838
Licenses and permits	736,641	-	-	-	736,641
Investment income (loss)	(444,338)	24,080	(15,262)	4,253	(431,267)
Miscellaneous	493,636	-	101,415	705,340	1,300,391
Total Revenues	96,441,203	1,300,968	1,606,782	10,973,143	110,322,096
Expenditures					
Current:					
General government	3,608,830	598,903	28,326	1,569,975	5,806,034
Public safety	10,437,542	94,524	-	1,200,393	11,732,459
Education	45,456,762	26,573	-	7,662,825	53,146,160
Public works	6,523,217	1,455	-	2,532,102	9,056,774
Health and human services	760,930	63,163	-	1,502,064	2,326,157
Culture and recreation	1,035,669	22,435	-	285,630	1,343,734
Employee benefits	16,495,436	-	-	-	16,495,436
Debt service:					
Principal	3,036,000	-	412,000	-	3,448,000
Interest	1,119,161	-	175,065	-	1,294,226
Intergovernmental	4,028,586	-	-	-	4,028,586
Total Expenditures	92,502,133	807,053	615,391	14,752,989	108,677,566
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,939,070	493,915	991,391	(3,779,846)	1,644,530
Other Financing Sources (Uses)					
Issuance of bonds	-	-	-	1,865,000	1,865,000
Premium on bonds	-	-	-	182,959	182,959
Transfers in	115,479	-	301,410	2,638,399	3,055,288
Transfers out	(2,831,200)	(101,353)	(471,500)	(320,935)	(3,724,988)
Total Other Financing Sources (Uses)	(2,715,721)	(101,353)	(170,090)	4,365,423	1,378,259
Net Change in Fund Balances	1,223,349	392,562	821,301	585,577	3,022,789
Fund Balances at Beginning of Year, as reclassified	15,792,640	336,251	6,389,580	10,150,193	32,668,664
Fund Balances at End of Year	\$ 17,015,989	\$ 728,813	\$ 7,210,881	\$ 10,735,770	\$ 35,691,453

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

TOWN OF DRACUT, 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, 2022

Net Change in Fund Balances - Total Governmental Funds	\$ 3,022,789
<ul style="list-style-type: none"> Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense: 	
Capital outlay	5,495,909
Net effect from disposal of assets	(580,376)
Depreciation	(7,061,225)
<ul style="list-style-type: none"> 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 certain 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 unavailable revenue, net of change in allowance for doubtful accounts. 	
	(218,456)
<ul style="list-style-type: none"> The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net position: 	
Repayments of general obligation bonds and loans	3,448,000
Issuance of general obligation bonds and loans	(1,865,000)
Premium received on issuance of general obligation bonds	(182,959)
<ul style="list-style-type: none"> In the Statement of Activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due. This amount reflects the change in accrued interest. 	
	(136,135)
<ul style="list-style-type: none"> 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: 	
Amortization of bond premiums	171,595
Change in net pension liability and related deferred outflows and inflows	(308,515)
Change in net OPEB liability and related deferred outflows and inflows	(3,335,071)
Change in landfill liability	45,000
Change in accrued employee benefits	20,263
Change in Net Position of Governmental Activities	<u>\$ (1,484,181)</u>

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

TOWN OF DRACUT, MASSACHUSETTS

Proprietary Funds
Statement of Net Position
June 30, 2022

	Business-Type Activities		
	<u>Sewer Fund</u>	<u>Nonmajor Funds</u>	<u>Total Enterprise Funds</u>
Assets			
Current:			
Cash and short-term investments	\$ 5,240,173	\$ 2,137,157	\$ 7,377,330
User fees receivable, net of allowance for uncollectibles	470,850	116,377	587,227
Intergovernmental receivable	68,280	-	68,280
Betterments receivable	<u>7,618</u>	<u>-</u>	<u>7,618</u>
Total Current Assets	5,786,921	2,253,534	8,040,455
Noncurrent:			
Betterments receivable	43,950	-	43,950
Capital assets, depreciable, net of accumulated depreciation	<u>71,950,478</u>	<u>784,190</u>	<u>72,734,668</u>
Total Noncurrent Assets	<u>71,994,428</u>	<u>784,190</u>	<u>72,778,618</u>
Total Assets	77,781,349	3,037,724	80,819,073
Deferred Outflows of Resources			
Related to pension	88,477	10,450	98,927
Related to OPEB	<u>67,551</u>	<u>15,997</u>	<u>83,548</u>
Total Deferred Outflows of Resources	156,028	26,447	182,475
Liabilities			
Current:			
Warrants and accounts payable	29,356	13,594	42,950
Accrued payroll and withholdings	3,442	5,846	9,288
Accrued liabilities	278,934	-	278,934
Other current liabilities	2,025	-	2,025
Current portion of long-term liabilities:			
Bonds and loans payable	<u>3,307,866</u>	<u>-</u>	<u>3,307,866</u>
Total Current Liabilities	3,621,623	19,440	3,641,063
Noncurrent:			
Bonds and loans payable, net of current portion	25,728,539	-	25,728,539
Net pension liability	789,753	93,278	883,031
Net OPEB liability	<u>737,561</u>	<u>174,656</u>	<u>912,217</u>
Total Noncurrent Liabilities	<u>27,255,853</u>	<u>267,934</u>	<u>27,523,787</u>
Total Liabilities	30,877,476	287,374	31,164,850
Deferred Inflows of Resources			
Related to pension	135,809	16,041	151,850
Related to OPEB	152,622	36,142	188,764
Related to debt refunding	<u>73,332</u>	<u>-</u>	<u>73,332</u>
Total Deferred Inflows of Resources	361,763	52,183	413,946
Net Position			
Net investment in capital assets	42,840,741	784,190	43,624,931
Unrestricted	<u>3,857,397</u>	<u>1,940,424</u>	<u>5,797,821</u>
Total Net Position	<u>\$ 46,698,138</u>	<u>\$ 2,724,614</u>	<u>\$ 49,422,752</u>

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

TOWN OF DRACUT, MASSACHUSETTS
Proprietary Funds
Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2022

	Business-Type Activities		
	Sewer Fund	Nonmajor Funds	Total Enterprise Funds
Operating Revenues			
Charges for services	\$ 7,564,340	\$ 1,941,980	\$ 9,506,320
Other	-	41,575	41,575
Total Operating Revenues	7,564,340	1,983,555	9,547,895
Operating Expenses			
Salaries and benefits	578,086	351,271	929,357
Other operating expenses	2,336,889	1,851,213	4,188,102
Depreciation	2,329,561	107,221	2,436,782
Total Operating Expenses	5,244,536	2,309,705	7,554,241
Operating Income (Loss)	2,319,804	(326,150)	1,993,654
Nonoperating Revenues (Expenses)			
Investment income	31,811	21,153	52,964
Interest expense	(674,532)	-	(674,532)
Total Nonoperating Revenues (Expenses), Net	(642,721)	21,153	(621,568)
Income (Loss) Before Transfers and Capital Contributions	1,677,083	(304,997)	1,372,086
Capital Contributions and Transfers			
Capital contributions	70,305	-	70,305
Transfers in	-	669,700	669,700
Change in Net Position	1,747,388	364,703	2,112,091
Net Position, Beginning of Year	44,950,750	2,359,911	47,310,661
Net Position, End of Year	\$ 46,698,138	\$ 2,724,614	\$ 49,422,752

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

TOWN OF DRACUT, MASSACHUSETTS

Proprietary Funds
Statement of Cash Flows
For the Year Ended June 30, 2022

	Business-Type Activities		
	Sewer Fund	Nonmajor Funds	Total Enterprise Funds
Cash Flows From Operating Activities			
Receipts from customers and users	\$ 7,518,439	\$ 2,002,393	\$ 9,520,832
Payments to employees for salaries and benefits	(563,099)	(345,715)	(908,814)
Payments to suppliers and service providers	<u>(2,374,770)</u>	<u>(2,078,665)</u>	<u>(4,453,435)</u>
Net Cash Provided By (Used For) Operating Activities	4,580,570	(421,987)	4,158,583
Cash Flows From Noncapital Financing Activities			
Transfers in	-	669,700	669,700
Net Cash Provided By Noncapital Financing Activities	-	669,700	669,700
Cash Flows From Capital and Related Financing Activities			
Acquisition and construction of capital assets	(786,488)	-	(786,488)
Payments on bonds	(3,292,055)	-	(3,292,055)
Capital contributions	70,305	-	70,305
Receipts from betterments	10,255	-	10,255
Interest expense	<u>(706,897)</u>	<u>-</u>	<u>(706,897)</u>
Net Cash (Used For) Capital and Related Financing Activities	(4,704,880)	-	(4,704,880)
Cash Flows From Investing Activities			
Investment income	<u>31,811</u>	<u>21,153</u>	<u>52,964</u>
Net Cash Provided By Investing Activities	<u>31,811</u>	<u>21,153</u>	<u>52,964</u>
Net Change in Cash and Short-Term Investments	(92,499)	268,866	176,367
Cash and Short-Term Investments, Beginning of Year	<u>5,332,672</u>	<u>1,868,291</u>	<u>7,200,963</u>
Cash and Short-Term Investments, End of Year	<u>\$ 5,240,173</u>	<u>\$ 2,137,157</u>	<u>\$ 7,377,330</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used For) Operating Activities			
Operating income (loss)	\$ 2,319,804	\$ (326,150)	\$ 1,993,654
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	2,329,561	107,221	2,436,782
Changes in assets, liabilities, and deferred outflows/inflows:			
User fees receivable	22,379	14,114	36,493
Intergovernmental receivable	(68,280)	-	(68,280)
Deferred outflows - related to pension	(24,028)	(2,838)	(26,866)
Deferred outflows - related to OPEB	(17,428)	(4,128)	(21,556)
Warrants and accounts payable	(37,881)	(227,452)	(265,333)
Accrued payroll and withholdings	3,442	5,846	9,288
Net pension liability	(55,814)	(6,592)	(62,406)
Net OPEB liability	(62,573)	(14,817)	(77,390)
Deferred inflows - related to pension	83,817	9,900	93,717
Deferred inflows - related to OPEB	96,738	22,909	119,647
Deferred inflows - other	<u>(9,167)</u>	<u>-</u>	<u>(9,167)</u>
Net Cash Provided By (Used For) Operating Activities	<u>\$ 4,580,570</u>	<u>\$ (421,987)</u>	<u>\$ 4,158,583</u>

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

TOWN OF DRACUT, MASSACHUSETTS

Fiduciary Funds
Statement of Fiduciary Net Position
June 30, 2022

	Other Post Employment Benefits <u>Trust Fund</u>
Assets	
Cash and short-term investments	\$ 5,897
Investments:	
External investment pool (PRIT)	<u>778,489</u>
Total Assets	784,386
Net Position	
Restricted for OPEB	<u>784,386</u>
Total Net Position	<u>\$ 784,386</u>

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

TOWN OF DRACUT, MASSACHUSETTS

Fiduciary Funds
 Statement of Changes in Fiduciary Net Position
 For the Year Ended June 30, 2022

	<u>Other Post Employment Benefits Trust Fund</u>
Additions	
Employer contributions	\$ 4,318,163
Investment income (loss):	
Investment income (loss)	(25,993)
Less: management fees	<u>(4,411)</u>
Net investment income (loss)	<u>(30,404)</u>
Total Additions	4,287,759
Deductions	
Benefit payments	<u>4,318,163</u>
Total Deductions	<u>4,318,163</u>
Change in Net Position	(30,404)
Net position restricted for OPEB	
Beginning of year	<u>814,790</u>
End of year	\$ <u>784,386</u>

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

TOWN OF DRACUT, MASSACHUSETTS

Notes to the Financial Statements

1. Summary of Significant Accounting Policies

The accounting policies of the Town of Dracut (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:

A. Reporting Entity

The Town is a municipal corporation governed by an elected Board of Selectmen. 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 2022, it was determined that no entities met the component unit requirements of GASB 14 (as amended).

The Town has entered into joint ventures with other municipalities to pool resources and share the costs, risks, and rewards of providing goods or services to venture participants directly, or for the benefit of the general public or specified service recipients. The following is a list of the Town's joint ventures, their purpose, the address where the joint venture financial statements are available, and the annual assessment paid by the Town in 2022:

<u>Joint venture and address</u>	<u>Purpose</u>
Greater Lowell Technical High School 250 Pawtucket Boulevard Tyngsboro, Massachusetts 01879	To provide education services
Essex Technical High School 565 Maple Street Hathorne, Massachusetts 01937	To provide education services

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which 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. All remaining governmental funds are aggregated and reported in a separate column.

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

Government-Wide Financial Statements

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

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

Fund Financial Statements

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers property tax revenues to be available if they are collected within 60 days of the end of the current fiscal period. Revenues from grants, entitlements, and

donations are recognized when all eligibility requirements have been satisfied and they are measurable and available. All other 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 *Town Grants Fund* is used to account for state and federal grants received by the Town.
- The *Community Preservation Fund* is used to account for projects financed with revenues from our Community Preservation Act (CPA) Fund.

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

Proprietary funds distinguish operating revenues and expenses from 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 the 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 on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

- The *Sewer Fund* is a major proprietary fund, which accounts for user charges and costs associated with sewer operations within the Town.
- The *Nonmajor Funds* is a proprietary fund accounting for (1) water operations attributable to the Kenwood Water Department which supplies much of the eastern portion of the Town of Dracut, (2) stormwater management operations within the Town and (3) cable related PEG access operations.

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

The Town reports the following fiduciary funds:

- The *Other Post-Employment Benefits Trust Fund* is used to accumulate resources for health insurance benefits for retired employees.

D. *Cash and Investments*

Cash balances from all funds, except those required to be segregated by law, are combined to form a consolidation of cash. Cash balances are invested to the extent available, and interest earnings are recognized in the General Fund. Certain special revenue, proprietary, and fiduciary funds segregate cash, and investment earnings become a part of those funds.

Deposits with financial institutions consist primarily of demand deposits, certificates of deposits, savings accounts, and money market accounts. Generally, a cash and investment pool is maintained that is available for use by all funds. Each fund's portion of this pool is reflected on the financial statements under the caption "cash and short-term investments."

For 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.

Where applicable, fair values are based on quotations from national securities exchanges, except for certain investments that are required to be presented using net asset value (NAV). The NAV per share is the amount of net assets attributable to each share outstanding at the close of the period. Investments measured using NAV for fair value are not subject to level classification.

The Town invests in the Massachusetts Municipal Depository Trust (MMDT) Cash Portfolio, an external investment pool overseen by the Treasurer of the Commonwealth of Massachusetts. The cash portfolio meets the requirements of GASB Statement N. 79, *Certain External Investment Pools and Pool Participants*, where investments are valued at amortized cost, which approximates the net asset value of \$1 per share.

Investments are carried at fair value, except certificates of deposits which are reported at cost and investments in external investment pools which are measured at the net asset value (NAV).

E. *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. Certain provisions of Proposition 2½ can be overridden by a referendum.

F. Leases

Town as a Lessor

The Town recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements. At the commencement of a lease, the Town initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as a revenue over the life of the lease term on a straight-line basis over its useful life. The following key assumptions are made:

- The Town uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancelable period of the lease, including renewal terms reasonably certain to be exercised. Lease receipts included in the measurement of the lease receivable are comprised of fixed payments from the lessee.

The Town monitors changes in circumstances that would require a remeasurement of its lease receivable and will remeasure the lease receivable if certain changes occur that are expected to significantly affect the amount of the lease receivable.

G. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the proprietary fund statements. Capital assets are defined by the Town as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of five 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	20 - 40
Machinery, equipment, and furnishings	5 - 10
Infrastructure	30 - 75

H. 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 financial statements and in the proprietary fund 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.

I. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt, and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. The General Fund and applicable enterprise funds typically repay these obligations.

J. 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 of resources and current liabilities/ deferred inflows of resources. The Town has implemented *GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54), 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 amounts that cannot be spent because they are either (1) not in spendable form or (2) legally or contractually required to be maintained intact. This fund balance classification includes nonmajor governmental fund reserves for the principal portion of permanent trust funds.
- *Restricted* represents amounts that are restricted to specific purposes by constraints imposed by creditors, grantors, contributors, laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation. This fund balance classification includes community preservation fund amounts restricted for specific use, nonmajor capital projects funded by bond issuances, various special revenue funds, and the income portion of permanent trust funds.
- *Committed* represents amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Town's highest level of decision-making authority. This fund balance classification includes specific purpose stabilization accounts set aside by Town Meeting vote (now reported

as part of the General Fund per GASB 54), and various capital projects for non-lapsing appropriations approved at Town Meeting. A similar action is needed to modify or rescind a commitment.

- *Assigned* represents amounts that are constrained by the Town's intent to use these resources for a specific purpose. This fund balance classification includes General Fund encumbrances that have been established by various Town departments for the expenditure of current year budgetary financial resources upon vendor performance in the subsequent budgetary period. The Town follows an informal policy that permits management to assign fund balance amounts to a specific purpose.
- *Unassigned* represents amounts that are available to be spent in future periods, the Town's general stabilization account, and deficit balances in nonmajor governmental funds.

Stabilization Arrangements

The Town's stabilization accounts are authorized in accordance with Massachusetts General Laws Chapter 40, section 5B. The creation of, appropriation into, and appropriation out of the stabilization account requires two-thirds approval at Town Meeting. Stabilization accounts are a component of committed and unassigned fund balance.

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 of resources and liabilities/deferred inflows of resources. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on use either through enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The remaining net position is reported as unrestricted.

K. 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

A. *Budgetary Information*

At the annual Town Meeting, the Finance Committee presents an operating and capital budget for the proposed expenditures of the fiscal year commencing the following July 1. The budget, as enacted by Town Meeting, establishes the legal level of control and specifies that certain appropriations are to be funded by particular revenues. The original budget is amended during the fiscal year at special Town Meetings as required by changing conditions. In cases of extraordinary or unforeseen expenses, the Town Manager 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.

The Town is limited to the budget as voted. Certain items may exceed the 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 and proprietary funds. 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.

B. *Deficit Fund Equity*

Certain individual funds reflected deficit balances as of June 30, 2022. It is anticipated that the deficits in these funds will be eliminated through future departmental or intergovernmental revenues, bond proceeds, and transfers from other funds.

C. *Excess of Expenditures Over Appropriations*

Expenditures exceeding appropriations during the current fiscal year were as follows:

<u>Function</u>	<u>Amount</u>
General Fund:	
Public safety	\$ (236,408)
Essex North Shore Agricultural and Technical High School Assessment	\$ (853)

While the General Fund public safety expenditures appear to be overspent, the Town Manager has full autonomy over Town (exclusive of the School Department)

appropriations as voted. The Town budget, located on the budget and actual page in the Required Supplementary Information, is presented in greater detail in order to promote a better comparison between the budget and actual schedule and the Statement of Revenues, Expenditures, and Changes in Fund Balances.

3. Deposits and Investments – Town (Excluding OPEB Trust Fund)

Massachusetts General Law (MGL) Chapter 44, Section 55 place certain limitation on the nature of deposits and investments available to the Town. Deposits, including demand deposits, money markets, certificates of deposits in any one financial institution, may not exceed 60% of the capital and surplus of such institution unless collateralized by the institution involved. Investments may be made in unconditionally guaranteed U.S. government obligations having maturities of a year or less from the date of purchase, or through repurchase agreements with maturities of no greater than 90 days in which the underlying securities consist of such obligations. Other allowable investments include certificates of deposits having a maturity date of up to 3 years from the date of purchase, national banks, and Massachusetts Municipal Depository Trust (MMDT). MMDT, which is an external investment pool overseen by the Treasurer of the Commonwealth of Massachusetts, meets the criteria established by Governmental Accounting Standards Board Statement No. 79, *Certain External Investment Pools and Pool Participants*. MMDT has an average maturity of less than 1 year and is not rated or subject to custodial credit risk disclosure. MGL Chapter 44, Section 54 provides additional investment options for certain special revenue, trust, and OPEB funds.

Deposits

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned. The Town does not have formal deposit policies related to the custodial credit risk of deposits.

As of June 30, 2022, \$1,047,126 of the Town's bank balance of \$48,803,068, was subject to custodial credit risk as uninsured and/or uncollateralized. Additionally, \$42,323 was invested in MMDT, which is not subject to this disclosure.

Investments

The following is a summary of the Town's investments as of June 30, 2022:

<u>Investment Type</u>	<u>Amount</u>
Fixed income mutual funds	\$ <u>6,570,772</u>

Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, the Town will not be able to recover

the value of its investment or collateral securities that are in possession of another party. The Town does not have formal investment policies related to custodial credit risk. Investments in open-ended mutual funds are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form.

Credit Risk – Investments in Debt Securities

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligations. The Town's policy related to credit risk is to limit investments to the safest types of securities, prequalify financial institutions, brokers/dealers, intermediaries, and advisors with which the Town will do business, and diversify the investment portfolio so that potential losses on individual securities will be minimized.

As of June 30, 2022, the credit quality ratings, as rated by Moody's Investors Service, Inc., of the Town's debt securities were as follows:

<u>Investment Type</u>	<u>Amount</u>	<u>AAA</u>	<u>Unrated</u>
Fixed income mutual funds	\$ <u>6,570,772</u>	\$ <u>6,570,772</u>	\$ <u>-</u>

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributable to the magnitude of the Town's investment in a single issuer. The Town places no limit on the amount the Town may invest in any one issuer. The Town does not have formal investment policies related to concentration of credit risk exposure.

Investments issued or explicitly guaranteed by the U.S. government, mutual funds, external investment pools, and other pooled investments are excluded from concentration of credit disclosure.

Interest Rate Risk – Investments in Debt Securities

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's policy on interest rate risk is to structure the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity, and by investing operating funds primarily in shorter-term securities. The Town's fixed income mutual funds have an effective average duration of 4.43 years.

Foreign Currency Risk

Foreign currency risk is the risk that changes in foreign exchange rates will adversely affect the fair value of an investment. The Town does not have formal investment policies related to foreign currency risk.

At June 30, 2022, none of the Town's investments were exposed to foreign currency risk.

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 – inputs that reflect quoted prices (unadjusted) in active markets for identical assets or liabilities that are accessible at the measurement date.
- Level 2 – inputs other than quoted prices that are observable for an asset or liability either directly or indirectly, including inputs in markets that are not considered to be active. Because they must often be priced on the basis of transactions involving similar but not identical securities or do not trade with sufficient frequency, certain directly held securities are categorized as Level 2.
- Level 3 – unobservable inputs based on the best information available, using assumptions in determining the fair value of investments and derivative instruments.

In instances where inputs used to measure fair value fall into different levels in the fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation.

The Town had the following fair value measurements as of June 30, 2022:

Fair Value Measurements Using:				
		Quoted prices in active markets for identical assets	Significant observable inputs	Significant unobservable inputs
<u>Investment Type</u>	<u>Amount</u>	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>
Investments by fair value level:				
Fixed income mutual funds	\$ <u>6,570,772</u>	\$ <u>-</u>	\$ <u>6,570,772</u>	\$ <u>-</u>

Fixed income mutual funds classified in Level 2 are valued using either a bid evaluation or a matrix pricing technique. Bid evaluations may include market quotations, yields, maturities, call features, and ratings. Matrix pricing is used to value securities based on the securities relationship to benchmark quote prices. Level 2 debt securities have non-proprietary

information that is readily available to market participants, from multiple independent sources, which are known to be actively involved in the market.

4. Investments – OPEB Trust Fund

Generally, the OPEB Trust Fund's investment policies mirror that of the Town as discussed in the previous note.

The following is a summary of the OPEB Trust Fund's investments as of June 30, 2022:

<u>Investment Type</u>	<u>Amount</u>
External investment pool (PRIT)	\$ <u>778,489</u>

Custodial Credit Risk

As of June 30, 2022, the OPEB Trust Fund did not have any investments exposed to custodial credit risk disclosure as investments in external investment pools are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form.

Credit Risk – Investments in Debt Securities

Presented below is the actual rating as of year-end for debt-related investments of the OPEB Trust Fund:

	<u>Rating as of Year End</u>	
<u>Investment Type</u>	<u>Amount</u>	<u>Unrated</u>
External investment pool (PRIT)	\$ <u>778,489</u>	\$ <u>778,489</u>

Concentration of Credit Risk

Investments in external investment pools are excluded from concentration of credit disclosure.

Fair Value

The OPEB Trust Fund had the following fair value measurements as of June 30, 2022:

<u>Investment Type</u>	<u>Amount</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency (If currently eligible)</u>	<u>Redemption Notice Period</u>
Investments measured at the net asset value (NAV):				
External investment pool (PRIT)	\$ <u>778,489</u>	\$ <u>-</u>	Monthly	30 Days

Fair value is the same as the value of the pool share. The Pension Reserves Investment Trust (PRIT) was created under Massachusetts General Laws, Chapter 32, Section 22, in December 1983. The PRIT is operated under contract with a private investment advisor, approved by the Pension Reserves Investment Management Board. The Pension Reserves Investment Management Board shall choose an investment advisor by requesting proposals from advisors and reviewing such proposals based on criteria adopted under Massachusetts General Laws, Chapter 30B.

5. Property Taxes and Excises Receivable

Real and personal property taxes are based on market 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 on 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. Liening of properties on which taxes remain unpaid generally occurs annually. The Town ultimately has the right to foreclose on all properties where the taxes remain unpaid.

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 plus the taxes on property newly added to the tax rolls. The actual fiscal year 2022 tax levy reflected an excess capacity of \$44,459.

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 of value.

Boat excise taxes are assessed annually for all water vessels, including documented boats and ships, used or capable of being used for transportation on water. A boat excise is

assessed by the community where the vessel is moored. July 1 is the assessing date for all vessels, and the boat excise due is calculated using a fixed rate of \$10 per \$1,000 of value.

Property taxes and excise receivables at June 30, 2022 consisted of the following:

	<u>Gross</u> <u>Amount</u> <u>(fund basis)</u>	<u>Allowance</u> <u>for Doubtful</u> <u>Accounts</u>	<u>Current</u> <u>Portion</u>	<u>Long-</u> <u>Term</u> <u>Portion</u>
Real estate taxes	\$ 455,067	\$ (45,507)	\$ 409,560	\$ -
Personal property taxes	12,474	(4,619)	7,855	-
Community preservation act	8,360	(836)	7,524	-
Tax liens	<u>542,828</u>	<u>(54,283)</u>	<u>-</u>	<u>488,545</u>
Total property taxes	<u>\$ 1,018,729</u>	<u>\$ (105,245)</u>	<u>\$ 424,939</u>	<u>\$ 488,545</u>
Motor vehicle excise	\$ 640,748	\$ (202,911)	\$ 437,837	
Boat excise	<u>1,455</u>	<u>-</u>	<u>1,455</u>	
Total excises	<u>\$ 642,203</u>	<u>\$ (202,911)</u>	<u>\$ 439,292</u>	

6. User Fees Receivable

The Town provides sewer and water services for its residents. Bills are issued based on flat fees as well as usage and are sent out either quarterly (sewer) or semi-annually (water).

All outstanding balances of accumulated sewer and water charges plus demands and interest with no payments for more than three billing periods constitute a lien on the property and may be turned over to the Tax Collector for collection.

Receivables for sewer and water user charges at June 30, 2022 consisted of the following:

	<u>Gross</u> <u>Amount</u>	<u>Allowance</u> <u>for Doubtful</u> <u>Accounts</u>	<u>Net</u> <u>Amount</u>
Sewer user charges	\$ 527,604	\$ (56,754)	\$ 470,850
Water user charges	<u>130,523</u>	<u>(14,146)</u>	<u>116,377</u>
Total	<u>\$ 658,127</u>	<u>\$ (70,900)</u>	<u>\$ 587,227</u>

7. Intergovernmental Receivables

This balance represents reimbursements requested from federal and state agencies for expenditures incurred in fiscal year 2022.

8. Betterments Receivable

Betterments are assessed to properties for the cost of “bettering” the property. The property owner may pay the betterment in full within 30 days after the assessments are committed to the Tax Collector without interest. Alternatively, the property owner can pay some or none of the assessment and request an apportionment of the unpaid amount into a maximum of 20 equal portions.

This balance of represents amounts due to the Town at year-end related to Robbins Road in the General Fund and the Autumn Road pump station in the Sewer Fund.

9. Leases

During the year ended June 30, 2022, the Town adopted GASB Statement No. 87, *Leases*, which changed the definition of a lease and requires a lease receivable, offset with a deferred inflow, to be recognized in the financial statements. A lease is defined as a contract that conveys control of the right to use another entity’s nonfinancial asset as specified in the contract for a period of time in an exchange or exchange-like transaction.

At June 30, 2022, the Town was the lessor in the following leasing arrangement:

The Town leases the Parker Avenue school to Community Teamwork, Inc (CTI). The agreement was initiated on July 1, 2015 for a term of 10 years with the option to extend for another 5 years, ending on August 31, 2030. As of July 1, 2020, CTI pays the Town \$259,000 per year at a rate of \$14 per square foot. For each year of any renewal term the base rent will be adjusted by the New England Consumer Price Index for the preceding 12 month period. The incremental borrowing rate is 2.82%.

Future minimum lease payments under this lease consisted of the following at June 30, 2022:

Fiscal			
	<u>Year</u>	<u>Principal</u>	<u>Interest</u>
	2023	\$ 251,696	\$ 3,926
	2024	218,566	40,434
	2025	224,810	34,190
	2026	231,232	27,768
	2027	237,838	21,162
	2028 - 2031	<u>506,320</u>	<u>21,922</u>
	Total	\$ <u>1,670,462</u>	\$ <u>149,402</u>

10. Interfund Accounts

Receivables/Payables

Although self-balancing funds are maintained, most transactions flow through the General Fund. In order to obtain accountability for each fund, interfund receivable and payable accounts must be utilized. All remaining balances at year end result from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. The following is a schedule of the June 30, 2022 balances of interfund receivable and payable accounts:

<u>Fund</u>	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$ 97,093	\$ -
Nonmajor Governmental funds:		
Special revenue funds:		
Chapter 90	<u>-</u>	<u>97,093</u>
Total	<u>\$ 97,093</u>	<u>\$ 97,093</u>

Transfers

The Town reports interfund transfers between various funds. Most transfers result from budgetary or statutory actions, whereby funds are moved to accomplish various expenditure purposes. The following is a schedule of major interfund transfers for the year ended June 30, 2022:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental Funds		
General Fund	\$ 115,479	\$ 2,831,200
Town Grants Fund	<u>-</u>	<u>101,353</u>
Community Preservation Fund	<u>301,410</u>	<u>471,500</u>
Nonmajor Governmental Funds:		
Revolving	<u>-</u>	<u>14,297</u>
Receipts reserved	<u>-</u>	<u>5,000</u>
Capital project funds	<u>2,633,001</u>	<u>301,440</u>
Other special revenue	<u>-</u>	<u>198</u>
Permanent funds	<u>5,398</u>	<u>-</u>
Total Governmental Funds	<u><u>3,055,288</u></u>	<u><u>3,724,988</u></u>
Proprietary Funds		
Nonmajor Enterprise Funds:		
Stormwater management	<u>669,700</u>	<u>-</u>
Total Proprietary Funds	<u>669,700</u>	<u>-</u>
Total	<u><u>\$ 3,724,988</u></u>	<u><u>\$ 3,724,988</u></u>

The transfers into the General Fund represent annual recurring amounts appropriated at Town Meeting. Transfers out of the General Fund include \$669,700 to provide working capital to the stormwater management enterprise fund and our practice of funding capital projects with available revenues. Funds transferred out of the Community Preservation Fund are for related capital projects and funds transferred into the Community Preservation Fund are balances remaining from completed capital projects.

11. Capital Assets

Capital asset activity for the year ended June 30, 2022 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities				
Capital assets, depreciable:				
Buildings and improvements	\$ 159,370,323	\$ 1,733,411	\$ (592,876)	\$ 160,510,858
Machinery, equipment, and furnishings	19,070,940	1,829,326	-	20,900,266
Infrastructure	<u>54,504,297</u>	<u>980,106</u>	<u>-</u>	<u>55,484,403</u>
Total capital assets, depreciable	232,945,560	4,542,843	(592,876)	236,895,527
Less accumulated depreciation for:				
Buildings and improvements	(51,701,418)	(4,324,615)	12,500	(56,013,533)
Machinery, equipment, and furnishings	(14,974,295)	(1,177,287)	-	(16,151,582)
Infrastructure	<u>(24,712,333)</u>	<u>(1,559,323)</u>	<u>-</u>	<u>(26,271,656)</u>
Total accumulated depreciation	<u>(91,388,046)</u>	<u>(7,061,225)</u>	<u>12,500</u>	<u>(98,436,771)</u>
Total capital assets, depreciable, net	141,557,514	(2,518,382)	(580,376)	138,458,756
Capital assets, not being depreciated:				
Land	18,518,029	-	-	18,518,029
Construction in progress	<u>641,438</u>	<u>1,480,652</u>	<u>(527,586)</u>	<u>1,594,504</u>
Total capital assets, non-depreciable	<u>19,159,467</u>	<u>1,480,652</u>	<u>(527,586)</u>	<u>20,112,533</u>
Governmental activities capital assets, net	<u>\$ 160,716,981</u>	<u>\$ (1,037,730)</u>	<u>\$ (1,107,962)</u>	<u>\$ 158,571,289</u>

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-Type Activities				
Capital assets, depreciable:				
Buildings and improvements	\$ 745,000	\$ -	\$ -	\$ 745,000
Machinery, equipment, and furnishings	1,142,474	-	-	1,142,474
Infrastructure	<u>101,090,269</u>	<u>844,738</u>	<u>-</u>	<u>101,935,007</u>
Total capital assets, depreciable	102,977,743	844,738	-	103,822,481
Less accumulated depreciation for:				
Buildings and improvements	(589,167)	(11,250)	-	(600,417)
Machinery, equipment, and furnishings	(755,417)	(60,800)	-	(816,217)
Infrastructure	<u>(27,306,447)</u>	<u>(2,364,732)</u>	<u>-</u>	<u>(29,671,179)</u>
Total accumulated depreciation	<u>(28,651,031)</u>	<u>(2,436,782)</u>	<u>-</u>	<u>(31,087,813)</u>
Total capital assets, depreciable, net	74,326,712	(1,592,044)	-	72,734,668
Capital assets, not being depreciated:				
Construction in progress	58,250	-	(58,250)	-
Total capital assets, not being depreciated	<u>58,250</u>	<u>-</u>	<u>(58,250)</u>	<u>-</u>
Business-type activities capital assets, net	<u>\$ 74,384,962</u>	<u>\$ (1,592,044)</u>	<u>\$ (58,250)</u>	<u>\$ 72,734,668</u>

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

Governmental Activities	
General government	\$ 618,165
Public safety	911,353
Education	3,231,876
Public works	1,735,986
Health and human services	34,536
Culture and recreation	529,309
 Total Governmental Activities	 <u>\$ 7,061,225</u>
Business-type Activities	
Sewer	\$ 2,329,561
Water	69,295
Stormwater	37,926
 Total Business-Type Activities	 <u>\$ 2,436,782</u>

12. 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 Statement No. 68 and 75 are more fully discussed in the corresponding pension and OPEB notes.

13. Warrants and Accounts Payable

Warrants and accounts payable represent fiscal year 2022 expenses/expenditures paid after June 30, 2022.

14. Accrued Payroll and Withholdings

This balance represents fiscal year 2022 payroll related expenses/expenditures due to employees at year-end.

15. Accrued Liabilities

The balance of accrued liabilities represents interest accrued on bonds outstanding as of June 30, 2022.

16. Unearned Revenues

This balance represents grant revenues received in fiscal year 2022 for services that have not been performed as of June 30, 2022.

17. Escrow Deposits

This balance represents deposits held by the Town until various projects are completed.

18. Notes Payable

The following summarizes activity in notes payable during fiscal year 2022:

<u>Purpose</u>	<u>Interest Rate</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Balance Beginning of Year</u>	<u>New Issues</u>	<u>Maturities</u>	<u>Balance End of Year</u>
Governmental Activities							
Fire Station	0.55%	06/25/21	06/24/22	\$ 900,000	\$ -	\$ (900,000)	\$ -

19. Long-Term Debt

General Obligation Bonds and Loans

The Town issues general obligation bonds and direct borrowings to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities. Direct borrowings have been issued for business-type activities. General obligation bonds and direct borrowings outstanding are as follows:

<u>Governmental Activities</u>		Original Issue	Serial Maturities Through	Interest Rate(s) %	Amount Outstanding as of 6/30/22
<u>General Obligation Bonds</u>					
Public offerings:					
LED lights	\$ 480,271	09/15/22	5.00	\$ 120,000	
School security equipment	313,000	10/15/23	5.00	205,000	
Police station refunding	246,000	01/15/24	3.00	49,000	
Library refunding	1,547,000	01/15/24	3.00	323,000	
Library refunding	640,000	06/15/25	2.00 - 5.00	189,000	
Salt shed refunding	19,000	06/15/25	2.00 - 5.00	6,000	
Harmony hall refunding	385,000	06/15/26	2.00 - 5.00	138,000	
Police station refunding	3,790,000	06/15/26	2.00 - 5.00	1,276,000	
Canney Farm land refunding	16,250	07/15/26	5.00	16,250	
Fields	3,697,000	10/15/30	3.00 - 5.00	3,320,000	
High school refunding	10,955,500	07/15/33	5.00	10,955,500	
Salt shed refunding	97,750	07/15/33	5.00	97,750	
Town hall refunding	4,301,000	07/15/33	5.00	4,301,000	
Fields	315,000	10/15/34	2.00 - 5.00	290,000	
Town hall construction	1,300,000	08/15/35	2.00 - 3.50	910,000	
Public safety communications	280,000	08/15/35	2.00 - 3.50	160,000	
Fields	100,000	10/15/35	2.00 - 5.00	90,000	
High school construction	2,097,915	09/15/38	3.00 - 5.00	1,775,000	
Fire station construction	5,600,000	10/15/40	2.00 - 5.00	5,310,000	
School design	300,000	10/15/40	2.00 - 5.00	285,000	
Englesby school roof	1,180,000	10/15/40	2.00 - 5.00	1,120,000	
Brookside school roof	1,480,000	10/15/40	2.00 - 5.00	1,405,000	
Fire station construction	900,000	03/15/42	3.25 - 5.00	900,000	
Pedestrian safety and traffic improvements	965,000	03/15/42	3.25 - 5.00	<u>965,000</u>	
Total Governmental Activities				\$ <u>34,206,500</u>	

<u>Business-Type Activities</u>		Original Issue	Serial Maturities Through	Interest Rate(s) %	Amount Outstanding as of 6/30/22
<u>General Obligation Bonds</u>					
Public offerings:					
Sewer	\$ 672,000	08/15/22	2.00 - 4.00	\$ 58,000	
Sewer	493,000	08/15/22	2.00 - 4.00	40,000	
Sewer	115,000	08/15/22	2.00 - 4.00	8,000	
Sewer	2,502,000	08/15/22	2.00 - 4.00	227,000	
Sewer	795,000	08/15/22	2.00 - 4.00	72,000	
Sewer refunding	1,737,000	01/15/25	3.00	482,000	
Sewer refunding	3,115,000	01/15/25	3.00	876,000	
Sewer refunding	1,059,000	06/15/27	2.00 - 5.00	434,000	
Sewer refunding	397,000	06/15/27	2.00 - 5.00	152,000	
Sewer refunding	1,570,000	09/15/30	3.00 - 5.00	1,190,000	
Sewer refunding	694,500	07/15/33	5.00	694,500	
Sewer	760,000	08/15/35	2.00 - 3.50	510,000	
Sewer	56,814	09/15/38	3.00 - 5.00	<u>40,000</u>	
Total public offerings				4,783,500	
<u>Loans - Direct Borrowings</u>					
MWPAT	1,633,353	07/25/26	2.00	472,276	
MWPAT	240,901	07/15/27	2.00	82,751	
MWPAT	2,712,363	07/15/28	2.00	1,071,102	
MWPAT	19,114	01/15/30	2.00	11,620	
MWPAT	8,987,229	07/15/30	2.00	4,275,337	
MWPAT	5,551,684	07/15/30	2.00	2,149,854	
MWPAT	2,054,374	07/15/30	2.00	1,026,505	
MWPAT	3,517,290	07/15/32	2.00	2,119,635	
MWPAT	282,804	01/15/33	2.00	170,427	
MWPAT	4,431,671	01/15/33	2.00	2,588,506	
MWPAT	9,559,545	01/15/35	2.00	6,422,787	
MWPAT	4,693,582	01/15/36	2.00	3,490,703	
MWPAT	181,873	01/15/37	2.00	<u>143,455</u>	
Total loans - direct borrowings				24,024,958	
Total Business-Type Activities				\$ <u>28,808,458</u>	

A. Future Debt Service

The annual payments to retire all general obligation long-term debt outstanding as of June 30, 2022 are as follows:

Bonds - Public Offerings				
<u>Governmental</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
2023	\$ 3,140,500	\$ 1,411,997	\$ 4,552,497	
2024	3,118,000	1,267,256	4,385,256	
2025	2,838,000	1,125,575	3,963,575	
2026	2,658,000	995,627	3,653,627	
2027	2,412,000	870,734	3,282,734	
2028	2,412,000	754,104	3,166,104	
2029	2,418,000	637,154	3,055,154	
2030	2,433,000	519,639	2,952,639	
2031	2,423,000	409,918	2,832,918	
2032	2,058,000	315,990	2,373,990	
2033 - 2037	6,205,000	602,118	6,807,118	
2038 - 2042	<u>2,091,000</u>	<u>95,034</u>	<u>2,186,034</u>	
Total	<u>\$ 34,206,500</u>	<u>\$ 9,005,146</u>	<u>\$ 43,211,646</u>	

Bonds - Public Offerings				
<u>Business-type</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
2023	\$ 1,219,500	\$ 162,979	\$ 1,382,479	
2024	817,000	126,381	943,381	
2025	782,000	97,131	879,131	
2026	352,000	69,936	421,936	
2027	343,000	55,591	398,591	
2028	233,000	42,721	275,721	
2029	232,000	34,546	266,546	
2030	227,000	26,461	253,461	
2031	222,000	18,532	240,532	
2032	92,000	12,635	104,635	
2033 - 2037	260,000	16,553	276,553	
2038 - 2039	<u>4,000</u>	<u>131</u>	<u>4,131</u>	
Total	<u>\$ 4,783,500</u>	<u>\$ 663,597</u>	<u>\$ 5,447,097</u>	

The Town has issued direct borrowings from the Massachusetts Pollution Abatement Trust (MWPAT), a state revolving loan fund (SRF) of the Massachusetts Clean Water Trust (MCWT), a component unit of the Commonwealth of Massachusetts. MCWT issues special obligation bonds under its SRF programs to provide low-cost financing to cities, towns, and other eligible borrowers primarily for the construction and improvement of drinking water and wastewater infrastructure. There were no unused lines of credit or assets pledged as collateral for debt. The Town certified that rates and charges in the Sewer Fund have been set at a sufficient level to cover estimated operating expenses and debt service related to the Sewer Fund, including the debt service related to direct borrowings. In addition, the Town as an “obligated person” with respect Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, agrees with MCWT to provide an annual report, not later than 270 days after the close of each fiscal year, that incorporates the most recently available audited financial statements to meet continuing disclosure requirements.

The annual payments to retire the state revolving loans direct borrowings as of June 30, 2022 are as follows:

Loans - Direct Borrowings				
<u>Business-type</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
2023	\$ 2,067,423	\$ 468,656	\$ 2,536,079	
2024	2,110,673	427,070	2,537,743	
2025	2,154,831	384,610	2,539,441	
2026	2,199,814	341,262	2,541,076	
2027	2,245,942	296,954	2,542,896	
2028	2,192,677	252,836	2,445,513	
2029	2,223,877	208,782	2,432,659	
2030	2,104,837	165,815	2,270,652	
2031	2,147,557	123,493	2,271,050	
2032	1,279,559	89,453	1,369,012	
2033 - 2037	<u>3,297,768</u>	<u>133,155</u>	<u>3,430,923</u>	
Total	<u>\$ 24,024,958</u>	<u>\$ 2,892,086</u>	<u>\$ 26,917,044</u>	

B. Changes in Long-Term Liabilities

During the year ended June 30, 2022, the following changes occurred in long-term liabilities:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Less:</u> <u>Current Portion</u>	<u>Equals</u> <u>Long-term Portion</u>
Governmental Activities						
Bonds payable:						
Public offerings	\$ 35,789,500	\$ 1,865,000	\$ (3,448,000)	\$ 34,206,500	\$ (3,140,500)	\$ 31,066,000
Unamortized bond premium	6,454,159	182,959	(171,595)	6,465,523	(517,213)	5,948,310
Total bonds payable	42,243,659	2,047,959	(3,619,595)	40,672,023	(3,657,713)	37,014,310
Net pension liability	65,634,673	-	(4,332,410)	61,302,263	-	61,302,263
Net OPEB liability	159,451,641	-	(12,469,636)	146,982,005	-	146,982,005
Landfill liabilities	1,669,000	-	(45,000)	1,624,000	(45,000)	1,579,000
Accrued employee benefits	4,563,084	116,630	(136,893)	4,542,821	(136,285)	4,406,536
Subtotal	231,318,398	116,630	(16,983,939)	214,451,089	(181,285)	214,269,804
Total governmental activities	\$ 273,562,057	\$ 2,164,589	\$ (20,603,534)	\$ 255,123,112	\$ (3,838,998)	\$ 251,284,114
Business-type Activities						
Sewer						
Bonds payable:						
Public offerings	\$ 6,050,500	\$ -	\$ (1,267,000)	\$ 4,783,500	\$ (1,219,500)	\$ 3,564,000
State revolving loans (direct borrowings)	26,050,013	-	(2,025,055)	24,024,958	(2,067,423)	21,957,535
Unamortized bond premium	233,788	-	(5,841)	227,947	(20,943)	207,004
Total bonds payable	32,334,301	-	(3,297,896)	29,036,405	(3,307,866)	25,728,539
Net pension liability	845,567	-	(55,814)	789,753	-	789,753
Net OPEB liability	800,134	-	(62,573)	737,561	-	737,561
Total sewer	33,980,002	-	(3,416,283)	30,563,719	(3,307,866)	27,255,853
Water						
Net pension liability	99,870	-	(6,592)	93,278	-	93,278
Net OPEB liability	189,473	-	(14,817)	174,656	-	174,656
Total water	289,343	-	(21,409)	267,934	-	267,934
Total business-type activities	\$ 34,269,345	\$ -	\$ (3,437,692)	\$ 30,831,653	\$ (3,307,866)	\$ 27,523,787

C. Long-Term Liabilities Supporting Governmental and Business-Type Activities

General obligation bonds and state revolving loans, 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 liabilities are repaid from the funds that the costs relate to, primarily the General Fund and enterprise funds.

D. Bond Authorizations

Long-term debt authorizations which have not been issued or rescinded as of June 30, 2022 are as follows:

<u>Date Authorized</u>	<u>Purpose</u>	<u>Amount</u>
June 1998	Landfill	\$ 1,500,000
June 2008	Facility plans	1,420,000
June 2015	Senior housing complex	3,000,000
June 2022	Fire ladder truck	1,640,000
June 2022	Sewer relining phases 2-6	<u>4,000,000</u>
	Total	\$ <u>11,560,000</u>

20. Landfill Closure and Post-Closure Care Costs

State and federal laws and regulations require the Town to perform certain maintenance and monitoring functions at the landfill site for thirty years after closure.

The \$1,624,000 reported as landfill post-closure care liability at June 30, 2022 represents the remaining estimated post-closure maintenance costs. These amounts are based on what it would cost to perform all post-closure care in fiscal year 2022. Actual cost may differ due to inflation, changes in technology, or changes in regulations.

21. Deferred Inflows of Resources

Deferred inflows of resources represent the acquisition of net assets by the Town that apply to future reporting periods. Deferred inflows of resources have a negative effect on net position/fund balance, similar to liabilities.

The Town reports five items as deferred inflows of resources (1) which is attributable to the changes in the Town's net pension liability, (2) one which is attributable to the changes in the Town's net OPEB liability, (3) one which is attributable to the gain on debt refunding, (4) one which is attributable to leases and (5) another which arises from the current financial resources measurement focus and the modified accrual basis of accounting in governmental funds (unavailable revenues).

Deferred inflows of resources related to pension and OPEB, in accordance with GASB Statements No. 69 and 75, will be recognized as decreases to expenses in future years as more fully described in the corresponding pension and OPEB notes.

Deferred inflows of resources related to the gain on the debt refunding will be recognized in expense over the remaining life of the bonds.

Deferred inflows of resources related to leases offset the lease receivable and will be recognized consistent with receivable activity.

Unavailable revenues are reported in the governmental funds Balance Sheet in connection with receivables for which revenues are not considered available to liquidate liabilities of the current year.

22. Governmental Funds – Fund Balances

The Town's fund balances at June 30, 2022 were comprised of the following:

	General <u>Fund</u>	Town <u>Grants</u> <u>Fund</u>	Community <u>Preservation</u> <u>Fund</u>	Nonmajor <u>Governmental</u> <u>Funds</u>	Total <u>Governmental</u> <u>Funds</u>
Nonspendable					
Permanent funds	\$ _____ -	\$ _____ -	\$ _____ -	\$ 259,720	\$ 259,720
Total nonspendable	-	-	-	259,720	259,720
Restricted					
Charter assessment	30,573	-	-	-	30,573
Community preservation	-	-	7,210,881	-	7,210,881
School general purpose (School Choice)	-	-	-	907,726	907,726
Circuit breaker (special education)	-	-	-	1,259,842	1,259,842
Other school grants	-	-	-	616,013	616,013
Town grants	-	728,813	-	-	728,813
School lunch fund	-	-	-	1,122,383	1,122,383
Revolving funds	-	-	-	1,314,051	1,314,051
Receipts reserved for appropriation	-	-	-	563,258	563,258
Other special revenue funds	-	-	-	739,215	739,215
Capital project funds	-	-	-	2,098,828	2,098,828
Permanent funds	-	-	-	105,034	105,034
Total restricted	30,573	728,813	7,210,881	8,726,350	16,696,617
Committed					
Town Hall stabilization	1,031,524	-	-	-	1,031,524
Special education stabilization	342,253	-	-	-	342,253
Other stabilization	240,231	-	-	-	240,231
Pedestrian safety and traffic improvement	1,051,625	-	-	-	1,051,625
Capital projects	3,096,000	-	-	2,225,365	5,321,365
Total committed	5,761,633	-	-	2,225,365	7,986,998
Assigned					
Education	304,909	-	-	-	304,909
Public works	112,500	-	-	-	112,500
Information technology	48,995	-	-	-	48,995
Police department	14,987	-	-	-	14,987
Fire department	212,923	-	-	-	212,923
Building maintenance	47,292	-	-	-	47,292
Highway maintenance	54,429	-	-	-	54,429
Vehicles	272,700	-	-	-	272,700
Animal control	30,434	-	-	-	30,434
Legal	7,000	-	-	-	7,000
Assessor appraisals	38,507	-	-	-	38,507
Council on aging	10,690	-	-	-	10,690
Library	14,844	-	-	-	14,844
Other	40,648	-	-	-	40,648
Total assigned	1,210,858	-	-	-	1,210,858
Unassigned					
General Fund	8,934,483	-	-	-	8,934,483
General stabilization fund	1,078,442	-	-	-	1,078,442
Deficit balances	-	-	-	(475,665)	(475,665)
Total unassigned	10,012,925	-	-	(475,665)	9,537,260
Total Fund Balances	\$ 17,015,989	\$ 728,813	\$ 7,210,881	\$ 10,735,770	\$ 35,691,453

23. Restricted Net Position

The Town's restricted net position at June 30, 2022 is comprised of the following:

<u>Purpose</u>	<u>Governmental Activities</u>
School grant programs	\$ 2,783,581
School lunch	1,122,383
Other school purposes	1,063,878
Cemetery	222,202
Town grants fund	728,813
Community preservation funds	7,210,881
Community preservation capital funds	609,292
Permanent nonexpendable funds	259,720
Permanent expendable funds	105,034
Other	<u>1,330,444</u>
Total	\$ <u>15,436,228</u>

24. 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* (GASB 68), with respect to employees' retirement funds.

A. 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 Retirement System (the System), a cost-sharing, multiple-employer public employee retirement system (PERS). Eligible employees must participate in the System. The System 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 3.00%.

Employer Contributions

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

The Town’s contribution to the System for the year ended June 30, 2022 was \$6,152,234, which was equal to its annual required contribution.

B. Summary of Significant Accounting Policies

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

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

At June 30, 2022, the Town reported a liability of \$62,185,294 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2022. The Town’s proportion of the net pension liability was based on a projection of the Town’s long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At December 31, 2021, the Town’s proportion was 4.638175%, which was an increase of 0.289641% from its proportion measured as of December 31, 2020.

For the year ended June 30, 2022, the Town recognized pension expense of \$6,465,194. In addition, 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>
Differences between expected and actual experience	\$ 1,059,793	\$ -
Changes of assumptions	2,214,203	-
Net difference between projected and actual investment earnings on pension plan investments	- (10,573,243)	
Changes in proportion and differences between employer contributions and proportionate share of contributions	<u>3,692,727</u>	<u>(120,361)</u>
Total	<u>\$ 6,966,723</u>	<u>\$ (10,693,604)</u>

There were no contributions subsequent to the measurement date as the Town's entire contribution for the year was paid prior to the measurement date. The Town's contributions are actuarially determined and not based on a measure of pay.

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

Year Ended June 30:

2023	\$ (94,404)
2024	(1,222,104)
2025	(1,497,342)
2026	<u>(913,031)</u>
Total	<u>\$ (3,726,881)</u>

D. Actuarial Assumptions

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

Valuation date	January 1, 2022
Actuarial cost method	Entry age normal cost method
Remaining amortization period	17 years from July 1, 2020
Inflation rate	3.25%
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.
Investment rate of return	7.15%, net of investment expense, including inflation
Cost of living adjustments	3.00% of the first \$16,000

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.

The actuarial assumptions used in the January 1, 2022 valuation were based on the results of the most recent actuarial experience study, which was for the period January 1, 2020 – December 31, 2021.

E. Target Allocations

The long-term expected rate of return on pension plan investments was selected from a best estimate range determined using the building block approach. Under this method, an expected future real return range (expected returns, net of pension plan investment expense and inflation) is calculated separately for each 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	22.00%	6.11%
International developed markets equity	11.50%	6.49%
International emerging markets equity	4.50%	8.12%
Core fixed income	15.00%	0.38%
High-yield fixed income	8.00%	2.48%
Real estate	10.00%	3.72%
Timber	4.00%	3.44%
Hedge funds, GTAA, risk parity	10.00%	2.63%
Private equity	<u>15.00%</u>	9.93%
Total	<u><u>100.00%</u></u>	

F. 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 contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments to current active and inactive plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.15%, as well as what the Town's proportionate share of the net pension liability would be if it was calculated using a discount rate

that is one-percentage-point lower or one-percentage-point higher than the current rate:

1% Decrease <u>(6.15%)</u>	Current Discount Rate <u>(7.15%)</u>	1% Increase <u>(8.15%)</u>
\$ 80,438,727	\$ 62,185,294	\$ 46,811,748

H. Pension Plan Fiduciary Net Position

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

25. Massachusetts Teachers' Retirement System (MTRS)

A. Plan Description

The Massachusetts Teachers' Retirement System (the MTRS) is a public employee retirement system (PERS) that administers a cost-sharing multi-employer defined benefit plan, as defined in GASB Statement No. 67, *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25* (GASB 67). The 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 the MTRS is vested in the Massachusetts Teachers' Retirement Board (MTRB), which consists of seven members—two elected by the MTRS members, one who is chosen by the six other MTRB members, the State Treasurer (or their designee), the State Auditor (or their designee), a member appointed by the Governor, and the Commissioner of Education (or their designee), who serves ex-officio as the Chairman of the MTRB.

B. Benefits Provided

The 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.

C. Contributions

Member contributions for the 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 the 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.

D. Actuarial Assumptions

The net pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of January 1, 2021 rolled forward to June 30, 2021. The valuation used the following assumptions:

- (a) 7.00% (changed from 7.15%) investment rate of return, (b) 3.50% interest rate credited to the annuity savings fund and (c) 3.00% cost of living increase on the first \$13,000 per year.

- Salary increases are based on analyses of past experience but range from 4.00% to 7.50% depending on length of service.
- Experience study is dated July 21, 2014 and encompasses the period January 1, 2006 to December 31, 2011, 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).

E. 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, 2021 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global equity	39.00%	4.80%
Core fixed income	15.00%	0.30%
Private equity	13.00%	7.80%
Portfolio completion strategies	11.00%	2.90%
Real estate	10.00%	3.70%
Value added fixed income	8.00%	3.90%
Timber/natural resources	<u>4.00%</u>	<u>4.30%</u>
Total	<u><u>100.00%</u></u>	

F. 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.

G. Sensitivity Analysis

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

	Current	
1%	Discount	1%
Decrease	Rate	Increase
<u>(6.00%)</u>	<u>(7.00%)</u>	<u>(8.00%)</u>
\$ 29,687,706	\$ 22,706,876	\$ 16,882,184

H. Special Funding Situation

The Commonwealth of Massachusetts is a nonemployer contributor and is required by statute to make all actuarial determined employer contributions on behalf of the member employers. Therefore, these employers are considered to be in a special funding situation as defined by Governmental 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.

I. Town Proportions

In fiscal year 2021 (the most recent measurement period), the Town's proportionate share of the MTRS' collective net pension liability was \$62,355,240 based on a proportionate share of 0.274610%. As required by GASB 68, the Town has recognized its portion of the Commonwealth of Massachusetts' contribution of \$4,801,501 as both a revenue and expenditure on the Statement of Revenues, Expenditures, and Changes in Fund Balance, and its portion of the collective pension expense of \$5,003,748 as both a revenue and expense on the Statement of Activities.

26. Other Post-Employment Benefits

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB)*, replaces the requirements of GASB Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. This applies if a

trust fund has been established to fund future OPEB costs. In fiscal year 2014, the Town established a single-employer defined benefit OPEB Trust Fund to provide funding for future employee health care costs. The OPEB plan does not issue a stand-alone financial report.

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, 2022.

A. General Information about the OPEB Plan

Plan Description

The Town provides post-employment healthcare benefits for retired employees through the Town's single-employer defined benefit OPEB plan. The Town provides health insurance coverage through the Massachusetts Interlocal Insurance Association (MIIA). The benefits, benefit levels, employee contributions, and employer contributions are governed by Chapter 32 of Massachusetts General Laws.

Benefits Provided

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

Funding Policy

The Town's funding policy includes financing the implicit subsidy on a pay-as-you-go basis, as required by statute. Additional contributions are based on annual budget limitations/authorizations.

Plan Membership

At June 30, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	461
Active employees	<u>592</u>
Total	<u><u>1,053</u></u>

B. Investments

The OPEB Trust Fund assets consist primarily of investments in the Pension Reserves Investment Trust (PRIT) fund. The investments are irrevocable and invested for the sole purpose to provide funding for the Town's post-employment benefits for the exclusive benefit of the Town's retired employees and their eligible dependents; and for defraying the reasonable expenses of the Trust in accordance with the Trust agreement.

The fair value of the investments in this type have been determined using the net asset value (NAV) per share (or its equivalent) of the Town's ownership of the fund.

Rate of return

For the year ended June 30, 2022, the annual money-weighted rate of return on investments, net of investment expense, was (3.73%). The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

C. Actuarial Assumptions

The net OPEB liability was determined by an actuarial valuation as of July 1, 2021 using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation date	July 1, 2021
Actuarial cost method	Entry age normal
Inflation	2.40%
Salary increases	3.00% per year
Investment rate of return	6.90%, compounded annually, net of fees
Discount rate	3.54%, net of investment expenses, including inflation
Healthcare cost trend rates	7.50% decreasing 0.60% per year to 5.70%, then grading down to an ultimate trend rate of 3.90%, utilizing the Society of Actuaries Getzen Medical Trend Model. The ultimate medical inflation rate is reached in 2075.
Retirees' share of benefit-related costs	20% - 25% of medical premium depending on the selected plan, 50% of dental premiums, and \$1.56 towards the monthly life insurance premiums
Participation rate	Medical - 80% of eligible retired employees will elect to participate. Dental - 85% of eligible retirees will elect to participate. Life - 80% of eligible retirees will elect to participate. Medicare - all retired employees are assumed to enroll in Medicare at age 65.

Mortality rates were based on the following:

Mortality Rates:	
Pre-retirement:	
Non-teachers	RP-2014 Blue Collar Employee Mortality Table projected generationally using Scale MP-2021
Teachers	Pub-2010 Teachers Headcount-Weighted Employee Mortality Table, base year 2010, projected generationally with Scale MP-2020
Post-retirement:	
Healthy (non-teachers)	RP-2014 Blue Collar Healthy Annuitant Mortality Table projected generationally using Scale MP-2021
Disabled (non-teachers)	RP-2014 Blue Collar Healthy Annuitant Mortality Table set forward one year projected generationally using Scale MP-2021
Healthy (teachers)	Pub-2010 Teacher Headcount-Weighted Retiree Mortality Table, base year 2010, projected generationally with Scale MP-2020
Disabled (teachers)	Pub-2010 Teacher Headcount-Weighted Disabled Mortality Table, base year 2010, projected generationally with Scale MP-2020

D. 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 (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2022 are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Global equity	38.00%	4.21%
Core fixed income	15.00%	0.19%
Value added fixed income	8.00%	4.00%
Private equity	15.00%	7.70%
Real estate	10.00%	3.60%
Timberland	4.00%	4.20%
Portfolio completion strategies	<u>10.00%</u>	3.00%
Total	<u><u>100.00%</u></u>	

E. Contributions

In addition to the implicit subsidy contribution, the Town's policy is to contribute the actuarially determined contribution or amounts provided annually by the budget.

F. Discount Rate

The discount rate used to measure the net OPEB liability was 3.54% and was based on the municipal bond rate at June 30, 2022. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate.

Based on those assumptions, the OPEB plan fiduciary net position was not projected to be available to make all projected future benefit payments of current plan members. As a result, the discount rate used was 3.54%, based on index provided by the Bond Buyer 20-Bond General Obligation Index on 20-year municipal bond rate as of June 30, 2022.

G. Net OPEB Liability

The components of the net OPEB liability, measured as of June 30, 2022, were as follows:

Total OPEB liability	\$ 148,678,608
Plan fiduciary net position	<u>784,386</u>
Net OPEB liability	<u>\$ 147,894,222</u>

Plan fiduciary net position as a percentage of the total OPEB liability 0.53%

The fiduciary net position has been determined on the same basis used by the OPEB plan. For this purpose, the plan recognizes benefit payments when due and payable.

H. Changes in the Net OPEB Liability

The following summarizes the changes in the net OPEB liability for the past year:

			Increase (Decrease)		
			Plan		
	Total OPEB Liability (a)	Fiduciary Net Position (b)		Net OPEB Liability (a) - (b)	
Balances, beginning of year	\$ 161,256,038	\$ 814,790		\$ 160,441,248	
Changes for the year:					
Service cost	6,316,000	-		6,316,000	
Interest	3,572,920	-		3,572,920	
Contributions - employer	-	4,318,163		(4,318,163)	
Net investment income	-	(30,404)		30,404	
Changes of benefit terms	1,947,898	-		1,947,898	
Differences between expected and actual experience	8,036,704	-		8,036,704	
Changes of assumptions	(28,132,789)	-		(28,132,789)	
Benefit payments	<u>(4,318,163)</u>	<u>(4,318,163)</u>		<u>-</u>	
Net Changes	<u>(12,577,430)</u>	<u>(30,404)</u>		<u>(12,547,026)</u>	
Balances, end of year	<u>\$ 148,678,608</u>	<u>\$ 784,386</u>		<u>\$ 147,894,222</u>	

Changes of benefit terms reflect an update to the retiree contributions rates from the prior valuation.

Changes of assumptions reflect a change in the discount rate from 2.16% in fiscal year 2021 to 3.54% in fiscal year 2022. In addition, the inflation rate, healthcare trend rates, mortality tables and mortality improvement rates, and participation rates were updated to reflect current experience.

I. 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 was calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current discount rate:

1% Decrease <u>(2.54%)</u>	Current Discount Rate <u>(3.54%)</u>	1% Increase <u>(4.54%)</u>
\$ 175,278,730	\$ 147,894,222	\$ 126,349,904

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

1%	Current Healthcare Cost Trend Rates	1%
<u>Decrease</u>		<u>Increase</u>
\$ 123,505,888	\$ 147,894,222	\$ 179,813,983

K. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2022, the Town recognized an OPEB expense of \$7,673,934. At June 30, 2022, the Town reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Differences between expected and actual experience	\$ 6,940,734	\$ (1,956,480)
Changes of assumptions	6,604,122	(28,646,904)
Net difference between projected and actual investment earnings on OPEB plan investments	451	-
Total	<u>\$ 13,545,307</u>	<u>\$ (30,603,384)</u>

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

Year Ended June 30:

2023	\$ (2,710,072)
2024	(1,211,072)
2025	(4,519,692)
2026	(3,125,865)
2027	(2,920,942)
Thereafter	<u>(2,570,434)</u>
Total	<u>\$ (17,058,077)</u>

27. Deferred Compensation

The Town also offers its employees one deferred compensation plan in accordance with Internal Revenue Code Section 457(b) through the International City/County Management Association's (ICMA) Retirement Corporation. The plan permits full-time employees to defer a portion of their salary until future years. Deferred compensation is not available to employees until termination, retirement, or death. The Town has no liability for losses under the plans, but does have the duty of due care that would be required of an ordinary prudent investor for safeguarding purposes only. The investments are self-directed by employees. There were no employer contributions to the 457 plan for the fiscal year ending June 30, 2022.

28. Commitments and Contingencies

COVID-19

The COVID-19 outbreak in the United States (and across the globe) has resulted in economic uncertainties. There is considerable uncertainty around the duration and scope of the economic disruption. The extent of the impact of COVID-19 on our operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on individuals served by the Town, employees, and vendors, all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact our financial condition or results of operations remains uncertain.

Outstanding Legal Issues

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

Grants

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

Abatements

There are several cases pending before the Appellate Tax Board in regard to alleged discrepancies in property assessments. According to Town Counsel, the probable outcome of these cases at the present time is indeterminable, although the Town expects such amounts, if any, to be immaterial.

Encumbrances

At year-end, the Town's General Fund had \$1,210,858 in encumbrances that will be honored in the next fiscal year.

29. Tax Abatements

The Town provides property tax abatements authorized under Massachusetts General Laws (MGL), Chapter 12A, Section 3E, *Economic Opportunity Areas*, and MGL Chapter 59, Section 5, Clause 51, *Property; exemptions*. The purpose of the tax abatement program is to provide property tax assessment relief to stimulate job creation in distressed areas, attract new businesses, encourage business expansion, and increase overall economic development in Massachusetts. Tax Increment Financing (TIF) agreements are utilized as tools by which the difference between the beginning assessed value of the property and the value added by new construction or rehabilitation is exempted from taxation. Applicants may be granted property tax exemptions of up to 100% of the tax increment for a maximum term of 20 years and must initiate a TIF agreement by a vote of its governing body approving the TIF plan. A TIF Zone must be in an area approved by the Economic Assistance Coordinating Council (EACC) as an Economic Opportunity Area (EOA) or found to be an area "presenting exceptional opportunities for economic development" by the Director of Economic Development. Certification of the TIF plan is issued by the EACC after the plan is accepted by municipal vote.

Property tax revenues were reduced by \$124,039 under agreements entered into by the Town during fiscal year 2022.

30. Beginning Fund Balance Reclassification

The Town's major governmental funds for fiscal year 2022, as defined by GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, have changed from the previous fiscal year. Accordingly, the following reconciliation is provided:

Fund Basis Financial Statements:

	Town	Nonmajor
	Grants	Governmental
	<u>Fund</u>	<u>Funds</u>
As previously reported	\$ -	\$ 10,486,444
Reclassification of major governmental funds	<u>336,251</u>	<u>(336,251)</u>
As reclassified	<u>\$ 336,251</u>	<u>\$ 10,150,193</u>

31. Subsequent Events

Management has evaluated subsequent events through February 13, 2023, which is the date the financial statements were available to be issued.

Debt

Subsequent to June 30, 2022, the Town has incurred the following additional debt:

<u>Description</u>	<u>Interest</u>	<u>Issue</u>	<u>Maturity</u>	
	<u>Rate</u>	<u>Date</u>	<u>Date</u>	<u>Amount</u>
Loan payable	5.52%	7/15/2022	7/15/2024	\$ <u>770,300</u>

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REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF DRACUT, MASSACHUSETTS
Required Supplementary Information
General Fund
Schedule of Revenues, Expenditures, and Other Financing Sources (Uses) – Budget and Actual
For the Year Ended June 30, 2022
(unaudited)

	<u>Budgeted Amounts</u>			<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	
Revenues				
Property taxes	\$ 55,263,330	\$ 55,117,893	\$ 55,360,729	\$ 242,836
Excises	4,750,000	4,750,000	4,931,657	181,657
Penalties, interest, and other taxes	1,366,200	1,366,200	3,417,350	2,051,150
Charges for services	488,000	488,000	485,101	(2,899)
Intergovernmental	25,948,114	25,948,114	26,658,926	710,812
Licenses and permits	600,000	600,000	736,641	136,641
Investment income (loss)	100,000	100,000	(375,820)	(475,820)
Miscellaneous	-	-	493,636	493,636
Total Revenues	88,515,644	88,370,207	91,708,220	3,338,013
Expenditures				
Town Manager:				
General government	3,858,221	4,018,989	3,885,883	133,106
Public safety	10,319,424	10,467,978	10,704,386	(236,408)
Public works	5,632,936	5,976,818	5,950,795	26,023
Snow and ice	563,000	1,088,000	1,079,783	8,217
Health and human services	831,560	848,610	774,120	74,490
Culture and recreation	1,129,883	1,152,142	1,050,780	101,362
Debt service	4,449,401	4,449,401	4,424,338	25,063
Employee benefits	16,760,487	16,760,487	16,616,826	143,661
Intergovernmental	4,239,141	4,239,141	4,028,586	210,555
School Department:				
Operations	32,850,000	33,303,629	33,253,492	50,137
Transportation	2,765,000	2,795,156	2,697,745	97,411
Greater Lowell Regional Technical High School Education Assessments	4,615,297	4,615,297	4,553,722	61,575
Greater Lowell Regional Technical High School Transportation Assessment	185,000.00	185,000.00	161,111	23,889
Essex North Shore Agricultural and Technical High School Assessment	20,000	20,000	20,853	(853)
Essex North Shore Agricultural and Technical High School Transportation	15,000	15,000	4,070	10,930
Total Expenditures	88,234,350	89,935,648	89,206,490	729,158
Excess (deficiency) of revenues over (under) expenditures	281,294	(1,565,441)	2,501,730	4,067,171
Other Financing Sources (Uses)				
Transfers in	388,406	386,756	497,235	110,479
Transfers out	(1,693,537)	(2,866,537)	(2,866,537)	-
Use of free cash:				
Capital budget	885,000	2,058,000	-	(2,058,000)
Stabilization	138,837	138,837	-	(138,837)
Snow and ice	-	525,000	-	(525,000)
Other sources (prior year encumbrances)	-	1,323,385	1,323,385	-
Total Other Financing Sources (Uses)	(281,294)	1,565,441	(1,045,917)	(2,611,358)
Excess of revenues and other sources over expenditures and other uses	\$ -	\$ -	\$ 1,455,813	\$ 1,455,813

See Independent Auditor's Report and notes to the Required Supplementary Information.

**Notes to the 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.

General Fund	<u>Revenues</u>	<u>Expenditures</u>	Other Financing Sources (Uses)
GAAP Basis	\$ 96,441,203	\$ 92,502,133	\$ (2,715,721)
Add previous year carryforwards as a financing source	-	-	1,323,385
To book current year appropriation carryforwards	-	1,210,858	-
Reclass indirect cost reimbursements to respective enterprise funds	-	295,000	295,000
To reverse the effect of non-budgeted State contributions for teachers retirement	(4,801,501)	(4,801,501)	-
To eliminate non-budgeted stabilization fund activity	<u>68,518</u>	<u>-</u>	<u>51,419</u>
Budgetary Basis	<u>\$ 91,708,220</u>	<u>\$ 89,206,490</u>	<u>\$ (1,045,917)</u>

TOWN OF DRACUT, MASSACHUSETTS

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

Middlesex County Retirement System

Fiscal <u>Year</u>	Measurement <u>Date</u>	Proportion of the Net Pension <u>Liability</u>	Proportionate Share of the Net Pension <u>Liability</u>	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, 2022	December 31, 2021	4.638175%	\$62,185,294	\$ 17,308,432	359.28%
June 30, 2021	December 31, 2020	4.348534%	\$66,580,110	\$ 17,454,816	381.44%
June 30, 2020	December 31, 2019	4.305325%	\$68,887,607	\$ 16,709,878	412.26%
June 30, 2019	December 31, 2018	4.206681%	\$65,601,775	\$ 15,326,864	428.02%
June 30, 2018	December 31, 2017	4.235256%	\$60,106,114	\$ 14,681,016	409.41%
June 30, 2017	December 31, 2016	3.977461%	\$57,818,789	\$ 14,484,571	399.18%
June 30, 2016	December 31, 2015	4.059516%	\$52,368,527	\$ 14,583,214	359.10%
June 30, 2015	December 31, 2014	4.054044%	\$48,701,871	\$ 14,022,321	347.32%

Massachusetts Teachers' Retirement System

Fiscal <u>Year</u>	Measurement <u>Date</u>	Proportion of the Net Pension <u>Liability</u>	Proportionate Share of the Net Pension <u>Liability</u>	Commonwealth of Massachusetts' Total Proportionate Share of the Net Pension Liability Associated with the Town	Total Net Pension Liability Associated with the Town	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, 2022	June 30, 2021	0.274610%	\$ -	\$ 62,355,240	\$ 62,355,240	\$ 21,298,719	0.00%
June 30, 2021	June 30, 2020	0.256057%	\$ -	\$ 73,091,195	\$ 73,091,195	\$ 19,400,842	0.00%
June 30, 2020	June 30, 2019	0.262408%	\$ -	\$ 66,163,672	\$ 66,163,672	\$ 19,095,819	0.00%
June 30, 2019	June 30, 2018	0.266360%	\$ -	\$ 63,157,309	\$ 63,157,309	\$ 18,706,106	0.00%
June 30, 2018	June 30, 2017	0.255865%	\$ -	\$ 58,555,783	\$ 58,555,783	\$ 17,374,431	0.00%
June 30, 2017	June 30, 2016	0.278479%	\$ -	\$ 62,262,091	\$ 62,262,091	\$ 18,317,388	0.00%
June 30, 2016	June 30, 2015	0.277686%	\$ -	\$ 56,896,967	\$ 56,896,967	\$ 17,602,205	0.00%
June 30, 2015	June 30, 2014	0.278634%	\$ -	\$ 44,292,663	\$ 44,292,663	\$ 17,084,427	0.00%

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 Auditor's Report.

TOWN OF DRACUT, MASSACHUSETTS

Required Supplementary Information
Schedule of Pension Contributions
(Unaudited)

Middlesex County Retirement System

Fiscal Year	Measurement Date	Contributions in Relation to the					Contributions as a Percentage of Covered Payroll
		Contractually Required <u>Contribution</u>	Contractually Required <u>Contribution</u>	Contribution Deficiency <u>(Excess)</u>	Covered Payroll		
June 30, 2022	December 31, 2021	\$ 6,152,234	\$ 6,152,234	\$ -	\$ 17,654,601	34.85%	
June 30, 2021	December 31, 2020	\$ 5,727,860	\$ 5,727,860	\$ -	\$ 17,803,912	32.17%	
June 30, 2020	December 31, 2019	\$ 5,348,633	\$ 5,348,633	\$ -	\$ 17,044,076	31.38%	
June 30, 2019	December 31, 2018	\$ 4,804,354	\$ 4,804,354	\$ -	\$ 15,645,763	30.71%	
June 30, 2018	December 31, 2017	\$ 4,506,526	\$ 4,506,526	\$ -	\$ 14,752,046	30.55%	
June 30, 2017	December 31, 2016	\$ 4,233,672	\$ 4,233,672	\$ -	\$ 14,451,278	29.30%	
June 30, 2016	December 31, 2015	\$ 3,970,321	\$ 3,970,321	\$ -	\$ 14,485,679	27.41%	
June 30, 2015	December 31, 2014	\$ 3,864,705	\$ 3,864,705	\$ -	\$ 14,010,594	27.58%	

Massachusetts Teachers' Retirement System

Fiscal Year	Measurement Date	Contributions in Relation to the					Contributions as a Percentage of Covered Payroll
		Contractually Required <u>Contribution</u>	Contractually Required <u>Contribution</u>	Contribution Deficiency <u>(Excess)</u>	Covered Payroll		
June 30, 2022	June 30, 2021	\$ 4,801,501	\$ 4,801,501	\$ -	\$ 21,724,693	22.10%	
June 30, 2021	June 30, 2020	\$ 3,977,681	\$ 3,977,681	\$ -	\$ 19,788,859	20.10%	
June 30, 2020	June 30, 2019	\$ 3,788,414	\$ 3,788,414	\$ -	\$ 19,477,735	19.45%	
June 30, 2019	June 30, 2018	\$ 3,502,052	\$ 3,502,052	\$ -	\$ 19,080,228	18.35%	
June 30, 2018	June 30, 2017	\$ 3,161,255	\$ 3,161,255	\$ -	\$ 17,721,920	17.84%	
June 30, 2017	June 30, 2016	\$ 3,131,725	\$ 3,131,725	\$ -	\$ 18,683,736	16.76%	
June 30, 2016	June 30, 2015	\$ 2,837,761	\$ 2,837,761	\$ -	\$ 17,954,249	15.81%	
June 30, 2015	June 30, 2014	\$ 2,611,858	\$ 2,611,858	\$ -	\$ 17,426,116	14.99%	

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 Auditor's Report.

TOWN OF DRACUT, MASSACHUSETTS

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

	2022	2021	2020	2019	2018	2017
Total OPEB Liability						
Service cost	\$ 6,316,000	\$ 6,131,844	\$ 4,949,869	\$ 4,605,049	\$ 4,766,437	\$ 5,811,944
Interest	3,572,920	3,705,296	5,241,294	5,839,575	5,454,222	4,294,781
Changes of benefit terms	1,947,898	-	(5,991,583)	-	-	-
Differences between expected and actual experience	8,036,704	(3,202,642)	-	360,781	-	14,291,493
Changes of assumptions	(28,132,789)	(4,962,899)	16,510,306	(7,856,855)	(7,006,957)	(17,546,337)
Benefit payments, including refunds of member contributions	<u>(4,318,163)</u>	<u>(3,867,206)</u>	<u>(4,119,273)</u>	<u>(4,707,074)</u>	<u>(4,322,562)</u>	<u>(4,078,342)</u>
Net change in total OPEB liability	<u>(12,577,430)</u>	<u>(2,195,607)</u>	<u>16,590,613</u>	<u>(1,758,524)</u>	<u>(1,108,860)</u>	<u>2,773,539</u>
Total OPEB liability - beginning	<u>161,256,038</u>	<u>163,451,645</u>	<u>146,861,032</u>	<u>148,619,556</u>	<u>149,728,416</u>	<u>146,954,877</u>
Total OPEB liability - ending (a)	<u>148,678,608</u>	<u>161,256,038</u>	<u>163,451,645</u>	<u>146,861,032</u>	<u>148,619,556</u>	<u>149,728,416</u>
Plan Fiduciary Net Position						
Contributions - employer	4,318,163	3,867,206	4,119,273	4,832,074	4,447,562	4,078,342
Net investment income	(30,404)	183,802	12,079	37,812	1,340	885
Benefit payments, including refunds of member contributions	<u>(4,318,163)</u>	<u>(3,867,206)</u>	<u>(4,119,273)</u>	<u>(4,707,074)</u>	<u>(4,322,562)</u>	<u>(3,978,342)</u>
Net change in plan fiduciary net position	<u>(30,404)</u>	<u>183,802</u>	<u>12,079</u>	<u>162,812</u>	<u>126,340</u>	<u>100,885</u>
Plan fiduciary net position - beginning	<u>814,790</u>	<u>630,988</u>	<u>618,909</u>	<u>456,097</u>	<u>329,757</u>	<u>228,872</u>
Plan fiduciary net position - ending (b)	<u>784,386</u>	<u>814,790</u>	<u>630,988</u>	<u>618,909</u>	<u>456,097</u>	<u>329,757</u>
Net OPEB liability - ending (a-b)	<u>\$ 147,894,222</u>	<u>\$ 160,441,248</u>	<u>\$ 162,820,657</u>	<u>\$ 146,242,123</u>	<u>\$ 148,163,459</u>	<u>\$ 149,398,659</u>

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 Auditor's Report.

TOWN OF DRACUT, MASSACHUSETTS

Required Supplementary Information
Schedules of Net OPEB Liability, Contributions, and Investment Returns

(Unaudited)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Schedule of Net OPEB Liability						
Total OPEB liability	\$ 148,678,608	\$ 161,256,038	\$ 163,451,645	\$ 146,861,032	\$ 148,619,556	\$ 149,728,416
Plan fiduciary net position	<u>784,386</u>	<u>814,790</u>	<u>630,988</u>	<u>618,909</u>	<u>456,097</u>	<u>329,757</u>
Net OPEB liability	<u>\$ 147,894,222</u>	<u>\$ 160,441,248</u>	<u>\$ 162,820,657</u>	<u>\$ 146,242,123</u>	<u>\$ 148,163,459</u>	<u>\$ 149,398,659</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.53%	0.51%	0.39%	0.42%	0.31%	0.22%
Covered-employee payroll ⁽¹⁾	\$ 38,408,279	\$ 39,616,804	\$ 14,696,246	\$ 13,716,674	\$ 34,748,100	\$ 33,691,223
Participating employer net OPEB liability as a percentage of covered employee payroll	385.06%	404.98%	1107.91%	1066.16%	426.39%	443.43%
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Schedule of Contributions						
Actuarially determined contribution	\$ 11,291,716	\$ 6,162,361	\$ 6,631,296	\$ 6,356,960	\$ 6,121,928	\$ 7,859,895
Contributions in relation to the actuarially determined contribution	<u>4,318,163</u>	<u>3,867,206</u>	<u>4,119,273</u>	<u>4,832,074</u>	<u>4,447,562</u>	<u>4,078,342</u>
Contribution deficiency	<u>\$ 6,973,553</u>	<u>\$ 2,295,155</u>	<u>\$ 2,512,023</u>	<u>\$ 1,524,886</u>	<u>\$ 1,674,366</u>	<u>\$ 3,781,553</u>
Covered-employee payroll ⁽¹⁾	\$ 38,408,279	\$ 39,616,804	\$ 14,696,246	\$ 13,716,674	\$ 34,748,100	\$ 33,691,223
Contributions as a percentage of covered employee payroll	11.24%	9.76%	28.03%	35.23%	12.80%	12.11%
	<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	(3.73%)	Not provided				

⁽¹⁾ 2019 & 2020 information didn't include School's covered payroll

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 Auditor's Report.

**COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES**

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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:

Revolving Funds: To account for receipts which may be spent without appropriation for expenditures related to the source of the receipt.

Receipts Reserved: To account for receipts, which according to Massachusetts General Laws, must be segregated in the treasury and appropriated to be spent for specific purposes.

School Grants: To account for various school grant programs other than school lunch.

School Lunch: To account for operating revenues and expenditures associated with the School Department student lunch program.

Chapter 90: To account for the revenues and expenditures related to the Town's Chapter 90 state grant program.

Other: To account for funds appropriated for purposes outside of the previous categories, such as gifts and donations.

CAPITAL PROJECT FUNDS

Capital Project Funds are established to account for resources obtained and expended for the acquisition of major capital facilities or equipment other than those employed in the delivery of services accounted for in enterprise funds.

PERMANENT FUNDS

Permanent Funds are established to account for certain assets held by the Town in a fiduciary capacity as trustee. Funds are used to report resources that are legally restricted to the extent that only the earnings, and not principal, may be used for purposes that benefit the Town or its citizenry.

TOWN OF DRACUT, MASSACHUSETTS

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2022

Special Revenue Funds					
	<u>Revolving Funds</u>	<u>Receipts Reserved</u>	<u>School Grants</u>	<u>School Lunch</u>	<u>Chapter 90</u>
Assets					
Cash and short-term investments	\$ 1,533,011	\$ 566,392	\$ 2,689,508	\$ 1,186,167	\$ -
Receivables:					
Intergovernmental	-	-	168,605	-	-
Leases	1,670,462	-	-	-	-
Departmental and other	-	-	-	-	-
Total Assets	<u>\$ 3,203,473</u>	<u>\$ 566,392</u>	<u>\$ 2,858,113</u>	<u>\$ 1,186,167</u>	<u>\$ -</u>
Liabilities					
Warrants and accounts payable	\$ 217,095	\$ 3,134	\$ 57,847	\$ 2,775	\$ 271,244
Accrued payroll and withholdings	1,865	-	33,149	61,009	-
Due to other funds	-	-	-	-	97,093
Total Liabilities	218,960	3,134	90,996	63,784	368,337
Deferred Inflows of Resources					
Related to leases	1,670,462	-	-	-	-
Fund Balances					
Nonspendable	-	-	-	-	-
Restricted	1,314,051	563,258	2,783,581	1,122,383	-
Committed	-	-	-	-	-
Unassigned	-	-	(16,464)	-	(368,337)
Total Fund Balances	<u>1,314,051</u>	<u>563,258</u>	<u>2,767,117</u>	<u>1,122,383</u>	<u>(368,337)</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 3,203,473	\$ 566,392	\$ 2,858,113	\$ 1,186,167	\$ -

(continued)

See Independent Auditor's Report.

TOWN OF DRACUT, MASSACHUSETTS

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2022

(continued)

	<u>Special Revenue Funds</u>			Total	
	<u>Other</u>	<u>Subtotal</u>	<u>Capital Project Funds</u>	<u>Permanent Funds</u>	<u>Nonmajor Governmental Funds</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Assets					
Cash and short-term investments	\$ 638,999	\$ 6,614,077	\$ 4,297,442	\$ 364,754	\$ 11,276,273
Receivables:					
Intergovernmental	-	168,605	-	-	168,605
Leases	-	1,670,462	-	-	1,670,462
Departmental and other	<u>114,443</u>	<u>114,443</u>	<u>-</u>	<u>-</u>	<u>114,443</u>
Total Assets	<u><u>\$ 753,442</u></u>	<u><u>\$ 8,567,587</u></u>	<u><u>\$ 4,297,442</u></u>	<u><u>\$ 364,754</u></u>	<u><u>\$ 13,229,783</u></u>
Liabilities					
Warrants and accounts payable	\$ 10,581	\$ 562,676	\$ 48,024	\$ -	\$ 610,700
Accrued payroll and withholdings	19,735	115,758	-	-	115,758
Due to other funds	-	<u>97,093</u>	<u>-</u>	<u>-</u>	<u>97,093</u>
Total Liabilities	30,316	775,527	48,024	-	823,551
Deferred Inflows of Resources					
Related to leases	-	1,670,462	-	-	1,670,462
Fund Balances					
Nonspendable	-	-	-	259,720	259,720
Restricted	739,215	6,522,488	2,098,828	105,034	8,726,350
Committed	-	-	2,225,365	-	2,225,365
Unassigned	<u>(16,089)</u>	<u>(400,890)</u>	<u>(74,775)</u>	<u>-</u>	<u>(475,665)</u>
Total Fund Balances	<u><u>723,126</u></u>	<u><u>6,121,598</u></u>	<u><u>4,249,418</u></u>	<u><u>364,754</u></u>	<u><u>10,735,770</u></u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u><u>\$ 753,442</u></u>	<u><u>\$ 8,567,587</u></u>	<u><u>\$ 4,297,442</u></u>	<u><u>\$ 364,754</u></u>	<u><u>\$ 13,229,783</u></u>

See Independent Auditor's Report.

TOWN OF DRACUT, MASSACHUSETTS

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Year Ended June 30, 2022

Special Revenue Funds					
	<u>Revolving Funds</u>	<u>Receipts Reserved</u>	<u>School Grants</u>	<u>School Lunch</u>	<u>Chapter 90</u>
Revenues					
Charges for services	\$ 1,036,536	\$ 56,406	\$ -	\$ 230,659	\$ -
Intergovernmental	-	59,043	4,402,421	2,695,758	803,193
Investment income	-	-	-	-	-
Miscellaneous	<u>253,497</u>	<u>16,842</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	1,290,033	132,291	4,402,421	2,926,417	803,193
Expenditures					
Current:					
General government	1,649	44,887	-	-	-
Public safety	155,929	-	-	-	-
Education	751,969	-	3,726,723	1,927,571	-
Public works	9,136	3,932	-	-	974,553
Health and human services	14,772	-	-	-	-
Culture and recreation	<u>191,054</u>	<u>70,426</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>1,124,509</u>	<u>119,245</u>	<u>3,726,723</u>	<u>1,927,571</u>	<u>974,553</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	165,524	13,046	675,698	998,846	(171,360)
Other Financing Sources (Uses)					
Issuance of bonds	-	-	-	-	-
Premium on bonds	-	47,959	-	-	-
Transfers in	3,000	-	-	-	-
Transfers out	<u>(165,447)</u>	<u>(95,978)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(162,447)</u>	<u>(48,019)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	3,077	(34,973)	675,698	998,846	(171,360)
Fund Balances at Beginning of Year, as reclassified	1,310,974	598,231	2,091,419	123,537	(196,977)
Fund Balances at End of Year	<u>\$ 1,314,051</u>	<u>\$ 563,258</u>	<u>\$ 2,767,117</u>	<u>\$ 1,122,383</u>	<u>\$ (368,337)</u>

(continued)

See Independent Auditor's Report.

TOWN OF DRACUT, MASSACHUSETTS

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2022

(continued)

	Special Revenue Funds					Total Nonmajor Governmental Funds
	<u>Other</u>	<u>Subtotal</u>	Capital Project Funds	Permanent Funds	Interfund Activity	
Revenues						
Charges for services	\$ 973,049	\$ 2,296,650	\$ -	\$ 6,480	\$ -	\$ 2,303,130
Intergovernmental	-	7,960,415	-	5	-	7,960,420
Investment income	1,813	1,813	-	2,440	-	4,253
Miscellaneous	<u>435,001</u>	<u>705,340</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>705,340</u>
Total Revenues	1,409,863	10,964,218	-	8,925	-	10,973,143
Expenditures						
Current:						
General government	194,393	240,929	1,328,546	500	-	1,569,975
Public safety	889,498	1,045,427	154,620	346	-	1,200,393
Education	268,615	6,674,878	987,947	-	-	7,662,825
Public works	-	987,621	1,544,481	-	-	2,532,102
Health and human services	14,349	29,121	1,472,943	-	-	1,502,064
Culture and recreation	<u>3,324</u>	<u>264,804</u>	<u>20,826</u>	<u>-</u>	<u>-</u>	<u>285,630</u>
Total Expenditures	<u>1,370,179</u>	<u>9,242,780</u>	<u>5,509,363</u>	<u>846</u>	<u>-</u>	<u>14,752,989</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	39,684	1,721,438	(5,509,363)	8,079	-	(3,779,846)
Other Financing Sources (Uses)						
Issuance of bonds	-	-	1,865,000	-	-	1,865,000
Premium on bonds	-	47,959	135,000	-	-	182,959
Transfers in	-	3,000	2,875,129	5,398	(245,128)	2,638,399
Transfers out	<u>(198)</u>	<u>(261,623)</u>	<u>(301,440)</u>	<u>(3,000)</u>	<u>245,128</u>	<u>(320,935)</u>
Total Other Financing Sources (Uses)	<u>(198)</u>	<u>(210,664)</u>	<u>4,573,689</u>	<u>2,398</u>	<u>-</u>	<u>4,365,423</u>
Net Change in Fund Balances	39,486	1,510,774	(935,674)	10,477	-	585,577
Fund Balances at Beginning of Year, as reclassified	<u>683,640</u>	<u>4,610,824</u>	<u>5,185,092</u>	<u>354,277</u>	<u>-</u>	<u>10,150,193</u>
Fund Balances at End of Year	<u>\$ 723,126</u>	<u>\$ 6,121,598</u>	<u>\$ 4,249,418</u>	<u>\$ 364,754</u>	<u>\$ -</u>	<u>\$ 10,735,770</u>

See Independent Auditor's Report.

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PROPRIETARY FUNDS

NONMAJOR ENTERPRISE FUNDS

Stormwater Fund: To account for stormwater management operations in the Town.

Water Fund: To account for water operations attributable to the Kenwood Water Department which supplies much of the eastern portion of the Town of Dracut.

PEG Access Fund: To account for cable related operations in the Town.

TOWN OF DRACUT, MASSACHUSETTS

Combining Statement of Net Position

Nonmajor Enterprise Funds

June 30, 2022

	Business-Type Activities			
	Stormwater Fund	Water Fund	PEG Access Fund	Total Nonmajor Enterprise Funds
Assets				
Current:				
Cash and short-term investments	\$ 911,994	\$ 1,146,692	\$ 78,471	\$ 2,137,157
User fees receivable, net of allowance for uncollectibles	- 116,377	- 116,377	- 116,377	- 116,377
Total Current Assets	911,994	1,263,069	78,471	2,253,534
Noncurrent:				
Capital assets, depreciable, net	243,554	540,636	- 784,190	- 784,190
Total Noncurrent Assets	243,554	540,636	- 784,190	- 784,190
Total Assets	1,155,548	1,803,705	78,471	3,037,724
Deferred Outflows of Resources				
Related to pension	- 10,450	- 10,450	- 10,450	- 10,450
Related to OPEB	- 15,997	- 15,997	- 15,997	- 15,997
Total Deferred Outflows of Resources	- 26,447	- 26,447	- 26,447	- 26,447
Liabilities				
Current:				
Warrants and accounts payable	7,219	6,375	- 13,594	- 13,594
Accrued payroll and withholdings	4,724	1,122	- 5,846	- 5,846
Total Current Liabilities	11,943	7,497	- 19,440	- 19,440
Noncurrent:				
Net pension liability	- 93,278	- 93,278	- 93,278	- 93,278
Net OPEB liability	- 174,656	- 174,656	- 174,656	- 174,656
Total Noncurrent Liabilities	- 267,934	- 267,934	- 267,934	- 267,934
Total Liabilities	11,943	275,431	- 287,374	- 287,374
Deferred Inflows of Resources				
Related to pension	- 16,041	- 16,041	- 16,041	- 16,041
Related to OPEB	- 36,142	- 36,142	- 36,142	- 36,142
Total Deferred Inflows of Resources	- 52,183	- 52,183	- 52,183	- 52,183
Net Position				
Net investment in capital assets	243,554	540,636	- 784,190	- 784,190
Unrestricted	900,051	961,902	78,471 1,940,424	78,471 1,940,424
Total Net Position	<u>\$ 1,143,605</u>	<u>\$ 1,502,538</u>	<u>\$ 78,471</u>	<u>\$ 2,724,614</u>

See Independent Auditor's Report.

TOWN OF DRACUT, MASSACHUSETTS

Combining Statement of Revenues, Expenses, and Changes in Net Position
Nonmajor Enterprise Funds
For the Year Ended June 30, 2022

Business-Type Activities				
	Stormwater Fund	Water Fund	PEG Access Fund	Total Nonmajor Enterprise Funds
Operating Revenues				
Charges for services	\$ 75	\$ 1,561,092	\$ 380,813	\$ 1,941,980
Other	<u>41,575</u>	<u>-</u>	<u>-</u>	<u>41,575</u>
Total Operating Revenues	41,650	1,561,092	380,813	1,983,555
Operating Expenses				
Salaries and benefits	212,653	138,618	-	351,271
Other operating expenses	204,143	1,344,396	302,674	1,851,213
Depreciation	<u>37,926</u>	<u>69,295</u>	<u>-</u>	<u>107,221</u>
Total Operating Expenses	<u>454,722</u>	<u>1,552,309</u>	<u>302,674</u>	<u>2,309,705</u>
Operating Income (Loss)	(413,072)	8,783	78,139	(326,150)
Nonoperating Revenues				
Investment income	<u>6,225</u>	<u>14,596</u>	<u>332</u>	<u>21,153</u>
Total Nonoperating Revenues, Net	<u>6,225</u>	<u>14,596</u>	<u>332</u>	<u>21,153</u>
Income (Loss) Before Transfers	(406,847)	23,379	78,471	(304,997)
Transfers				
Transfers in	<u>669,700</u>	<u>-</u>	<u>-</u>	<u>669,700</u>
Change in Net Position	262,853	23,379	78,471	364,703
Net Position at Beginning of Year	<u>880,752</u>	<u>1,479,159</u>	<u>-</u>	<u>2,359,911</u>
Net Position at End of Year	<u>\$ 1,143,605</u>	<u>\$ 1,502,538</u>	<u>\$ 78,471</u>	<u>\$ 2,724,614</u>

See Independent Auditor's Report.

TOWN OF DRACUT, MASSACHUSETTS

Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended June 30, 2022

	<u>Business-Type Activities</u>				Total <u>Nonmajor Enterprise Funds</u>
	<u>Stormwater Fund</u>	<u>Water Fund</u>	<u>PEG Access Fund</u>	<u>Nonmajor Enterprise Funds</u>	
Cash Flows From Operating Activities					
Receipts from customers and users	\$ 46,374	\$ 1,575,206	\$ 380,813	\$ 2,002,393	
Payments to employees for salaries and benefits	(212,653)	(133,062)	-	(345,715)	
Payments to suppliers and service providers	<u>(220,574)</u>	<u>(1,555,417)</u>	<u>(302,674)</u>	<u>(2,078,665)</u>	
Net Cash Provided By (Used For) Operating Activities	<u>(386,853)</u>	<u>(113,273)</u>	<u>78,139</u>	<u>(421,987)</u>	
Cash Flows From Noncapital Financing Activities					
Transfers in	<u>669,700</u>	<u>-</u>	<u>-</u>	<u>669,700</u>	
Net Cash Provided By Noncapital Financing Activities	<u>669,700</u>	<u>-</u>	<u>-</u>	<u>669,700</u>	
Cash Flows From Investing Activities					
Investment income	<u>6,225</u>	<u>14,596</u>	<u>332</u>	<u>21,153</u>	
Net Cash Provided By Investing Activities	<u>6,225</u>	<u>14,596</u>	<u>332</u>	<u>21,153</u>	
Net Change in Cash and Short-Term Investments	<u>289,072</u>	<u>(98,677)</u>	<u>78,471</u>	<u>268,866</u>	
Cash and Short-Term Investments, Beginning of Year	<u>622,922</u>	<u>1,245,369</u>	<u>-</u>	<u>1,868,291</u>	
Cash and Short-Term Investments, End of Year	<u>\$ 911,994</u>	<u>\$ 1,146,692</u>	<u>\$ 78,471</u>	<u>\$ 2,137,157</u>	
Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used For) Operating Activities					
Operating income (loss)	\$ (413,072)	\$ 8,783	\$ 78,139	\$ (326,150)	
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:					
Depreciation	37,926	69,295	-	107,221	
Changes in assets, liabilities, and deferred outflows/inflows:					
User fees receivable	-	14,114	-	14,114	
Deferred outflows - related to pension	-	(2,838)	-	(2,838)	
Deferred outflows - related to OPEB	-	(4,128)	-	(4,128)	
Warrants and accounts payable	(16,431)	(211,021)	-	(227,452)	
Accrued payroll and withholdings	4,724	1,122	-	5,846	
Net pension liability	-	(6,592)	-	(6,592)	
Net OPEB liability	-	(14,817)	-	(14,817)	
Deferred inflows - related to pension	-	9,900	-	9,900	
Deferred inflows - related to OPEB	-	22,909	-	22,909	
Net Cash Provided By (Used For) Operating Activities	<u>\$ (386,853)</u>	<u>\$ (113,273)</u>	<u>\$ 78,139</u>	<u>\$ (421,987)</u>	

See Independent Auditor's Report.

STATISTICAL SECTION



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TOWN OF DRACUT, MASSACHUSETTS

STATISTICAL SECTION

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

Financial Trends:

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

Revenue Capacity:

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

Debt Capacity:

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

Demographic and Economic Information:

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

Operating Information:

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

TOWN OF DRACUT, MASSACHUSETTS
Net Position By Component
Last Ten Fiscal Years

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Governmental Activities										
Net investment in capital assets	\$ 81,448,291	\$ 96,239,149	\$ 106,969,364	\$ 112,722,291	\$ 114,411,779	\$ 117,564,229	\$ 119,200,653	\$ 119,728,978	\$ 118,824,926	\$ 119,318,802
Restricted	9,854,298	10,536,164	12,505,071	9,017,772	9,240,722	10,508,842	11,111,992	17,861,610	15,204,954	15,436,228
Unrestricted	(26,368,171)	(24,365,052)	(79,322,424)	(82,654,052)	(84,823,856)	(198,634,704)	(202,755,925)	(215,407,609)	(213,079,182)	(215,288,513)
Total governmental activities net position	\$ 64,934,418	\$ 82,410,261	\$ 40,152,011	\$ 39,086,011	\$ 38,828,645	\$ (70,561,633)	\$ (72,443,280)	\$ (77,817,021)	\$ (79,049,302)	\$ (80,533,483)
Business-type activities										
Net investment in capital assets	\$ 26,792,899	\$ 28,984,420	\$ 32,043,858	\$ 34,539,513	\$ 36,184,287	\$ 37,881,164	\$ 39,644,196	\$ 41,070,831	\$ 41,968,162	\$ 43,624,931
Unrestricted	3,027,436	3,440,508	1,746,127	1,208,000	1,465,578	1,466,169	1,943,513	3,356,449	5,342,499	5,797,821
Total business-type activities net position	\$ 29,820,335	\$ 32,424,928	\$ 33,789,985	\$ 35,747,513	\$ 37,649,865	\$ 39,347,333	\$ 41,587,709	\$ 44,427,280	\$ 47,310,661	\$ 49,422,752
Primary Government										
Net investment in capital assets	\$ 108,241,190	\$ 125,223,569	\$ 139,013,222	\$ 147,261,804	\$ 150,596,066	\$ 155,445,393	\$ 158,844,849	\$ 160,799,809	\$ 160,793,088	\$ 162,943,733
Restricted	9,854,298	10,536,164	12,505,071	9,017,772	9,240,722	10,508,842	11,111,992	17,861,610	15,204,954	15,436,228
Unrestricted	(23,340,735)	(20,924,544)	(77,576,297)	(81,446,052)	(83,358,278)	(197,168,535)	(200,812,412)	(212,051,160)	(207,736,683)	(209,490,692)
Total primary government net position	\$ 94,754,753	\$ 114,835,189	\$ 73,941,996	\$ 74,833,524	\$ 76,478,510	\$ (31,214,300)	\$ (30,855,571)	\$ (33,389,741)	\$ (31,738,641)	\$ (31,110,731)

Data source: Audited financial statements

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

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Expenses										
Governmental activities:										
General government	\$ 2,774,862	\$ 2,441,181	\$ 3,077,451	\$ 3,090,034	\$ 4,414,502	\$ 4,787,438	\$ 5,329,771	\$ 5,948,019	\$ 7,462,669	\$ 8,068,345
Public safety	7,327,794	7,942,564	7,899,057	8,264,665	13,750,592	14,329,564	14,849,687	16,565,706	17,045,845	17,502,016
Education	44,583,275	44,655,884	41,582,139	46,025,529	64,712,563	66,370,490	66,343,840	67,843,640	73,758,408	71,317,145
Public works	6,007,787	6,442,294	6,585,729	6,072,740	8,075,388	8,524,111	8,692,961	8,909,488	8,996,083	9,598,638
Health and human services	796,761	804,198	807,609	669,960	1,084,658	1,060,569	1,078,598	1,169,219	1,112,298	1,108,045
Culture and recreation	1,547,632	1,495,251	1,397,793	1,200,579	2,020,338	1,842,607	2,075,991	1,987,329	2,106,395	2,267,413
Debt service interest	1,248,822	1,663,592	2,188,729	2,104,586	1,586,643	1,431,038	1,486,361	1,822,506	1,118,277	1,258,766
Employee benefits ⁽¹⁾	19,468,820	17,430,797	18,581,433	19,879,501	-	-	-	-	-	-
Intergovernmental ⁽¹⁾	1,184,332	1,612,825	1,943,863	2,503,854	-	-	-	-	-	-
Total governmental activities expenses	<u>84,940,085</u>	<u>84,488,586</u>	<u>84,063,803</u>	<u>89,811,448</u>	<u>95,644,684</u>	<u>98,345,817</u>	<u>99,857,209</u>	<u>104,245,907</u>	<u>111,599,975</u>	<u>111,120,368</u>
Business-type activities:										
Sewer operations	4,165,078	4,009,714	4,369,098	4,908,601	5,920,102	5,547,041	5,524,716	5,627,388	4,891,386	5,919,068
Water operations	1,094,772	1,051,104	1,156,503	1,173,437	1,228,571	1,245,987	1,304,258	1,331,166	1,570,966	1,552,309
Stormwater operations	-	-	-	-	-	-	77,007	238,325	458,871	454,722
PEG Access operations	-	-	-	-	-	-	-	-	-	302,674
Total business-type activities expenses	<u>5,259,850</u>	<u>5,060,818</u>	<u>5,525,601</u>	<u>6,082,038</u>	<u>7,148,673</u>	<u>6,793,028</u>	<u>6,905,981</u>	<u>7,196,879</u>	<u>6,921,223</u>	<u>8,228,773</u>
Total primary government expenses	<u>\$ 90,199,935</u>	<u>\$ 89,549,404</u>	<u>\$ 89,589,404</u>	<u>\$ 95,893,486</u>	<u>\$ 102,793,357</u>	<u>\$ 105,138,845</u>	<u>\$ 106,763,190</u>	<u>\$ 111,442,786</u>	<u>\$ 118,521,198</u>	<u>\$ 119,349,141</u>
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 350,756	\$ 333,389	\$ 409,079	\$ 420,356	\$ 374,968	\$ 417,812	\$ 396,821	\$ 339,135	\$ 268,426	\$ 359,324
Public safety	478,787	532,212	715,061	1,000,247	971,705	958,298	1,090,282	858,013	1,608,790	1,771,141
Education	1,116,713	1,113,243	1,203,061	1,560,316	1,531,270	1,683,954	1,638,567	1,343,911	511,017	1,019,622
Public works	29,386	28,132	124,817	32,232	33,949	22,561	32,031	187,464	33,532	92,929
Health and human services	52,007	45,093	45,296	42,840	42,420	99,157	192,540	77,049	47,246	75,362
Culture and recreation	240,964	210,543	253,488	231,867	254,387	204,532	231,501	210,294	130,487	206,494
Operating grants and contributions	30,077,882	31,212,977	26,832,728	28,859,340	32,165,092	30,702,061	30,506,736	32,670,699	42,991,257	37,080,764
Capital grants and contributions	13,336,476	2,950,386	6,639,406	2,050,357	3,590,381	3,020,529	2,376,483	895,983	-	-
Total government activities program revenues	<u>45,682,971</u>	<u>36,425,975</u>	<u>36,222,936</u>	<u>34,197,555</u>	<u>38,964,172</u>	<u>37,108,904</u>	<u>36,464,961</u>	<u>36,582,548</u>	<u>45,590,755</u>	<u>40,605,636</u>
Business-type activities:										
Charges for services:										
Sewer operations	6,203,961	6,510,032	6,543,801	6,661,452	7,656,667	7,759,864	7,315,790	7,376,730	7,462,294	7,564,340
Water operations	953,779	1,006,534	951,825	1,129,299	1,156,412	1,301,300	1,468,386	1,518,790	1,731,107	1,561,092
Stormwater operations	-	-	-	-	-	-	-	-	100	41,650
PEG Access operations	-	-	-	-	-	-	-	-	-	380,813
Capital grants and contributions	-	-	-	242,901	229,650	211,402	196,311	108,636	75,481	70,305
Total business-type activities revenues	<u>7,157,740</u>	<u>7,516,566</u>	<u>7,495,626</u>	<u>8,033,652</u>	<u>9,042,729</u>	<u>9,272,566</u>	<u>8,980,487</u>	<u>9,004,156</u>	<u>9,268,982</u>	<u>9,618,200</u>
Total primary government revenues	<u>\$ 52,840,711</u>	<u>\$ 43,942,541</u>	<u>\$ 43,718,562</u>	<u>\$ 42,231,207</u>	<u>\$ 48,006,901</u>	<u>\$ 46,381,470</u>	<u>\$ 45,445,448</u>	<u>\$ 45,586,704</u>	<u>\$ 54,859,737</u>	<u>\$ 50,223,836</u>
Net (Expense)/Revenue										
Governmental activities	\$ (39,257,114)	\$ (48,062,611)	\$ (47,840,867)	\$ (55,613,893)	\$ (56,680,512)	\$ (61,236,913)	\$ (63,392,248)	\$ (67,663,359)	\$ (66,009,220)	\$ (70,514,732)
Business-type activities	1,897,890	2,455,748	1,970,025	1,951,614	1,894,056	2,479,538	2,074,506	1,807,277	2,347,759	1,389,427
Total primary government net (expense)	<u>\$ (37,359,224)</u>	<u>\$ (45,606,863)</u>	<u>\$ (45,870,842)</u>	<u>\$ (53,662,279)</u>	<u>\$ (54,786,456)</u>	<u>\$ (58,757,375)</u>	<u>\$ (61,317,742)</u>	<u>\$ (65,856,082)</u>	<u>\$ (63,661,461)</u>	<u>\$ (69,125,305)</u>

(continued)

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

(continued)

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes	\$ 38,998,569	\$ 40,554,245	\$ 43,791,357	\$ 45,240,037	\$ 46,872,382	\$ 48,791,851	\$ 51,136,038	\$ 53,000,404	\$ 54,510,606	\$ 56,175,542
Excises	3,604,200	3,929,184	4,511,203	4,591,787	4,723,234	4,890,142	4,955,160	4,467,649	5,055,269	4,964,507
Penalties, interest, and other taxes	192,446	452,328	199,927	996,411	935,135	1,103,160	815,856	709,114	1,267,225	3,419,757
Grants and contributions not restricted to specific programs	3,328,882	18,914,258	3,359,579	3,393,080	3,497,078	3,920,627	3,959,829	3,868,208	3,805,725	4,271,321
Investment income (loss)	55,707	137,593	187,538	121,342	81,753	15,426	386,011	799,858	54,738	(431,267)
Miscellaneous	372,513	1,371,846	670,524	205,236	313,564	230,894	405,907	403,651	483,564	1,300,391
Transfers	169,000	179,000	179,000	-	-	200,000	(148,200)	(1,000,000)	(500,278)	(669,700)
Total governmental activities	46,721,317	65,538,454	52,899,128	54,547,893	56,423,146	59,152,100	61,510,601	62,248,884	64,676,849	69,030,551
Business-type activities:										
Investment income	11,475	10,508	7,605	6,301	7,909	16,366	17,247	32,294	35,344	52,964
Miscellaneous	-	317,337	248,000	-	-	-	423	-	-	-
Transfers	(169,000)	(179,000)	(179,000)	-	-	(200,000)	148,200	1,000,000	500,278	669,700
Total business-type activities	(157,525)	148,845	76,605	6,301	7,909	(183,634)	165,870	1,032,294	535,622	722,664
Total primary government	\$ 46,563,792	\$ 65,687,299	\$ 52,975,733	\$ 54,554,194	\$ 56,431,055	\$ 58,968,466	\$ 61,676,471	\$ 63,281,178	\$ 65,212,471	\$ 69,753,215
Changes in Net Position										
Governmental activities	\$ 7,464,203	\$ 17,475,843	\$ 5,058,261	\$ (1,066,000)	\$ (257,366)	\$ (2,084,813)	\$ (1,881,647)	\$ (5,414,475)	\$ (1,332,371)	\$ (1,484,181)
Business-type activities	1,740,365	2,604,593	2,046,630	1,957,915	1,901,965	2,295,904	2,240,376	2,839,571	2,883,381	2,112,091
Total primary government changes in net position	\$ 9,204,568	\$ 20,080,436	\$ 7,104,891	\$ 891,915	\$ 1,644,599	\$ 211,091	\$ 358,729	\$ (2,574,904)	\$ 1,551,010	\$ 627,910

Data source: Audited financial statements

(concluded)

NOTE: ⁽¹⁾Employee benefits and intergovernmental expenditures were allocated to the individual functions beginning in fiscal year 2017.

TOWN OF DRACUT, MASSACHUSETTS
Fund Balances, Governmental Funds
Last Ten Fiscal Years

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Fund										
Restricted	\$ -	\$ -	\$ 1,016,859	\$ 837,418	\$ 757,008	\$ 523,893	\$ 469,684	\$ 409,124	\$ -	\$ 30,573
Committed	1,340,638	1,876,357	1,801,283	1,725,966	2,451,071	2,486,864	2,603,945	1,627,410	3,054,620	5,761,633
Assigned	176,780	51,168	70,602	89,324	108,842	112,848	50,634	3,900	1,323,385	1,210,858
Unassigned	3,515,321	4,722,033	5,443,001	7,765,255	7,873,139	9,089,153	11,152,058	12,503,891	11,414,635	10,012,925
Total general fund	5,032,739	6,649,558	8,331,745	10,417,963	11,190,060	12,212,758	14,276,321	14,544,325	15,792,640	17,015,989
All Other Governmental Funds										
Nonspendable	230,047	241,132	250,412	261,770	249,718	249,720	249,720	259,720	259,720	259,720
Restricted	9,865,639	14,269,719	11,237,800	7,918,584	8,991,003	10,259,124	10,878,433	12,174,688	14,945,234	16,666,044
Committed	-	-	643,223	403,526	692,653	456,625	1,514,690	2,921,535	2,225,365	
Unassigned	(13,902,850)	(148,757)	(4,238,331)	(3,760,488)	(4,074,474)	(2,647,572)	(768,045)	(8,109,708)	(1,250,465)	(475,665)
Total all other governmental funds	(3,807,164)	14,362,094	7,249,881	5,063,089	5,569,773	8,553,925	10,816,733	5,839,390	16,876,024	18,675,464
Total fund Balances	\$ 1,225,575	\$ 21,011,652	\$ 15,581,626	\$ 15,481,052	\$ 16,759,833	\$ 20,766,683	\$ 25,093,054	\$ 20,383,715	\$ 32,668,664	\$ 35,691,453

Data Source: Audited Financial statements

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

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Revenues										
Property taxes	\$ 38,742,756	\$ 40,576,039	\$ 43,845,679	\$ 45,413,604	\$ 46,831,492	\$ 48,869,713	\$ 50,787,280	\$ 52,953,777	\$ 54,583,700	\$ 56,426,848
Excises	3,460,227	4,012,303	4,465,906	4,568,760	4,704,280	4,895,598	4,949,207	4,832,128	4,926,551	4,931,657
Penalties, interest, and other taxes	413,176	422,589	482,321	761,033	782,056	1,138,018	876,132	709,114	1,267,225	3,419,757
Charges for services	1,928,263	1,879,546	2,285,369	2,558,818	2,564,334	2,545,843	2,723,183	2,255,545	2,015,620	2,788,231
Intergovernmental	46,211,712	52,722,881	32,969,458	29,648,991	37,461,799	36,304,975	33,894,861	33,199,810	41,746,853	41,149,838
Licenses and permits	340,350	383,066	445,851	735,224	635,689	862,545	858,559	760,321	583,878	736,641
Investment income (loss)	147,015	137,202	187,419	121,145	81,507	15,085	385,535	799,858	54,738	(431,267)
Contributions	44,375	34,288	48,011	60,752	90,500	75,205	81,315	-	-	-
Miscellaneous	372,513	237,039	512,175	205,239	247,836	230,769	380,115	403,651	483,564	1,300,391
Total Revenue	91,660,387	100,404,953	85,242,189	84,073,566	93,399,493	94,937,751	94,936,187	95,914,204	105,662,129	110,322,096
Expenditures										
General government	4,359,807	8,785,079	5,488,910	6,724,280	2,970,088	4,203,028	4,930,059	3,819,542	5,974,383	5,806,034
Public safety	7,132,510	7,368,182	8,078,666	8,689,124	8,453,704	8,611,693	9,621,745	11,600,309	15,079,019	11,732,459
Education	66,008,861	68,313,907	46,519,488	39,748,122	47,530,084	45,181,850	46,200,829	50,138,002	53,641,800	53,146,160
Public works	5,330,697	6,597,206	6,304,540	5,652,282	8,185,305	8,058,665	6,659,434	6,539,498	6,616,949	9,056,774
Health and human services	736,289	730,652	748,783	739,059	770,933	766,390	754,496	860,811	837,461	2,326,157
Culture and recreation	1,264,699	1,206,683	1,169,587	1,161,235	1,159,381	1,230,520	1,260,817	2,948,902	1,112,908	1,343,734
Employee benefits	14,193,534	14,271,011	13,989,965	14,667,957	14,964,780	15,168,063	15,255,284	15,798,246	16,584,675	16,495,436
Debt service:										
Principal	3,062,437	3,037,631	4,379,630	4,318,630	3,559,630	3,462,000	3,306,631	2,980,686	2,485,500	3,448,000
Interest	1,127,614	1,259,707	2,245,122	1,834,419	1,685,611	1,540,795	1,567,298	1,398,450	1,494,627	1,294,226
Intergovernmental	1,184,332	1,612,825	1,943,863	2,503,854	2,841,196	3,388,192	3,788,612	3,579,831	3,866,316	4,028,586
Total Expenditures	104,400,780	113,182,883	90,868,554	86,038,962	92,120,712	91,611,196	93,345,205	99,664,277	107,693,638	108,677,566
Excess (deficiency) of revenues over (under) expenditures	(12,740,393)	(12,777,930)	(5,626,365)	(1,965,396)	1,278,781	3,326,555	1,590,982	(3,750,073)	(2,031,509)	1,644,530
Other Financing Sources (Uses)										
Issuance of bonds	-	31,250,000	-	-	-	-	2,578,186	-	12,985,000	1,865,000
Premiums on bonds	-	1,134,807	-	-	-	-	111,062	-	1,950,702	182,959
Issuance of refunding bonds	12,965,000	-	1,793,000	6,594,000	-	-	-	-	15,370,500	-
Premium on refunding bonds	892,476	-	109,539	708,176	-	-	-	-	4,099,542	-
Payments to refunded bond escrow agent	(13,857,476)	-	(1,885,000)	(5,596,281)	-	-	-	-	(19,689,098)	-
Loan proceeds	-	-	-	158,927	-	480,295	-	-	-	-
Transfers in	802,936	1,883,284	3,183,916	4,647,114	1,766,956	1,823,533	1,306,368	2,679,075	2,692,940	3,055,288
Transfers out	(633,936)	(1,704,284)	(3,004,916)	(4,647,114)	(1,766,956)	(1,623,533)	(1,260,227)	(3,679,075)	(3,193,218)	(3,724,988)
Total other financing sources (uses)	169,000	32,563,807	196,539	1,864,822	-	680,295	2,735,389	(1,000,000)	14,216,368	1,378,259
Net change in fund balances	\$ (12,571,393)	\$ 19,785,877	\$ (5,429,826)	\$ (100,574)	\$ 1,278,781	\$ 4,006,850	\$ 4,326,371	\$ (4,750,073)	\$ 12,184,859	\$ 3,022,789

⁽¹⁾ Debt service as a percentage of noncapital expenditures

5.31% 5.35% 8.59% 7.77% 5.99% 5.78% 5.51% 4.82% 4.15% 4.60%

Data Source: Audited Financial statements

Notes: ⁽¹⁾ Capital outlay expenditures are not included in this calculation

TOWN OF DRACUT, MASSACHUSETTS
Assessed Value⁽¹⁾ of Taxable Property by Classification
Last Ten Fiscal Years

Fiscal Year	Assessed Value						Total Town Value
	Residential Value	Residential Tax Rate ⁽²⁾	Commercial Value	Industrial Value	Personal Property		
2013	\$ 2,517,610,845	\$ 13.79	\$ 142,641,165	\$ 49,471,890	\$ 82,816,425	\$ 2,792,540,325	
2014	\$ 2,504,925,425	\$ 14.49	\$ 142,870,485	\$ 50,039,590	\$ 80,555,623	\$ 2,778,391,123	
2015	\$ 2,618,892,738	\$ 14.93	\$ 149,859,082	\$ 51,572,280	\$ 84,420,993	\$ 2,904,745,093	
2016	\$ 2,734,559,948	\$ 14.84	\$ 149,405,272	\$ 51,287,880	\$ 88,978,256	\$ 3,024,231,356	
2017	\$ 2,903,842,448	\$ 14.50	\$ 156,368,552	\$ 54,767,500	\$ 91,218,146	\$ 3,206,196,646	
2018	\$ 3,108,442,458	\$ 14.14	\$ 168,362,562	\$ 54,644,030	\$ 87,935,860	\$ 3,419,384,910	
2019	\$ 3,310,539,041	\$ 13.75	\$ 190,306,311	\$ 57,480,505	\$ 99,973,547	\$ 3,658,299,404	
2020	\$ 3,552,308,629	\$ 13.35	\$ 189,939,661	\$ 57,436,705	\$ 93,790,010	\$ 3,893,475,005	
2021	\$ 3,774,910,916	\$ 13.01	\$ 194,374,287	\$ 55,885,960	\$ 103,586,249	\$ 4,128,757,412	
2022	\$ 4,147,212,836	\$ 12.29	\$ 200,298,761	\$ 59,455,200	\$ 110,864,520	\$ 4,517,831,317	

Source: Board of Assessors, Town of Dracut

⁽¹⁾ Assessed value is comparable to estimated actual value.

⁽²⁾ There is no separate rate for overlapping governments.

TOWN OF DRACUT, MASSACHUSETTS
Principal Taxpayers
Current Year and Nine Years Ago

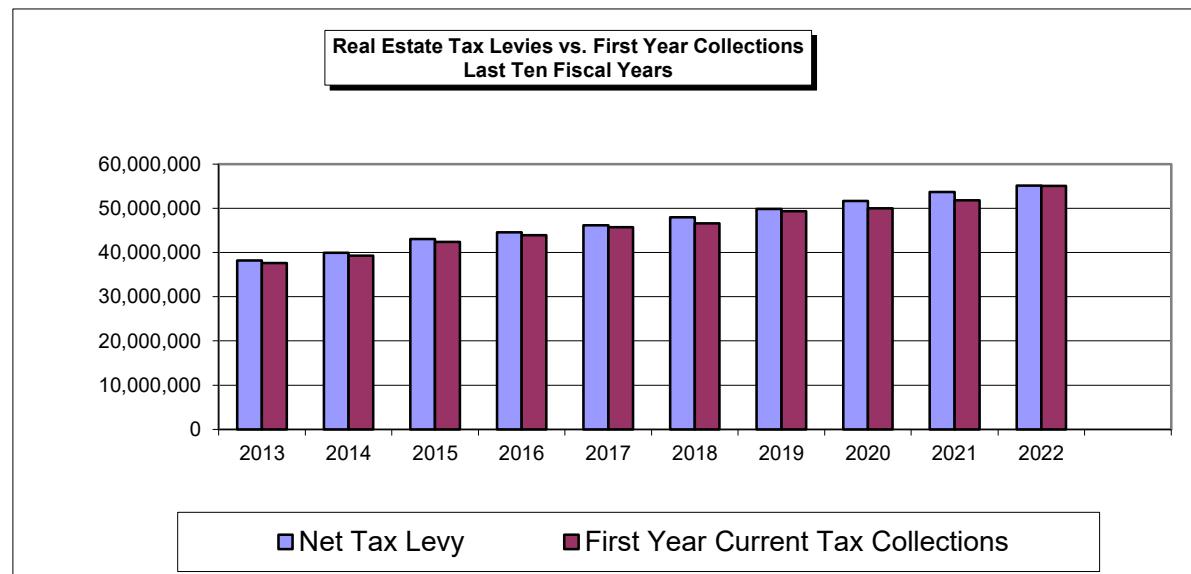
Name	Nature of Business	2022			2013			Percentage of Total Taxable Assessed Value
		Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value	Assessed Valuation	Rank		
Massachusetts Electric, Co.	Utility	\$ 28,250,748	1	0.63%	\$ 17,728,181	1	0.63%	
Corcoran Skyline LLC	Real Estate	\$ 20,779,300	3	0.46%	\$ 14,931,200	2	0.53%	
Colonial Gas	Utility	\$ 22,807,484	2	0.50%	\$ 12,563,390	5	0.45%	
New England Power, Co.	Utility	\$ 19,521,216	4	0.43%	\$ 7,199,169	7	0.26%	
Princeton Dracut, LLC	Real Estate	\$ 13,719,200	5	0.30%	\$ 14,288,500	4	0.51%	
Robbins Avenue LLC	Real Estate	\$ 11,526,400	6	0.26%	\$ 6,610,700	10	0.24%	
Maritime & Northeast Pipeline	Utility	\$ 10,441,800	7	0.23%	\$ 14,920,000	3	0.53%	
Brox Industries	Real Estate	\$ 10,319,500	8	0.23%	\$ 6,670,240	9	0.24%	
Dracut Real Estate	Real Estate	\$ 8,885,900	11	0.20%	\$ 7,906,800	6	0.28%	
Grassfield Commons	Real Estate	\$ 9,681,400	10	0.21%	\$ 131,300	11	0.00%	
Antonio Katsikas	Real Estate	\$ 9,718,900	9	0.22%	\$ 6,767,800	8	0.24%	
		<hr/> \$ 165,651,848		<hr/> 3.67%	<hr/> \$ 109,717,280		<hr/> 3.93%	

Source: Board of Assessors; Town of Dracut; Massachusetts Division of Local Services

2013 Total Assessed Value	\$ 2,792,540,325
2022 Total Assessed Value	\$ 4,517,831,317

TOWN OF DRACUT, MASSACHUSETTS
Property Tax Levies & Collections
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy	Overlay Reserve for Abatements	Net Tax Levy (Less Overlay)	First Year Current Tax Collections	Percent of Net Levy Collected at FY End	Percent of Net Collected at 6/30/22
2013	\$ 38,509,131	\$ 313,458	\$ 38,195,673	\$ 37,601,720	98.44%	100.00%
2014	\$ 40,258,887	\$ 343,380	\$ 39,915,507	\$ 39,274,346	98.39%	100.00%
2015	\$ 43,367,844	\$ 348,741	\$ 43,019,103	\$ 42,386,044	98.53%	100.00%
2016	\$ 44,879,592	\$ 345,824	\$ 44,533,768	\$ 43,900,709	98.58%	100.00%
2017	\$ 46,489,851	\$ 388,970	\$ 46,100,881	\$ 45,689,498	99.11%	100.00%
2018	\$ 48,377,471	\$ 433,320	\$ 47,944,151	\$ 46,538,209	97.07%	100.00%
2019	\$ 50,121,349	\$ 309,759	\$ 49,811,590	\$ 49,345,250	99.06%	100.00%
2020	\$ 51,977,891	\$ 374,394	\$ 51,603,497	\$ 49,992,483	96.88%	99.90%
2021	\$ 53,715,134	\$ 37,183	\$ 53,677,951	\$ 51,795,216	96.49%	98.50%
2022	\$ 55,524,146	\$ 404,254	\$ 55,119,892	\$ 55,000,058	99.78%	99.78%



Source: Town Accountant - Year-end Combined Activity Report

TOWN OF DRAZUT, MASSACHUSETTS
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Population	Governmental Activities Debt												
		Personal Income		Assessed Valuation		General Obligation Bonds		Loans Payable		Total Debt		Per Capita	Percentage of Personal Income	Percentage of Assessed Value
2013	29,457	\$ 824,673,000	\$ 2,792,540,325	\$ 17,955,782	\$ -	\$ 17,955,782	\$ 610	2.18%	0.64%					
2014	29,894	\$ 852,608,000	\$ 2,778,391,123	\$ 46,548,151	\$ -	\$ 46,548,151	\$ 1,557	5.46%	1.68%					
2015	30,220	\$ 867,915,000	\$ 2,904,745,093	\$ 42,510,521	\$ -	\$ 42,510,521	\$ 1,407	4.90%	1.46%					
2016	30,687	\$ 896,546,000	\$ 3,024,231,356	\$ 40,578,687	\$ 158,927	\$ 40,737,614	\$ 1,328	4.54%	1.35%					
2017	30,900	\$ 927,556,000	\$ 3,206,196,646	\$ 36,954,677	\$ 88,602	\$ 37,043,279	\$ 1,199	3.99%	1.16%					
2018	31,400	\$ 976,073,000	\$ 3,419,384,910	\$ 33,426,667	\$ 505,403	\$ 33,932,070	\$ 1,081	3.48%	0.99%					
2019	31,700	\$ 1,032,315,000	\$ 3,658,299,404	\$ 32,735,223	\$ 303,980	\$ 33,039,203	\$ 1,042	3.20%	0.90%					
2020	32,500	\$ 1,061,254,000	\$ 3,893,475,005	\$ 29,680,476	\$ 154,140	\$ 29,834,616	\$ 918	2.81%	0.77%					
2021	32,617	\$ 1,126,313,000	\$ 4,128,757,412	\$ 42,243,659	\$ -	\$ 42,243,659	\$ 1,295	3.75%	1.02%					
2022	32,600	\$ 1,156,106,000	\$ 4,517,831,317	\$ 40,672,023	\$ -	\$ 40,672,023	\$ 1,248	3.52%	0.90%					

Fiscal Year	Business - Type Activities Debt				Total Primary Government					
	Water Fund		Sewer Fund		CPC Fund		Total Debt Outstanding	Per Capita	Percentage of Personal Income	Percentage of Assessed Value
2013	\$ 407,973	\$ 40,887,885	\$ 1,360,000				\$ 60,611,640	\$ 2,058	7.35%	2.17%
2014	\$ 343,958	\$ 43,811,787	\$ 980,000				\$ 91,683,896	\$ 3,067	10.75%	3.30%
2015	\$ 282,023	\$ 49,658,594	\$ 546,000				\$ 92,997,138	\$ 3,077	10.72%	3.20%
2016	\$ 222,168	\$ 51,270,394	\$ 389,000				\$ 92,619,176	\$ 3,018	10.33%	3.06%
2017	\$ 105,000	\$ 47,006,806	\$ -				\$ 84,155,085	\$ 2,723	9.07%	2.62%
2018	\$ 55,000	\$ 43,016,296	\$ -				\$ 77,003,366	\$ 2,452	7.89%	2.25%
2019	\$ 5,000	\$ 39,007,549	\$ -				\$ 72,051,752	\$ 2,273	6.98%	1.97%
2020	\$ -	\$ 35,574,477	\$ -				\$ 65,409,093	\$ 2,013	6.16%	1.68%
2021	\$ -	\$ 32,334,301	\$ -				\$ 74,577,960	\$ 2,286	6.62%	1.81%
2022	\$ -	\$ 29,036,405	\$ -				\$ 69,708,428	\$ 2,138	6.03%	1.54%

Data source: Massachusetts Division of Career Centers and Division of Unemployment Assistance

Data source: Audited financial statements

TOWN OF DRACUT, MASSACHUSETTS
Direct and Overlapping Governmental Activities Debt
As of June 30, 2022

	Debt Outstanding	Estimated Percentage Applicable ⁽¹⁾	Estimated Share of Overlapping Debt ⁽²⁾
Debt repaid with property taxes Greater Lowell Technical High School	\$ 12,770,000	30.06%	\$ 3,838,662
Subtotal, overlapping debt			3,838,662
Town direct debt			40,672,023
Total direct and overlapping debt			<u><u>\$ 44,510,685</u></u>

Data source: Multiple entities including Town Treasurer

⁽¹⁾Estimated share based on debt service only

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

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

	Fiscal year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Equalized Valuation ⁽¹⁾	\$ 3,175,898,800	\$ 3,018,060,600	\$ 3,018,060,600	\$ 2,920,269,000	\$ 3,215,541,900	\$ 3,647,155,100	\$ 3,647,155,100	\$ 4,153,988,500	\$ 4,153,988,500	\$ 4,790,569,000
Debt Limit - 5% of Equalized Valuation	158,794,940	150,903,030	150,903,030	146,013,450	160,777,095	182,357,755	182,357,755	207,699,425	207,699,425	239,528,450
Less:										
Total debt applicable to limitation ⁽²⁾	(76,367,970)	(64,635,338)	(91,339,938)	(91,205,285)	(83,487,066)	(75,982,927)	(70,675,218)	(73,387,572)	(67,890,013)	(63,014,958)
Legal debt margin	\$ 82,426,970	\$ 86,267,692	\$ 59,563,092	\$ 54,808,165	\$ 77,290,029	\$ 106,374,828	\$ 111,682,537	\$ 134,311,853	\$ 139,809,412	\$ 176,513,492
Total debt applicable to the limit as a percentage of debt limit	48.09%	42.83%	60.53%	62.46%	51.93%	41.67%	38.76%	35.33%	32.69%	26.31%

Data source:

⁽¹⁾MA Bureau of Local Services (DataBank)

⁽²⁾Town of Dracut

TOWN OF DRACUT, MASSACHUSETTS
Demographic and Economic Statistics
Last Ten Fiscal Years

Calendar Year	Population Estimates *	Per Capita			School Enrollment ***	Unemployment Rate
		Personal Income **	***			
2013	29,457	\$ 30,226		3,872		6.6%
2014	29,894	\$ 31,392		3,816		5.7%
2015	30,220	\$ 33,856		3,688		4.6%
2016	30,687	\$ 32,690		3,499		4.0%
2017	30,900	\$ 32,927		3,551		3.4%
2018	31,400	\$ 33,155		3,839		3.6%
2019	31,700	\$ 35,662		3,582		3.9%
2020	32,500	\$ 38,365		3,677		6.5%
2021	32,617	\$ 42,008		3,659		4.3%
2022	32,600	\$ Unavailable		3,567		3.2%

* Source: Town of Dracut Annual Census (not inclusive of MCI population)

** Source: Official Statements

***Source: Massachusetts Department of Education

Data source: Massachusetts Division of Career Services

Town of Dracut Census Data

TOWN OF DRACUT, MASSACHUSETTS
Principal Employers
Current Year and Nine Years Ago

Employer	Type of Business	2022		Percentage of Total Town Employment	2013		Percentage of Total Town Employment
		Number of Employees	Rank		Number of Employees	Rank	
GeorgeBrox, Inc.	Contractor/Construction	180	1	1.05 %	181	2	1.19 %
Hannaford	Supermarket	150	2	0.87 %	225	1	1.48 %
Verizon New England, Inc.	Communications	130	3	0.76 %	125	4	0.82 %
Old Dominion	Trucking	120	4	0.70 %	64	5	0.42 %
Dakota	Manufacturer	110	5	0.64 %	60	8	0.39 %
Majilite	Manufacturer	110	6	0.64 %	52	9	0.34 %
Dow Company	Contractor/Construction	100	7	0.58 %			
Dunkin Donuts	Franchise	95	8	0.55 %	155	3	1.02 %
ADEP, Construction	Contractor/Construction	90	9	0.52 %			
The Arbors	Assisted Living	83	10	0.48 %			
Poland Springs	Warehouse				64	6	0.42 %
Lenzi Catering	Restaurant/Functions				60	7	0.39 %
 Total Principal Employers		 1,168		 6.79 %	 986		 6.47 %
 Total Town Employment ⁽¹⁾		 <u>17,207</u>			 <u>15,229</u>		

Data Source:
Employers

Notes:

⁽¹⁾MA Bureau of Local Services (DataBank)

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

Function	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Government	22	22	22	23	23	23	24	25	34	35
Public Safety										
Police	44	44	43	46	46	47	47	47	41	44
Fire	36	37	42	38	45	47	47	47	43	43
Total	80	81	85	84	91	94	94	94	84	87
Education	395	403	411	406	410	434	434	434	463	465
Public Works										
Tax Supported	22	22	22	21	22	22	22	22	28	28
Water/Sewer Division	5	5	5	5	4	4	4	4	5	5
Total	27	27	27	26	26	26	26	26	33	33
Planning and Human Services										
Planning & Natural Resources*	4	4	4	4	4	4	4	4	4	4
Inspections	4	4	4	4	4	4	4	4	3	3
Health	2	2	2	2	2	2	2	2	3	3
Recreation	1	1	1	1	1	1	1	1	2	2
Senior & Social Services	9	9	8	8	6	6	6	6	10	10
Total	20	20	19	19	17	17	17	17	22	22
Library	10	10	10	10	6	8	8	8	14	14
Total	554	563	574	568	573	602	603	604	650	656

TOWN OF DRACUT, MASSACHUSETTS
Operating Indicators by Function
Last Ten Fiscal Years⁽¹⁾

Function	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Vitals										
Births	298	287	298	292	298	212	243	230	239	288
Deaths	237	244	192	233	256	247	276	261	253	298
Marriages	99	118	118	123	112	106	128	131	133	150
Finance										
Registered voters	20,293	20,575	20,304	21,883	22,026	21,955	22,124	22,603	22,979	23,700
Taxable property parcels assessed	11,930	11,952	11,982	12,323	12,052	12,090	12,058	12,087	12,082	11,676
Motor vehicles registered	34,531	34,595	35,666	32,554	37,250	37,790	37,849	36,752	37,939	36,446
Enrollments										
Dracut Public Schools	3,872	3,816	3,688	3,600	3,499	35,551	3,582	3,666	3,659	3,624
Greater Lowell Regional High School**	441	447	467	453	439	473	462	441	443	390
Police ⁽¹⁾										
Physical arrests	249	333	187	209	198	143	221	116	138	112
Traffic violations	5,315	5,217	5,747	4,578	2,530	4,346	3,863	1,597	558	313
Fire and Rescue ⁽¹⁾										
Total Emergency Responses	3,605	3,445	3,460	3,626	3,895	4,121	3,771	3,745	3,916	4,239
Emergency Responses excluding EMS	1,281	1,134	1,198	1,195	1,249	1,604	1,476	1,449	1,407	50
Fires extinguished	82	83	78	66	72	45	56	55	56	2,775
Emergency medical responses (EMS)	2,324	2,228	2,184	2,365	2,574	2,472	2,300	2,296	2,509	1,464
Code Administration										
Building permits	877	981	1,279	1,109	1,110	1,106	1,082	1,122	1,317	1,345
Estimated construction value in millions (\$)	27,277,537	21,372,192	26,223,161	58,930,289	58,795,431	51,190,550	63,696,103	59,820,454	46,298,724	46,034,000
Public Works										
Refuse collected (tons)	10,787	9,433	9,377	9,341	9,780	9,787	9,092	10,300	10,623	10,553
Recycling (tons)	1,878	2,378	2,759	2,802	2,988	3,012	3,122	2,945	3,101	3,200
Public Library										
Circulation	239,350	221,999	205,959	211,522	183,694	177,340	182,774	73,612	105,025	149,074
Patrons	145,644	139,500	129,601	126,765	124,277	111,358	149,093	132,607	37,545	73,128
Council on Aging										
Meals on Wheels Delivered	21,000	20,279	29,970	22,168	23,080	22,306	21,668	27,395	34,758	32,499
Rides Provided	5,967	6,376	6,238	7,546	8,830	8,573	9,405	690	5,757	7,089
Tax Work Program Participants	39	45	48	45	48	49	50	54	46	31
Recreation										
# of Participants	2,629	2,762	2,476	2,384	3,070	2,600	2,885	1,847	1,614	2,914
	# of Programs	13	16	12	11	17	20	20	14	13

Data source: Various Town departments

**Dracut Students Only

Notes:

⁽¹⁾ Calendar year (CY) ending during the fiscal year

TOWN OF DRACUT, MASSACHUSETTS
Capital Asset Statistics by Function
Last Ten Fiscal Years

Function	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Police										
Number of stations	1	1	1	1	1	1	1	1	1	1
Fire and Rescue										
Number of stations	3	3	3	3	3	3	3	3	3	3
Number of ladder trucks (cross-staffed with ambulance)	1	1	1	1	1	1	1	1	1	1
Number of pumper (front-line structural)	3	3	3	3	3	3	3	3	3	3
Public Works										
Miles of streets	153	153	154	154	155	157	160	162	162	162
Miles of storm drains	75	75	76	76	76	78	81	82	82	82
Recreation										
Athletic field acreage	45	46	46	46	46	46	46	46	46	46
Number of parks	6	6	6	6	6	7	8	8	8	8
Park acreage	53	57	57	57	57	59	62	62	62	62
Ball Fields	15	16	16	16	16	16	17	17	17	17
Tennis Courts	1	1	1	1	1	1	1	1	1	1
Water System										
Miles of water mains	30	35	35	35	35	40	44	46	46	46
Number of service connections	1,788	1,817	1,819	1,870	1,920	1,867	2,068	2,075	2,105	2,105
Number of fire hydrants	267	267	267	267	267	280	295	295	295	295
Sewage System										
Miles of sanitary sewers	117	117	123	126	126	140	160	168	168	168
Number of service connections	8,011	8,327	8,816	8,912	9,020	9,183	9,285	9,302	9,303	9,303

Data Source:
Various Town departments