

PRELIMINARY OFFICIAL STATEMENT AND NOTICE OF SALE DATED SEPTEMBER 3, 2024

In the opinion of Locke Lord, LLP, Bond Counsel, based upon an analysis of existing law, interest on the Notes is included in gross income for federal tax purposes and is subject to Massachusetts personal income taxes. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Notes. See "Tax Matters" herein.

TOWN OF WAKEFIELD, MASSACHUSETTS \$1,917,000 GENERAL OBLIGATION TAXABLE BOND ANTICIPATION NOTES (Subject to Federal and Massachusetts Income Taxation)

The Town of Wakefield, Massachusetts (the "Town"), will receive telephone and electronic bids at Hilltop Securities Inc. (617-619-4400) in the case of telephone bids and via **PARITY** in the case of electronic bids until 11:00 a.m. eastern time, Tuesday, September 10, 2024 for the purchase of the following described General Obligation Bond Anticipation Notes (the "Notes").

\$1,917,000 General Obligation Taxable Bond Anticipation Notes **(Subject to Federal and Massachusetts Income Taxation)** (renewal) dated September 20, 2024 and payable on September 18, 2025. Interest on the Notes will be calculated on a 30 day-month/360 day-year basis (358/360). The Notes will not be subject to redemption prior to their stated maturity date and

Bids for the Notes may be submitted electronically via **PARITY** pursuant to this Notice of Sale until 11:00 a.m., eastern time, on Tuesday, September 10, 2024 but no bid will be received after the time for receiving bids specified above. To the extent any instructions or directions set forth in **PARITY** conflict with this Notice of Sale, the terms of this Notice of Sale shall control. For further information about **PARITY**, potential bidders may contact Hilltop Securities Inc. or **PARITY** at (212) 404-8102.

The Notes will be issued by means of a book-entry system, evidencing ownership of the Notes in principal amounts of \$1,000, or integral multiples thereof, with transfers of ownership effected on the records of The Depository Trust Company (DTC) and its participants pursuant to rules and procedures adopted by DTC (see "Book-Entry Transfer System"), unless the issuance of a fully registered note certificate is requested by the winning bidder and the issuance of such certificate is approved by the Town. Principal and interest will be payable upon maturity in federal reserve funds at U.S. Bank Trust Company, National Association, Boston, Massachusetts.

Bids must be submitted for all but not less than all of the Notes at a single rate of interest in multiple of one-hundredth (1/100) of one percent (1%). The Notes will be awarded on the basis of the lowest net interest cost to the Town. No bid of less than par and accrued interest to the date of delivery will be considered. The right is reserved to reject any and all bids not complying with this Notice of Sale and, so far as permitted by law, to waive any irregularity with respect to any bid. The Notes will be awarded on the basis of lowest net interest cost to the Town after deduction of premium, if any. Such cost will be determined by computing the total amount of interest payable on the Notes, at the rate or rates stated, from September 20, 2024 until the maturity of the Notes and deducting therefrom the sum, if any, by which the amount bid for the Notes exceeds the aggregate principal amount of the Notes.

An electronic bid made in accordance with this Notice of Sale shall be deemed an offer to purchase the Notes in accordance with the terms provided in this Notice of Sale and shall be binding upon the bidder as if made by a signed and sealed written bid delivered to the Town. In the event that two or more bidders for all of the Notes submit the same winning bid, the winning bidder shall be determined by the Town Treasurer, by lot, from among all such proposals.

Any bidder who submits a winning bid by telephone in accordance with this Notice of Sale shall be required to provide written confirmation of the terms of the bid by e-mailing a completed, signed bid form to Hilltop Securities Inc., by not later than 12:00 Noon, eastern time, on the date of sale.

The award of the Notes to the winning bidder will not be effective until the bid has been approved by the Treasurer and the Town Council of the Town.

A successful bidder for the Notes may request that the Notes be issued in the form of one fully registered physical certificate, rather than in book-entry form through the facilities of DTC. The successful bidder seeking the issuance of the Notes in this manner shall bear any and all costs of any re-registration or transfer of Notes from time to time. Any bidder seeking to have the Notes issued in the form of a fully registered physical certificate or certificates, rather than in book-entry form, shall indicate this preference to the Town at the time of the submission of the winning bid. The Town reserves the right to decline

any request to issue the Notes in non-book entry form if it should determine, in its sole discretion, that issuing the Notes in this manner is not in its best interests.

It shall be a condition of a successful bidder's obligation to accept delivery of and pay for the Notes that, contemporaneously with or before accepting the Notes and paying therefor, it shall be furnished, without cost, with (a) the approving opinion of the firm of Locke Lord LLP, Boston, Massachusetts, Bond Counsel to the Town, with respect to the Notes, (b) a certificate in form satisfactory to said firm, dated as of the date of delivery of the Notes and receipt of payment therefor, to the effect that there is no litigation pending, or to the knowledge of the signer or signers thereof, threatened affecting the validity of the Notes or the power of the Town to levy and collect taxes to pay them, (c) a certificate of the Town's Treasurer to the effect that, to the best of his knowledge and belief, both the Preliminary Official Statement as of its date and as of the date of sale and the Final Official Statement as of its date and as of the date of delivery of the Notes, do not contain any untrue statement of a material fact and do not omit to state a material fact necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading, and (d) a significant events disclosure certificate in the form described in the Preliminary Official Statement.

A successful bidder for the Notes will be furnished the opinion of Locke Lord LLP, Boston, Massachusetts approving the legality of the Notes. The opinion will also indicate that the Notes and the enforceability thereof may be subject to bankruptcy and other laws affecting creditor's rights and that their enforceability may be subject to the exercise of judicial discretion in appropriate cases. The Notes will be valid and binding general obligations of the Town and unless paid from the bond proceeds in anticipation of which they are issued or from other sources, are payable as to both principal and interest from taxes which may be levied upon all the property within the territorial limits of the Town and taxable by it, subject to the limit imposed by Chapter 59, Section 21C of the General Laws.

Payment of the principal of and interest on the Notes is not limited to a particular fund or source of revenue nor is any lien or pledge for such payment created with respect to any such fund or source.

It is anticipated that CUSIP identification numbers will be printed on the Notes. The Town assumes no responsibility for any CUSIP Service Bureau charge or other charge that may be imposed for the assignment of such numbers.

In order to assist bidders in complying with the requirements of paragraph (b)(5)(i)(C) of Rule 15c2-12 promulgated by the Securities and Exchange Commission, the Town will undertake to provide notices of certain significant events. A description of this undertaking is set forth in the Preliminary Official Statement.

Additional information concerning the Town and the Notes is contained in the Preliminary Official Statement dated September 3, 2024 to which prospective bidders are directed. The Preliminary Official Statement is provided for informational purposes and is not a part of this Notice of Sale. The Preliminary Official Statement has been deemed final by the Town except for the omission of the reoffering prices, interest rates, and other terms of the Notes depending on such matters, and the identity of the underwriters, but is subject to change without notice and to completion or amendment in a Final Official Statement. Copies of the Preliminary Official Statement may be obtained from Hilltop Securities Inc., 54 Canal Street, Boston, Massachusetts, 02114 telephone (617-619-4400). Within seven (7) business days following the award of the Notes and receipt of necessary information from the successful bidder(s), five (5) copies of the Final Official Statement will be made available to the successful bidder. Upon request, additional copies will be provided at the expense of the requester.

The Notes, in definitive form, will be delivered to DTC or the office of its custodial agent, or to the registered owner if a fully registered certificate or certificates is requested by the winning bidder and approved by the Town, on or about September 20, 2024 for credit to the Town in federal reserve funds.

TOWN OF WAKEFIELD, MASSACHUSETTS
/s/ Mr. John J. McCarthy, Jr., Treasurer

September 3, 2024

OFFICIAL STATEMENT
TOWN OF WAKEFIELD, MASSACHUSETTS
\$1,917,000 GENERAL OBLIGATION TAXABLE BOND ANTICIPATION NOTES
(Subject to Federal and Massachusetts Income Taxation)

The purpose of this Official Statement is to furnish certain information regarding the Town of Wakefield, Massachusetts (hereafter referred to as the "Town") and the \$1,917,000 principal amount of the Town's General Obligation Taxable Bond Anticipation Notes (Subject to Federal and Massachusetts Income Taxation) (the "Notes"). The information contained herein has been furnished by the Town, except information attributed to another source.

The Notes

The Notes will be dated September 20, 2024 and will be payable by U.S. Bank Trust Company, National Association, Boston, Massachusetts, or its successor, as Paying Agent, on September 18, 2025. The Notes are not subject to redemption prior to their stated maturity date. The Notes will bear interest payable at maturity, calculated on a 30 day-month/360 day-year basis (358/360), at the rate determined upon their sale in accordance with the Notice of Sale dated September 3, 2024. The Notes will be issued by means of a book-entry system evidencing ownership of the Notes in principal amounts of \$1,000, or integral multiples thereof, with transfers of ownership effected on the records of The Depository Trust Company (DTC) and its participants pursuant to the rules and procedures adopted by DTC, unless the delivery of a fully registered note certificate is requested by the winning bidder and the issuance of such certificate is approved by the Town. See "Book-Entry Transfer System" herein.

Authorization of the Notes and Use of Proceeds

The following tables sets forth the principal amount, purpose, original authorization amount, notes outstanding, statutory reference, date of approval, and article number for the current issues of Notes. Note proceeds may be transferred or re-appropriated to other capital projects or otherwise as permitted by Chapter 44 of the General Laws and applicable Federal tax law.

<u>Taxable</u>			Bond Anticipation Notes		Date of Authorization	Article
This Issue	Purpose	Original Bond Authorization	Outstanding	Statutory Reference		
\$ 1,917,000	Bulter Avenue Land Acquisition	2,065,000	1,991,000	Ch.44, s.7(1)	11/7/2020	7
<u>\$ 1,917,000</u>			<u>\$ 1,991,000</u> (1)			

(1) This issue, along with \$74,000 of available funds, will retire bond anticipation notes maturing September 20, 2024.

Tax Matters

In the opinion of Locke Lord LLP, Bond Counsel ("Bond Counsel"), based upon an analysis of existing laws, regulations, rulings, and court decisions, interest on the Notes is included in gross income for federal income tax purposes under the Internal Revenue Code of 1986, as amended (the "Code"). Bond Counsel expresses no opinion regarding any other federal tax consequences arising with respect to the ownership or disposition of, or the accrual or receipt of interest on, the Notes.

The following discussion summarizes certain U.S. federal income tax considerations relating to the acquisition, ownership, and disposition of the Notes and it may not contain all of information that may be important to a particular investor. It is based on provisions of the Code, Treasury Regulations promulgated thereunder, and administrative and judicial interpretations thereof, all in effect or proposed on the date hereof and all of which are subject to change, possibly with retroactive effect. Prospective investors should note that no rulings have been or are expected to be sought from the Internal Revenue Service ("IRS") with respect to any of the U.S. federal income tax consequences discussed below. Accordingly, no assurance can be given that the IRS will agree with the views expressed in this summary, or that a court will not sustain any challenge by the IRS in the event of litigation.

The following relates only to Notes that are acquired in the initial offering for an amount of cash equal to the initial offering price (i.e., the price at which a substantial amount of such Notes is first sold to the public) and that are held as "capital assets" within the meaning of Section 1221 of the Code (i.e., generally, property held for investment).

This discussion does not address all U.S. federal income tax consequences applicable to any given investor, nor does it address the U.S. federal income tax considerations applicable to investors who may be subject to special tax treatment (regardless of whether or not such persons constitute U.S. Holders (defined below)), such as banks and other financial institutions, retirement plans, employee stock ownership plans, certain U.S. expatriates, banks, real estate investment trusts, regulated investment companies, insurance companies, tax-exempt organizations, dealers or traders in securities or currencies, partnerships or other pass-through entities for U.S. federal income tax purposes (or investors in such entities), S corporations, estates and trusts, investors who hold their Notes as part of a hedge, straddle, or an integrated or conversion transaction, investors whose “functional currency” is not the U.S. dollar, or persons subject to the alternative minimum tax. In addition, this discussion does not include any description of the tax laws of any state, local, or non-U.S. jurisdiction that may be applicable to a particular investor and does not consider any aspects of U.S. federal tax law other than income taxation.

As used herein, “U.S. Holder” means a beneficial owner of a Note that is, for U.S. federal income tax purposes: (i) an individual citizen or resident, as defined in Section 7701(b) of the Code, of the United States, (ii) a corporation (or other entity taxable as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States or any State thereof (including the District of Columbia), (iii) an estate the income of which is subject to U.S. federal income taxation regardless of its source, or (iv) a trust if (A) a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons (as defined in the Code) have the authority to control all substantial decisions of the trust or (B) the trust validly elected to be treated as a domestic trust). As used herein, “Non-U.S. Holder” generally means a beneficial owner of a Note (other than a partnership) who is not a U.S. Holder.

The U.S. federal income tax treatment of an entity classified as a partnership for U.S. federal income tax purposes that holds the Notes generally will depend on such partner’s particular circumstances and on the activities of the partnership. Partners in such partnerships should consult their own tax advisors regarding the consequences of acquiring, owning and disposing of the Notes (including their status as U.S. Holders or Non-U.S. Holders).

U.S. Holders

Interest. Stated interest on the Notes generally will be taxable to a U.S. Holder as ordinary interest income at the time such amounts are accrued or received, in accordance with the U.S. Holder’s method of accounting for U.S. federal income tax purposes.

“Original issue discount” will arise for U.S. federal income tax purposes in respect of any Notes if its stated redemption price at maturity exceeds its issue price by more than a de minimis amount (as determined for U.S. federal income tax purposes). For any Notes issued with original issue discount, the amount of original issue discount is equal to the excess of the stated redemption price at maturity of that Note over its issue price. The stated redemption price at maturity of a Note is the sum of all scheduled amounts payable on such Note other than qualified stated interest. U.S. Holders generally will be required to include any original issue discount in income for U.S. federal income tax purposes as it accrues, in accordance with a constant yield method based on a compounding of interest (which may be before the receipt of cash payments attributable to such income). Under this method, U.S. Holders of bonds issued with original issue discount generally will be required to include in income increasingly greater amounts of original issue discount in successive accrual periods.

“Premium” generally will arise for U.S. federal income tax purposes in respect of any Note to the extent its issue price exceeds its stated principal amount. A U.S. Holder of a Note issued at a premium may make an election, applicable to all debt securities purchased at a premium by such U.S. Holder, to amortize such premium, using a constant yield method over the term of such Note.

Market Discount. A holder who acquires a Note in a secondary market transaction may be subject to U.S. federal income tax rules providing that accrued market discount will be subject to taxation as ordinary income on the sale or other disposition of a “market discount bond.” Dispositions subject to this rule include a redemption or retirement of a Note. The market discount rules may also limit a holder’s deduction for interest expense for debt that is incurred or continued to purchase or carry a Note. A market discount bond is defined generally as a debt obligation purchased subsequent to issuance, at a price that is less than the principal amount of the obligation, subject to a de minimis rule. The Code allows a taxpayer to compute the accrual of market discount by using a ratable accrual method or a constant interest rate method. Also, a taxpayer may elect to include the accrued discount in gross income each year while holding the bond, as an alternative to including the total accrued discount in gross income at the time of a disposition, in which case the tax basis of the bond will be increased by the amount of discount included in gross income and the interest expense deduction limitation described above will not apply.

Disposition of the Notes. Unless a nonrecognition provision of the Code applies, the sale, exchange, redemption, retirement (including pursuant to an offer by the Town), reissuance or other disposition of a Note will be a taxable event for U.S. federal

income tax purposes. In such event, a U.S. Holder generally will recognize gain or loss equal to the difference between (i) the amount of cash plus the fair market value of property received (except to the extent attributable to accrued but unpaid interest on the Note which will be taxed in the manner described above under “Interest”) and (ii) the U.S. Holder’s adjusted tax basis in the Note at the time of disposition. A U.S. Holder’s adjusted basis in a Note will generally equal the purchase price paid by the U.S. Holder for the Note, increased by the amount of any original issue discount previously included in income by such U.S. Holder with respect to such Note and decreased by any payments previously made on such Note, other than payments of qualified stated interest, or decreased by any amortized premium. Any such gain or loss generally will be capital gain or loss and will be long term capital gain or loss if such Note is held by the U.S. Holder for more than one year. Long-term capital gain of non-corporate U.S. Holders is generally subject to tax at preferential rates. The deductibility of capital losses is subject to limitations.

A material modification of the terms of any Note may result in a deemed reissuance thereof, in which event a beneficial owner of the modified Notes generally will recognize taxable gain or loss equal to the difference between the amount realized from the sale, exchange or retirement (less any accrued qualified stated interest which will be taxable as such) and the beneficial owner’s adjusted tax basis in the Note.

Net Investment Income Tax. Section 1411 of the Code generally imposes a 3.8% Medicare contribution tax on the net investment income of certain individuals, trusts, and estates to the extent their income exceeds certain threshold amounts. For these purposes, “net investment income” may include, among other things, interest and gains from the sale or other disposition of the Notes. Prospective investors are advised to consult their tax advisors regarding the possible implications of this additional tax on their investment in the Notes.

Information Reporting and Backup Withholding. In general, a U.S. Holder will be subject to backup withholding with respect to interest on the Notes, and the proceeds of a sale or other disposition of the Notes (including a redemption or retirement), at the applicable tax rate of 28%, unless such holder (a) is an entity that is exempt from backup withholding (including corporations) and, when required, demonstrates this fact, or (b) provides the payor with its taxpayer identification number (“TIN”), certifies that the TIN provided to the payor is correct and that the holder has not been notified by the IRS that such holder is subject to backup withholding due to underreporting of interest or dividends, and otherwise complies with applicable requirements of the backup withholding rules. In addition, such payments to U.S. Holders that are not exempt entities will generally be subject to information reporting requirements. A U.S. Holder who does not provide the payor with its correct TIN may be subject to penalties imposed by the IRS. Backup withholding is not an additional tax. The amount of any backup withholding from a payment to a U.S. Holder will be allowed as a credit against such holder’s U.S. federal income tax liability and may entitle such holder to a refund, provided that certain required information is timely furnished to the IRS.

Non-U.S. Holders

The following discussion applies only to Non-U.S. Holders. This discussion does not address all aspects of U.S. federal income taxation that may be relevant to Non-U.S. Holders in light of their particular circumstances. For example, special rules may apply to a Non-U.S. Holder that is a “controlled foreign corporation” or a “passive foreign investment company,” and, accordingly, Non-U.S. Holders should consult their own tax advisors to determine the effect of U.S. federal, state, local and non U.S. tax laws, as well as tax treaties, with regard to an investment in the Notes.

Interest. Subject to the discussions below under the headings “FATCA Withholding” and “Information Reporting and Backup Withholding,” a Non-U.S. Holder will not be subject to U.S. federal income or withholding taxes in respect of interest paid or accrued on a Note (including original interest discount income) if the interest qualifies for the “portfolio interest exemption.” This generally will be the case if each of the following applicable requirements are satisfied:

- the interest is not effectively connected with a U.S. trade or business;
- the Non-U.S. Holder is not, and is not treated as, a bank receiving interest on an extension of credit pursuant to a loan agreement entered into in the ordinary course of its trade or business, as described in Section 881(c)(3)(A) of the Code;
- certain certification requirements are met. Under current law, the certification requirement will be satisfied in any of the following circumstances:
- If a Non-U.S. Holder provides to the payor a statement on an applicable IRS Form W-8 (or suitable successor form), together with all appropriate attachments, signed under penalties of perjury, identifying the Non-U.S. Holder by name and address and stating, among other things, that the Non-U.S. Holder is not a United States person.
- If a Note is held through a securities clearing organization, bank, or another financial institution that holds customers’ securities in the ordinary course of its trade or business, (i) the Non-U.S. Holder provides such a form to such organization or institution, and (ii) such organization or institution, under penalty of perjury, certifies to the payor

that it has received such statement from the beneficial owner or another intermediary and furnishes the payor with a copy thereof.

- If a financial institution or other intermediary that holds the Note on behalf of the Non-U.S. Holder has entered into a withholding agreement with the IRS and submits an IRS Form W-8IMY (or suitable successor form) and certain other required documentation to the payor.

If the requirements of the portfolio interest exemption described above are not satisfied, a 30% withholding tax will apply to the gross amount of interest on the Notes that is paid to a Non-U.S. Holder, unless either: (a) an applicable income tax treaty reduces or eliminates such tax, and the Non-U.S. Holder claims the benefit of that treaty by providing a properly completed and duly executed IRS Form W-8BEN or Form W-8BEN-E, as applicable (or suitable successor or substitute form) establishing qualification for benefits under the treaty, or (b) the interest is effectively connected with the Non-U.S. Holder's conduct of a trade or business in the United States and the Non-U.S. Holder provides an appropriate statement to that effect on a properly completed and duly executed IRS Form W-8ECI (or suitable successor form).

If a Non-U.S. Holder is engaged in a trade or business in the United States and its investment in a Note is effectively connected with the conduct of that trade or business, the Non-U.S. Holder generally will be required to pay U.S. federal income tax on that interest on a net income basis in the same manner as a U.S. Holder and the 30% withholding tax described above will not apply provided the duly executed IRS Form W-8ECI is provided to the Town's Paying Agent. If a Non-U.S. Holder is eligible for the benefits of an income tax treaty between the U.S. and its country of residence, and the Non-U.S. Holder claims the benefit of the treaty by properly submitting an IRS Form W-8BEN or Form W-8BEN-E, as applicable, any interest income that is effectively connected with a U.S. trade or business will be subject to U.S. federal income tax in the manner specified by the treaty and generally will only be subject to such tax if such income is attributable to a permanent establishment (or a fixed base in the case of an individual) maintained by the Non-U.S. Holder in the United States. In addition, a Non-U.S. Holder that is treated as a foreign corporation for U.S. federal income tax purposes may be subject to a branch profits tax equal to 30% (or such lower rate provided by an applicable income tax treaty) of its earnings and profits for the taxable year, subject to adjustments, that are effectively connected with its conduct of a trade or business in the United States.

Disposition of the Notes. Subject to the discussions below under the headings "FATCA Withholding" and "Information Reporting and Backup Withholding," any gain realized by a Non-U.S. Holder upon the sale, exchange, redemption, retirement, reissuance or other disposition of a Note generally will not be subject to U.S. federal income tax, unless (i) such gain is effectively connected with the conduct by such Non-U.S. Holder of a trade or business within the United States (and, in the case of certain income tax treaties, is attributable to a permanent establishment or "fixed base" within the United States); or (ii) in the case of any gain realized by an individual Non-U.S. Holder, such holder is present in the United States for 183 days or more in the taxable year of such sale, exchange, redemption, retirement, reissuance or other disposition and certain other conditions are met. If the first exception applies, the Non-U.S. Holder will generally be subject to U.S. federal income tax on the net gain derived from the sale, exchange, redemption, retirement at maturity, or other taxable disposition of the Notes in the same manner as a U.S. Holder unless an applicable income tax treaty provides otherwise. If the second exception applies, the Non-U.S. Holder generally will be subject to U.S. federal income tax at a rate of 30% (except as otherwise provided by an applicable income tax treaty) on the amount by which its U.S.-source capital gains exceed its U.S.-source capital losses. In addition, corporate Non-U.S. Holders may be subject to a 30% (or lower applicable treaty rate) branch profits tax on any such effectively connected earnings and profits attributable to such gain.

U.S. Federal Estate Tax. A Note that is held by an individual who at the time of death is not a citizen or resident of the United States will not be subject to U.S. federal estate tax as a result of such individual's death, provided that at the time of such individual's death, payments of interest with respect to such Note would not have been effectively connected with the conduct by such individual of a trade or business within the United States.

FATCA Withholding. The Foreign Account Tax Compliance Act ("FATCA") together with administrative guidance and certain intergovernmental agreements entered into thereunder generally imposes a 30% U.S. withholding tax on certain U.S. source payments, including interest, and, after December 31, 2018, on gross proceeds from a disposition of property of a type which can produce U.S. source interest ("withholdable payments"), paid to (i) a "foreign financial institution" (as specifically defined in the Code) which does not provide sufficient documentation, typically on IRS Form W-8BEN-E, evidencing either (x) an exemption from FATCA, or (y) its compliance (or deemed compliance) with FATCA (which may alternatively be in the form of compliance with an intergovernmental agreement with the United States) in a manner which avoids withholding, or (ii) or to a "non-financial foreign entity" (as specifically defined in the Code) which does not provide sufficient documentation, typically on IRS Form W-8BEN-E, evidencing either (x) an exemption from FATCA, or (y) adequate information regarding certain substantial United States beneficial owners of such entity (if any). The 30% withholding tax under FATCA applies regardless of whether the foreign financial institution or non-financial foreign entity receives payments as a beneficial owner or intermediary and whether the applicable payment otherwise is exempt from U.S. withholding (e.g., as "portfolio interest" or as capital gain upon the sale, exchange, redemption or other disposition of a Note). Interest paid with respect to the

Notes and, after December 31, 2018, gross proceeds from the sale or disposition of the Notes, may be subject to the 30% withholding tax if the holder fails to comply with FATCA. Non-U.S. holders are urged to consult their own tax advisors with respect to these information reporting rules and due diligence requirements and the potential application of FATCA to them.

Information Reporting and Backup Withholding. In general, the amount of any interest paid on the Notes in each calendar year, and the amount of U.S. federal income tax withheld, if any, with respect to these payments will be reported to the IRS and each Non-U.S. Holder. Copies of the information returns reporting such interest payments and any withholding may also be made available to the tax authorities in the country in which the Non-U.S. Holder resides under an applicable income tax treaty or other information exchange agreement.

Non-U.S. Holder who have provided certification as to their non-U.S. status or who have otherwise established an exemption will generally not be subject to backup withholding tax on payments of interest if the payor does not have actual knowledge or reason to know that such certification is unreliable or that the conditions of the exemption are in fact not satisfied.

Payments of the proceeds from the disposition of a Note (including a redemption or retirement) to or through a foreign office of a broker generally will not be subject to information reporting or backup withholding. However, information reporting, but generally not backup withholding, may apply to those payments if the broker is one of the following: (a) a United States person, (b) a “controlled foreign corporation” for U.S. federal income tax purposes, (c) a foreign person, 50% or more of whose gross income from all sources for the three-year period ending with the close of its taxable year preceding the payment was effectively connected with a U.S. trade or business, or (d) a foreign partnership with specified connections to the United States, unless the Non-U.S. Holder certifies as to its non-U.S. status or otherwise establishes an exemption.

Payment of the proceeds from a disposition of a Note (including a redemption or retirement) to or through the United States office of a broker will be subject to information reporting and backup withholding unless the Non-U.S. Holder certifies as to its non-U.S. status or otherwise establishes an exemption from information reporting and backup withholding.

Backup withholding is not an additional tax, and amounts withheld as backup withholding are allowed as a refund or credit against a holder’s federal income tax liability, provided that the required information as to withholding is furnished to the IRS.

THE FOREGOING SUMMARY IS INCLUDED HEREIN FOR GENERAL INFORMATION ONLY AND DOES NOT DISCUSS ALL ASPECTS OF U.S. FEDERAL INCOME TAXATION THAT MAY BE RELEVANT TO A PARTICULAR BENEFICIAL OWNER OF NOTES IN LIGHT OF THE BENEFICIAL OWNER’S PARTICULAR CIRCUMSTANCES AND INCOME TAX SITUATION. PROSPECTIVE INVESTORS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS AS TO ANY TAX CONSEQUENCES TO THEM FROM THE PURCHASE, OWNERSHIP AND DISPOSITION OF NOTES, INCLUDING THE APPLICATION AND EFFECT OF STATE, LOCAL, FOREIGN TAX LAWS AS WELL AS OTHER FEDERAL TAX LAWS AND THE POSSIBLE EFFECTS OF CHANGES IN THESE TAX LAWS.

Massachusetts Tax Matters

Bond Counsel is also of the opinion that, under existing law, interest on the Notes and any profit on the sale of the Bonds are included in Massachusetts personal income taxes. Bond Counsel expresses no opinion regarding any other Massachusetts tax consequences arising with respect to the Notes. Prospective U.S. Holders and Prospective Non-U.S. Holders should be aware, however, that the Notes are included in the measure of Massachusetts estate and inheritance taxes, and the Notes and the interest thereon are included in the measure of certain Massachusetts corporate excise and franchise taxes. Bond Counsel has not opined as to the taxability of the Notes or the income therefrom under the laws of any state other than Massachusetts.

Book-Entry Transfer System

This section shall apply to Notes issued in book-entry form through the facilities of The Depository Trust Company, New York, NY (“DTC”).

DTC will act as securities depository for the Notes. The Notes will be issued in fully-registered form registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered Note certificate will be issued for each interest rate, each in the aggregate principal amount bearing such interest rate, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing

for over 3.5 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a rating of AA+ from S&P Global Ratings. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of securities deposited with DTC must be made by or through Direct Participants, which will receive a credit for the Notes on DTC's records. The ownership interest of each actual purchaser of each security deposited with DTC ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the securities deposited with DTC are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the securities deposited with DTC, except in the event that use of the book-entry system for such securities is discontinued.

To facilitate subsequent transfers, all Notes deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the securities deposited with it; DTC's records reflect only the identity of the Direct Participants to whose accounts such securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Notes unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Town as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Town or the Paying Agent, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC (nor its nominee), the Town or the Paying Agent, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Town or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Notes at any time by giving reasonable notice to the Town or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, physical certificates are required to be printed and delivered.

The Town may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, physical certificates will be printed and delivered to Beneficial Owners.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Town believes to be reliable, but the Town takes no responsibility for the accuracy thereof.

Security and Remedies

Full Faith and Credit. General obligation bonds and notes of a Massachusetts city or town constitute a pledge of its full faith and credit. Payment is not limited to a particular fund or revenue source. Except for "qualified bonds" as described below (see "*Serial Bonds and Notes*" under "TYPES OF OBLIGATIONS") and setoffs of state distributions as described below (see "*State Distributions*" below), no provision is made by the Massachusetts statutes for priorities among bonds and notes and other general obligations, although the use of certain moneys may be restricted.

Tax Levy. The Massachusetts statutes direct the municipal assessors to include annually in the tax levy for the next fiscal year "all debt and interest charges matured and maturing during the next fiscal year and not otherwise provided for [and] all amounts necessary to satisfy final judgments". Specific provision is also made for including in the next tax levy payments of rebate amounts not otherwise provided for and payment of notes in anticipation of federal or state aid, if the aid is no longer forthcoming.

The total amount of a tax levy is limited by statute. However, the voters in each municipality may vote to exclude from the limitation any amounts required to pay debt service on indebtedness incurred before November 4, 1980. Local voters may also vote to exempt specific subsequent bond issues from the limitation. (See "*Tax Limitations*" Under "PROPERTY TAXATION" below.) In addition, obligations incurred before November 4, 1980 may be constitutionally entitled to payment from taxes in excess of the statutory limit.

No Lien. Except for taxes on the increased value of certain property in designated development districts which may be pledged for the payment of debt service on bonds issued to finance economic development projects within such districts, no provision is made for a lien on any portion of the tax levy or any other moneys to secure particular bonds or notes or bonds and notes generally (or judgments on bonds or notes) in priority to other claims. Provision is made, however, for borrowing to pay judgments, subject to the General Debt Limit. (See "DEBT LIMITS" below.) Upon certification by the city solicitor or town council that no appeal can or will be taken, or as otherwise required by a municipality's charter, ordinances, or by-laws, judgments may also be paid from available funds without appropriation and included in the next tax levy unless other provision is made. Any such payments shall be reported to the city or town's assessors by the city or town's auditor or accountant (or other officer having similar duties). The assessors shall include amounts of such payments in the aggregate appropriations assessed in the determination of the next subsequent annual tax rate.

Court Proceedings. Massachusetts cities and towns are subject to suit on their general obligation bonds and notes and courts of competent jurisdiction have power in appropriate proceedings to order payment of a judgment on the bonds or notes from lawfully available funds or, if necessary, to order the city or town to take lawful action to obtain the required money, including the raising of it in the next annual tax levy, within the limits prescribed by law. (See "*Tax Limitations*" under "PROPERTY TAXATION" below.) In exercising their discretion as to whether to enter such an order, the courts could take into account all relevant factors including the current operating needs of the city or town and the availability and adequacy of other remedies. The Massachusetts Supreme Judicial Court has stated in the past that a judgment against a municipality can be enforced by the taking and sale of the property of any inhabitant. However, there has been no judicial determination as to whether this remedy is constitutional under current due process and equal protection standards.

Restricted Funds. Massachusetts statutes also provide that certain water, gas and electric, community antenna television system, telecommunications, sewer, parking meter and passenger ferry fee, community preservation and affordable housing receipts may be used only for water, gas and electric, community antenna television system, telecommunications, sewer, parking, mitigation of ferry service impacts, community preservation and affordable housing and related purposes, respectively; accordingly, moneys derived from these sources may be unavailable to pay general obligation bonds and notes issued for other purposes. A city or town that accepts certain other statutory provisions may establish an enterprise fund for a utility, health care, solid waste, recreational or transportation facility and for police or fire services; under those provisions any surplus in the fund is restricted to use for capital expenditures or reduction of user charges. In addition, subject to certain limits, a city or town may annually authorize the establishment of one or more revolving funds in connection with use of certain revenues for programs that produce those revenues; interest earned on a revolving fund is treated as general fund revenue. A city or town may also establish an energy revolving loan fund to provide loans to owners of privately held property in the city or town for certain energy conservation and renewable energy projects and may borrow to establish such fund. The loan repayments and interest earned on the investment of amounts in the fund shall be credited to the fund. Also, the annual allowance for depreciation of a gas and electric plant or a community antenna television and telecommunications system is restricted to use for plant or system renewals and improvements, for nuclear decommissioning costs, and costs of contractual commitments, or, with the approval of the State Department of Telecommunications and Energy, to pay debt incurred for plant or system reconstruction or renewals. Revenue bonds and notes issued in anticipation of them may be secured by a prior lien on specific revenues. Receipts from industrial users in connection with industrial revenue financings are also not available for general municipal purposes.

State Distributions. State grants and distributions may in some circumstances be unavailable to pay general obligation bonds and notes of a city or town in that the State Treasurer is empowered to deduct from such grants and distributions the amount of any debt service paid on “qualified bonds” (See “*Serial Bonds and Notes*” under “TYPES OF OBLIGATIONS” below) and any other sums due and payable by the city or town to the Commonwealth or certain other public entities, including any unpaid assessments for costs of any public transportation authority (such as the Massachusetts Bay Transportation Authority or a regional transit authority) of which it is a member, for costs of the Massachusetts Water Resources Authority if the city or town is within the territory served by the Authority, or for charges necessary to meet obligations under the Commonwealth’s Clean Water and Drinking Water Revolving Loan Programs, including such charges imposed by another local governmental unit that provides wastewater collection or treatment services or drinking water services to the city or town.

If a city or town is (or is likely to be) unable to pay principal or interest on its bonds or notes when due, it is required to notify the State Commissioner of Revenue. The Commissioner shall in turn, after verifying the inability, certify the inability to the State Treasurer. The State Treasurer shall pay the due or overdue amount to the paying agent for the bonds or notes, in trust, within three days after the certification or one business day prior to the due date (whichever is later). This payment is limited, however, to the estimated amount otherwise distributable by the Commonwealth to the city or town during the remainder of the fiscal year (after the deductions mentioned in the foregoing paragraph). If for any reason any portion of the certified sum has not been paid at the end of the fiscal year, the State Treasurer shall pay it as soon as practicable in the next fiscal year to the extent of the estimated distributions for that fiscal year. The sums so paid shall be charged (with interest and administrative costs) against the distributions to the city or town.

The foregoing does not constitute a pledge of the faith and credit of the Commonwealth. The Commonwealth has not agreed to maintain existing levels of state distributions, and the direction to use estimated distributions to pay debt service may be subject to repeal by future legislation. Moreover, adoption of the annual appropriation act has sometimes been delayed beyond the beginning of the fiscal year and estimated distributions which are subject to appropriation may be unavailable to pay local debt service until they are appropriated.

Bankruptcy. Enforcement of a claim for payment of principal or interest on general obligation bonds or notes would be subject to the applicable provisions of federal bankruptcy laws and to the provisions of other statutes, if any, hereafter enacted by the Congress or the State legislature extending the time for payment or imposing other constraints upon enforcement insofar as the same may be constitutionally applied. Massachusetts municipalities are not generally authorized by the Massachusetts General Laws to file a petition for bankruptcy under federal bankruptcy laws. In cases involving significant financial difficulties faced by a single city, town or regional school district, however, the Commonwealth has enacted special legislation to permit the appointment of a fiscal overseer, finance control board or, in the most extreme cases, a state receiver. In a limited number of these situations, such special legislation has also authorized the filing of federal bankruptcy proceedings, with the prior approval of the Commonwealth. In each case where such authority was granted, it expired at the termination of the Commonwealth’s oversight of the financially distressed city, town or regional school district. To date, no such filings have been approved or made.

Opinion of Bond Counsel

A successful bidder for the Notes will be furnished the legal opinion of the firm of Locke Lord LLP, Bond Counsel to the Town. The opinion will be dated and given on and will speak only as of the date of original delivery of the Notes to the successful bidder.

Other than as to matters expressly set forth herein as the opinion of Bond Counsel, Bond Counsel is not passing upon and does not assume any responsibility for the accuracy or adequacy of the statements made in this Official Statement and makes no representation that they have independently verified the same.

Municipal Advisory Services of Hilltop Securities Inc.

Hilltop Securities Inc., Boston, Massachusetts, serves as municipal advisor to the Town.

Disclosure of Significant Events

In order to assist underwriters in complying with the requirements of paragraph (b)(5)(i)(C) of Rule 15c2-12 promulgated by the Securities and Exchange Commission (the “Rule”) applicable to municipal securities having a stated maturity of 18 months or less, the Town will covenant for the benefit of the owners of the Notes to file with the Municipal Securities Rulemaking Board (the “MSRB”), notices of the occurrence of any of the following events with respect to the Notes within ten business days of such occurrence: (a) principal and interest payment delinquencies; (b) non-payment related defaults, if material; (c) unscheduled draws on debt service reserves reflecting financial difficulties; (d) unscheduled draws on credit

enhancements reflecting financial difficulties; (e) substitution of credit or liquidity providers, or their failure to perform; (f) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determination of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Notes, or other material events affecting the tax status of the Notes; (g) modifications to rights of owners of the Notes, if material; (h) bond calls, if material, and tender offers; (i) defeasances; (j) release, substitution or sale of property securing the repayment of the Notes, if material; (k) ratings changes on the Notes; (l) bankruptcy, insolvency, receivership or similar event of the Town; (m) the consummation of a merger, consolidation, or acquisition involving the Town or the sale of all or substantially all of the assets of the Town, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (n) appointment of a successor or additional trustee or the change of name of a trustee, if material; (o) incurrence of a financial obligation of the Town, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Town, any of which affect the owners of the Notes, if material; and (p) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Town, any of which reflect financial difficulties.

The covenant will be included in a Significant Events Disclosure Certificate to be executed by the signers of the Notes and incorporated by reference in the Notes. The sole remedy available to the owners of the Notes for the failure of the Town to comply with any provision of the certificate shall be an action for specific performance of the Town's obligations under the certificate and not for money damages; no other person shall have any right to enforce any provision of the certificate.

In the past five years, the Town believes it has complied, in all material respects, with its previous undertakings to provide annual reports or notices of significant events in accordance with the Rule.

THE TOWN OF WAKEFIELD, MASSACHUSETTS

General

The Town of Wakefield (the "Town"), established in 1812, is primarily a residential community situated in Middlesex County in eastern Massachusetts, approximately 10 miles from downtown Boston. The Town occupies an area of approximately 7.5 square miles and is bordered on the east by the Towns of Lynnfield and Saugus, on the north by the Towns of Reading and Lynnfield, on the west by the Towns of Stoneham and Reading and on the south by the City of Melrose.

Local Government

Local legislative decisions are made by an open town meeting consisting of all registered voters in the Town. Subject to the legislative decisions made by the town meeting, the affairs of the Town are generally administered by a seven member town council, elected for staggered three year terms on an at-large basis, assisted by a Town Administrator.

Local taxes are assessed by a board of three assessors elected for staggered three-year terms. Local school affairs are administered by a school committee of seven persons, elected for staggered three-year terms on an at-large basis.

Principal Executive Officials

Following are the principal executive officials of the Town:

<u>Office</u>	<u>Name</u>	<u>Manner of Selection and Term</u>	<u>Term Expires</u>
Town Council	John Carney	Elected – 3 years	2027
	Edward Dombroski, V. Chair	Elected – 3 years	2026
	Bob Vincent	Elected – 3 years	2025
	Jonathan Chines	Elected – 3 years	2025
	Doug Butler	Elected – 3 years	2027
	Mehreen Butt	Elected – 3 years	2026
	Michael McLane, Chair	Elected – 3 years	2025
Town Administrator	Stephen P. Maio	Appointed	2026
Town Treasurer	John McCarthy, Jr.	Elected – 3 years	2025
Collector	Kathleen Kelly	Elected – 3 years	2027
Town Accountant	Kevin Gill	Appointed – 3 years	2026
Town Clerk	Betsy Sheeran	Elected	2026
Town Counsel	Thomas Mullen	Appointed – 3 years	2026

Municipal Services

The Town provides general governmental services including police and fire protection, public education in grades K-12, water, sewer and health services, streets, libraries and parks and recreation. The Northeast Metropolitan Regional Vocational Technical School District, of which the Town is a member, provides certain technical education at the high school level. The Massachusetts Water Resources Authority provides certain sewage disposal services and water services for the Town. The Metropolitan District Commission maintains certain parks, highways, and related police services. The Town has a Redevelopment Board and Department of Planning and Community Development. The Wakefield Housing Authority provides public housing in approximately 198 units for eligible low income families, the elderly, and the handicapped.

Electric and gas services are provided by the Wakefield Municipal Gas & Light Department. The Department makes payments in lieu of taxes to the Town annually. The payments were \$904,512 in fiscal 2020, \$918,080 in fiscal 2021, \$931,850 in fiscal 2022, \$945,828 in fiscal 2023 and \$960,015 in fiscal 2024.

Corona Virus (COVID-19) Disclosure

COVID-19 is a respiratory disease caused by a novel coronavirus that had not previously been seen in humans. On March 10, 2020, the Governor of The Commonwealth of Massachusetts declared a state of emergency to support the Commonwealth's response to the outbreak of the virus. On March 11, 2020 the World Health Organization declared COVID-19 a pandemic. On March 13, 2020, the President declared a national emergency due to the outbreak, which enabled disaster funds to be made available to states to fight the pandemic. The state of emergency in the Commonwealth expired on June 15, 2021.

In response to the COVID-19 pandemic, federal and state legislation was signed into law that provides various forms of financial assistance and other relief to state and local governments. For example, the U.S. Congress enacted the CARES Act which includes various forms of financial relief. The Town was eligible to receive up to \$2,392,431 from the CARES Act and to date has incurred \$2,392,431 in COVID expenses.

Another action at the federal level was the American Rescue Plan Act of 2021 ("ARPA"). Among other provisions, ARPA provides \$350 billion to state and local governments to mitigate the fiscal disruptions created by the pandemic. Such funds may be used to replace revenues lost or reduced as a result of the pandemic and to fund COVID-related costs, among other purposes. The Town received \$8,083,935 in ARPA funds. \$1,043,000 was utilized for COVID related expenses in the Town's fiscal 2022 and 2023 budgets with \$500,000 in ARPA funds used to supplement the fiscal 2024 budget. \$2 million in ARPA remains, which has been dedicated to non-reoccurring capital needs.

In the opinion of the Town, local revenues have completely rebounded and in fact exceeded pre COVID levels in the areas of permitting fees, meals and hotel taxes. These three areas generated \$1,695,440 over FY2024 budgeted amount. Although the bulk of the excess (\$1.4 Million) consisted of permitting fees, many new projects are in the development stage and the Town expects robust building fees in FY2025 even though they continue to budget at conservative levels.

For Fiscal 2025 and beyond NO ARPA funds will be allocated to operating budgets. The remaining \$2,015,000 of the unallocated ARPA funds were allocated by the Town Council in March of 2024 as follows:

- 1) \$150,000 to the Boys and Girls Club to build out a commercial space in Downtown Wakefield to house the "Inspire Café" (a coffee shop managed by those with special needs)
- 2) \$1,000,000 to A Small Business Fund. This fund managed by the Wakefield Economic development Committee will support business growth in Wakefield through Facade improvements and marketing programs.
- 3) \$40,000 for the Wakefield Food Pantry to create a refrigerated food storage "annex", necessary to service the delivery of food items to citizens.
- 4) \$400,000 to renovate two floors of our Senior Center to allow for more programming space for seniors and Veterans.
- 5) \$250,000 for additional Sidewalk extensions
- 6) \$150,000 for better pedestrian access along the shores of Lake Quannapowitt.
- 7) \$25,000 to assess the repairs necessary to our historic artifacts.

The Town Council was very careful to track the parameters enumerated in the section above to ensure that these appropriations are not utilized for recurring expenses, instead focusing on quality of life and/or legacy projects. Memorandums of Understanding will/have been signed per US Treasury Guidelines to ensure no claw-back of funds where necessary.

Cybersecurity

The Town has procedures and processes in place and regular employee training regarding cybersecurity. In addition, the Town received a grant which will help enhance these efforts by allowing a migration of its domain to a .gov domain, executing a formal risk assessment followed by a documented response plan, initiating multifactor authentication for remote workers, and implementing an improved cybersecurity training program for our employees.

Climate Resiliency

The Town has continued to advance strategies and priorities from the Town's Hazard Mitigation Plan and Municipal Vulnerability Plans developed in 2019. The Town has been designated a Green Community, has adopted both the Stretch Building Code, the Specialized Energy Code as well as in the process of being designated a Climate Leader.

Highlights since FY2019 include:

- Development and adoption of a new Fuel Efficient Vehicle Purchasing Policy
- Installation of phase 1 and 2 of solar array retrofit projects at the Town's Water Treatment Plant.
- Replaced culvert on New Salem Street provide additional stormwater conveyance capacity.
- Installed new green stormwater infrastructure enhancements to improve water quality in Lake Quannapowitt.
- Constructed a new in-lake water aeration system to reduce algal blooms and manganese build-up within the Town's water supply and treatment plant.
- Constructed a new water main loop through the Town of Lynnfield to provide improvement to system redundancy/reliability and water quality.
- Replaced the Town's 82 year old water tank.
- Installed new generator at Town Hall and awarded the installation of a new generator at the Town's public Safety building.
- Approved the Construction of an energy park capable of storing and servicing the new High School and Vocational School (both schools will be solar powered)
- Achieved Tree City USA Status for the 21st Consecutive year
- Improved drainage throughout Town
- Installed 2 new EV charging Stations at Veterans Field

Transportation

The Massachusetts Bay Transportation Authority provides commuter rail service to Boston and local bus service to surrounding communities. Principal highways serving the Town are State Routes 128 and 129. State Route 128, the inner belt around Boston, intersects with Interstate 93 in the neighboring Town of Reading.

Public School Facilities

<u>Name</u>	<u>Date Built</u>	<u>Date Added To (Remodeled)</u>	<u>Capacity</u>
Wakefield High School	1960	1974	1,650
Galvin Middle School	1954	2014	1,000
Grades K-4:			
Dolbeare	1952	1998-1999	550
Woodville	2003	--	500
Walton	1952	1954, 1993, 2018	275
Greenwood	1897	1924	<u>300</u>
Total			4,250

Public School Enrollments

	<u>Actual</u>				
	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>
Pre-School-K	400	356	351	408	436
1-4	1,048	1,048	1,060	1,045	1,037
5-6	530	500	529	542	525
7-8	518	572	532	533	527
9-12	980	983	846	841	840
Ungraded	-	-	7	7	3
Total	<u>3,476</u>	<u>3,459</u>	<u>3,325</u>	<u>3,376</u>	<u>3,368</u>

Source: School Department as of October 1 each year. Does not include enrollment for Northeast Metropolitan Regional Vocational Technical School District.

Building Permits

<u>Calendar Year</u>	<u>Number</u>	<u>Estimated Value</u>
2023	841	\$ 147,898,569 (1)
2022	866	106,420,303 (1)
2021	983	55,206,869
2020	836	69,665,697
2019	840	59,349,019

Source: Building Inspector.

(1) Increase attributable to several large projects in Town.

Labor Force, Employment and Unemployment Rate

According to the Massachusetts Department of Employment and Training, as of May 2024, the Town had a total labor force of 16,478 of which 15,938 were employed and 540 or 3.3% were unemployed as compared with 3.8% for the Commonwealth.

The following table sets forth the Town's average labor force and unemployment rates for calendar years 2019 through 2023 and the unemployment rates for the Commonwealth and the U.S. for the same period:

<u>Year</u>	<u>Wakefield</u>	<u>Massachusetts</u>	<u>United States</u>
2023	2.8%	3.4%	3.6%
2022	3.0	3.8	3.6
2021	4.7	5.7	5.4
2020	7.7	8.9	8.1
2019	2.3	2.9	3.7

Source: Massachusetts Department of Employment and Training. Data based upon place of residence not place of employment.

Industry and Commerce

As indicated below, the service industry accounts for a major portion of the Town's economy. In 2023, 1,085 firms were located in Wakefield, with average weekly wages of \$1,729 reported to the Massachusetts Department of Employment and Training.

Employment by Industry

Due to the reclassification the U.S. Department of Labor now uses the North American Industry Classification System (NAICS) as the basis for the assignment and tabulation of economic data by industry.

<u>Industry</u>	<u>Calendar Year Average</u>				
	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Construction	1,095	1,070	1,110	1,293	1,142
Manufacturing	551	514	541	539	542
Trade, Transportation & Utilities	1,710	1,523	1,565	1,573	1,553
Information	316	311	342	399	277
Financial Activities	1,268	1,187	1,191	1,237	1,333
Professional & Business Services	5,770	5,234	5,419	5,042	5,106
Education & Health Services	2,794	2,451	2,311	2,387	2,463
Leisure & Hospitality	809	553	647	699	732
Other Services	621	504	504	436	430
Public Administration	440	525	540	558	581
Total Employment	<u>15,374</u>	<u>13,872</u>	<u>14,170</u>	<u>14,163</u>	<u>14,159</u>
Number of Establishments	<u>1,086</u>	<u>1,095</u>	<u>1,101</u>	<u>1,098</u>	<u>1,085</u>
Average Weekly Wages	<u>\$ 1,563</u>	<u>\$ 1,553</u>	<u>\$ 1,632</u>	<u>\$ 1,675</u>	<u>\$ 1,729</u>
Total Wages	<u>\$ 1,249,368,286</u>	<u>\$ 1,119,985,736</u>	<u>\$ 1,202,815,618</u>	<u>\$ 1,233,567,286</u>	<u>\$ 1,270,414,124</u>

Principal Employers

Excluding the Town, the following are the principal employers located in the Town:

Company	Nature of Business	Approximate Current Employees
Epsilon	Marketing Data	250-499
Produce Connection	Food Distributor	250-499
Vestmark Inc	Software and Securities	250-499
ABC Home Healthcare Pro	Healthcare	100-249
Acme Building Svc Inc	Building Maintenance	100-249
Alithya USA Inc	Information Technology	100-249
Bane Care	Nursing Home & Rehabilitation	100-249
C-4 Analytics	Internet Marketing Service	100-249
Cameron Real Estate Group	Real Estate	100-249
Cast Inc	Research, Education & Development	100-249
Children & Family Dept.	Massachusetts Department of Children and Families	100-249
Emarc	Developmental Disabilities Nonprofit	100-249
Empire Cleaning Inc	Janitorial Services	100-249
Four Points By Sheraton	Hotel	100-249
Iatric Systems Inc	Healthcare Information Technology	100-249
LDG Insurance Underwriters	Insurance	100-249
Maxima Consulting Inc	Business Management Consultant	100-249
Northeast Metropolitan Regional Voc. School	Education	100-249
PCI Security Standards Council	Data Security	100-249
Picis Clinical Solutions Inc	Management Software	100-249
TUV SUD AMERICA INC	Business to Business Services	100-249
Wakefield Center	Nursing Home & Rehabilitation	100-249

Source: Executive Office of Labor and Workforce Development.

Income Levels

Census	Wakefield		Middlesex County		Massachusetts	
	Amount	% Change from Previous Census	Amount	% Change from Previous Census	Amount	% Change from Previous Census
Per Capita Income:						
2020	\$ 53,524	32.2 %	\$ 54,433	35.6 %	\$ 45,555	34.9 %
2010	40,494	33.3	40,139	28.7	33,766	30.1
2000	30,369	59.8	31,199	53.4	25,952	50.5
1990	19,009		20,343		17,244	
Median Family Income:						
2020	\$ 129,779	16.2 %	\$ 132,362	35.9 %	\$ 106,526	31.2 %
2010	111,638	43.4	97,382	31.3	81,165	31.6
2000	77,834	50.2	74,194	42.4	61,664	39.0
1990	51,815		52,112		44,367	

Source: U.S. Department of Commerce.

Population

Year	Wakefield		Middlesex County		Massachusetts	
	Number	% Change	Number	% Change	Number	% Change
2020	27,090	8.6%	1,632,002	8.57%	7,029,917	7.3%
2010	24,932	0.5	1,503,075	2.6	6,547,629	3.1
2000	24,804	(0.1)	1,465,396	4.8	6,349,097	2.9
1990	24,825	(0.3)	1,398,468	2.3	6,016,425	4.9
1980	24,895	(2.0)	1,367,034	(2.2)	5,737,037	0.8

Source: U.S. Department of Commerce.

PROPERTY TAXATION

The principal revenue source of the Town is the tax on real and personal property. The amount to be levied in each year is the amount appropriated or required by law to be raised for municipal expenditures less estimated receipts from other sources and less appropriations voted from available funds. The total amount levied is subject to certain limits prescribed by law; for a description of those limits, see "Tax Limitations," below.

The estimated receipts for a fiscal year from sources other than the property tax may not exceed the actual receipts during the preceding fiscal year from the same sources unless approved by the State Commissioner of Revenue. Excepting special funds, the use of which is otherwise provided for by law, the deduction for appropriations voted from available funds for a fiscal year cannot exceed "free cash" as of the beginning of the prior fiscal year as certified by the State Director of Accounts plus up to nine months' collections and receipts on account of earlier years' taxes after that date. Subject to certain adjustments, free cash is surplus revenue less uncollected overdue property taxes from earlier years.

Tax Levy Computation

The following table illustrates the manner in which the tax levy was determined for the following fiscal years:

	For Fiscal Year				
	2024	2023	2022	2021	2020
Gross Amount to be Raised:					
Appropriations	\$132,198,144	\$127,286,645	\$121,184,682	\$115,322,309	\$114,613,470
Other Local Expenditures	1,065,467	1,055,390	1,052,031	1,042,640	1,042,759
State & County Charges	2,455,338	2,231,463	1,926,674	1,714,539	1,916,764
Overlay Reserve	559,655	601,495	600,868	615,579	626,920
Total Gross Amount to be Raised	\$136,278,604	\$131,174,993	\$124,764,255	\$118,695,067	\$118,199,913
Less Estimated Receipts & Other Revenue:					
Estimated Receipts from State (1)	13,356,886	12,477,647	11,096,573	11,307,440	11,786,425
Estimated Receipts - Local	28,496,078	27,292,068	25,486,596	24,394,357	23,979,027
Available Funds Appropriated:					
Free Cash	615,000	332,500	869,320	30,000	704,800
Other Available Funds	165,355	157,943	372,435	218,010	464,026
Free Cash & Other Revenue					
Used to Reduce Tax Rate	2,477,052	4,245,828	3,431,850	2,918,080	4,844,512
Total Estimated Receipts & Revenue	\$45,110,371	\$44,505,986	\$41,256,774	\$38,867,887	\$41,778,790
Net Amount to be Raised (Tax Levy)	\$91,168,233	\$86,669,007	\$83,507,481	\$79,827,180	\$76,421,123
Assessed Valuation (000)	\$7,351,402	\$6,752,281	\$6,148,311	\$5,662,633	\$5,366,600
Tax Rate per \$1,000 of Assessed Valuation:					
Residential/Open Space	\$11.25	\$11.73	\$12.32	\$12.73	\$12.77
Commercial/Industrial/Personal	\$21.70	\$22.46	\$23.77	\$24.67	\$24.92

Source: Board of Assessors.

Note: Property tax rates may not be set by the local assessors until they have been approved by the Commissioner of Revenue.

(1) Estimated by the State Department of Revenue and required by law to be used in setting of the tax rate. Actual state aid payments may vary upward or downward from said estimates, and the State may withhold payments pending receipt of State and County assessments.

Assessed and Equalized Valuations

Property is classified for the purpose of taxation according to its use. The legislature has in substance created four classes of taxable property: (1) residential real property, (2) open space land, (3) commercial and (4) industrial. Within limits, cities and towns are given the option of determining the share of the annual levy to be borne by each of the categories. The share required to be borne by residential real property is at least 50 per cent of its share of the total taxable valuation; the effective rate for open space must be at least 75 per cent of the effective rate for residential real property; and the share of commercial, industrial and personal property must not exceed 175 percent of their share of the total valuation. A city or town may also exempt up to 35 percent of the valuation of residential real property (where used as the taxpayer's principal residence) and up to 10 percent of the valuation of commercial real property (where occupied by certain small businesses). Property may not be classified in a city or town until the State Commissioner of Revenue certifies that all property in the city or town has been assessed at its fair cash

value. Such certification must take place every five years or pursuant to a revised schedule as may be issued by the Commissioner.

Related statutes provide that certain agricultural or horticultural land (assessed at the value it has for these purposes) and recreational land (assessed on the basis of its use at a maximum of 25 percent of its fair cash value) are all to be taxed at the rate applicable to commercial property.

In order to determine appropriate relative values for the purposes of certain distributions to and assessments upon cities and towns, the Commissioner of Revenue biennially makes a redetermination of the fair cash value of the taxable property in each municipality. This is known as the “equalized value”.

The Town classifies property for purposes of taxation according to its use. Valuation of real and personal property in Wakefield is established by the Board of Assessors.

The following table sets forth the trend in assessed and equalized valuations of the Town:

Fiscal Year	Assessed Valuations (1)			Official Equalized Valuation (2)	Assessed Valuation as a Percent of Equalized
	Real Property	Personal Property	Total		
2024	\$ 7,150,699,090	\$ 200,703,120	\$ 7,351,402,210	\$ 6,497,773,200	113.1 %
2023	6,608,685,072	143,596,280	6,752,281,352	6,497,773,200	103.9
2022	6,007,384,079	140,926,670	6,148,310,749	5,733,498,000	107.2
2021	5,530,677,864	131,956,040	5,662,633,904	5,733,498,000	98.8
2020	5,246,389,689	120,168,990	5,366,558,679	5,099,399,000	105.2

(1) Source: Board of Assessors

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

Classification of Property (1)

The following table shows the breakdown by classification of the total assessed valuation for the following fiscal years:

Property Type	2024		2023		2022	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
Residential	\$ 6,518,757,766	88.7 %	\$ 6,034,097,729	89.4 %	\$ 5,449,179,480	88.6 %
Commercial	534,077,774	7.3	484,367,843	7.2	472,369,949	7.7
Industrial	97,863,550	1.3	90,219,500	1.3	85,834,650	1.4
Personal	200,703,120	2.7	143,596,280	2.1	140,926,670	2.3
Total	<u>\$ 7,351,402,210</u>	<u>100.0 %</u>	<u>\$ 6,752,281,352</u>	<u>100.0 %</u>	<u>\$ 6,148,310,749</u>	<u>100.0 %</u>

(1) Source: Board of Assessors.

Largest Taxpayers

Following is a list of the ten largest taxpayers in the Town based upon assessed valuations for fiscal 2024, all of whom are current in their property tax payments.

Name	Nature of Business	Assessed Valuation Fiscal 2024	Fiscal 2024 Taxes	Percent of Total Levy
New England Power Company	Utility	\$ 149,129,590	\$ 3,236,112	3.55 %
Behringer Harvard Audubon	Apartments	43,338,000	940,435	1.03
Wakefield Apartments LLC	Apartments	40,475,300	878,314	0.96
Harvard Mills LLC	Commercial	29,651,800	643,444	0.71
401 Edgewater LLC	Office	28,949,500	628,204	0.69
100 Quannapowitt Owner LLC	Office	27,971,200	606,975	0.67
601 Edgewater LLC	Office	19,965,700	433,256	0.48
701 Edgewater LLC	Office	18,421,500	399,747	0.44
101 Edgewater LLC	Office	17,779,800	385,822	0.42
200 Quannapowitt Owner LLC	Office	17,465,500	379,001	0.42
Total		<u>\$ 393,147,890</u>	<u>\$ 8,531,309</u>	<u>9.36 %</u>

Source: Board of Assessors.

Abatements and Overlay

The Town is authorized by law to increase each tax levy by an amount approved by the State Commissioner of Revenue as an "overlay" to provide for tax abatements. If abatements are granted in excess of the applicable overlay, the excess is required to be added to the next tax levy.

Abatements are granted where exempt real or personal property has been assessed or where taxable real or personal property has been overvalued or disproportionately valued. The assessors may also abate uncollectible personal property taxes. They may abate real and personal property taxes on broad grounds (including inability to pay) with the approval of the State Commissioner of Revenue, but uncollected real property taxes are ordinarily not written off until they become municipal "tax titles" by purchase at the public sale or by taking, at which time the tax is written off in full by reserving the amount of the tax and charging surplus.

The following table sets forth the amount of overlay reserve for the last five fiscal years and abatements granted during the fiscal year of levy:

Fiscal Year	Net Tax Levy (1)	Overlay Reserve		Abatements & Exemptions Granted During Fiscal Year of Levy	Overlay Reserve Balance as of June 30, 2024
		Dollar Amount	As a % of Net Levy		
2024	\$ 90,608,578	\$ 559,655	0.62 %	\$ 309,656	\$ 248,760
2023	86,067,512	601,495	0.70	309,656	264,986
2022	82,906,613	600,868	0.72	338,928	261,940
2021	79,211,601	615,579	0.78	405,106	210,473
2020	75,794,203	626,920	0.83	345,090	281,830

Source: Town Accountant.

(1) Net of overlay reserve for abatements.

Tax Collections

Effective July 1, 1991, the Town accepted a statute providing for quarterly tax payments. Under that statute, preliminary tax payments are due on September 1 and November 1, with payment of the actual tax bill (after credit is given for the preliminary payments) in installments on February 1 and May 1 if actual tax bills are mailed by December 31. Interest accrues on delinquent taxes at the rate of 14 percent per annum.

The following table presents the trend in the Town's tax collections for the following fiscal years:

Fiscal Year	Gross Tax Levy	Overlay Reserve for Abatements	Net Tax Levy (1)	Net Levy Collected At FY-End (2)(3)		Net Levy Collected As of June 30, 2024	
				\$	%	\$	%
2024	\$ 91,168,233	\$ 559,655	\$ 90,608,578	\$ 89,868,908	99.2 %	\$ 89,868,908	99.2 %
2023	86,669,007	601,495	86,067,512	85,409,426	99.2	85,771,117	99.7
2022	83,507,481	600,868	82,906,613	81,664,721	98.5	82,701,277	99.8
2021	79,827,180	615,579	79,211,601	78,045,613	98.5	79,257,183	100.1
2020	76,421,123	626,920	75,794,203	74,184,498	97.9	75,926,327	100.2

Source: Board of Assessors as to rates and levies and collections.

- (1) Net of overlay for abatements.
- (2) I.e., at the end of the fiscal year for which levied.
- (3) Actual collections less refunds and amounts refundable.

Tax Titles and Possessions

Real property (land and buildings) is subject to lien for the taxes assessed upon it (subject to any paramount federal lien and subject to bankruptcy in insolvency laws). If the property has been transferred, an unenforced lien expires on the fourth December 31 after the end of the fiscal year to which the tax relates; otherwise, an unenforced lien expires upon a later transfer of the property. Provision is made, however, for continuation where the lien could not be enforced because of a legal impediment. The persons against whom real or personal property taxes are assessed are personally liable therefore (subject to bankruptcy and insolvency laws). In the case of real property, this personal liability is effectively extinguished by the sale or taking of the property.

Massachusetts Law permits a municipality to perfect its lien on a property by making a tax taking. The tax taking confers title in the property to the municipality subject to the right of redemption. It also allows the municipality to foreclose the lien. The property owner can redeem the tax taking by paying the unpaid taxes with interest and other charges, but if the right of redemption is not exercised within six months or three months in the case of land of low value, the municipality may initiate foreclosure proceedings. The treasurer may agree to forestall the foreclosure proceedings for up to one year, if the property owner agrees to make partial payments. Most tax takings are foreclosed in the Land Court, which results in ownership of the property by the municipality, if the taxes are not paid. Tax takings covering property of low value may be foreclosed by an auction held by the treasurer at which the property is sold to an individual or is transferred to the town. Upon foreclosure a property acquired by the municipality through the Land Court or as land of low value becomes a tax possession and may be held and disposed of like any land for municipal purposes.

Taxation to Meet Deficits

Overlay deficits, i.e., tax abatements in excess of the overlay included in the tax levy to cover abatements, are required to be added to the next tax levy. It is generally understood that revenue deficits; i.e., those resulting from non-property tax revenues being less than anticipated, are also required to be added to the next tax levy (at least to the extent not covered by surplus revenue).

Amounts lawfully expended since the prior tax levy and not included therein are also required to be included in the annual tax levy. The circumstances under which this can arise are limited since municipal departments are generally prohibited from incurring liabilities in excess of appropriations except for major disasters, mandated items, contracts in aid of housing and renewal projects and other long-term contracts. In addition, utilities must be paid at established rates, and certain established salaries; e.g., civil service, must legally be paid for work actually performed, whether or not covered by appropriations.

Cities and towns are authorized to appropriate sums, and thus to levy taxes, subject to any overall limits on tax levies, to cover deficits arising from other causes, such as "free cash" deficits arising from a failure to collect taxes. This is not generally understood, however, and it has not been the practice to levy taxes to cover free cash deficits. Except to the

extent that free cash deficits have been reduced or eliminated by subsequent collections of uncollected taxes (including sales of tax titles and tax possessions), lapsed appropriations, non-property tax revenues in excess of estimates, other miscellaneous items or funding loans authorized by special act, they remain in existence.

Tax Limitations

Chapter 59, Section 21C of the General Laws, also known as Proposition 2½, imposes two separate limits on the annual tax levy of a city or town.

The primary limitation is that the tax levy cannot exceed 2½ percent of the full and fair cash value. If a city or town exceeds the primary limitation, it must reduce its tax levy by at least 15 percent annually until it is in compliance, provided that the reduction can be reduced in any year to not less than 7½ percent by majority vote of the voters, or to less than 7½ percent by two-thirds vote of the voters.

For cities and towns at or below the primary limit, a secondary limitation is that the tax levy cannot exceed the maximum levy limit for the preceding fiscal year as determined by the State Commissioner of Revenue by more than 2½ percent, subject to exceptions for property added to the tax rolls or property which has had an increase, other than as part of a general revaluation, in its assessed valuation over the prior year's valuation.

This "growth" limit on the tax levy may be exceeded in any year by a majority vote of the voters, but an increase in the secondary or growth limit under this procedure does not permit a tax levy in excess of the primary limitation, since the two limitations apply independently. In addition, if the voters vote to approve taxes in excess of the "growth" limit for the purpose of funding a stabilization fund, such increased amount may only be taken into account for purposes of calculating the maximum levy limit in each subsequent year if the board of selectmen of a town or the city council of a city votes by a two-thirds vote to appropriate such increased amount in such subsequent year to the stabilization fund.

The applicable tax limits may also be reduced in any year by a majority vote of the voters.

The State Commissioner of Revenue may adjust any tax limit "to counterbalance the effects of extraordinary, non-recurring events which occurred during the base year".

The statute further provides that the voters may exclude from the taxes subject to the tax limits and from the calculation of the maximum tax levy (a) the amount required to pay debt service on bonds and notes issued before November 4, 1980, if the exclusion is approved by a majority vote of the voters, and (b) the amount required to pay debt service on any specific subsequent issue for which similar approval is obtained. Even with voter approval, the holders of the obligations for which unlimited taxes may be assessed do not have a statutory priority or security interest in the portion of the tax levy attributable to such obligations. It should be noted that Massachusetts General Laws Chapter 44, Section 20 requires that the taxes excluded from the levy limit to pay debt service on any such bonds and notes be calculated based on the true interest cost of the issue.

Voters may also exclude from the Proposition 2½ limits the amount required to pay specified capital outlay expenditures or for the city or town's apportioned share for certain capital outlay expenditures by a regional governmental unit. In addition, the city council of a city, with the approval of the mayor if required, or the board of selectmen or the town council of a town may vote to exclude from the Proposition 2½ limits taxes raised in lieu of sewer or water charges to pay debt service on bonds or notes issued by the municipality (or by an independent authority, commission or district) for water or sewer purposes, provided that the municipality's sewer or water charges are reduced accordingly.

In addition, Proposition 2½ limits the annual increase in the total assessments on cities and towns by any county, district, authority, the Commonwealth or any other governmental entity (except regional school districts, the MWRA and certain districts for which special legislation provides otherwise) to the sum of (a) 2½ percent of the prior year's assessments and (b) "any increases in costs, charges or fees for services customarily provided locally or for services subscribed to at local option". Regional water districts, regional sewerage districts and regional veterans districts may exceed these limitations under statutory procedures requiring a two-thirds vote of the district's governing body and either approval of the local appropriating authorities (by two-thirds vote in districts with more than two members or by majority vote in two-member districts) or approval of the registered voters in a local election (in the case of two-member districts). Under Proposition 2½ any State law to take effect on or after January 1, 1981 imposing a direct service or cost obligation on a city or town will become effective only if accepted or voluntarily funded by the city or town or if State funding is provided. Similarly, State rules or regulations imposing additional costs on a city or town or laws granting or increasing local tax exemptions are to take effect only if adequate State appropriations are provided. These statutory provisions do not apply to costs resulting from judicial decisions.

Tax Levies and Levy Limits (1)

	Fiscal Year				
	2024	2023	2022	2021	2020
Primary Levy Limit (2)	\$ 183,785,055	\$ 168,807,034	\$ 153,707,769	\$ 141,565,848	\$ 134,163,967
Prior Fiscal Year Levy Limit	84,184,611	81,046,888	77,387,411	74,317,122	71,370,427
Amended Prior Fiscal Year Growth	-	-	-	4,121	-
2.5% Levy Growth	2,104,615	2,026,172	1,934,685	1,858,031	1,784,261
New Growth (3)	2,480,862	1,111,551	1,724,792	1,208,137	1,162,434
Overrides	-	-	-	-	-
Growth Levy Limit	88,770,088	84,184,611	81,046,888	77,387,411	74,317,122
Debt Exclusions	2,720,005	2,484,491	2,481,148	2,485,698	2,484,859
Capital Expenditure Exclusions	-	-	-	-	-
Other Adjustments	-	-	-	-	-
Tax Levy Limit	91,490,093	86,669,102	83,528,036	79,873,109	76,801,981
Tax Levy	91,168,233	86,669,007	83,507,481	79,827,180	76,421,123
Unused Levy Capacity (4)	321,860	95	20,555	45,929	380,858
Unused Primary Levy Capacity (5)	\$ 95,014,967	\$ 84,622,423	\$ 72,660,881	\$ 64,178,437	\$ 59,846,845

(1) Source: Massachusetts Department of Revenue.

(2) 2.5% of assessed valuation.

(3) Allowed increase for new valuations (or required reduction) - certified by the Department of Revenue.

(4) Tax Levy Limit less Tax Levy.

Sale of Tax Receivables

Cities and towns are authorized to sell delinquent property tax receivables by public sale or auction, either individually or in bulk.

Impact of Proposition 2 ½

On June 9, 2012 the Town voted to exempt the costs of construction of the new Galvin Middle School from the limitations of Proposition 2 ½. The Town received approximately 54.67% reimbursement for eligible costs of this project from the Massachusetts School Building Authority ('MSBA'). On March 11, 2023, the Town voted to exempt the costs of construction of the new Memorial High School from the limitations of Proposition 2 ½. The Town expects to receive approximately 49.94% reimbursement for eligible costs of this project from the MSBA.

Initiative Petitions

The Massachusetts Constitution provides a procedure for the filing of petitions, signed by the requisite number of registered voters, to place on the ballot for state elections questions for the enactment of statutes by the voters. Legislation enacted by the voters may subsequently be amended or repealed by the state legislative process.

Community Preservation Act

The Massachusetts Community Preservation Act (the "CPA") permits cities and towns that accept its provisions to levy a surcharge on its real property tax levy, dedicate revenue (other than state or federal funds), and to receive state matching funds for (i) the acquisition, creation, preservation, rehabilitation and restoration of land for recreational use, open space, and community housing and (ii) the acquisition, preservation, rehabilitation and restoration of historic resources. The provisions of the CPA must be accepted by the voters of the city or town at an election after such provisions have first been accepted by either a vote of the legislative body of the city or town or an initiative petition signed by 5% of its registered voters.

A city or town may approve a surcharge of up to 3% (but not less than 1% under certain circumstances) and may make an additional commitment of funds by dedicating revenue other than state or federal funds, provided that the total funds collected do not exceed 3% of the real property tax levy, less any exemptions adopted (such as an exemption for low-income individuals and families and for low and moderate-income senior citizens, an exemption for \$100,000 of the value of each taxable parcel of residential real property or \$100,000 of the value of each taxable parcel of class three, commercial property, and class four, industrial property as defined in Chapter 59, Section 2A of the General Laws, and an exemption for commercial and industrial properties in cities and towns with classified tax rates). In the event that the municipality shall

no longer dedicate all or part of the additional funds to community preservation, the surcharge on the real property tax levy of not less than 1% shall remain in effect, provided that any such change must be approved pursuant to the same process as acceptance of the CPA. The surcharge is not counted in the total taxes assessed for the purpose of determining the permitted levy amount under Proposition 2½ (see “*Tax Limitations*” under “PROPERTY TAXATION” above). A city or town may revoke its acceptance of the provisions of the CPA at any time after 5 years from the date of such acceptance and may change the amount of the surcharge or the exemptions to the surcharge at any time, including reducing the surcharge to 1% and committing additional municipal funds as outlined above, provided that any such revocation or change must be approved pursuant to the same process as acceptance of the CPA.

Any city or town that accepts the provisions of the CPA will receive annual state matching grants to supplement amounts raised by its surcharge and dedication of revenue. The state matching funds are raised from certain recording and filing fees of the registers of deeds. Those amounts are deposited into a state trust fund and are distributed to cities and towns that have accepted the provisions of the CPA, which distributions are not subject to annual appropriation by the state legislature. The amount distributed to each city and town is based on a statutory formula and the total state distribution made to any city or town may not exceed 100% of the amount raised locally by the surcharge on the real property tax levy.

The amounts raised by the surcharge on real property taxes, the amounts of other dedicated revenues and the amounts received in state matching funds are required to be deposited in a dedicated community preservation fund. Each city or town that accepts the provisions of the CPA is required to establish a community preservation committee to study the community preservation needs of the community and to make recommendations to the legislative body of the city or town regarding the community preservation projects that should be funded from the community preservation fund. Upon the recommendations of the committee, the legislative body of the city or town may appropriate amounts from the fund for permitted community preservation purposes or may reserve amounts for spending in future fiscal years, provided that at least 10% of the total annual revenues to the fund must be spent or set aside for open space purposes, 10% for historic resource purposes and 10% for community housing purposes.

The CPA authorizes cities and towns that accept its provisions to issue bonds and notes in anticipation of the receipt of surcharge and other dedicated revenues to finance community preservation projects approved under the provisions of the CPA. Bonds and notes issued under the CPA are general obligations of the city or town and are payable from amounts on deposit in the community preservation fund. In the event that a city or town revokes its acceptance of the provisions of the CPA, the surcharge shall remain in effect until all contractual obligations incurred by the city or town prior to such revocation, including the payment of bonds or notes issued under the CPA, have been fully discharged.

The Town has not adopted the Community Preservation Act.

TOWN FINANCES

The Budget and Appropriation Process

The annual appropriations of the Town are ordinarily made at the annual town meeting which usually takes place in April. Appropriations may also be voted at special meetings. The Finance Committee is required to submit a budget of proposed expenditures at the annual town meeting.

The school budget is limited to the total amount appropriated by the town meeting, but the school committee retains full power to allocate the funds appropriated.

Mandatory items, such as state and county assessments, abatements in excess of overlays, principal and interest not otherwise provided for and final judgments are included in the tax levy whether or not included in the budget. Revenues are not required to be set forth in the budget but estimated non-tax revenues are taken into account by the assessors in fixing the tax levy. (See "PROPERTY TAXATION," above.)

Water and sewer department expenditures are included in the budgets adopted by town meetings, but electric and gas department funds may be appropriated by the municipal light boards. Under legislation enacted in 1981, any city or town which accepts the legislation may provide that the appropriation for the operating costs of any department may be offset, in whole or in part, by estimated receipts from fees charged for services provided by the department. This general provision does not alter the pre-existing power of any electric or gas department to appropriate its own receipts.

Operating Budget Trends

The following table sets forth the trend in the Town's operating budgets as voted at Town Meeting for the following fiscal years:

	Appropriated 2021	Appropriated 2022	Appropriated 2023	Appropriated 2024	Appropriated 2025
General Government	\$ 2,540,958	\$ 2,571,431	\$ 2,680,888	\$ 2,789,821	\$ 2,982,070
Protection of Persons & Property	12,223,802	12,946,076	13,698,536	14,031,311	15,680,422
Human Services	872,841	903,626	1,003,195	968,790	1,125,069
Public Works Department	6,239,368	6,506,335	6,734,130	6,970,569	7,252,058
Snow & Ice	850,000	850,000	850,000	850,000	850,000
Education	46,994,988	49,119,220	51,763,292	53,890,870	56,966,067
Unclassified	1,759,656	1,920,806	1,998,577	2,107,387	2,210,251
Benefits & Administration	17,618,590	18,287,809	19,483,514	20,145,295	20,670,209
Total	\$ 89,100,203	\$ 93,105,303	\$ 98,212,132	\$ 101,754,043	\$ 107,736,146
Water Enterprise Fund	\$ 6,061,942	\$ 6,277,749	\$ 6,204,494	\$ 7,229,715	\$ 7,470,570
Sewer Enterprise Fund	\$ 8,956,011	\$ 8,982,113	\$ 9,148,699	\$ 9,344,988	\$ 9,367,204

Education Reform

State legislation known as the Education Reform Act of 1993, as amended, imposes certain minimum expenditure requirements on municipalities with respect to funding for education and related programs, and may affect the level of state aid to be received for education. The requirements are determined on the basis of formulas affected by various measures of wealth and income, enrollments, prior levels of local spending and state aid, and other factors. Since its enactment, the Town's net school spending has exceeded the minimum required local contribution.

Revenues

Property Taxes: Property taxes are the major source of revenue of the Town. The total amount levied is subject to certain limits prescribed by law; for a description of those limits, see "Tax Limitations," above.

State Distributions: In addition to grants for specified capital purposes (some of which are payable over the life of the bonds issued for the projects), the Commonwealth provides financial assistance to cities and towns for current purposes. Payments

to cities and towns are derived primarily from a percentage of the State’s personal income, sales and use, and corporate excise tax receipts, together with the net receipts from the State Lottery. A municipality’s state aid entitlement is based on a number of different formulas, of which the “schools” and “lottery” formulas are the most important. Both of the major formulas tend to provide more state aid to poorer communities. The formulas for determining a municipality’s state aid entitlement are subject to amendment by the state legislature and, while a formula might indicate that a particular amount of state aid is owed, the amount of state aid actually paid is limited to the amount appropriated by the state legislature. The state annually estimates state aid, but the actual state aid payments may vary from the estimate.

In the fall of 1986, legislation was enacted placing limits on the growth of state tax revenues. In essence, the growth in state tax revenue is limited to the average rate of growth in wages and salaries in the Commonwealth over the previous three calendar years. The effect of this legislation could be to restrict the amount of state tax revenue available to provide state financial assistance to the Commonwealth’s cities, towns and regional school districts.

The following table presents a history of state aid receipts by the Town:

<u>Fiscal Year</u>	<u>Education Aid</u>	<u>Other</u>	<u>Total</u>
2024	\$9,053,640	\$4,303,184	\$13,356,824
2023	8,179,152	4,121,789	12,300,941
2022	7,244,593	4,097,530	11,342,123
2021	7,402,041	3,741,459	11,143,500
2020	7,798,137	3,866,454	11,664,591

Source: Town Accountant.

State School Building Assistance Program

Under its school building assistance program, The Commonwealth of Massachusetts provides grants to cities, towns and regional school districts for school construction projects. Until July 26, 2004, the State Board of Education was responsible for approving grants for school projects and otherwise administering the program. Grant amounts ranged from 50% to 90% of approved project costs. Municipalities generally issued bonds to finance the entire project cost, and the Commonwealth disbursed the grants in equal annual installments over the term of the related bonds.

Pursuant to legislation which became effective on July 26, 2004, the state legislature created the Massachusetts School Building Authority (the “Authority”) to finance and administer the school building assistance program. The Authority has assumed all powers and obligations of the Board of Education with respect to the program. In addition to certain other amounts, the legislation dedicates a portion of Commonwealth sales tax receipts to the Authority to finance the program.

The range of reimbursement rates for new project grant applications submitted to the Authority is between 31% and 80% of approved project costs. The Authority promulgated new regulations with respect to the application and approval process for projects submitted after July 1, 2007. The Authority expects to pay grants for such projects as project costs are incurred pursuant to project funding agreements between the Authority and the municipalities. None of the interest expense incurred on debt issued by municipalities to finance their portion of the costs of new projects will be included in the approved project costs eligible for reimbursement.

Federal Aid: In addition to state aid, the Town receives funds from the federal government for various purposes. The following table shows the trend in federal monies received by the Town:

<u>Fiscal Year</u>	<u>Total Received from Federal Government</u>
2024	\$2,682,874
2023	6,748,097 (1)
2022	5,492,825 (2)
2021	3,920,527 (3)
2020	1,891,178

(1) Includes \$2,211,864 in ARPA and other funds received in FY23.

(2) Includes \$3,681,929 in ARPA and other funds received in FY22.

(3) Includes \$2,190,142 in ARPA and other funds received in FY21.

Motor Vehicle Excise Tax: An excise is imposed on the registration of motor vehicles (subject to exemptions) at a uniform rate of \$25 per \$1,000 of valuation. The excise is collected by and for the benefit of the municipality in which the motor vehicle is kept. Valuations are determined by a statutory formula based on manufacturer's list price and year of manufacture. Bills are payable in 30 days of their issue, and when not paid when due, bear interest at 12 percent per annum. Provision is also made for suspension of registration by the registrar of motor vehicles, who may also, after a hearing, suspend the owner's operating license.

The following table shows the trend in actual receipts of the Town:

Fiscal Year	<u>Receipts (1)</u>
2024	\$4,852,133
2023	4,306,086
2022	4,305,695
2021	4,394,092
2020	4,129,508

Source: Town Accountant.

(1) Net after refunds. Includes receipts for five prior fiscal years.

Room Occupancy Tax: Under this tax, local governments may tax the provision of hotel, motel and lodging house rooms at a rate not to exceed six percent (6%) of the cost of renting such rooms. The tax is paid by the operator of the hotel, motel or lodging house to the State Commissioner of Revenue, who in turn pays the tax back to the municipality in which the rooms are located in quarterly distributions. On November 6, 2009, the Town adopted an increase in the room occupancy tax to 6% which was effective January 1, 2010.

The following table sets forth the trend in the Town's room occupancy tax receipts:

Fiscal Year	<u>Receipts</u>
2024	\$600,341
2023	610,058
2022	406,343
2021	214,097
2020	436,717

Source: Town Accountant.

Local Options Meals Tax: On November 16, 2009, the Town adopted the local meals excise tax to be effective January 1, 2010. The local meals excise tax is a 0.75% tax on the gross receipts of a vendor from the sale of restaurant meals. The tax is paid by the vendor to the State Commissioner of Revenue, who in turn pays the tax to the municipality in which the meal was sold. In fiscal year 2024 local meals tax revenues totaled \$455,279.

Water and Sewer Rates and Services: Water and sewer services are provided to 100% of the Town. Currently all costs associated with water and sewer services are supported by rates. In fiscal 2024, the water and sewer revenues totaled \$15,953,866 while expenditures, including debt service, totaled \$15,988,480.

Annual Audits

The accounts of the Town of Wakefield are audited annually by Powers & Sullivan, Certified Public Accountants, of Wakefield, Massachusetts. A copy of the fiscal 2023 audit is attached hereto as Appendix A.

The attached report speaks only as of its date, and only to the matters expressly set forth therein. The auditors have not been engaged to review this Official Statement or to perform audit procedures regarding the post-audit period, nor have the auditors been requested to give their consent to the inclusion of their report in Appendix A. Except as stated in their report, the auditors have not been engaged to verify the financial information set out in Appendix A and are not passing upon and do not assume responsibility for the sufficiency, accuracy or completeness of the financial information presented in that appendix.

Financial Statements

Set forth on the following pages are Governmental Funds Balance Sheets for fiscal years 2023, 2022, and 2021, and Statements of Revenues, Expenditures and Change in Funds Balances for the fiscal year ended June 30, 2023 through June 30, 2019. Said statements were extracted from the Town's audited financials.

2024 Fiscal Year End Results

Wakefield closed out fiscal year 2024 with a strong operating surplus due to its long-standing conservative budgeting approach to both local receipts and departmental expenses. On the local receipts column, the Town budgeted \$10.1 million and collected over \$13.4 million (\$3.3 million surplus). The main drivers were motor vehicle excise collections, building permits, hotel/motel taxes, meals taxes and investment income. The Town continues to see a boom in new construction, however, they do not view this particular line item as sustainable and have conservatively increased this revenue item modestly for future years budgets. However, the Town does continue to see sustainable increases in motor vehicle excise taxes and hotels and meals taxes (due to the increase in residential units from year to year).

On the expense side, the Town is estimating returning \$2.3 million from departmental budgets to the general fund. The Town continues to expend money for capital (both ongoing and bond payments). In fiscal year 2024 the Town budgeted and expended \$5.3 million for debt service on capital bonds and new projects keeping with its policy of spending 5% of the budget on capital.

While the state has yet to audit its fiscal year 2024 free cash, the Town anticipates a certification of Free Cash from the Massachusetts Department of Revenue as of 7/01/24 to be in the \$11.5 to \$12.0 million range. Also, in fiscal year 2024, the Town increased its Retirement Pension Fund assets from \$158.5 million to \$171.8 million, its OPEB Trust Fund increased from \$29.1 million to \$33.4 million, and its Stabilization Fund increased from \$3.225 million to \$3.365 million. The Town expects to be fully funded in our Retirement Pension in 2036 and its OPEB Trust Fund in 2040.

TOWN OF WAKEFIELD, MASSACHUSETTS
Governmental Funds
Balance Sheet
June 30, 2023 (1)

	General	Capital Projects	Town Special Revenue	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and equivalents	\$ 18,278,373	\$ 12,937,843	\$ 9,502,363	\$ 9,699,700	\$ 50,418,279
Investments	-	-	-	3,441,174	3,441,174
Receivables, net of uncollectibles:					
Real estate and personal property taxes	1,498,303	-	-	-	1,498,303
Tax liens	1,006,796	-	-	-	1,006,796
Motor vehicle excise taxes	572,519	-	-	-	572,519
Departmental and other	92,291	-	-	-	92,291
Intergovernmental - other	-	1,418,027	751,581	1,569,557	3,739,165
Tax foreclosures	414,446	-	-	-	414,446
TOTAL ASSETS	\$ 21,862,728	\$ 14,355,870	\$ 10,253,944	\$ 14,710,431	\$ 61,182,973
LIABILITIES					
Warrants payable	\$ 1,057,003	\$ 1,305,082	\$ 267,311	\$ 124,957	\$ 2,754,353
Accrued payroll	1,271,566	-	12,705	66,976	1,351,247
Other liabilities	898,691	-	-	-	898,691
Unearned revenue	-	-	5,790,100	-	5,790,100
Notes payable	-	14,244,620	-	-	14,244,620
TOTAL LIABILITIES	3,227,260	15,549,702	6,070,116	191,933	25,039,011
DEFERRED INFLOWS OF RESOURCES:					
Unavailable revenue	3,392,645	-	-	1,327,750	4,720,395
FUND BALANCES:					
Nonspendable	-	-	-	2,666,075	2,666,075
Restricted	-	2,778,489	4,183,828	10,524,673	17,486,990
Committed	2,098,406	-	-	-	2,098,406
Assigned	970,134	-	-	-	970,134
Unassigned	12,174,283	(3,972,321)	-	-	8,201,962
TOTAL FUND BALANCES	15,242,823	(1,193,832)	4,183,828	13,190,748	31,423,567
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 21,862,728	\$ 14,355,870	\$ 10,253,944	\$ 14,710,431	\$ 61,182,973

(1) Extracted from audited financial statements of the Town.

TOWN OF WAKEFIELD, MASSACHUSETTS
Governmental Funds
Balance Sheet
June 30, 2022 (1)

	General	Capital Projects	Town Special Revenue	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and equivalents	\$ 18,586,644	\$ 4,530,024	\$ 6,223,422	\$ 7,672,897	\$ 37,012,987
Investments	-	-	-	3,335,628	3,335,628
Receivables, net of uncollectibles:					
Real estate and personal property taxes	1,958,811	-	-	-	1,958,811
Tax liens	908,356	-	-	-	908,356
Motor vehicle excise taxes	540,364	-	-	-	540,364
Departmental and other	105,803	-	-	-	105,803
Intergovernmental - other	64,330	114,337	921,453	1,114,359	2,214,479
Tax foreclosures	414,446	-	-	-	414,446
TOTAL ASSETS	\$ 22,578,754	\$ 4,644,361	\$ 7,144,875	\$ 12,122,884	\$ 46,490,874
LIABILITIES					
Warrants payable	\$ 2,261,757	\$ 1,865,439	\$ 536,147	\$ 161,300	\$ 4,824,643
Accrued payroll	1,158,396	-	8,473	48,381	1,215,250
Other liabilities	711,015	-	-	-	711,015
Unearned revenue	-	-	2,907,527	-	2,907,527
Notes payable	-	2,204,620	-	-	2,204,620
TOTAL LIABILITIES	4,131,168	4,070,059	3,452,147	209,681	11,863,055
DEFERRED INFLOWS OF RESOURCES:					
Unavailable revenue	3,533,256	-	-	696,212	4,229,468
FUND BALANCES:					
Nonspendable	-	-	-	2,586,990	2,586,990
Restricted	-	2,774,837	3,692,728	8,630,001	15,097,566
Committed	1,729,544	-	-	-	1,729,544
Assigned	2,626,553	-	-	-	2,626,553
Unassigned	10,558,233	(2,200,535)	-	-	8,357,698
TOTAL FUND BALANCES	14,914,330	574,302	3,692,728	11,216,991	30,398,351
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 22,578,754	\$ 4,644,361	\$ 7,144,875	\$ 12,122,884	\$ 46,490,874

(1) Extracted from audited financial statements of the Town.

TOWN OF WAKEFIELD, MASSACHUSETTS

Governmental Funds

Balance Sheet

June 30, 2021 (1)

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and equivalents	\$ 16,980,323	\$ 5,671,196	\$ 10,589,983	\$ 33,241,502
Investments	-	-	3,706,863	3,706,863
Receivables, net of uncollectibles:				
Real estate and personal property taxes	1,703,376	-	-	1,703,376
Tax liens	833,445	-	-	833,445
Motor vehicle excise taxes	520,779	-	-	520,779
Departmental and other	121,133	-	-	121,133
Intergovernmental - other	-	-	3,291,340	3,291,340
Tax foreclosures	433,681	-	-	433,681
TOTAL ASSETS	<u>\$ 20,592,737</u>	<u>\$ 5,671,196</u>	<u>\$ 17,588,186</u>	<u>\$ 43,852,119</u>
LIABILITIES				
Warrants payable	\$ 825,327	\$ 513,860	\$ 89,319	\$ 1,428,506
Accrued payroll	897,306	-	32,514	929,820
Tax refunds payable	133,000	-	-	133,000
Other liabilities	547,734	-	-	547,734
Unearned revenue	-	-	1,491,505	1,491,505
Notes payable	-	2,278,287	-	2,278,287
TOTAL LIABILITIES	<u>2,403,367</u>	<u>2,792,147</u>	<u>1,613,338</u>	<u>6,808,852</u>
DEFERRED INFLOWS OF RESOURCES:				
Unavailable revenue	<u>3,047,653</u>	<u>-</u>	<u>1,119,135</u>	<u>4,166,788</u>
FUND BALANCES:				
Nonspendable	-	-	2,671,862	2,671,862
Restricted	-	2,879,049	12,183,851	15,062,900
Committed	1,059,450	-	-	1,059,450
Assigned	2,308,617	-	-	2,308,617
Unassigned	11,773,650	-	-	11,773,650
TOTAL FUND BALANCES	<u>15,141,717</u>	<u>2,879,049</u>	<u>14,855,713</u>	<u>32,876,479</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 20,592,737</u>	<u>\$ 5,671,196</u>	<u>\$ 17,588,186</u>	<u>\$ 43,852,119</u>

(1) Extracted from audited financial statements of the Town.

TOWN OF WAKEFIELD
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
As of June 30, 2023 (1)

	General	Capital Projects	Town Special Revenue	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:					
Real estate and personal property taxes, net of tax refunds	\$ 86,350,104	\$ -	\$ -	\$ -	\$ 86,350,104
Tax liens and foreclosures	253,451	-	-	-	253,451
Motor vehicle excise taxes	4,306,086	-	-	-	4,306,086
Hotel/motel tax	1,039,232	-	-	-	1,039,232
Penalties and interest on taxes	354,069	-	-	-	354,069
Payments in lieu of taxes	948,369	-	-	-	948,369
Intergovernmental - Teachers Retirement	8,054,230	-	-	-	8,054,230
Intergovernmental	12,490,293	1,846,531	3,581,169	7,053,110	24,971,103
Department and other	2,465,234	-	1,142,458	4,664,059	8,271,751
Contributions and donations	-	-	142,631	114,334	256,965
Investment income	725,489	-	31,011	391,488	1,147,988
TOTAL REVENUES	<u>116,986,557</u>	<u>1,846,531</u>	<u>4,897,269</u>	<u>12,222,991</u>	<u>135,953,348</u>
EXPENDITURES:					
Current:					
General Government	2,704,368	57,074	1,070,877	154,880	3,987,199
Public Safety	14,048,049	8,344,470	797,103	696,334	23,885,956
Education	51,120,152	5,145,981	302,291	9,253,420	65,821,844
Public Works	10,990,378	1,067,140	1,179,860	344,269	13,581,647
Health and Human services	730,880	-	283,293	-	1,014,173
Culture and recreation	2,037,576	-	720,245	-	2,757,821
Pension Benefits	6,055,256	-	-	-	6,055,256
Pension Benefits - Teachers Retirement	8,054,230	-	-	-	8,054,230
Property and liability insurance	460,569	-	-	-	460,569
Employee Benefits	13,233,402	-	-	-	13,233,402
State and county charges	2,043,146	-	-	-	2,043,146
Debt service:					
Principal	272,626	-	-	2,700,631	2,973,257
Interest	46,679	-	-	2,012,953	2,059,632
TOTAL EXPENDITURES	<u>111,797,311</u>	<u>14,614,665</u>	<u>4,353,669</u>	<u>15,162,487</u>	<u>145,928,132</u>
EXCESS (DEFICIENCY) OF REV OVER EXP	5,189,246	(12,768,134)	543,600	(2,939,496)	(9,974,784)
OTHER FINANCING SOURCES (USES):					
Issuance of bonds	-	10,330,000	-	-	10,330,000
Premium from issuance of bonds	-	670,000	-	-	670,000
Operating transfers in	272,945	-	-	5,133,698	5,406,643
Operating transfers out	(5,133,698)	-	(52,500)	(220,445)	(5,406,643)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(4,860,753)</u>	<u>11,000,000</u>	<u>(52,500)</u>	<u>4,913,253</u>	<u>11,000,000</u>
Net Change in Fund Balances	328,493	(1,768,134)	491,100	1,973,757	1,025,216
Fund Equity Beginning of Year	14,914,330	574,302	3,692,728	11,216,991	30,398,351
Fund Balance - End of Year	<u>\$ 15,242,823</u>	<u>\$ (1,193,832)</u>	<u>\$ 4,183,828</u>	<u>\$ 13,190,748</u>	<u>\$ 31,423,567</u>

(1) Extracted from audited financial statements of the Town.

TOWN OF WAKEFIELD
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
As of June 30, 2022 (1)

	General	Capital Projects	Town Special Revenue	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:					
Real estate and personal property taxes, net of tax refunds	\$ 82,767,110	\$ -	\$ -	\$ -	\$ 82,767,110
Tax liens and foreclosures	119,543	-	-	-	119,543
Motor vehicle excise taxes	4,305,695	-	-	-	4,305,695
Hotel/motel tax	807,434	-	-	-	807,434
Penalties and interest on taxes	374,264	-	-	-	374,264
Payments in lieu of taxes	934,398	-	-	-	934,398
Intergovernmental - Teachers Retirement	6,924,019	-	-	-	6,924,019
Intergovernmental	11,758,433	459,749	3,616,084	6,527,610	22,361,876
Department and other	1,827,893	-	1,098,862	4,240,211	7,166,966
Contributions and donations	-	-	289,190	74,057	363,247
Investment income	87,903	-	2,130	(259,051)	(169,018)
TOTAL REVENUES	<u>109,906,692</u>	<u>459,749</u>	<u>5,006,266</u>	<u>10,582,827</u>	<u>125,955,534</u>
EXPENDITURES:					
Current:					
General Government	2,944,522	-	1,980,839	94,596	5,019,957
Public Safety	13,626,568	2,496,308	1,252,481	776,678	18,152,035
Education	46,740,674	-	361,620	7,950,800	55,053,094
Public Works	10,961,784	3,218,067	583,764	1,330,730	16,094,345
Health and Human services	637,185	-	642,325	-	1,279,510
Culture and recreation	1,933,257	-	587,445	-	2,520,702
Pension Benefits	5,599,067	-	-	-	5,599,067
Pension Benefits - Teachers Retirement	6,924,019	-	-	-	6,924,019
Property and liability insurance	432,019	-	-	-	432,019
Employee Benefits	13,078,003	-	-	-	13,078,003
State and county charges	2,008,142	-	-	-	2,008,142
Debt service:					
Principal	330,524	-	-	2,886,631	3,217,155
Interest	42,050	-	-	1,963,447	2,005,497
TOTAL EXPENDITURES	<u>105,257,814</u>	<u>5,714,375</u>	<u>5,408,474</u>	<u>15,002,882</u>	<u>131,383,545</u>
EXCESS (DEFICIENCY) OF REV OVER EXP	4,648,878	(5,254,626)	(402,208)	(4,420,055)	(5,428,011)
OTHER FINANCING SOURCES (USES):					
Issuance of bonds	-	1,991,000	-	-	1,991,000
Premium from issuance of bonds	-	360,333	-	-	360,333
Capital purchase financing	-	598,546	-	-	598,546
Operating transfers in	257,433	-	-	5,133,698	5,391,131
Operating transfers out	(5,133,698)	-	(47,700)	(209,733)	(5,391,131)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(4,876,265)</u>	<u>2,949,879</u>	<u>(47,700)</u>	<u>4,923,965</u>	<u>2,949,879</u>
Net Change in Fund Balances	(227,387)	(2,304,747)	(449,908)	503,910	(2,478,132)
Fund Equity Beginning of Year	15,141,717	2,879,049	4,142,632	10,713,081	32,876,479
Fund Balance - End of Year	<u>\$ 14,914,330</u>	<u>\$ 574,302</u>	<u>\$ 3,692,724</u>	<u>\$ 11,216,991</u>	<u>\$ 30,398,347</u>

(1) Extracted from audited financial statements of the Town.

TOWN OF WAKEFIELD
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
As of June 30, 2021 (1)

	General	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:				
Real estate and personal property taxes, net of tax refunds	\$ 79,964,775	\$ -	\$ -	\$ 79,964,775
Tax liens and foreclosures	239,280	-	-	239,280
Motor vehicle excise taxes	4,394,092	-	-	4,394,092
Hotel/motel tax	559,900	-	-	559,900
Penalties and interest on taxes	472,857	-	-	472,857
Payments in lieu of taxes	920,633	-	-	920,633
Intergovernmental - Teachers Retirement	13,292,232	-	-	13,292,232
Intergovernmental	11,263,921	495,206	9,366,512	21,125,639
Department and other	2,133,886	-	2,964,718	5,098,604
Contributions and donations	-	-	1,469,501	1,469,501
Investment income	95,145	-	722,911	818,056
TOTAL REVENUES	<u>113,336,721</u>	<u>495,206</u>	<u>14,523,642</u>	<u>128,355,569</u>
EXPENDITURES:				
Current:				
General Government	2,640,506	2,065,000	333,757	5,039,263
Public Safety	12,571,220	1,048,473	2,119,728	15,739,421
Education	45,055,770	1,085,056	4,752,412	50,893,238
Public Works	10,925,023	1,670,189	1,933,602	14,528,814
Health and Human services	618,355	-	254,803	873,158
Culture and recreation	1,789,351	-	416,329	2,205,680
Pension Benefits	5,379,419	-	-	5,379,419
Pension Benefits - Teachers Retirement	13,292,232	-	-	13,292,232
Property and liability insurance	404,225	-	-	404,225
Employee Benefits	12,707,800	-	-	12,707,800
State and county charges	1,726,122	-	-	1,726,122
Debt service:				
Principal	-	-	3,651,571	3,651,571
Interest	-	-	1,685,260	1,685,260
TOTAL EXPENDITURES	<u>107,110,023</u>	<u>5,868,718</u>	<u>15,147,462</u>	<u>128,126,203</u>
EXCESS (DEFICIENCY) OF REV OVER EXP	6,226,698	(5,373,512)	(623,820)	229,366
OTHER FINANCING SOURCES (USES):				
Issuance of bonds	-	7,181,000	-	7,181,000
Premium from issuance of bonds	-	826,333	-	826,333
Operating transfers in	248,010	-	5,664,796	5,912,806
Operating transfers out	(5,664,796)	-	(248,010)	(5,912,806)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(5,416,786)</u>	<u>8,007,333</u>	<u>5,416,786</u>	<u>8,007,333</u>
Net Change in Fund Balances	809,912	2,633,821	4,792,966	8,236,699
Fund Equity Beginning of Year	14,331,805	245,228	10,062,747	24,639,780
Fund Balance - End of Year	<u>\$ 15,141,717</u>	<u>\$ 2,879,049</u>	<u>\$ 14,855,713</u>	<u>\$ 32,876,479</u>

(1) Extracted from audited financial statements of the Town.

TOWN OF WAKEFIELD
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
As of June 30, 2020 (1)

	General	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:				
Real estate and personal property taxes, net of tax refunds	\$ 75,090,349	\$ -	\$ -	\$ 75,090,349
Tax liens and foreclosures	146,335	-	-	146,335
Motor vehicle excise taxes	4,129,508	-	-	4,129,508
Hotel/motel tax	754,086	-	-	754,086
Penalties and interest on taxes	262,024	-	-	262,024
Payments in lieu of taxes	907,065	-	-	907,065
Intergovernmental - Teachers Retirement	11,694,670	-	-	11,694,670
Intergovernmental	11,790,847	-	5,030,551	16,821,398
Intergovernmental - COVID-19 relief	-	-	639,891	639,891
Department and other	2,184,574	-	3,847,630	6,032,204
Special assessments	-	-	6,714	6,714
Contributions and donations	-	-	400,281	400,281
Investment income	186,555	-	131,071	317,626
TOTAL REVENUES	<u>107,146,013</u>	<u>-</u>	<u>10,056,138</u>	<u>117,202,151</u>
EXPENDITURES:				
Current:				
General Government	2,778,934	-	633,195	3,412,129
Public Safety	11,886,037	-	231,227	12,117,264
Education	42,916,171	9,946	6,238,228	49,164,345
Public Works	10,874,214	438,929	632,729	11,945,872
Health and Human services	668,013	-	196,312	864,325
Culture and recreation	1,750,358	-	339,935	2,090,293
COVID-19	-	-	639,891	639,891
Pension Benefits	4,984,090	-	-	4,984,090
Pension Benefits - Teachers Retirement	11,694,670	-	-	11,694,670
Property and liability insurance	381,796	-	-	381,796
Employee Benefits	12,457,274	-	-	12,457,274
State and county charges	1,790,954	-	-	1,790,954
Debt service:				
Principal	-	-	3,832,042	3,832,042
Interest	-	-	2,014,623	2,014,623
TOTAL EXPENDITURES	<u>102,182,511</u>	<u>448,875</u>	<u>14,758,182</u>	<u>117,389,568</u>
EXCESS (DEFICIENCY) OF REV OVER EXP	4,963,502	(448,875)	(4,702,044)	(187,417)
OTHER FINANCING SOURCES (USES):				
Capital lease financing	-	340,413	-	340,413
Operating transfers in	306,541	-	5,625,000	5,931,541
Operating transfers out	(5,625,000)	-	(306,541)	(5,931,541)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(5,318,459)</u>	<u>340,413</u>	<u>5,318,459</u>	<u>340,413</u>
Net Change in Fund Balances	(354,957)	(108,462)	616,415	152,996
Fund Equity Beginning of Year	14,686,762	353,690	8,591,589	23,632,041
Fund Balance - End of Year	<u>\$ 14,331,805</u>	<u>\$ 245,228</u>	<u>\$ 9,208,004</u>	<u>\$ 23,785,037</u>

(1) Extracted from audited financial statements of the Town.

TOWN OF WAKEFIELD
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
As of June 30, 2019 (1)

	General	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:				
Real estate and personal property taxes, net of tax refunds	\$ 72,650,405	\$ -	\$ -	\$ 72,650,405
Tax liens and foreclosures	174,238	-	-	174,238
Motor vehicle excise taxes	4,414,729	-	-	4,414,729
Hotel/motel tax	980,639	-	-	980,639
Penalties and interest on taxes	341,250	-	-	341,250
Fees and rentals	-	-	-	-
Payments in lieu of taxes	893,699	-	-	893,699
Intergovernmental - Teachers Retirement	9,040,847	-	-	9,040,847
Intergovernmental	11,519,051	-	5,263,929	16,782,980
Department and other	2,042,227	-	4,810,595	6,852,822
Special assessments	-	-	677	677
Contributions and donations	-	-	331,761	331,761
Investment income	242,277	-	143,143	385,420
TOTAL REVENUES	<u>102,299,362</u>	<u>-</u>	<u>10,550,105</u>	<u>112,849,467</u>
EXPENDITURES:				
Current:				
General Government	3,064,495	-	562,869	3,627,364
Public Safety	11,786,116	118,950	340,508	12,245,574
Education	41,342,630	2,679,811	7,013,901	51,036,342
Public Works	10,744,533	609,693	1,368,498	12,722,724
Health and Human services	670,164	-	239,949	910,113
Culture and recreation	1,762,082	-	372,736	2,134,818
Pension Benefits	4,645,820	-	-	4,645,820
Pension Benefits - Teachers Retirement	9,040,847	-	-	9,040,847
Property and liability insurance	360,375	-	-	360,375
Employee Benefits	11,919,861	-	-	11,919,861
State and county charges	1,444,819	-	-	1,444,819
Debt service:				
Principal	-	-	3,691,042	3,691,042
Interest	-	-	1,823,540	1,823,540
TOTAL EXPENDITURES	<u>96,781,742</u>	<u>3,408,454</u>	<u>15,413,043</u>	<u>115,603,239</u>
EXCESS (DEFICIENCY) OF REV OVER EXP	5,517,620	(3,408,454)	(4,862,938)	(2,753,772)
OTHER FINANCING SOURCES (USES):				
Premium from issuance of bonds	-	147,442	-	147,442
Capital lease financing	-	289,083	-	289,083
Operating transfers in	235,627	-	6,052,000	6,287,627
Operating transfers out	(5,552,000)	-	(883,069)	(6,435,069)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(5,316,373)</u>	<u>436,525</u>	<u>5,168,931</u>	<u>289,083</u>
Net Change in Fund Balances	201,247	(2,971,929)	305,993	(2,464,689)
Fund Equity Beginning of Year	14,485,515	3,325,619	8,285,596	26,096,730
Fund Balance - End of Year	<u>\$ 14,686,762</u>	<u>\$ 353,690</u>	<u>\$ 8,591,589</u>	<u>\$ 23,632,041</u>

(1) Extracted from audited financial statements of the Town.

Unassigned General Fund Balances and Free Cash

Under Massachusetts law an amount known as "free cash" is certified as of the beginning of each fiscal year by the State Bureau of Accounts, and this, together with certain subsequent tax receipts, is used as the basis for subsequent appropriations from available funds, which are not required to be included in the annual tax levy. Subject to certain adjustments, free cash is surplus revenue less uncollected and overdue property taxes from prior years. The Town Accountant may certify as available for appropriation an adjusted free cash figure by adding back those uncollected and overdue property taxes which are subsequently collected between July 1 and the following March 31 of any year.

The following table sets forth the trend in the Town's unassigned general fund balances and free cash:

<u>Year</u>	<u>Unassigned General Fund Balance for Fiscal Year Ending June 30 (1)</u>	<u>Certified Free Cash for Fiscal Year Beginning July 1</u>
2023	\$12,174,283	\$8,581,135
2022	10,558,233	6,668,204
2021	11,773,650	7,853,743
2020	10,603,259	6,550,346
2019	12,825,735	8,656,216

(1) Source: Audited financial statements.

Stabilization Fund

The Town has maintained a Stabilization Fund for several years. Under Massachusetts statutes, funds may be appropriated from the Fund for any municipal purpose by a two-thirds vote of town meeting. The following sets forth the trend in balances in the Stabilization Fund as of June 30:

<u>As of June 30</u>	<u>Amount</u>
2024	\$3,365,269
2023	3,225,824
2022	3,164,972
2021	3,137,794
2020	3,100,775

Tax Increment Financing for Development Districts

Under recent legislation, cities and towns are authorized to establish development districts to encourage increased residential, industrial and commercial activity. All or a portion of the taxes on growth in assessed value in such districts may be pledged and used solely to finance economic development projects pursuant to the city or town's development program for the district. This includes pledging such "tax increments" for the payment of bonds issued to finance such projects. As a result of any such pledge, tax increments raised from new growth properties in development districts are not available for other municipal purposes. Tax increments are taken into account in determining the total taxes assessed for the purpose of calculating the maximum permitted tax levy under Proposition 2 ½ (see "Tax Limitations" under "PROPERTY TAXATION" above.) The Town has not established a development district.

Other TIF Agreements

The Town has a TIF agreement with Fastcap Systems Corporation D/B/A Nanoramic Laboratories, for five years in total, currently at a 100% exemption that will decline to a 0% exemption effective fiscal year 2026. The exemptions apply only on the new incremental value of the property resulting from the project.

Investment of Town Funds

Investments of funds of cities and towns, except for trust funds, are generally restricted by Massachusetts General Laws Chapter 44, Section 55. That statute permits investments of available revenue funds and bond and note proceeds in term deposits and certificates of deposits of banks and trust companies, in obligations issued or unconditionally guaranteed by the federal government or an agency thereof with a maturity of not more than one year, in repurchase agreements, with a

maturity of not more than 90 days secured by federal or federal agency securities, or in participation units in the Massachusetts Municipal Depository Trust ("MMDT") or in shares in SEC-registered money market funds with the highest possible rating from at least one nationally recognized rating organization.

MMDT is an investment pool created by the Commonwealth. The State Treasurer is the sole trustee, and the funds are managed under contract by an investment firm under the supervision of the State Treasurer's office. According to the State Treasurer the Trust's investment policy is designed to maintain an average weighted maturity of 90 days or less and is limited to high-quality, readily marketable fixed income instruments, including U.S. Government obligations and highly-rated corporate securities with maturities of one year or less.

Trust funds, unless otherwise provided by the donor, may be invested in accordance with Section 54 of Chapter 44, which permits a broader range of investments than Section 55, including any securities that are legal investments for savings banks in the Commonwealth. The restrictions imposed by Sections 54 and 55 do not apply to city and town retirement systems.

INDEBTEDNESS

Authorization of General Obligation Bonds and Notes

Serial bonds and notes are authorized by vote of two-thirds of all the members of the city council (subject to the mayor's veto where the mayor has a veto power) or a two-thirds vote of the town meeting. Provision is made in some cities and towns for a referendum on the borrowing authorization if there is a timely filing of a petition bearing the requisite number of signatures. Refunding bonds and notes are authorized by the city council, the selectmen or either the prudential committee or the commissioners of a district if there is no prudential committee. Borrowings for some purposes require State administrative approval .

When serial bonds or notes have been authorized, bond anticipation notes may be issued by the officers authorized to issue the serial bonds or notes. Temporary loans in anticipation of revenue of the fiscal year in which the debt is incurred or in anticipation of authorized federal and state aid generally may be incurred by the Treasurer with the approval of the selectmen.

Debt Limits

General Debt Limit. The general debt limit of the Town consists of a normal debt limit and a double debt limit. The normal debt limit is 5 percent of the valuation of taxable property as last equalized by the State Department of Revenue. The Town can authorize debt up to this amount without State approval. It can authorize debt up to twice this amount (the double debt limit) with the approval of the State Municipal Finance Oversight Board.

There are many categories of general obligation debt which are exempt from and do not count against the General Debt Limit if such debt is authorized by a two-thirds vote of the city or town and such debt is payable within the periods so specified in Mass. Gen. Laws. c. 44, §8. Among others, these exempt categories include revenue anticipation notes and grant anticipation notes; emergency loans; loans exempted by special laws; certain school bonds, certain sewer bonds, solid waste disposal facility bonds and economic development bonds supported by tax increment financing, bonds for water, housing, urban renewal and economic development (subject to various debt limits), and electric, gas, community antenna television systems, and telecommunications systems. Revenue bonds are not subject to these debt limits. The General Debt Limit applies at the time the debt is authorized. The special debt limits generally apply at the time the debt is incurred.

Revenue Anticipation Notes. The amount borrowed in each fiscal year by the issue of revenue anticipation notes is limited to the tax levy of the prior fiscal year, together with the net receipts in the prior fiscal year from the motor vehicle excise and certain payments made by the Commonwealth in lieu of taxes. The fiscal year ends on June 30. Notes may mature in the following fiscal year, and notes may be refunded into the following fiscal year to the extent of the uncollected, unabated current tax levy and certain other items, including revenue deficits, overlay deficits, final judgments and lawful unappropriated expenditures, which are to be added to the next tax levy, but excluding deficits arising from a failure to collect taxes of earlier years. (See "Taxation to Meet Deficits" above.) In any event, the period from an original borrowing to its final maturity cannot exceed one year.

Types of Obligations

General Obligations. Massachusetts cities and towns are authorized to issue general obligation indebtedness of these types:

Serial Bonds and Notes. These are generally required to be payable in annual principal amounts beginning no later than the end of the next fiscal year commencing after the date of issue and ending within the terms permitted by law. A level debt service schedule, or a schedule that provides for a more rapid amortization of principal than level debt service, is permitted. The principal amounts of certain economic development bonds supported by tax increment financing may be payable in equal, diminishing or increasing amounts beginning within 5 years after the date of issue. The maximum terms of serial bonds and notes vary from one year to 40 years, depending on the purpose of the issue. The maximum terms permitted are set forth in the statutes. In addition, for many projects, the maximum term may be determined in accordance with useful life guidelines promulgated by the State Department of Revenue ("DOR"). Serial bonds and notes may be issued for the purposes set forth in the statutes. In addition, serial bonds and notes may be issued for any other public work improvement or asset not specifically listed in the Statutes that has a useful life of at least 5 years. Bonds or notes may be made callable and redeemed prior to their maturity, and a redemption premium may be paid. Refunding bonds or notes may be issued subject to the maximum applicable term measured from the date of the original bonds or notes and must produce present value savings over the debt service of the refunded bonds. Generally, the first required annual payment of principal of the refunding bonds cannot be later than the end of the fiscal year in which any of the bonds or notes being refunded thereby is payable, however, principal payments made before the first principal payment of any of the bonds or notes being refunded thereby may be in any amount.

Serial bonds may be issued as “qualified bonds” with the approval of the state Municipal Finance Oversight Board composed of the State Treasurer, the State Auditor, the Attorney General and the Director of Accounts, subject to such conditions and limitations (including restrictions on future indebtedness) as may be required by the Board. Qualified bonds may mature not less than 10 nor more than 30 years from their dates and are not subject to the amortization requirements described above. The State Treasurer is required to pay the debt service on qualified bonds and thereafter to withhold the amount of the debt service paid by the State from state aid or other state payments; administrative costs and any loss of interest income to the State are to be assessed upon the city or town.

Tax Credit Bonds or Notes. Subject to certain provisions and conditions, the officers authorized to issue bonds or notes may designate any duly authorized issue of bonds or notes as “tax credit bonds” to the extent such bonds and notes are otherwise permitted to be issued with federal tax credits or other similar subsidies for all or a portion of the borrowing costs. Tax credit bonds may be made payable without regard to the annual installments required by any other law, and a sinking fund may be established for the payment of such bonds. Any investment that is part of such a sinking fund may mature not later than the date fixed for payment or redemption of the applicable bonds.

Bond Anticipation Notes. These generally must mature within two years of their original dates of issuance but may be refunded from time to time for a period not to exceed ten years from their original dates of issuance, provided that for each year that the notes are refunded beyond the second year they must be paid in part from revenue funds in an amount at least equal to the minimum annual payment that would have been required if the bonds had been issued at the end of the second year. The maximum term of bonds issued to refund bond anticipation notes is measured from the date of the original issue of the notes.

Revenue Anticipation Notes. These are issued to meet current expenses in anticipation of taxes and other revenues. They must mature within one year but, if payable in less than one year, may be refunded from time to time up to one year from the original date of issue.

Grant Anticipation Notes. These are issued for temporary financing in anticipation of federal grants and state and county reimbursements for any purpose for which the city or town may incur debt that may be payable over a term of five years or longer. Generally, they must mature within two years but may be refunded from time to time as long as the municipality remains entitled to the grant or reimbursement.

Revenue Bonds. Cities and towns may issue revenue bonds for solid waste disposal facilities and for projects financed under the Commonwealth's Clean Water or Drinking Water Revolving Loan Programs and for certain economic development projects supported by tax increment financing. In addition to general obligation bonds and notes, cities and towns which are members of the New England Power Pool may issue electric revenue bonds, and notes in anticipation of such bonds, subject to the approval of the Department of Public Utilities.

Direct Debt Summary (1)
As of June 30, 2024,
Including Subsequent Issues

General Obligation Bonds:

Within the General Debt Limit (1)			
Sewer	\$	779,850	
Schools		5,545,000	
General		19,686,700	
MWRA		864,717	
Total Within the General Debt Limit		<u>26,876,267</u>	\$ 26,876,267
Outside the General Debt Limit:			
Schools		28,648,450	
MCWT		20,916	
MWRA		2,687,250	
Water		4,755,000	
Total Outside the General Debt Limit		<u>36,111,616</u>	
Total General Obligation Bonds Outstanding:			62,987,883
Pending Issue of Bonds to be dated September 19, 2024			102,275,000 *
Temporary Loans:			
Bond Anticipation Notes Outstanding (2)		32,491,000	
To be Retired with Available Funds		(74,000)	
To be Retired with MSBA Reimbursements		(8,000,000)	
To be Retired with Bond Proceeds		<u>(22,500,000)</u>	
Total Bond Anticipation Notes Outstanding after These Issues (3)			<u>1,917,000</u>
Total Direct Debt:			<u>\$ 167,179,883</u>

*Preliminary, subject to change.

- (1) Principal amount only. Excludes lease and installment purchase obligations, overlapping debt, unfunded pension liability and other post-employment benefits liability. Based on the Town's equalized valuation of \$6,752,281,352 effective as of January 1, 2022, its Normal General Debt Limit is \$337,614,068 and its Double General Debt Limit is \$675,228,135. (See "INDEBTEDNESS – Debt Limits," above.)
- (2) Payable September 20, 2024.
- (3) To be payable September 18, 2025.

Key Debt Ratios

The following table sets forth the ratio of debt to assessed and equalized valuation and per capita debt ratios at the end of the most recent fiscal years. The table considers the principal amount of general obligation bonds of the Town of Wakefield only. The table does not deduct anticipated state grant payments applicable to the principal amount of outstanding bonds or debt that may be supported in whole or in part by non-tax revenues.

	As of June 30				
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Amount (1)	\$62,987,883	\$66,565,040	\$54,777,324	\$54,994,605	\$51,319,253
Per Capita (2)	\$2,325	\$2,457	\$2,022	\$2,030	\$1,894
Percent of Assessed Valuation (3)	0.86%	0.99%	0.89%	0.97%	0.96%
Percent of Equalized Valuation (4)	0.97%	1.02%	0.96%	0.96%	1.01%
Per Capita as a percent of Personal Income per Capita (2)	4.02%	4.24%	3.49%	3.51%	3.27%

- (1) Outstanding principal on general obligation bonds. Excludes lease and installment purchase obligations, overlapping debt unfunded pension liability and other post-employment benefits liability.
- (2) Source: U.S. Department of Commerce, Bureau of the Census - Latest applicable actuals or estimates.
- (3) Source: Board of Assessors - Assessed valuation as of the prior January 1.
- (4) Source: State Department of Revenue. The equalized valuation used here is the equalized valuation in effect for that fiscal year.

Annual Debt Service as of June 30, 2024 (1)

Fiscal Year	Currently Outstanding		Net Debt Service	Cumulative % Principal Retired
	Principal	Interest		
2025	\$ 4,022,410	\$ 2,175,950	\$ 6,198,360	6.39 %
2026	4,117,414	2,033,347	6,150,761	12.92
2027	4,174,245	1,887,888	6,062,132	19.55
2028	4,118,946	1,741,256	5,860,202	26.09
2029	3,748,949	1,601,844	5,350,793	32.04
2030	3,625,917	1,469,419	5,095,336	37.80
2031	3,697,081	1,336,769	5,033,850	43.67
2032	3,445,084	1,213,344	4,658,428	49.14
2033	3,320,088	1,100,494	4,420,582	54.41
2034	3,197,750	986,388	4,184,138	59.48
2035	3,185,000	869,959	4,054,959	64.54
2036	3,280,000	750,488	4,030,488	69.75
2037	3,370,000	626,300	3,996,300	75.10
2038	3,470,000	497,675	3,967,675	80.61
2039	2,695,000	381,963	3,076,963	84.89
2040	1,245,000	310,388	1,555,388	86.86
2041	1,265,000	267,475	1,532,475	88.87
2042	1,290,000	223,738	1,513,738	90.92
2043	1,255,000	179,488	1,434,488	92.91
2044	1,015,000	140,025	1,155,025	94.52
2045	1,030,000	105,138	1,135,138	96.16
2046	940,000	71,531	1,011,531	97.65
2047	735,000	41,713	776,713	98.82
2048	745,000	13,963	758,963	100.00
Total	<u>\$ 62,987,883</u>	<u>\$ 20,026,538</u>	<u>\$ 83,014,421</u>	

(1) Excludes revenue anticipation notes, grant anticipation notes, bond anticipation notes, lease and installment purchase obligations, overlapping debt and unfunded pension liability.

Authorized Unissued Debt

Following the delivery of the Bonds, the Town will have approximately \$182,471,792 authorized unissued long-term debt, consisting of \$174,949,391 for high school construction of which the Town expects approximately 80% reimbursement from the MSBA on eligible project costs, \$2,500,000 for roadway improvements, \$2,000,000 for railroad crossing improvements, \$495,971 for the Greenwood School roof replacements, \$450,00 for drainage improvements and the balance for various capital projects.

Overlapping Debt

The Town of Wakefield is a member of the Massachusetts Bay Transportation Authority (MBTA) and is one of 12 members of the Northeast Metropolitan Regional Vocational-Technical School District.

The following table sets forth the outstanding bonded debt, exclusive of temporary loans in anticipation of bonds or current revenue, of the MBTA and the School District:

	Outstanding Bonded Debt as of June 30, 2023	FY2024 Assessment
MBTA (1)	\$ 5,546,685,000	\$ 657,366
Northeast Metropolitan Regional Vocational-Technical School District(2)	30,435,000	2,251,945

(1) Source: Massachusetts Bay Transportation Authority. The MBTA was created in 1964 to finance and operate mass transportation facilities within the greater Boston metropolitan area. Under its enabling act, the MBTA is authorized to issue bonds for capital purposes. In addition, pursuant to certain of the Commonwealth's transportation bond bills, the MBTA is authorized to issue additional bonds for particular capital projects. The MBTA also is authorized to issue bonds of the purpose of refunding bonds. Under the MBTA's enabling act debt service, as well as other operating expenses of the MBTA, are to be financed by a dedicated revenue stream consisting of the amounts assessed on the cities and towns of the MBTA and a dedicated portion of the statewide sales tax. The amount assessed to each city and town is based on a weighted population formula as provided in the enabling act. The aggregate amount of such assessments is generally not permitted to increase by more than 2.5 percent per year. (See "Tax Limitations" under "PROPERTY TAX" below.)

(2) Source: Business Manager, Northeast Metropolitan Regional Vocational-Technical School District. Wakefield is a member along with the Cities of Chelsea, Malden, Melrose, Revere and Woburn and the Towns of North Reading, Reading, Wakefield, Stoneham, Winchester and Winthrop. The District authorized \$317,422,620 for a new vocational school of which \$176,570,701 represents the approximate local share which will be assessed along with interest among all of its member communities.

CONTRACTS

Obligations to make payments on account of municipal contracts are generally limited to currently available appropriations. A Massachusetts city or town has general statutory authority to enter into contracts for the exercise of any of its corporate powers for any period of time deemed to serve its best interests, but generally only when funds are available for the first fiscal year; obligations for succeeding fiscal years generally will be expressly subject to availability and appropriation of funds. Specific authority exists in relatively few cases for long-term contractual obligations that are not subject to annual appropriation, including contracts for refuse disposal. Municipalities may also enter into long-term contracts in aid of housing and renewal projects. There is implied authority to make other long-term contracts required to carry out authorized municipal functions, such as contracts to purchase water from private water companies.

Listed below are the Town's significant long term contracts:

<u>Name</u>	<u>Nature of Contract</u>	<u>Expiration Date</u>	<u>Annual Cost 2024</u>
NRT Transportation	School Transportation	6/30/2025	\$638,000
Marco Technologies LLC	Copiers	3/31/2026	46,624
JRM Recycling	Recycling/Trash	6/30/2027	1,449,207
Covanta	Refuse Disposal	6/30/2025	759,750

Cities and towns are authorized to lease (as lessee) off-street parking facilities, school buildings, hospital equipment, data processing equipment, energy conservation equipment and educational equipment for periods ranging up to 10 years. They may also lease equipment, with options to purchase, for a period up to 10 years. Contracts may also be made for the installment purchase of energy conservation equipment over a period up to 10 years. Cities and towns may also lease various properties as lessor. The Town has not entered into any lease or installment purchase contracts of a substantial nature.

Pursuant to the Home Rule Amendment to the Massachusetts Constitution, cities and towns may also be empowered to make other contracts and leases.

WAKEFIELD CONTRIBUTORY RETIREMENT SYSTEM

The Massachusetts General Laws provide for the establishment of contributory retirement systems for state employees, for teachers and for county, city and town employees other than teachers. Teachers are assigned to a separate statewide teachers' system and not to the city and town systems. For all employees other than teachers, this law is subject to acceptance in each city and town. Substantially all employees of an accepting city or town are covered. If a town has a population of less than 10,000 when it accepts the statute, its non teacher employees participate through the county system and its share of the county cost is proportionate to the aggregate annual rate of regular compensation of its covered employees. In addition to the contributory systems, cities and towns provide non contributory pensions to a limited number of employees, primarily persons who entered service prior to July 1, 1937 and their dependents. The Public Employee Retirement Administration Commission ("PERAC") provides oversight and guidance for and regulates all state and local retirement systems.

The obligations of a city or town, whether direct or through a county system, are contractual legal obligations and are required to be included in the annual tax levy. If a city or town, or the county system of which it is a member, has not established a retirement system funding schedule as described below, the city or town is required to provide for the payment of the portion of its current pension obligations which is not otherwise covered by employee contributions and investment income. "Excess earnings," or earnings on individual employees' retirement accounts in excess of a predetermined rate, are required to be set aside in a pension reserve fund for future, not current, pension liabilities. Cities and towns may voluntarily appropriate to their system's pension reserve fund in any given year up to five percent of the preceding year's tax levy. The aggregate amount in the fund may not exceed ten percent of the equalized valuation of the city or town.

If a city or town, or each member city and town of a county retirement system, has accepted the applicable law, it is required to annually appropriate an amount sufficient to pay not only its current pension obligations, but also a portion of its future pension liability. The portion of each such annual payment allocable to future pension obligations is required to be deposited in the pension reserve fund. The amount of the annual city or town appropriation for each such system is prescribed by a retirement system funding schedule which is periodically reviewed and approved by PERAC. A system (other than the state employees' retirement system and the teachers' retirement system) which conducts an actuarial valuation as of January 1, 2009, or later, may establish a revised schedule which reduces the unfunded actuarial liability to zero by not later than June 30, 2040, subject to certain conditions. If the schedule is so extended under such provisions and a later updated valuation allows for the development of a revised schedule with reduced payments, the revised schedule shall be adjusted to provide that the appropriation for each year shall not be less than that for such year under the prior schedule, thus providing for a shorter schedule rather than reduced payments.

City, town and county systems may choose to participate in the Pension Reserves Investment Trust Fund (the "PRIT Fund"), which receives additional state funds to offset future pension costs of participating state and local systems. If a local system participates in the PRIT Fund, it must transfer ownership and control of all assets of its system to the Pension Reserves Investment Management Board, which manages the investment and reinvestment of the PRIT Fund. Cities and towns with systems participating in the PRIT Fund continue to be obligated to fund their pension obligations in the manner described above. The additional state appropriations to offset future pension liabilities of state and local systems participating in the PRIT Fund are required to total at least 1.3 percent of state payroll. Such additional state appropriations are deposited in the PRIT Fund and shared by all participating systems in proportion to their interests in the assets of the PRIT Fund as of July 1 for each fiscal year.

Cost-of-living increases for each local retirement system may be granted and funded only by the local system, and only if it has established a funding schedule. Those statutory provisions are subject to acceptance by the local retirement board and approval by the local legislative body, which acceptance may not be revoked.

The Town participates in a retirement system administered by the Board of the Wakefield Contributory Retirement System. Substantially all employees of the Town are members of the system, with the exception of public school teachers and certain administrators who are covered by The Commonwealth of Massachusetts Teachers Retirement System (TRS) to which the Town does not contribute.

The Participating Employers' (the Town of Wakefield, the Wakefield Municipal Light Department, and the Wakefield Housing Authority) share of the total annual contribution is determined on the basis of active payroll. Benefits paid under the plan, referred to as "retirement allowances," include an annuity portion, funded principally from amounts contributed by the participants, and a pension portion funded by the employers. The Town also pays the entire retirement allowance of certain retirees who are eligible for noncontributory benefits.

The annual appropriations of the Town to the retirement systems for the following fiscal years are as follows:

<u>Fiscal Year</u>	<u>Contributory</u>	<u>Non-Contributory</u>	<u>Total</u>
2025 (budgeted)	\$6,756,505	\$0	\$6,756,505
2024	6,322,947	0	6,322,947
2023	6,050,189	37,500	6,087,689
2022	5,562,257	37,170	5,599,427
2021	5,355,055	41,352	5,396,407
2020	4,952,753	40,932	4,993,685

Source: Town Accountant.

Cost-of-living increases for each local retirement system may be granted and funded only by the local system, and only if it has established a funding schedule. Those statutory provisions are subject to acceptance by the local retirement board and approval by the local legislative body, which acceptance may not be revoked. The amounts contributed to the system for the following fiscal years are as follows:

<u>Year</u>	<u>Contributory</u>	<u>Non-Contributory</u>	<u>Total</u>
2024	\$57,350	\$0	\$57,350
2023	75,000	360	75,360
2022	81,600	360	81,960
2021	93,639	764	94,403
2020	84,686	1,350	86,036
2019	112,503	1,350	113,853

As indicated in the table below, as of January 1, 2022, the date of the latest actuarial valuation, assuming a 7.40% rate of return, the system's funded ratio was 73.7 percent:

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability</u>	<u>Unfunded Actuarial Accrued Liability</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>Unfunded Actuarial Accrued Liability as a Percentage of Annual Covered Payroll</u>
1/1/22	\$157,631,513	\$213,756,449	\$56,124,936	74%	\$31,444,987	179%
1/1/20	128,080,665	197,915,271	69,834,606	65	28,763,459	242
1/1/18	117,180,482	179,401,784	62,221,302	65	26,423,387	235
1/1/16	104,499,484	165,373,472	60,873,988	63	25,066,929	243
1/1/14	93,445,000	147,248,000	53,802,000	63	21,268,000	253
1/1/12	89,180,470	134,193,491	45,002,995	66	19,276,546	234
1/1/10	85,582,279	125,122,258	39,539,979	68	19,373,675	204
1/1/08	91,769,369	113,856,138	22,086,769	80	18,581,685	119
1/1/06	73,037,727	102,150,795	29,113,068	71	17,118,072	170
1/1/04	66,604,291	92,782,644	26,178,353	72	16,218,499	161
1/1/02	57,120,752	83,481,332	26,360,580	68	15,926,385	166
1/1/99	49,861,799	71,128,513	21,266,714	70	14,705,247	145

Funding Schedule (As of January 1, 2022)

<u>Fiscal Year</u>	<u>Normal Cost</u>	<u>Net 3(8)(c)</u>	<u>Amort. of UAL</u>	<u>Amort. of 2010 ERI</u>	<u>Total Cost</u>	<u>Unfunded Act. Liab.</u>	<u>% Increase Total Cost</u>
2023	2,814,826	100,000	4,696,758	7,263	7,618,847	58,201,559	
2024	2,941,493	100,000	5,007,819		8,049,312	57,486,221	5.65%
2025	3,073,860	100,000	5,330,238		8,504,098	56,393,598	5.65%
2026	3,212,184	100,000	5,672,396		8,984,580	54,875,890	5.65%
2027	3,356,732	100,000	6,035,476		9,492,208	52,880,566	5.65%
2028	3,507,785	100,000	6,420,733		10,028,518	50,349,945	5.65%
2029	3,665,635	100,000	6,829,494		10,595,129	47,220,738	5.65%
2030	3,830,589	100,000	7,263,165		11,193,754	43,423,556	5.65%
2031	4,002,965	100,000	7,723,236		11,826,201	38,882,373	5.65%
2032	4,183,099	100,000	8,211,283		12,494,382	33,513,948	5.65%
2033	4,371,338	100,000	8,728,976		13,200,314	27,227,195	5.65%
2034	4,568,048	100,000	9,278,084		13,946,132	19,922,507	5.65%
2035	4,773,611	100,000	9,860,478		14,734,088	11,491,017	5.65%
2036	4,988,423	100,000	1,824,589		6,913,012	1,813,803	-53.08%
2037	5,212,902	100,000			5,312,902	0	-23.15%

All amounts assume payments will be made August 1 of each fiscal year.

Total appropriation assumed to increase 5.65% each year until FY35, with a final amortization payment in FY36.

FY23 normal cost includes assumed expenses of \$650,000 and is assumed to increase 4.5% per year.

FY23 appropriation was maintained at the same level as the prior schedule.

Source: January 1, 2022 Actuarial Valuation Report of the Wakefield Retirement System and PERAC.

For additional information, please see the Town's audited financials attached hereto.

Other Post-Employment Benefits

In addition to pension benefits, cities and towns may provide retired employees with health care and life insurance benefits. The portion of the cost of such benefits paid by cities or towns is generally provided on a pay-as-you-go basis. The pay-as-you-go cost to the Town for such benefits in recent years has been as follows:

<u>Fiscal Year</u>	<u>Benefit Costs</u>
2024	\$ 7,405,150
2023	7,293,574
2022	7,156,068
2021	6,981,530
2020	6,755,821

The Governmental Accounting Standards Board ("GASB") promulgated accounting standards that require public sector entities to report the future costs of these non-pension, post-employment benefits in their financial statements. These accounting standards do not require pre-funding the payment of these costs as the liability for such costs accrues, but the basis applied by the standards for measurement of costs and liabilities for these benefits is conservative if they continue to be funded on a pay-as-you-go basis and will result in larger yearly cost and liability accruals than if the cost of such benefits were pre-funded in a trust fund in the same manner as traditional pension benefits. Cities and towns that choose to self-insure all or a portion of the cost of the health care benefits they provide to employees and retirees may establish a trust fund for the purpose of paying claims. In addition, cities and towns may establish a trust fund for the purpose of pre-funding other post-employment benefits liability in the same manner as traditional pension benefits.

The Town was required to implement the GASB reporting requirements for other post-employment benefits beginning in fiscal year 2009. The Town performed an actuarial valuation of its non-pension, post-employment benefit liability as of July 1, 2021. The unfunded actuarial liability of the Town, excluding the Municipal Light Department, as of that date was \$47,534,948 assuming a 7.0% discount rate. On November 8, 2010, the Town voted to establish a Trust Fund for its other post-employment

benefits liability and made its first appropriation to the trust fund during its fiscal 2012 budget process. The balance of the trust fund as of June 30, 2024 was \$33,437,800.

COLLECTIVE BARGAINING

Town employees (other than managerial and confidential employees) are entitled to join unions and to bargain collectively on questions of wages, hours and other terms and conditions of employment.

The Town has approximately 827 full-time employees, of whom approximately 99 percent belong to unions or other collective bargaining groups as follows:

<u>Union</u>	<u>Number of Department</u>	<u>Contract Employees</u>	<u>Expires (1)</u>
International Association of Firefighters	Fire	53	6/30/26
American Federation of State, County and Municipal Employees	Public Works	57	6/30/25
Wakefield Traffic Supervisors Association	School	13	6/30/25
Wakefield Teachers Association (MTA)	School	349	6/30/27
Wakefield Teachers Association (B)	School	9	6/30/25
Wakefield Para-Professionals	School	117	6/30/25
Wakefield Municipal Gas & Electric Employees Association	Gas & Light	31	6/30/24
Wakefield Superior Officers Association	Police	13	6/30/26
Wakefield Police Officers Association	Police	31	6/30/26
Massachusetts Library Staff Association	Library	23	6/30/27
Wakefield Federation of State, County and Municipal Employees (Clerical)	Town Hall	23	6/30/24
Wakefield Federation of State, County and Municipal Employees (Clerical)	School	20	6/30/25
Wakefield Cafeteria	School	23	6/30/25
Wakefield Federation of State, County and Municipal Employees (Custodial)	School	29	6/30/25
Wakefield Municipal Gas and Electric Emp. Association/Support Supervisory (Town Hall and DPW)	Utility	7	6/30/24
	Town Hall	<u>19</u>	6/30/26
Total		817	

(1) Expired contracts are currently in negotiations.

LITIGATION

At present there are a number of suits pending in which the Town is a defendant. In the opinion of Town Counsel, there is no litigation, either pending or threatened that is considered likely to result, either individually or in the aggregate, in final judgments which would materially affect the Town's financial position.

TOWN OF WAKEFIELD, MASSACHUSETTS
/s/ John J. McCarthy Jr., Treasurer

September 3, 2024



**Powers &
Sullivan, LLC**
CPAs AND ADVISORS

TOWN OF WAKEFIELD, MASSACHUSETTS

***REPORT ON EXAMINATION OF
BASIC FINANCIAL STATEMENTS***

YEAR ENDED JUNE 30, 2023

TOWN OF WAKEFIELD, MASSACHUSETTS

REPORT ON EXAMINATION OF BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

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Independent Auditor's Report

To the Honorable Town Council
Town of Wakefield, Massachusetts

Opinions

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

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for twelve months beyond the financial statement date, including any current 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 misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinions. We did not audit the financial statements of the Wakefield Municipal Gas and Light Department, which is both a major fund and 60%, 56%, and 73%, respectively, of the assets, net position, and revenues of the business-type activities. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Wakefield Municipal Gas and Light Department is based solely on the report of the other auditors. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

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

- Exercise professional judgement 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 auditing 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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 18, 2024, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.



March 18, 2024

Management's Discussion and Analysis

Management's Discussion and Analysis

As management of the Town of Wakefield, we offer readers of these financial statements this narrative overview and analysis of the financial activities for the year ended June 30, 2023. We encourage readers to consider the information presented in this report. All amounts, unless otherwise indicated, are expressed in whole dollars.

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

Financial Highlights

- The assets and deferred outflows of resources of the Town of Wakefield exceeded its liabilities and deferred inflows of resources at the close of the most recent year by \$82.9 million (net position).
- In 2023, the Town recognized a net pension liability of \$68.7 million along with deferred outflows and deferred inflows related to pensions of \$13.0 million and \$1.2 million, respectively.
- The Town has two "other postemployment benefit trust funds." One is for all Town departments except for the Wakefield Municipal Gas and Light Department (WMGLD), which established its own other postemployment benefits (OPEB) trust with the intention of fully funding the annual OPEB cost. As of June 30, 2023, the Town's OPEB trust fund totaled \$29.2 million while the WMGLD's OPEB trust fund totaled \$8.2 million.
- In 2023, the Town (excluding the WMGLD) recognized a net OPEB liability of \$50.4 million along with deferred outflows and deferred inflows related to OPEB of \$4.2 million and \$13.5 million, respectively.
- In 2023, the WMGLD recognized a net OPEB asset of \$162,000 along with deferred outflows and deferred inflows related to OPEB of \$499,000 and \$403,000, respectively.
- In an effort to reduce health care costs, the Town transferred its health insurance subscribers to the Massachusetts Group Insurance Commission (the GIC) as of January 1, 2012. As a condition of the agreement between the Town and the Public Employee Committee, the Town agreed to establish a health insurance trust fund to mitigate employee out-of-pocket expenses and health insurance premiums. At year-end, the balance in the health insurance trust fund totaled \$880,000 and is reported as a health insurance trust fund in the Fiduciary funds.
- At the close of the current year, the Town's general fund reported an ending fund balance of \$15.2 million, an increase of \$328,000 in comparison with the prior year. To comply with GASB Statement #54, the Town's general fund includes the general stabilization fund and special education stabilization fund totaling \$3.2 million and \$310,000, respectively. Total fund balance represents 14% of total general fund expenditures.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Town of Wakefield's basic financial statements. These basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements.

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

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

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

Both of the government-wide financial statements distinguish functions that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities include general government, public safety, education, public works, health and human services, culture and recreation, and interest. The business-type activities include the activities of the sewer, water, gas and light, and cable access operations.

The government-wide financial statements include not only the Town of Wakefield itself (known as the *primary government*), but also the Wakefield Contributory Retirement System (WCRS), a legally separate public employee retirement system and the Wakefield Municipal Cooperative Corporation (Cooperative) for which the Town of Wakefield is financially accountable. Financial information for the WCRS is reported separately within the fiduciary fund statements. Financial information for the Cooperative is blended within the WMGLD's financial information and consolidated into a single column.

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

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

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

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

Proprietary funds. The Town maintains one type of proprietary fund.

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

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

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

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. Wakefield's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$82.9 million at the close of 2023.

Net position of \$143.3 million reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that are still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in its capital assets is reported net of its related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the net position, \$16.2 million represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* has a year-end deficit of \$76.7 million. The primary reason for this deficit balance is the recognition of the net pension and net OPEB liabilities.

At the end of the current year, the Town of Wakefield is able to report positive balances in two out of the three categories of net position, for the Town as a whole and for its governmental activities, and in all three categories for its business-type activities.

The activities of the governmental and business-type activities of the Town follow.

Governmental Activities

The Town of Wakefield's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources for governmental activities by \$18.2 million at the close of 2023.

	<u>2023</u>	<u>2022</u>
Assets:		
Current assets..... \$	61,182,973	\$ 46,490,874
Capital assets, non depreciable.....	15,761,486	18,277,198
Capital assets, net of accumulated depreciation....	131,744,542	117,787,038
Total assets.....	<u>208,689,001</u>	<u>182,555,110</u>
Deferred outflows of resources.....	<u>14,363,252</u>	<u>4,929,442</u>
Liabilities:		
Current liabilities (excluding debt).....	13,046,950	11,738,631
Noncurrent liabilities (excluding debt).....	103,273,070	74,944,424
Current debt.....	17,967,295	5,374,453
Noncurrent debt.....	57,216,732	49,966,224
Total liabilities.....	<u>191,504,047</u>	<u>142,023,732</u>
Deferred inflows of resources.....	<u>13,346,140</u>	<u>32,670,401</u>
Net position:		
Net investment in capital assets.....	83,954,762	83,388,144
Restricted.....	16,057,840	11,176,804
Unrestricted.....	(81,810,536)	(81,774,529)
Total net position..... \$	<u>18,202,066</u>	<u>\$ 12,790,419</u>
Program Revenues:		
Charges for services..... \$	7,665,827	\$ 6,285,926
Operating grants and contributions.....	26,833,959	23,450,190
Capital grants and contributions.....	3,449,095	2,552,089
General Revenues:		
Real estate and personal property taxes, net of tax refunds payable.....	86,092,408	83,192,782
Tax and other liens.....	351,891	194,454
Motor vehicle and other excise taxes.....	4,338,243	4,325,280
Hotel/motel tax.....	1,039,232	807,434
Penalties and interest on taxes.....	354,069	374,264
Payments in lieu of taxes.....	948,369	934,398
Grants and contributions not restricted to specific programs.....	4,223,201	4,070,427
Unrestricted investment income (loss).....	1,147,981	(169,030)
Total revenues.....	<u>136,444,275</u>	<u>126,018,214</u>
Expenses:		
General government.....	5,830,698	4,793,264
Public safety.....	22,945,014	18,015,074
Education.....	80,156,051	69,759,721
Public works.....	15,312,628	13,497,834
Health and human services.....	1,279,839	1,415,697
Culture and recreation.....	3,556,796	2,697,726
Interest.....	1,951,602	1,761,586
Total expenses.....	<u>131,032,628</u>	<u>111,940,902</u>
Change in net position.....	<u>5,411,647</u>	<u>14,077,312</u>
Net position, beginning of year.....	<u>12,790,419</u>	<u>(1,286,893)</u>
Net position, end of year..... \$	<u>18,202,066</u>	<u>\$ 12,790,419</u>

The governmental expenses totaled \$131.0 million of which \$37.9 million (29%) was directly supported by program revenues consisting of charges for services, operating and capital grants and contributions. General revenues totaled \$98.5 million, primarily coming from property taxes, motor vehicle excise taxes and non-restricted state aid.

The governmental net position increased by \$5.4 million during the current year. This increase was primarily due to a \$2.9 million increase from the change in the net OPEB liability and related deferred inflows/outflows of resources, \$3.4 million of capital grants, \$4.0 million of capital asset additions that were appropriated in the operating budget, and \$2.5 million of increases in the Town special revenue fund and the nonmajor governmental funds. These increases were offset by depreciation expense exceeding debt principal payments by \$5.0 million, in addition to a \$2.5 million decrease from the change in the net pension liability and related deferred inflows/outflows of resources.

Business-type Activities

For the Town's business-type activities, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$64.7 million at the close of 2023.

	2023	2022
Assets:		
Current assets..... \$	30,966,487	\$ 26,370,617
Noncurrent assets (excluding capital).....	3,749,644	2,557,011
Capital assets, non depreciable.....	4,012,243	3,962,877
Capital assets, net of accumulated depreciation....	72,758,726	71,620,145
Total assets.....	111,487,100	104,510,650
Deferred outflows of resources.....	3,265,077	1,419,877
Liabilities:		
Current liabilities (excluding debt).....	11,105,788	7,465,515
Noncurrent liabilities (excluding debt).....	16,261,315	10,833,990
Current debt.....	2,132,532	1,924,160
Noncurrent debt.....	18,828,507	16,842,840
Total liabilities.....	48,328,142	37,066,505
Deferred inflows of resources.....	1,748,860	6,345,247
Net position:		
Net investment in capital assets.....	59,361,884	56,816,022
Restricted.....	351,308	185,991
Unrestricted.....	4,961,983	5,516,762
Total net position..... \$	64,675,175	\$ 62,518,775

	2023	2022
Program Revenues:		
Charges for services.....	\$ 64,295,527	\$ 54,483,990
Operating grants and contributions.....	8,950	6,006
General Revenues:		
Unrestricted investment income (loss).....	189,528	(18,986)
Miscellaneous.....	302,782	374,858
Total revenues.....	64,796,787	54,845,868
Expenses:		
Water.....	6,102,411	6,268,520
Sewer.....	9,057,779	9,793,007
Municipal Light.....	46,874,157	36,641,210
Cable Access.....	606,040	551,201
Total expenses.....	62,640,387	53,253,938
Change in net position.....	2,156,400	1,591,930
Net position, beginning of year.....	62,518,775	60,926,845
Net position, end of year.....	\$ 64,675,175	\$ 62,518,775

Business-type net position of \$59.4 million represents the investment in capital assets, \$189,000 represents the WMGLD's depreciation fund and unrestricted net position totaled \$5.1 million. The Town's business-type activities net position decreased by \$2.2 million in the current year.

The water department operations experienced an increase of \$1.1 million. This increase is due to operating revenues exceeding operating expenses by \$1.3 million. This increase was offset by a \$156,000 decrease from nonoperating revenues and expenses.

The sewer department operations experienced an increase of \$755,000. This increase is due to operating revenues exceeding operating expenses by \$653,000 and a \$102,000 increase from nonoperating revenues and expenses.

The WMGLD experienced an increase of \$251,000 in net position. Operating revenues increased by 18% while operating expenses increased by 24% during the year. The largest portion of operating expenses, \$30.3 million, was attributable to the cost of purchased electricity and natural gas. The cost of purchased electricity increased by 24.6% while the cost of natural gas increased by 60.9%.

The cable access enterprise fund experienced an increase of \$10,000, which is due to the excess of operating revenues over operating expenses.

Financial Analysis of the Government's Funds

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

Governmental funds. The focus of *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 a government's net resources available for spending at the end of the year.

As of the end of the current year, governmental funds reported combined ending fund balances of \$31.4 million, which includes \$15.2 million in the general fund, a \$1.2 million deficit in the capital projects fund, \$4.2 million in the Town special revenue fund, and \$13.2 million in the nonmajor governmental funds. Cumulatively there was an increase of \$1.0 million in fund balances from the prior year.

The general fund is the chief operating fund. At the end of the current year, unassigned fund balance of the general fund was \$12.2 million. Included in this amount are the general and special education stabilization funds totaling \$3.2 million and \$310,000, respectively. The stabilization funds have been classified as unassigned fund balance in the general fund in accordance with GASB Statement #54. Assigned fund balance totals \$970,000 and represents encumbrances. Committed fund balance totals \$2.1 million and represents continuing appropriations. Unassigned fund balance represents 11% of total general fund expenditures, while total fund balance represents 14% of that same amount. The general fund increased by \$328,000 in 2023.

The capital projects fund is used to account for and report financial resources that are restricted to expenditures for capital projects. During 2023, the fund balance decreased by \$1.8 million. This decrease was due to \$14.6 million of expenditures, offset by \$11.0 million of bond proceeds and premiums from the issuance of bonds and \$1.8 million of capital grants for school construction.

The Town special revenue fund is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified Town purposes. During 2023, the fund balance increased by \$491,000. This increase is due to expected timing differences between the recognition of revenues and expenditures.

General Fund Budgetary Highlights

The original 2023 operating budget totaled \$114.4 million and consisted of \$110.0 million in appropriations and \$4.4 million in budgeted articles and encumbrances carried over from prior years. The \$90,000 increase between the original budget and the final amended budget was primarily due to supplemental appropriations for education and public safety. Actual revenues exceeded the budget by \$2.6 million, and actual expenditures and carryforwards were under budget by approximately \$2.6 million.

Capital Asset and Debt Administration

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

The Town's investment in capital assets for its governmental and business-type activities as of June 30, 2023, amounts to \$224.3 million (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, land improvements, buildings and building improvements, machinery and equipment, vehicles, and infrastructure. The total net change in the Town's investment in capital assets for the current year was an increase of \$12.6 million.

The major governmental capital asset events during the current year included land and building improvements, infrastructure, the purchase of vehicles, machinery and equipment, and construction in progress for the high school building project and road construction.

The major business-type capital asset events during the current year included construction in progress, building improvements, infrastructure, and the purchase of vehicles and machinery and equipment.

Debt Administration. The Town of Wakefield maintains a AAA Bond Rating with Standard and Poor's Financial Services, LLC. The Town continues to maintain strong market access for both note and bond sales. Outstanding governmental long-term debt as of June 30, 2023, totaled \$60.9 million, of which \$37.5 million is related to school projects, \$11.3 million is related to the public safety facility, \$3.6 million is related to roadway improvements, \$1.8 million relates to debt premiums, \$1.2 million relates to capital financing of vehicles and buildings improvements, and \$5.5 million relates to other projects.

The balance in the Town's debt service fund is available to pay debt principal and interest of the governmental funds. During 2023, the Town transferred \$5.1 million into the fund, received \$69,000 of investment income, and expended \$4.7 million, which resulted in an available balance of \$1.2 million at year-end.

The enterprise funds have water, sewer and WMGLD outstanding long-term debt totaling \$8.0 million, \$652,000, and \$12.3 million respectively, that is fully supported by the rates and do not rely on general fund subsidies.

The governmental funds include short-term debt totaling \$14.2 million that was issued to temporarily fund land acquisition, school construction, the high school feasibility study and roadway improvements.

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

Requests for Information

This financial report is designed to provide a general overview of the Town of Wakefield's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Town Accountant, Town Hall, 1 Lafayette Street, Wakefield, Massachusetts 01880.

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Basic Financial Statements

STATEMENT OF NET POSITION

JUNE 30, 2023

	<i>Primary Government</i>		
	Governmental Activities	Business-type Activities	Total
ASSETS			
CURRENT:			
Cash and cash equivalents.....	\$ 50,418,279	\$ 14,166,378	\$ 64,584,657
Investments.....	3,441,174	-	3,441,174
Receivables, net of allowance for uncollectibles:			
Real estate and personal property taxes.....	1,498,303	-	1,498,303
Tax and utility liens.....	1,006,796	102,662	1,109,458
Motor vehicle excise taxes.....	572,519	-	572,519
User charges.....	-	10,193,243	10,193,243
Departmental and other.....	92,291	-	92,291
Intergovernmental - other.....	3,739,165	171,015	3,910,180
Substation land license fee.....	-	40,800	40,800
Tax foreclosures.....	414,446	-	414,446
Inventory.....	-	1,480,701	1,480,701
Prepaid expenses.....	-	4,811,688	4,811,688
Total current assets.....	61,182,973	30,966,487	92,149,460
NONCURRENT:			
Restricted cash and cash equivalents.....	-	2,086,529	2,086,529
Receivables, net of allowance for uncollectibles:			
Intergovernmental - other.....	-	1,051,962	1,051,962
Substation land license fee.....	-	448,800	448,800
Net other postemployment benefits asset.....	-	162,353	162,353
Capital assets, nondepreciable.....	15,761,486	4,012,243	19,773,729
Capital assets, net of accumulated depreciation.....	131,744,542	72,758,726	204,503,268
Total noncurrent assets.....	147,506,028	80,520,613	228,026,641
TOTAL ASSETS.....	208,689,001	111,487,100	320,176,101
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions.....	10,473,000	2,498,000	12,971,000
Deferred outflows related to other postemployment benefits.....	3,890,252	767,077	4,657,329
TOTAL DEFERRED OUTFLOWS OF RESOURCES.....	14,363,252	3,265,077	17,628,329
LIABILITIES			
CURRENT:			
Warrants payable.....	2,754,353	8,773,871	11,528,224
Accrued payroll.....	1,351,247	281,867	1,633,114
Accrued interest.....	456,559	85,016	541,575
Other liabilities.....	898,691	-	898,691
Unearned revenue.....	5,790,100	-	5,790,100
Customer deposits.....	-	1,521,792	1,521,792
Compensated absences.....	1,796,000	443,242	2,239,242
Notes payable.....	14,244,620	-	14,244,620
Long-term debt.....	3,722,675	2,132,532	5,855,207
Total current liabilities.....	31,014,245	13,238,320	44,252,565
NONCURRENT:			
Compensated absences.....	303,000	183,324	486,324
Net pension liability.....	55,845,000	12,826,000	68,671,000
Net other postemployment benefits liability.....	47,125,070	3,251,991	50,377,061
Long-term debt.....	57,216,732	18,828,507	76,045,239
Total noncurrent liabilities.....	160,489,802	35,089,822	195,579,624
TOTAL LIABILITIES.....	191,504,047	48,328,142	239,832,189
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions.....	728,000	475,000	1,203,000
Deferred inflows related to other postemployment benefits.....	12,618,140	1,273,860	13,892,000
TOTAL DEFERRED INFLOWS OF RESOURCES.....	13,346,140	1,748,860	15,095,000
NET POSITION			
Net investment in capital assets.....	83,954,762	59,361,884	143,316,646
Restricted for:			
Debt service.....	1,230,386	-	1,230,386
Permanent funds:			
Expendable.....	2,347,034	-	2,347,034
Nonexpendable.....	2,666,075	-	2,666,075
Gifts and grants.....	9,814,345	-	9,814,345
Depreciation fund.....	-	188,955	188,955
OPEB benefits.....	-	162,353	162,353
Unrestricted.....	(81,810,536)	4,961,983	(76,848,553)
TOTAL NET POSITION.....	\$ 18,202,066	\$ 64,675,175	\$ 82,877,241

See notes to basic financial statements.

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:					
<i>Governmental Activities:</i>					
General government.....	\$ 5,830,698	\$ 698,511	\$ 1,138,075	\$ -	\$ (3,994,112)
Public safety.....	22,945,014	2,298,314	904,673	-	(19,742,027)
Education.....	80,156,051	3,751,953	23,355,342	1,801,838	(51,246,918)
Public works.....	15,312,628	65,105	824,954	1,647,257	(12,775,312)
Health and human services.....	1,279,839	62,392	459,102	-	(758,345)
Culture and recreation.....	3,556,796	789,552	151,813	-	(2,615,431)
Interest.....	1,951,602	-	-	-	(1,951,602)
Total Governmental Activities.....	131,032,628	7,665,827	26,833,959	3,449,095	(93,083,747)
<i>Business-Type Activities:</i>					
Water.....	6,102,411	7,227,208	8,950	-	1,133,747
Sewer.....	9,057,779	9,711,109	-	-	653,330
Municipal gas and light.....	46,874,157	46,741,573	-	-	(132,584)
Cable access.....	606,040	615,637	-	-	9,597
Total Business-Type Activities.....	62,640,387	64,295,527	8,950	-	1,664,090
Total Primary Government.....	\$ 193,673,015	\$ 71,961,354	\$ 26,842,909	\$ 3,449,095	\$ (91,419,657)

See notes to basic financial statements.

(Continued)

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2023

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Changes in net position:			
Net (expense) revenue from previous page..... \$	(93,083,747)	1,664,090	(91,419,657)
<i>General revenues:</i>			
Real estate and personal property taxes, net of tax refunds payable.....	86,092,408	-	86,092,408
Tax liens and foreclosures.....	351,891	-	351,891
Motor vehicle excise taxes.....	4,338,243	-	4,338,243
Hotel/motel tax.....	1,039,232	-	1,039,232
Penalties and interest on taxes.....	354,069	-	354,069
Payments in lieu of taxes.....	948,369	-	948,369
Grants and contributions not restricted to specific programs.....	4,223,201	-	4,223,201
Unrestricted investment income (loss).....	1,147,981	189,528	1,337,509
Miscellaneous.....	-	302,782	302,782
Total general revenues.....	98,495,394	492,310	98,987,704
Change in net position.....	5,411,647	2,156,400	7,568,047
<i>Net position:</i>			
Beginning of year.....	12,790,419	62,518,775	75,309,194
End of year..... \$	18,202,066	64,675,175	82,877,241

See notes to basic financial statements.

(Concluded)

**GOVERNMENTAL FUNDS
BALANCE SHEET**

JUNE 30, 2023

	General	Capital Projects	Town Special Revenue	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents.....	\$ 18,278,373	\$ 12,937,843	\$ 9,502,363	\$ 9,699,700	\$ 50,418,279
Investments.....	-	-	-	3,441,174	3,441,174
Receivables, net of uncollectibles:					
Real estate and personal property taxes.....	1,498,303	-	-	-	1,498,303
Tax liens.....	1,006,796	-	-	-	1,006,796
Motor vehicle excise taxes.....	572,519	-	-	-	572,519
Departmental and other.....	92,291	-	-	-	92,291
Intergovernmental - other.....	-	1,418,027	751,581	1,569,557	3,739,165
Tax foreclosures.....	414,446	-	-	-	414,446
TOTAL ASSETS.....	\$ 21,862,728	\$ 14,355,870	\$ 10,253,944	\$ 14,710,431	\$ 61,182,973
LIABILITIES					
Warrants payable.....	\$ 1,057,003	\$ 1,305,082	\$ 267,311	\$ 124,957	\$ 2,754,353
Accrued payroll.....	1,271,566	-	12,705	66,976	1,351,247
Other liabilities.....	898,691	-	-	-	898,691
Unearned revenue.....	-	-	5,790,100	-	5,790,100
Notes payable.....	-	14,244,620	-	-	14,244,620
TOTAL LIABILITIES.....	3,227,260	15,549,702	6,070,116	191,933	25,039,011
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue.....	3,392,645	-	-	1,327,750	4,720,395
FUND BALANCES					
Nonspendable.....	-	-	-	2,666,075	2,666,075
Restricted.....	-	2,778,489	4,183,828	10,524,673	17,486,990
Committed.....	2,098,406	-	-	-	2,098,406
Assigned.....	970,134	-	-	-	970,134
Unassigned.....	12,174,283	(3,972,321)	-	-	8,201,962
TOTAL FUND BALANCES.....	15,242,823	(1,193,832)	4,183,828	13,190,748	31,423,567
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES.....	\$ 21,862,728	\$ 14,355,870	\$ 10,253,944	\$ 14,710,431	\$ 61,182,973

See notes to basic financial statements.

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

JUNE 30, 2023

Total governmental fund balances.....		\$ 31,423,567
Capital assets (net) used in governmental activities are not financial resources and, therefore, are not reported in the funds.....		147,506,028
Accounts receivable are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.....		4,720,395
The statement of net position includes certain deferred inflows of resources and deferred outflows of resources that will be amortized over future periods. In governmental funds, these amounts are not deferred.....		1,017,112
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.....		(456,559)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds:		
Long-term debt.....	(60,939,407)	
Net pension liability.....	(55,845,000)	
Net other postemployment benefits liability.....	(47,125,070)	
Compensated absences.....	<u>(2,099,000)</u>	
Net effect of reporting long-term liabilities.....		<u>(166,008,477)</u>
Net position of governmental activities.....		<u>\$ 18,202,066</u>

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2023

	General	Capital Projects	Town Special Revenue	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:					
Real estate and personal property taxes, net of tax refunds.....	\$ 86,350,104	\$ -	\$ -	\$ -	\$ 86,350,104
Tax liens and foreclosures.....	253,451	-	-	-	253,451
Motor vehicle excise taxes.....	4,306,086	-	-	-	4,306,086
Hotel/motel tax.....	1,039,232	-	-	-	1,039,232
Penalties and interest on taxes.....	354,069	-	-	-	354,069
Payments in lieu of taxes.....	948,369	-	-	-	948,369
Intergovernmental - Teachers Retirement.....	8,054,230	-	-	-	8,054,230
Intergovernmental.....	12,490,293	1,846,531	3,581,169	7,053,110	24,971,103
Departmental and other.....	2,465,234	-	1,142,458	4,664,059	8,271,751
Contributions and donations.....	-	-	142,631	114,334	256,965
Investment income.....	725,489	-	31,011	391,488	1,147,988
TOTAL REVENUES.....	116,986,557	1,846,531	4,897,269	12,222,991	135,953,348
EXPENDITURES:					
Current:					
General government.....	2,704,368	57,074	1,070,877	154,880	3,987,199
Public safety.....	14,048,049	8,344,470	797,103	696,334	23,885,956
Education.....	51,120,152	5,145,981	302,291	9,253,420	65,821,844
Public works.....	10,990,378	1,067,140	1,179,860	344,269	13,581,647
Health and human services.....	730,880	-	283,293	-	1,014,173
Culture and recreation.....	2,037,576	-	720,245	-	2,757,821
Pension benefits.....	6,055,256	-	-	-	6,055,256
Pension benefits - Teachers Retirement.....	8,054,230	-	-	-	8,054,230
Property and liability insurance.....	460,569	-	-	-	460,569
Employee benefits.....	13,233,402	-	-	-	13,233,402
State and county charges.....	2,043,146	-	-	-	2,043,146
Debt service:					
Principal.....	272,626	-	-	2,700,631	2,973,257
Interest.....	46,679	-	-	2,012,953	2,059,632
TOTAL EXPENDITURES.....	111,797,311	14,614,665	4,353,669	15,162,487	145,928,132
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	5,189,246	(12,768,134)	543,600	(2,939,496)	(9,974,784)
OTHER FINANCING SOURCES (USES):					
Issuance of bonds.....	-	10,330,000	-	-	10,330,000
Premium from issuance of bonds.....	-	670,000	-	-	670,000
Transfers in.....	272,945	-	-	5,133,698	5,406,643
Transfers out.....	(5,133,698)	-	(52,500)	(220,445)	(5,406,643)
TOTAL OTHER FINANCING SOURCES (USES).....	(4,860,753)	11,000,000	(52,500)	4,913,253	11,000,000
NET CHANGE IN FUND BALANCES.....	328,493	(1,768,134)	491,100	1,973,757	1,025,216
FUND BALANCES AT BEGINNING OF YEAR.....	14,914,330	574,302	3,692,728	11,216,991	30,398,351
FUND BALANCES AT END OF YEAR.....	\$ 15,242,823	\$ (1,193,832)	\$ 4,183,828	\$ 13,190,748	\$ 31,423,567

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2023

Net change in fund balances - total governmental funds.....		\$ 1,025,216
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>		
Capital outlay.....	19,450,673	
Depreciation expense.....	<u>(8,008,881)</u>	
Net effect of reporting capital assets.....		11,441,792
<p>Revenues in the Statement of Activities that do not provide current financial resources are unavailable in the Statement of Revenues, Expenditures and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable differ between the two statements. This amount represents the net change in unavailable revenue.....</p>		
		490,927
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are unavailable and amortized in the Statement of Activities.</p>		
Issuance of bonds.....	(10,330,000)	
Premium from issuance of bonds.....	(670,000)	
Net amortization of premium from issuance of bonds.....	223,393	
Debt service principal payments.....	<u>2,973,257</u>	
Net effect of reporting long-term debt.....		(7,803,350)
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.</p>		
Net change in compensated absences accrual.....	(95,000)	
Net change in accrued interest on long-term debt.....	(115,363)	
Net change in deferred outflow/(inflow) of resources related to pensions.....	23,177,000	
Net change in net pension liability.....	(25,632,000)	
Net change in deferred outflow/(inflow) of resources related to other postemployment benefits...	5,581,071	
Net change in net other postemployment benefits liability.....	<u>(2,658,646)</u>	
Net effect of recording long-term liabilities.....		<u>257,062</u>
Change in net position of governmental activities.....		\$ <u><u>5,411,647</u></u>

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF NET POSITION

JUNE 30, 2023

	Business-type Activities - Enterprise Funds				
	Water Enterprise	Sewer Enterprise	Municipal Gas & Light Enterprise	Cable Access Enterprise	Total
ASSETS					
CURRENT:					
Cash and cash equivalents.....	\$ 9,557,540	\$ 3,557,573	\$ 1,041,316	\$ 9,949	\$ 14,166,378
Receivables, net of allowance for uncollectibles:					
Liens - user charges.....	42,479	60,183	-	-	102,662
User charges.....	2,570,967	3,340,140	4,282,136	-	10,193,243
Intergovernmental - other.....	-	-	171,015	-	171,015
Substation land license fee.....	-	-	40,800	-	40,800
Inventory.....	-	-	1,480,701	-	1,480,701
Prepaid expenses.....	-	-	4,811,688	-	4,811,688
Total current assets.....	<u>12,170,986</u>	<u>6,957,896</u>	<u>11,827,656</u>	<u>9,949</u>	<u>30,966,487</u>
NONCURRENT:					
Restricted cash and cash equivalents.....	-	-	2,086,529	-	2,086,529
Receivables, net of allowance for uncollectibles:					
Intergovernmental - other.....	-	-	1,051,962	-	1,051,962
Substation land license fee.....	-	-	448,800	-	448,800
Net other postemployment benefits asset.....	-	-	162,353	-	162,353
Capital assets, non depreciable.....	2,774,609	136,140	1,101,494	-	4,012,243
Capital assets, net of accumulated depreciation.....	<u>16,441,008</u>	<u>6,549,870</u>	<u>49,767,848</u>	<u>-</u>	<u>72,758,726</u>
Total noncurrent assets.....	<u>19,215,617</u>	<u>6,686,010</u>	<u>54,618,986</u>	<u>-</u>	<u>80,520,613</u>
TOTAL ASSETS.....	<u>31,386,603</u>	<u>13,643,906</u>	<u>66,446,642</u>	<u>9,949</u>	<u>111,487,100</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows related to pensions.....	338,000	264,000	1,896,000	-	2,498,000
Deferred outflows related to other postemployment benefits.....	<u>150,510</u>	<u>117,947</u>	<u>498,620</u>	<u>-</u>	<u>767,077</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES.....	<u>488,510</u>	<u>381,947</u>	<u>2,394,620</u>	<u>-</u>	<u>3,265,077</u>
LIABILITIES					
CURRENT:					
Warrants payable.....	1,093,542	117,288	7,563,041	-	8,773,871
Accrued payroll.....	32,696	18,921	230,250	-	281,867
Accrued interest.....	61,764	-	23,252	-	85,016
Customer deposits.....	-	-	1,521,792	-	1,521,792
Compensated absences.....	24,000	24,000	395,242	-	443,242
Bonds and loans payable.....	<u>579,807</u>	<u>114,850</u>	<u>1,437,875</u>	<u>-</u>	<u>2,132,532</u>
Total current liabilities.....	<u>1,791,809</u>	<u>275,059</u>	<u>11,171,452</u>	<u>-</u>	<u>13,238,320</u>
NONCURRENT:					
Compensated absences.....	-	-	183,324	-	183,324
Net pension liability.....	1,808,000	1,414,000	9,604,000	-	12,826,000
Net other postemployment benefits liability.....	1,823,228	1,428,763	-	-	3,251,991
Bonds and loans payable.....	<u>7,463,169</u>	<u>537,215</u>	<u>10,828,123</u>	<u>-</u>	<u>18,828,507</u>
Total noncurrent liabilities.....	<u>11,094,397</u>	<u>3,379,978</u>	<u>20,615,447</u>	<u>-</u>	<u>35,089,822</u>
TOTAL LIABILITIES.....	<u>12,886,206</u>	<u>3,655,037</u>	<u>31,786,899</u>	<u>-</u>	<u>48,328,142</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows related to pensions.....	23,000	18,000	434,000	-	475,000
Deferred inflows related to other postemployment benefits.....	<u>488,184</u>	<u>382,564</u>	<u>403,112</u>	<u>-</u>	<u>1,273,860</u>
TOTAL DEFERRED INFLOWS OF RESOURCES.....	<u>511,184</u>	<u>400,564</u>	<u>837,112</u>	<u>-</u>	<u>1,748,860</u>
NET POSITION					
Net investment in capital assets.....	14,724,595	6,033,945	38,603,344	-	59,361,884
Restricted for:					
Depreciation fund.....	-	-	188,955	-	188,955
OPEB benefits.....	-	-	162,353	-	162,353
Unrestricted.....	<u>3,753,128</u>	<u>3,936,307</u>	<u>(2,737,401)</u>	<u>9,949</u>	<u>4,961,983</u>
TOTAL NET POSITION.....	<u>\$ 18,477,723</u>	<u>\$ 9,970,252</u>	<u>\$ 36,217,251</u>	<u>\$ 9,949</u>	<u>\$ 64,675,175</u>

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2023

	Business-type Activities - Enterprise Funds				
	Water Enterprise	Sewer Enterprise	Municipal Gas & Light Enterprise	Cable Access Enterprise	Total
OPERATING REVENUES:					
Charges for services.....	\$ 7,227,208	\$ 9,711,109	\$ 46,741,573	\$ 615,637	\$ 64,295,527
OPERATING EXPENSES:					
Cost of services and administration.....	3,648,644	7,363,796	35,231,001	442,067	46,685,508
Salaries and wages.....	1,584,915	1,033,836	5,155,948	163,973	7,938,672
Depreciation.....	698,008	660,147	5,126,852	-	6,485,007
TOTAL OPERATING EXPENSES.....	5,931,567	9,057,779	45,513,801	606,040	61,109,187
OPERATING INCOME (LOSS).....	1,295,641	653,330	1,227,772	9,597	3,186,340
NONOPERATING REVENUES (EXPENSES):					
Investment income.....	6,361	102,100	81,067	-	189,528
Interest expense.....	(170,844)	-	(414,528)	-	(585,372)
Intergovernmental - subsidy.....	8,950	-	-	-	8,950
Other nonoperating revenues.....	-	-	302,782	-	302,782
Payment in lieu of taxes.....	-	-	(945,828)	-	(945,828)
TOTAL NONOPERATING REVENUES (EXPENSES), NET.....	(155,533)	102,100	(976,507)	-	(1,029,940)
CHANGE IN NET POSITION.....	1,140,108	755,430	251,265	9,597	2,156,400
NET POSITION AT BEGINNING OF YEAR.....	17,337,615	9,214,822	35,965,986	352	62,518,775
NET POSITION AT END OF YEAR.....	\$ 18,477,723	\$ 9,970,252	\$ 36,217,251	\$ 9,949	\$ 64,675,175

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2023

	Business-type Activities - Enterprise Funds				
	Water Enterprise	Sewer Enterprise	Municipal Gas & Light Enterprise	Cable Access Enterprise	Total
CASH FLOWS FROM OPERATING ACTIVITIES:					
Receipts from customers and users.....	\$ 6,833,149	\$ 9,548,344	\$ 46,230,974	\$ 615,637	\$ 63,228,104
Payments to vendors.....	(2,818,251)	(7,913,142)	(33,824,308)	(442,067)	(44,997,768)
Payments to employees.....	(1,576,090)	(1,042,101)	(5,188,860)	(164,438)	(7,971,489)
NET CASH FROM OPERATING ACTIVITIES.....	2,438,808	593,101	7,217,806	9,132	10,258,847
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Payment in lieu of taxes.....	-	-	(945,828)	-	(945,828)
Substation land license fee.....	-	-	40,800	-	40,800
Merchandise and jobbing.....	-	-	107,334	-	107,334
Other.....	-	-	718,561	-	718,561
NET CASH FROM NONCAPITAL FINANCING ACTIVITIES.....	-	-	(79,133)	-	(79,133)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Proceeds from the issuance of bonds, loans and notes.....	4,785,000	-	-	-	4,785,000
Acquisition and construction of capital assets.....	(2,763,054)	(533,081)	(4,791,805)	-	(8,087,940)
Principal payments on bonds, loans and notes.....	(459,300)	(114,850)	(1,964,308)	-	(2,538,458)
Interest expense.....	(134,951)	-	(406,013)	-	(540,964)
Intergovernmental.....	8,950	-	-	-	8,950
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES.....	1,436,645	(647,931)	(7,162,126)	-	(6,373,412)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Investment income.....	6,361	102,100	81,067	-	189,528
NET CHANGE IN CASH AND CASH EQUIVALENTS.....	3,881,814	47,270	57,614	9,132	3,995,830
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR.....	5,675,726	3,510,303	3,070,231	817	12,257,077
CASH AND CASH EQUIVALENTS AT END OF YEAR.....	\$ 9,557,540	\$ 3,557,573	\$ 3,127,845	\$ 9,949	\$ 16,252,907
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH					
FROM OPERATING ACTIVITIES:					
Operating income (loss).....	\$ 1,295,641	\$ 653,330	\$ 1,227,772	\$ 9,597	\$ 3,186,340
Adjustments to reconcile operating income to net cash from operating activities:					
Depreciation.....	698,008	660,147	5,126,852	-	6,485,007
Loss from sale of capital assets.....	-	-	(108,127)	-	(108,127)
Deferred (outflows)/inflows related to pensions.....	(798,000)	(714,000)	(4,287,353)	-	(5,799,353)
Deferred (outflows)/inflows related to other postemployment benefits.....	(215,927)	(169,210)	(419,450)	-	(804,587)
Changes in assets and liabilities:					
Liens - user charges.....	(8,838)	(12,814)	-	-	(21,652)
User charges.....	(385,221)	(149,951)	(522,881)	-	(1,058,053)
Intergovernmental.....	-	-	118,909	-	118,909
Inventory.....	-	-	(372,406)	-	(372,406)
Other assets.....	-	-	(390,421)	-	(390,421)
Warrants payable.....	1,018,459	(110,742)	2,635,857	-	3,543,574
Accrued payroll.....	1,825	735	44,615	(465)	46,710
Customer deposits.....	-	-	1,500	-	1,500
Compensated absences.....	7,000	(9,000)	(77,527)	-	(79,527)
Net pension liability.....	723,000	364,000	4,334,000	-	5,421,000
Net other postemployment benefits liability.....	102,861	80,606	(93,534)	-	89,933
Total adjustments.....	1,143,167	(60,229)	5,990,034	(465)	7,072,507
NET CASH FROM OPERATING ACTIVITIES.....	\$ 2,438,808	\$ 593,101	\$ 7,217,806	\$ 9,132	\$ 10,258,847
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:					
Intergovernmental subsidy of debt service.....	\$ 52,503	\$ -	\$ -	\$ -	\$ 52,503

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2023

		Pension and Other Employee Benefit Trust Funds (1)
ASSETS		
Cash and cash equivalents.....	\$	1,738,359
Investments:		
Investments in Pension Reserve Investment Trust.....		189,942,543
Receivables, net of allowance for uncollectibles:		
Departmental and other.....		55,015
TOTAL ASSETS		191,735,917
LIABILITIES		
Warrants payable.....		4,528
NET POSITION		
Restricted for pensions.....		153,466,597
Restricted for other employee benefits.....		37,384,938
Held in trust for other purposes.....		879,854
TOTAL NET POSITION	\$	191,731,389

See notes to basic financial statements.

(1) Pension as of December 31, 2022.

FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

YEAR ENDED JUNE 30, 2023

	Pension and Other Employee Benefit Trust Funds (1)
<u>ADDITIONS:</u>	
Contributions:	
Employer contributions.....	\$ 9,677,727
Employer contributions for other postemployment benefit payments...	4,244,324
Member contributions.....	3,375,476
Transfers from other systems.....	579,684
State COLA reimbursements.....	<u>74,122</u>
Total contributions.....	<u>17,951,333</u>
Net investment income (loss):	
Investment income (loss).....	(16,587,078)
Less: investment expense.....	<u>(969,027)</u>
Net investment income (loss).....	<u>(17,556,105)</u>
TOTAL ADDITIONS.....	<u>395,228</u>
<u>DEDUCTIONS:</u>	
Administration.....	218,493
Transfers to other systems.....	506,236
Retirement benefits and refunds.....	13,008,632
Other postemployment benefit payments.....	4,244,324
Employee benefits.....	<u>391,351</u>
TOTAL DEDUCTIONS.....	<u>18,369,036</u>
NET INCREASE (DECREASE) IN NET POSITION.....	(17,973,808)
NET POSITION AT BEGINNING OF YEAR.....	<u>209,705,197</u>
NET POSITION AT END OF YEAR.....	<u>\$ 191,731,389</u>

See notes to basic financial statements.

(1) Pension as of December 31, 2022.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The Town is a municipal corporation that is governed by an elected Town Council and an appointed Town Administrator. For financial reporting purposes, the Town has included all funds, organizations, account groups, agencies, boards, commissions, and institutions.

The Wakefield Municipal Gas and Light Department (WMGLD) was established to generate and distribute gas and electricity for municipal and residential use within the Town. The WMGLD is governed by five elected commissioners and is operated by a manager appointed by the WMGLD's commissioners. It is not a separate legal entity and therefore the condensed financial statements of the WMGLD are presented as an Enterprise Fund. A complete audited financial statement for the WMGLD, for the year ended June 30, 2023, can be obtained directly from their administrative office located at 480 North Ave., Wakefield, Massachusetts 01880.

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

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

The Wakefield Contributory Retirement System (WCRS) was established to provide retirement benefits to Town employees, the Town Housing Authority employees, and their beneficiaries. The WCRS is governed by a five-member board comprised of the Town Accountant (ex-officio), two members elected by the WCRS's participants, one member appointed by the Town Council and one member appointed by the other board members. The WCRS is presented using the accrual basis of accounting and is reported as a pension trust fund in the fiduciary fund financial statements.

Blended Component Units – On June 29, 2012, the Wakefield Municipal Cooperative Corporation was organized by the WMGLD and the Massachusetts Municipal Wholesale Electric Company (MMWEC) to finance, own, lease or otherwise use real and personal property for the benefit of the members of the Cooperative. The Cooperative began operations in 2013 and met the required GASB Statement #14 (as amended) criteria of fiscal dependence, board appointment, and financial benefit to be considered a component unit of the WMGLD. The Cooperative was established to provide exclusive service or benefit to the WMGLD and the debt of the cooperative is repayable entirely from resources of the WMGLD. These conditions meet the GASB criteria to be reported as a blended component unit of WMGLD. Accordingly, the Cooperative's financial information has been blended with the WMGLD financial information and reported in a single column in the proprietary fund financial statements.

Availability of Financial Information for Component Units

The WCRS did not issue a separate audited financial statement. The WCRS issues a publicly available unaudited financial report in accordance with guidelines established by the Commonwealth of Massachusetts' (Commonwealth) Public Employee Retirement Administration Commission (PERAC). That report may be obtained by contacting the WCRS located at 1 Lafayette Street, Wakefield, Massachusetts 01880.

Additional information on the Cooperative's significant accounting policies and financial information can be found in Note 16.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

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

Fund Financial Statements

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

Major Fund Criteria

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

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

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

Fiduciary funds are reported by fund type.

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

Government-Wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are

recorded when the liabilities are incurred. Real estate and personal property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

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

For the most part, the effect of interfund activity has been removed from the government-wide financial statements. Exceptions are charges between the general fund and water, sewer, municipal gas and light, and cable access enterprise funds. Elimination of these charges would distort the direct costs and program revenues reported for the functions affected.

Fund Financial Statements

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

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

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

The following major governmental funds are reported:

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

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

The *Town special revenue fund* is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified Town purposes.

The *nonmajor governmental funds* consist of other special revenue, debt service and permanent funds that are aggregated and presented in the *nonmajor governmental funds* column on the governmental funds financial statements.

The following describes the general use of these fund types:

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

The *debt service fund* is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. Debt service funds should be used to report resources if legally mandated. Financial resources that are being accumulated for principal and interest maturing in future years also should be reported in debt service funds.

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

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

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

The following major proprietary funds are reported:

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

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

The *municipal gas and light enterprise fund* is used to account for the municipal gas and light activities.

The *cable access enterprise fund* is used to account for the cable access activities.

Under Massachusetts General Laws, electric rates of the WMGLD are set by the Board of Gas and Light Commissioners and may be changed once every three months. Rate schedules are filed with the Massachusetts Department of Public Utilities (DPU). While the DPU exercises general supervisory authority over the WMGLD, the WMGLD's rates are not subject to DPU approval.

The WMGLD's policy is to prepare its financial statements in conformity with accounting principles generally accepted in the United States of America.

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

The following fiduciary fund types are reported:

The *pension and other employee benefit trust fund* is used to account for the activities of the WCRS, which accumulates resources to provide pension benefits to eligible retirees and their beneficiaries and current employees. It is also used to account for the Town and Municipal Gas and Light other postemployment benefit trust funds, which accumulate resources to provide funding for future OPEB liabilities. It also includes the *employee benefit health insurance fund* that is used to accumulate resources to comply with the mitigation plan that was agreed to as part of the “Memorandum of Agreement” between the Town and the Public Employee Committee (PEC). The purpose of the memorandum of agreement was to implement changes in health insurance benefits provided by the Town to its subscribers including transferring said subscribers to the Commonwealth’s Group Insurance Commission (GIC).

D. Cash and Investments

Government-Wide and Fund Financial Statements

Cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with an original maturity of three months or less from the date of acquisition. Investments are carried at fair value. The fair values were determined by the closing price for those securities traded on national stock exchanges and at the average bid-and-asked quotation for those securities traded in the over-the-counter market.

E. Fair Value Measurements

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

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

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

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

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

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

Market price is affected by a number of factors, including the type of instrument and the characteristics specific to the instrument. Instruments with readily available active quoted prices generally will have a higher degree of

market price observability and a lesser degree of judgment used in measuring fair value. It is reasonably possible that change in values of these instruments will occur in the near term and that such changes could materially affect amounts reported in these financial statements. For more information on the fair value of the Town's financial instruments, see Note 2 – Cash and Investments.

F. Accounts Receivable

Government-Wide and Fund Financial Statements

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

Real Estate, Personal Property Taxes and Tax Liens

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

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

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

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

Motor Vehicle Excise

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

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

Water and Sewer User Fees and Liens

User fees are levied monthly based on individual meter readings and are subject to penalties and interest if they are not paid by the respective due date. Unbilled user fees are estimated at year-end and are recorded as revenue in the current period. Water and Sewer liens are processed in December of every year and included as a lien on the property owner's tax bill. Water and Sewer charges and liens are recorded as receivables in the year of the levy.

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

Departmental and Other

Departmental and other receivables consist primarily of Title V assessments and street and sidewalk betterments and are recorded as receivables in the year in which the loans are granted and the betterments are completed. The Title V assessments are lienied during the application process and the street and sidewalk betterments are lienied on the property owner's tax bill.

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

Intergovernmental

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

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

Real Estate Tax Deferrals

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

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

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

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

For the WMGLD, inventory consists of supplies and materials purchased for construction, operation, and maintenance purposes. Inventory is stated at cost on a first-in, first out basis.

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

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

Capital assets are recorded at historical cost, or at estimated historical cost, if actual historical cost is not available. Donated capital assets are recorded at the estimated fair market value at the date of donation. All purchases and construction costs in excess of the state recommended capitalization thresholds are capitalized at the date of acquisition or construction, respectively, with expected useful lives of greater than one year.

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

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

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

Massachusetts General Laws require utility plant in service to be depreciated at an annual rate of 3%. To change this rate, the WMGLD must obtain approval from the DPU. Changes in annual depreciation rates may be made for financial reasons relating to cash flow for plant improvement or expansion, rather than for engineering factors relating to estimates for useful lives.

In 2023, the WMGLD approved depreciation rates for both the electric and gas divisions were 5%.

Governmental Fund Financial Statements

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

I. Deferred Outflows/Inflows of Resources

Government-Wide Financial Statements (Net Position)

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

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

Governmental Fund Financial Statements

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

J. Interfund Receivables and Payables

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

Government-Wide Financial Statements

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

Fund Financial Statements

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

K. Interfund Transfers

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

Government-Wide Financial Statements

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

Fund Financial Statements

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

L. Net Position and Fund Equity

Government-Wide Financial Statements (Net position)

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

Net position has been "restricted for" the following:

"Debt Service" represents the amount accumulated for the future payment of general obligation bond principal and interest (See Note 9).

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

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

“Grants and gifts” represents assets that have restrictions placed on them from outside parties.

“Depreciation fund” represents assets that are restricted for future capital asset purchases.

“OPEB benefits” represents assets that are restricted for future OPEB benefits.

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

Fund Financial Statements (Fund Balances)

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

The governmental fund balance classifications are as follows:

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

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

“Committed” fund balance includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government’s highest level of decision-making authority. Town Meeting is the highest level of decision-making authority for the government that can, by adoption of an article prior to the end of the year, commit fund balance. Once adopted, the limitation imposed by the article remains in place until a similar action is taken to remove or revise the limitation.

“Assigned” fund balance includes amounts that are constrained by the Town’s intent to be used for specific purposes but are neither restricted nor committed. Town Meeting may assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

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

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

of the aforementioned spending policy. The general fund and certain other funds may have more than one purpose.

M. Pensions

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

N. Long-term Debt

Government-Wide and Proprietary Fund Financial Statements

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

Governmental Fund Financial Statements

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

O. Investment Income (Loss)

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

P. Compensated Absences

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

Government-Wide and Proprietary Fund Financial Statements

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

Governmental Fund Financial Statements

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

Q. Use of Estimates

Government-Wide and Fund Financial Statements

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

R. Total Column

Government-Wide Financial Statements

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

Fund Financial Statements

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

NOTE 2 – CASH AND INVESTMENTS

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

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

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

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

Custodial Credit Risk – Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town's investment policy limits custodial credit risk by requiring pre-qualification of financial institutions with which the Town will do business. At year-end, the carrying amount of deposits totaled \$62,702,536 and the bank balance totaled \$67,495,391. Of the bank balance, \$1,175,764 was covered by Federal Depository Insurance (FDIC), \$28,258,133 was covered by the Depositors Insurance Fund, and \$38,061,494 was exposed to custodial credit risk because it was uninsured and uncollateralized.

At December 31, 2022, the carrying amount of deposits for the WCRS totaled \$795,551 and the bank balance totaled \$818,616. The bank balance was fully covered by Federal Depository Insurance (FDIC).

Interest Rate Risk

The Town’s investment policy limits exposure to fair value losses arising from increasing interest rates by requiring investment portfolios to be structured 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 WCRS does not have a formal investment policy that limits investment maturities as a means of managing exposure to fair value losses arising from increasing interest rates.

The Town participates in MMDT, which maintains a cash portfolio fund with average maturities of approximately 3 months.

The WCRS participates in PRIT. The effective weighted duration rate for PRIT investments ranged from 1.98 to 14.64 years.

Custodial Credit Risk – Investments

For an investment, this is the risk that in the event of a failure by the counterparty, the Town will not be able to recover the value of its investments or collateral security that are in the possession of an outside party. Of the Town’s total investments of \$45,674,616, there was custodial credit risk of \$841,089 because the related securities are uninsured, unregistered and held by the counterparty. The Town’s investment policy limits custodial credit risk by requiring pre-qualification of financial institutions, broker/dealers, and advisors with which the Town will do business.

The WCRS’s investments are not exposed to custodial credit risk. The WCRS does not have a formal investment policy for custodial credit risk.

Investments

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

<u>Investment Type</u>	<u>Fair value</u>	<u>Maturities</u>			
		<u>Under 1 Year</u>	<u>1-5 Years</u>	<u>6-10 Years</u>	<u>Over 10 Years</u>
<u>Debt securities:</u>					
U.S. treasury notes.....	\$ 97,885	\$ 69,037	\$ 28,848	\$ -	\$ -
Municipal bonds.....	326,078	97,945	178,693	49,440	-
Bond mutual funds.....	622,502	71,397	311,783	171,533	67,789
Total debt securities.....	1,046,465	238,379	519,324	220,973	67,789
<u>Other investments:</u>					
Equity securities.....	417,126				
Equity mutual funds.....	1,977,583				
Money market mutual funds.....	368,172				
State retirees benefit trust fund (SRBTF)....	37,384,938				
MMDT - Cash portfolio.....	4,480,332				
Total investments.....	\$ 45,674,616				

As of December 31, 2022, the WCRS had the following investments:

<u>Investment Type</u>	<u>Fair value</u>
<u>Other investments:</u>	
Money market mutual funds.....	\$ 61,455
Pension Reserve Investment Trust (PRIT).....	<u>152,559,104</u>
Total investments.....	<u>\$ 152,620,559</u>

All of the Town’s and the WMGLD’s OPEB trust fund assets are invested in the State Retirees Benefit Trust Fund (SRBTF), which was established under the provisions of Massachusetts General Laws Chapter 32A, Section 24. SRBTF assets are administered by the Pension Reserve Investment Management Board (PRIM). As of June 30, 2023, the value of these investments for the Town and the WMGLD totaled \$29,179,108 and \$8,204,331, respectively.

Fair Value of Investments

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

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Town has the following recurring fair value measurements as of June 30, 2023:

<u>Investment Type</u>	June 30, 2023	<u>Fair Value Measurements Using</u>		
		<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Investments measured at fair value:				
<u>Debt securities:</u>				
U.S. treasury notes.....	\$ 97,885	\$ 97,885	\$ -	\$ -
Municipal bonds.....	326,078	326,078	-	-
Bond mutual funds.....	<u>622,502</u>	<u>622,502</u>	-	-
Total debt securities.....	<u>1,046,465</u>	<u>1,046,465</u>	-	-
<u>Other investments:</u>				
Equity securities.....	417,126	417,126	-	-
Equity mutual funds.....	1,977,583	1,977,583	-	-
Money market mutual funds.....	<u>368,172</u>	<u>368,172</u>	-	-
Total other investments.....	<u>2,762,881</u>	<u>2,762,881</u>	-	-
Total investments measured at fair value.....	3,809,346	<u>\$ 3,809,346</u>	<u>\$ -</u>	<u>\$ -</u>
Investments measured at amortized cost:				
MMDT - Cash portfolio.....	4,480,332			
Investments measured at net asset value:				
State retirees benefit trust fund (SRBTF).....	<u>37,384,938</u>			
Total investments.....	<u>\$ 45,674,616</u>			

U.S. treasury notes, municipal bonds, bond mutual funds, equity securities, equity mutual funds and money market mutual funds classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities.

SRBTF Investments are valued using the net asset value method. The SRBTF board of trustees serve as trustee of the fund. SRBTF is administered by the Pension Reserves Investment Management Board (PRIM). The fair values of the positions in each investment Pool are the same as the value of each Pool’s shares. The Town does not have the ability to control any of the investment decisions relative to its funds in SRBTF.

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

Retirement System

The retiree pension defined benefit plan holds significant amounts of investments that are measured at fair value on a recurring basis. Because investing is a key part of the plan’s activities, the plan shows greater disaggregation in its disclosures. The plan chooses a tabular format for disclosing the levels within the fair value hierarchy.

The System categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles.

The System has the following recurring fair value measurements as of December 31, 2022:

Investment Type	December 31, 2022	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments measured at fair value:				
<u>Other investments:</u>				
Money market mutual funds.....	\$ 61,455	\$ 61,455	\$ -	\$ -
Investments measured at net asset value:				
Pension Reserve Investment Trust (PRIT).....	152,559,104			
Total investments.....	\$ 152,620,559			

Money market mutual funds classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities.

PRIT Investments are valued using the net asset value (NAV) method. This investment pool was established by the Treasurer of the Commonwealth of Massachusetts, who serves as Trustee. PRIT is administered by the

Pension Reserves Investment Management Board (PRIM). The fair values of the positions in each investment Pool are the same as the value of each Pool’s shares. The System does not have the ability to control any of the investment decisions relative to its funds in PRIT.

Concentration of Credit Risk

The Town places no limit on the amount the Town may invest in any one issuer. No more than 5% of the Town’s investments are invested in any one issuer.

The WCRS places no limit on the amount the WCRS may invest in any one issuer. The WCRS does not currently have any investments that are subject to concentration of credit risk.

Credit Risk

The Town’s investment policy limits credit risk by limiting investments to the safest type of securities and by diversifying the investment portfolio so that potential losses on individual securities will be minimized. As of June 30, 2023, the Town’s investments with credit risk exposure are rated by Standard & Poor’s as follows:

<u>Quality Rating</u>	<u>U.S. Treasury Bonds</u>	<u>Municipal Bonds</u>	<u>Bond Mutual Funds</u>
AAA.....	\$ 97,885	\$ 50,427	\$ 180,705
AA.....	-	184,407	23,175
AA+.....	-	45,136	-
AA-.....	-	46,108	-
A.....	-	-	150,313
A-.....	-	-	111,165
BBB+.....	-	-	44,203
BBB.....	-	-	90,468
Not Rated.....	-	-	22,473
Total.....	\$ 97,885	\$ 326,078	\$ 622,502

The Town’s investments in the SRBTF, MMDT and money market mutual funds are unrated.

The WCRS has a formal policy related to credit risk. The policy mitigates risk through a combination of diversifying its investments, as well as collateralizing deposits through the pledging of appropriate securities. The WCRS’s investments in PRIT and money market mutual funds are unrated.

NOTE 3 – RECEIVABLES

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

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
Real estate and personal property taxes.....	\$ 1,498,303	\$ -	\$ 1,498,303
Tax liens.....	1,006,796	-	1,006,796
Motor vehicle and other excise taxes.....	787,662	(215,143)	572,519
Departmental and other.....	92,291	-	92,291
Intergovernmental - other.....	3,739,165	-	3,739,165
 Total.....	 \$ 7,124,217	 \$ (215,143)	 \$ 6,909,074

At June 30, 2023, receivables for the enterprise funds consist of the following:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
Water liens - user charges.....	\$ 42,479	\$ -	\$ 42,479
Water user charges.....	2,570,967	-	2,570,967
Sewer liens - user charges.....	60,183	-	60,183
Sewer user charges.....	3,340,140	-	3,340,140
Electric light user charges.....	4,282,136	-	4,282,136
Electric light intergovernmental - other.....	1,222,977	-	1,222,977
Substation land license fee.....	489,600	-	489,600
 Total.....	 \$ 12,008,482	 \$ -	 \$ 12,008,482

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

	General Fund	Other Governmental Funds	Total
<u>Receivables and other asset type:</u>			
Real estate and personal property taxes.....	\$ 1,306,593	\$ -	\$ 1,306,593
Tax liens.....	1,006,796	-	1,006,796
Motor vehicle and other excise taxes.....	572,519	-	572,519
Departmental and other.....	92,291	-	92,291
Intergovernmental - other.....	-	1,327,750	1,327,750
Tax foreclosures.....	414,446	-	414,446
 Total.....	 \$ 3,392,645	 \$ 1,327,750	 \$ 4,720,395

NOTE 4 – CAPITAL ASSETS

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

Governmental Activities

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 14,291,059	\$ -	\$ -	\$ 14,291,059
Construction in progress.....	3,986,139	1,470,427	(3,986,139)	1,470,427
Total capital assets not being depreciated....	<u>18,277,198</u>	<u>1,470,427</u>	<u>(3,986,139)</u>	<u>15,761,486</u>
<u>Capital assets being depreciated:</u>				
Land improvements.....	9,338,276	245,280	-	9,583,556
Buildings and improvements.....	151,301,245	15,226,894	-	166,528,139
Machinery and equipment.....	14,178,098	1,883,302	-	16,061,400
Vehicles.....	11,274,572	945,286	(114,843)	12,105,015
Infrastructure.....	42,923,279	3,665,623	-	46,588,902
Total capital assets being depreciated.....	<u>229,015,470</u>	<u>21,966,385</u>	<u>(114,843)</u>	<u>250,867,012</u>
<u>Less accumulated depreciation for:</u>				
Land improvements.....	(3,120,359)	(337,673)	-	(3,458,032)
Buildings and improvements.....	(63,083,927)	(4,366,666)	-	(67,450,593)
Machinery and equipment.....	(10,434,106)	(955,029)	-	(11,389,135)
Vehicles.....	(8,517,144)	(817,739)	114,843	(9,220,040)
Infrastructure.....	(26,072,896)	(1,531,774)	-	(27,604,670)
Total accumulated depreciation.....	<u>(111,228,432)</u>	<u>(8,008,881)</u>	<u>114,843</u>	<u>(119,122,470)</u>
Total capital assets being depreciated, net.....	<u>117,787,038</u>	<u>13,957,504</u>	<u>-</u>	<u>131,744,542</u>
Total governmental activities capital assets, net.....	<u>\$ 136,064,236</u>	<u>\$ 15,427,931</u>	<u>\$ (3,986,139)</u>	<u>\$ 147,506,028</u>

Business-Type Activities

	Beginning Balance	Increases	Decreases	Ending Balance
Water:				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 1,922,684	\$ -	\$ -	\$ 1,922,684
Construction in progress.....	-	851,925	-	851,925
Total capital assets not being depreciated....	<u>1,922,684</u>	<u>851,925</u>	<u>-</u>	<u>2,774,609</u>
<u>Capital assets being depreciated:</u>				
Land improvements.....	6,278	-	-	6,278
Buildings and improvements.....	386,838	-	-	386,838
Machinery and equipment.....	283,398	35,555	-	318,953
Vehicles.....	1,336,072	-	-	1,336,072
Infrastructure.....	40,117,966	1,875,574	-	41,993,540
Total capital assets being depreciated.....	<u>42,130,552</u>	<u>1,911,129</u>	<u>-</u>	<u>44,041,681</u>
<u>Less accumulated depreciation for:</u>				
Land improvements.....	(6,278)	-	-	(6,278)
Buildings and improvements.....	(103,854)	(12,955)	-	(116,809)
Machinery and equipment.....	(267,117)	(2,996)	-	(270,113)
Vehicles.....	(1,262,118)	(21,820)	-	(1,283,938)
Infrastructure.....	(25,263,298)	(660,237)	-	(25,923,535)
Total accumulated depreciation.....	<u>(26,902,665)</u>	<u>(698,008)</u>	<u>-</u>	<u>(27,600,673)</u>
Total capital assets being depreciated, net.....	<u>15,227,887</u>	<u>1,213,121</u>	<u>-</u>	<u>16,441,008</u>
Total water activities capital assets, net.....	<u>\$ 17,150,571</u>	<u>\$ 2,065,046</u>	<u>\$ -</u>	<u>\$ 19,215,617</u>

	Beginning Balance	Increases	Decreases	Ending Balance
Sewer:				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 136,140	\$ -	\$ -	\$ 136,140
<u>Capital assets being depreciated:</u>				
Land improvements.....	973	-	-	973
Buildings and improvements.....	957,197	-	-	957,197
Machinery and equipment.....	363,109	-	-	363,109
Vehicles.....	777,556	61,528	-	839,084
Infrastructure.....	37,278,684	471,553	-	37,750,237
Total capital assets being depreciated.....	39,377,519	533,081	-	39,910,600
<u>Less accumulated depreciation for:</u>				
Land improvements.....	(973)	-	-	(973)
Buildings and improvements.....	(274,300)	(95,720)	-	(370,020)
Machinery and equipment.....	(156,154)	(27,613)	-	(183,767)
Vehicles.....	(626,293)	(28,531)	-	(654,824)
Infrastructure.....	(31,642,863)	(508,283)	-	(32,151,146)
Total accumulated depreciation.....	(32,700,583)	(660,147)	-	(33,360,730)
Total capital assets being depreciated, net.....	6,676,936	(127,066)	-	6,549,870
Total sewer activities capital assets, net.....	\$ 6,813,076	\$ (127,066)	\$ -	\$ 6,686,010
	Beginning Balance	Increases	Decreases	Ending Balance
Municipal Gas and Light:				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 428,427	\$ -	\$ -	\$ 428,427
Construction in progress.....	1,475,626	637,145	(1,439,704)	673,067
Total capital assets not being depreciated.....	1,904,053	637,145	(1,439,704)	1,101,494
<u>Capital assets being depreciated:</u>				
Buildings and improvements.....	8,877,610	45,500	-	8,923,110
Machinery and equipment.....	19,144,174	699,724	(872,162)	18,971,736
Infrastructure.....	86,036,599	4,849,140	(1,849,060)	89,036,679
Total capital assets being depreciated.....	114,058,383	5,594,364	(2,721,222)	116,931,525
<u>Less accumulated depreciation for:</u>				
Buildings and improvements.....	(4,126,905)	(421,875)	-	(4,548,780)
Machinery and equipment.....	(12,917,363)	(1,495,781)	872,162	(13,540,982)
Infrastructure.....	(47,298,793)	(3,209,196)	1,434,074	(49,073,915)
Total accumulated depreciation.....	(64,343,061)	(5,126,852)	2,306,236	(67,163,677)
Total capital assets being depreciated, net.....	49,715,322	467,512	(414,986)	49,767,848
Total municipal gas and light activities capital assets, net.....	\$ 51,619,375	\$ 1,104,657	\$ (1,854,690)	\$ 50,869,342

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

Governmental Activities:	
General government.....	\$ 323,380
Public safety.....	1,005,794
Education.....	3,418,258
Public works.....	2,996,856
Health and human services.....	25,332
Culture and recreation.....	<u>239,261</u>
Total depreciation expense - governmental activities.....	\$ <u>8,008,881</u>
 Business-Type Activities:	
Water.....	\$ 698,008
Sewer.....	660,147
Municipal Light.....	<u>5,126,852</u>
Total depreciation expense - business-type activities.....	\$ <u>6,485,007</u>

NOTE 5 – TRANSFERS

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

Transfers Out:	Transfers In:	
	General fund	Nonmajor governmental funds
General fund.....	\$ -	\$ 5,133,698 (1)
Town special revenue fund.....	52,500	- (2)
Nonmajor governmental funds.....	<u>220,445</u>	<u>- (2)</u>
Total.....	<u>\$ 272,945</u>	<u>\$ 5,133,698</u>

(1) Represents a budgeted transfer to the debt service fund.

(2) Represents transfers of other available funds from the Town special revenue funds and permanent funds to the general fund.

NOTE 6 – SHORT-TERM FINANCING

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

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

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

Details related to the short-term debt activity for the year ended June 30, 2023 is as follows:

Type	Purpose	Rate (%)	Due Date	Balance at June 30, 2022	Renewed/ Issued	Retired/ Redeemed	Balance at June 30, 2023
Governmental Funds:							
BAN	Butler Avenue Land Acquisition.....	0.50	09/22/22	\$ 2,065,000	\$ -	\$ (2,065,000)	\$ -
BAN	Greenwood School Roof Replacement..	1.00	09/22/22	139,620	-	(139,620)	-
BAN	Butler Avenue Land Acquisition.....	4.00	09/21/23	-	2,065,000	-	2,065,000 (1)
BAN	Greenwood School Roof Replacement..	4.00	09/21/23	-	139,620	-	139,620 (2)
BAN	Memorial High School Feasibility	4.00	09/21/23	-	1,540,000	-	1,540,000 (3)
BAN	Roadway Improvements.....	4.50	02/23/24	-	2,500,000	-	2,500,000 (4)
BAN	Memorial High School.....	4.50	02/23/24	-	8,000,000	-	8,000,000 (4)
Total Governmental Funds.....				\$ 2,204,620	\$ 14,244,620	\$ (2,204,620)	\$ 14,244,620

- (1) On the September 21, 2023, maturity date, \$74,000 of available funds were used to pay down the outstanding BAN. The remaining balance was rolled into a new BAN totaling \$1,991,000 with an interest rate of 6.25% and a due date of September 20, 2024.
- (2) On the September 21, 2023, maturity date, \$139,620 of available funds were used to pay down the outstanding BAN.
- (3) The Town voted to exempt debt service from the limitations imposed by Propositions 2 ½ for the Memorial High School feasibility study. The Town anticipates receiving 49.94% reimbursement of eligible project costs from the Massachusetts School Building Authority (MSBA). After year-end, the Town received \$384,000 of reimbursements from the MSBA that were used to pay down the outstanding BAN at the maturity date of September 21, 2023. The remaining balance of \$1,156,000 was rolled into a new BAN with an interest rate of 4.50% and a due date of February 23, 2024.
- (4) On the February 23, 2024, maturity date, these two BAN's were rolled forward with an interest rate of 5.00%, and a maturity date of September 20, 2024.

NOTE 7 – LONG-TERM DEBT

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

Details related to the outstanding indebtedness at June 30, 2023, and the debt service requirements are as follows:

Long-term Debt Schedule – Governmental Funds

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2023
Capital Financing Payable:				
Building Improvements Financing.....	2030	\$ 1,462,929	3.34	\$ 747,940
Vehicle Financing.....	2026	938,959	2.83-4.68	481,705
Subtotal Capital Financing.....				1,229,645
General Obligation Bonds Payable:				
Municipal Purpose Bonds of 2013.....	2038	20,353,000	2.50-5.00	12,445,000
Municipal Purpose Bonds of 2014.....	2039	23,685,000	2.00-4.00	17,970,000
Municipal Purpose Bonds of 2018.....	2048	9,870,000	3.38	8,930,000
Municipal Purpose Bonds of 2021.....	2046	5,959,000	2.00-5.00	5,255,000
Municipal Purpose Bonds of 2022.....	2042	3,213,000	2.00-5.00	2,940,000
Municipal Purpose Bonds of 2023.....	2048	10,330,000	4.00-5.00	10,330,000
Subtotal General Obligation.....				57,870,000
Add: Unamortized premium on bonds.....				1,839,762
Total Long-term Debt, net.....				\$ 60,939,407

Debt service requirements for principal and interest for long-term debt in future years are as follows:

Year	General Obligation			Capital Financing		
	Principal	Interest	Total	Principal	Interest	Total
2024.....	\$ 3,210,000	\$ 2,127,400	\$ 5,337,400	\$ 279,969	\$ 25,222	\$ 305,191
2025.....	3,290,000	1,994,913	5,284,913	290,690	17,407	308,097
2026.....	3,380,000	1,861,935	5,241,935	240,879	9,261	250,140
2027.....	3,455,000	1,726,225	5,181,225	123,815	3,765	127,580
2028.....	3,465,000	1,589,469	5,054,469	131,855	2,529	134,384
2029-2033.....	15,265,000	6,107,960	21,372,960	162,437	10,845	173,282
2034-2038.....	15,220,000	3,344,821	18,564,821	-	-	-
2039-2043.....	6,370,000	1,214,217	7,584,217	-	-	-
2044-2048.....	4,215,000	364,045	4,579,045	-	-	-
Total.....	\$ 57,870,000	\$ 20,330,985	\$ 78,200,985	\$ 1,229,645	\$ 69,029	\$ 1,298,674

Long-term Debt Schedule – Enterprise Funds

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2023
Water Activities:				
General Obligation Bonds Payable:				
Municipal Purpose Bonds of 2021.....	2046	\$ 2,131,000	2.00-5.00	\$ 1,950,000
Municipal Purpose Bonds of 2022.....	2037	2,000,000	2.00-5.00	205,000
Municipal Purpose Bonds of 2023.....	2043	2,785,000	4.50-21.00	<u>2,785,000</u>
Subtotal General Obligation.....				<u>4,940,000</u>
Direct Borrowings Payable:				
MCWT Bonds of 2012.....	2033	46,100	0.00	23,226
MWRA Water Bonds of 2017.....	2027	376,250	0.00	150,500
MWRA Water Bonds of 2019.....	2029	1,548,750	0.00	929,250
MWRA Water Bonds of 2023.....	2033	2,000,000	0.00	<u>2,000,000</u>
Subtotal Direct Borrowings.....				<u>3,102,976</u>
Subtotal Water Activities.....				<u>8,042,976</u>
Sewer Activities:				
Direct Borrowings Payable:				
MWRA (Infiltration/Inflow) Bonds of 2016.....	2026	248,880	0.00	54,514
MWRA Sewer Bonds of 2017.....	2027	326,775	0.00	130,711
MWRA Sewer Bonds of 2019.....	2028	131,062	0.00	78,962
MWRA Sewer Bonds of 2020.....	2030	188,398	0.00	131,878
MWRA Sewer Bonds of 2021.....	2031	320,000	0.00	<u>256,000</u>
Subtotal Sewer Activities.....				<u>652,065</u>
WMGLD Activities:				
Direct Borrowings Payable:				
Loans Payable of 2017.....	2033	15,527,857	3.02-3.25	8,442,498
Loans Payable of 2019.....	2032	5,495,000	2.90	<u>3,823,500</u>
Subtotal WMGLD Activities.....				<u>12,265,998</u>
Total Enterprise Long-term Debt, net.....				<u>\$ 20,961,039</u>

Debt service requirements for principal and interest for enterprise fund long-term debt in future years are as follows:

Year	General Obligation			Direct Borrowings		
	Principal	Interest	Total	Principal	Interest	Total
2024.....	\$ 185,000	\$ 190,413	\$ 375,413	\$ 1,947,532	\$ 339,652	\$ 2,287,184
2025.....	190,000	181,038	371,038	1,990,242	297,231	2,287,473
2026.....	195,000	171,413	366,413	2,033,892	253,766	2,287,658
2027.....	195,000	161,663	356,663	2,061,358	208,992	2,270,350
2028.....	200,000	151,788	351,788	1,852,580	165,038	2,017,618
2029-2033.....	1,095,000	613,915	1,708,915	6,094,811	278,051	6,372,862
2034-2038.....	1,250,000	385,990	1,635,990	40,624	165	40,789
2039-2043.....	1,380,000	148,833	1,528,833	-	-	-
2044-2046.....	250,000	8,324	258,324	-	-	-
Total.....	\$ 4,940,000	\$ 2,013,377	\$ 6,953,377	\$ 16,021,039	\$ 1,542,895	\$ 17,563,934

The Town was scheduled to be subsidized by the Massachusetts Clean Water Trust (MCWT) on a periodic basis, and received their last subsidy payment in 2023. The 2023 principal and interest subsidies totaled \$52,503 and \$4,250, respectively.

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

Purpose	Amount
Highland Ave Repairs.....	\$ 107,575
Street Repairs.....	51,415
Drainage.....	450,000
Roadway Improvements.....	2,500,000
Greenwood School Roof Replacement.....	495,971
Memorial High School Feasibility.....	252
Railroad Crossing Improvements.....	2,000,000
Memorial High School.....	265,250,903
Total.....	\$ 270,856,116

Changes in Long-term Liabilities

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

	Beginning Balance	Bonds and Notes Issued	Bonds and Notes Redeemed	Other Increases	Other Decreases	Ending Balance	Due Within One Year
Governmental Activities:							
Long-term bonds payable.....	\$ 50,238,000	\$ 10,330,000	\$ (2,698,000)	\$ -	\$ -	\$ 57,870,000	\$ 3,210,000
Long-term capital financing.....	1,502,271	-	(272,626)	-	-	1,229,645	279,969
Long-term direct borrowing payable.....	2,631	-	(2,631)	-	-	-	-
Add: Unamortized premium on bonds.....	1,393,155	-	-	670,000	(223,393)	1,839,762	232,706
Total bonds payable.....	53,136,057	10,330,000	(2,973,257)	670,000	(223,393)	60,939,407	3,722,675
Compensated absences.....	2,004,000	-	-	1,834,000	(1,739,000)	2,099,000	1,796,000
Net pension liability.....	30,213,000	-	-	34,256,000	(8,624,000)	55,845,000	-
Net other postemployment benefits liability.....	44,466,424	-	-	9,003,717	(6,345,071)	47,125,070	-
Total governmental activity long-term liabilities.....	\$ 129,819,481	\$ 10,330,000	\$ (2,973,257)	\$ 45,763,717	\$ (16,931,464)	\$ 166,008,477	\$ 5,518,675
Business-Type Activities:							
Long-term bonds payable.....	\$ 2,262,000	\$ 2,785,000	\$ (107,000)	\$ -	\$ -	\$ 4,940,000	\$ 185,000
Long-term direct borrowing payable.....	2,274,694	2,000,000	(519,653)	-	-	3,755,041	509,657
Long-term direct borrowing payable - WMGLD.....	14,230,306	-	(1,964,308)	-	-	12,265,998	1,437,875
Total bonds and loans payable.....	18,767,000	4,785,000	(2,590,961)	-	-	20,961,039	2,132,532
Compensated absences.....	706,093	-	-	359,634	(439,161)	626,566	443,242
Net pension liability.....	7,405,000	-	-	7,663,000	(2,242,000)	12,826,000	-
Net other postemployment benefits liability.....	3,162,058	-	-	1,779,909	(1,689,976)	3,251,991	-
Total business-type activity long-term liabilities.....	\$ 30,040,151	\$ 4,785,000	\$ (2,590,961)	\$ 9,802,543	\$ (4,371,137)	\$ 37,665,596	\$ 2,575,774

NOTE 8 – GOVERNMENTAL FUND BALANCE CLASSIFICATIONS

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, establishes a hierarchy for fund balance classifications and the constraints imposed on the uses of those resources. GASB 54 provides for two major types of fund balances, which are nonspendable and spendable. Nonspendable fund balances are balances that cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact. Examples of this classification are prepaid items, inventories, and principal (corpus) of an endowment fund. The Town has reported principal portions of endowment funds as nonspendable.

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

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

As of June 30, 2023, the governmental fund balances consisted of the following:

	<u>General</u>	<u>Capital Projects</u>	<u>Town Special Revenue</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Fund Balances:					
Nonspendable:					
Permanent fund principal.....	\$ -	\$ -	\$ -	\$ 2,666,075	\$ 2,666,075
Restricted for:					
Capital Projects.....	-	2,778,489	-	-	2,778,489
Town special revenue.....	-	-	4,183,828	937,830	5,121,658
School special revenue.....	-	-	-	4,474,918	4,474,918
Town special assessments....	-	-	-	75,607	75,607
School lunch.....	-	-	-	1,458,898	1,458,898
Debt service fund.....	-	-	-	1,230,386	1,230,386
Debt exclusion.....	-	-	-	2,347,034	2,347,034
Committed to:					
General government.....	335,662	-	-	-	335,662
Public safety.....	34,035	-	-	-	34,035
Education.....	42,384	-	-	-	42,384
Public works.....	1,686,325	-	-	-	1,686,325
Assigned to:					
General government.....	12,451	-	-	-	12,451
Public safety.....	4,800	-	-	-	4,800
Education.....	436,783	-	-	-	436,783
Public works.....	516,100	-	-	-	516,100
Unassigned.....	<u>12,174,283</u>	<u>(3,972,321)</u>	<u>-</u>	<u>-</u>	<u>8,201,962</u>
Total Fund Balances.....	<u>\$ 15,242,823</u>	<u>\$ (1,193,832)</u>	<u>\$ 4,183,828</u>	<u>\$ 13,190,748</u>	<u>\$ 31,423,567</u>

Massachusetts General Law Ch.40 §5B allows for the establishment of stabilization funds for one or more different purposes. The creation of a fund requires a two-thirds vote of the legislative body and must clearly define the purpose of the fund. Any change to the purpose of the fund along with any additions to or appropriations from the fund requires a two-thirds vote of the legislative body.

At year-end, the general stabilization fund and special education stabilization fund totaled \$3,225,824 and \$309,999, respectively and are reported as unassigned fund balance within the general fund.

NOTE 9 – DEBT SERVICE FUND

On June 25, 1998, a Special Town Meeting approved the establishment of a debt service fund. On January 9, 1999, a home rule petition was passed by the Massachusetts legislature enabling the Town to establish and maintain a debt service fund. Accordingly, the Treasurer is the custodian of the Fund and may invest the funds in accordance with Sections 54 or 55 of Chapter 44 of the MGL. All earnings, income and interest earned will be credited to the fund. The Town can appropriate amounts for deposits into the fund from any available source by majority vote at any Special or Annual Town Meeting. Additionally, the Treasurer with the approval of the Town Council, without further appropriation, will deposit an annual appropriation of \$1,000,000 from the tax levy into the debt service fund. The aggregate amount of the debt service fund may not exceed 10% of the equalized value of the Town. The Town’s Equalized Value as of June 30, 2023, was \$6,497,733,200. During 2023, the Town transferred \$5,133,698 into the fund, received \$68,679 of investment income and expended \$4,713,584, which resulted in an ending balance totaling \$1,230,386.

The debt service fund will be used to reduce the amount of tax levy raised to pay principal and interest on long-term debt due in that particular year. The amount to be used in any year may not exceed \$1,000,000 without additional Town Meeting appropriation on or prior to August 1 of each year. In addition, the Town may appropriate money from the Fund by a two-thirds vote for any purpose that the Town would be authorized to borrow money under Sections 7 or 8 of Chapter 44 of the MGL.

NOTE 10 – RISK FINANCING

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Town carries commercial insurance. The amount of claims settlements has not exceeded insurance coverage in any of the previous three years.

a) *Health Insurance*

On January 1, 2012, the Town joined the Commonwealth of Massachusetts' GIC which offers premium based insurance plans to GIC members. The GIC sets the rates for participating municipalities annually. Municipalities participating in the GIC plans are assessed a .05% administrative fee on their premium over what the State employees pay.

b) *Workers' Compensation*

The Town is a member of the Massachusetts Education and Government Association (MEGA) insurance program for workers' compensation benefits for employees other than uniformed police and fire. MEGA is self-sustaining through member premiums and reinsures through commercial companies for stop loss insurance. The total premium assessed by MEGA to the Town in 2023 amounted to approximately \$481,415 and was allocated between the general fund and the enterprise funds.

The Town is self-insured for its uniformed police and fire workers' compensation activities. These activities are accounted for in the Town's general fund where revenues are recorded when earned and expenses are recorded when the liability is incurred. The liability for incurred but not reported police and fire workers' compensation claims is immaterial and therefore not reported.

NOTE 11 – PENSION PLAN

Plan Description

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

The Town is a member of the Massachusetts Teachers' Retirement System (MTRS), a cost-sharing multi-employer defined benefit plan. MTRS is managed by the Commonwealth of Massachusetts (Commonwealth) on behalf of municipal teachers and municipal teacher retirees. The Commonwealth is a nonemployer contributor and is responsible for 100% of the contributions and future benefit requirements of the MTRS. The MTRS covers certified teachers in cities (except Boston), towns, regional school districts, charter schools, educational

collaboratives and Quincy College. The MTRS is part of the Commonwealth’s reporting entity and the audited financial report may be obtained by visiting <https://mtrs.state.ma.us/service/financial-reports/>.

Special Funding Situation

The Commonwealth is a nonemployer contributor and is required by statute to make 100% of all actuarially determined employer contributions on behalf of the Town to the MTRS. Therefore, the Town is considered to be in a special funding situation as defined by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and the Commonwealth is a nonemployer contributor in MTRS. Since the Town does not contribute directly to MTRS, there is no net pension liability to recognize. The total of the Commonwealth provided contributions have been allocated based on each employer’s covered payroll to the total covered payroll of employers in MTRS as of the measurement date of June 30, 2022. The Town’s portion of the collective pension expense, contributed by the Commonwealth, of \$8,054,230 is reported in the general fund as intergovernmental revenue and pension benefits in the current year. The portion of the Commonwealth’s collective net pension liability associated with the Town is \$97,912,160 as of the measurement date.

Benefits Provided

Both Systems provide retirement, disability, survivor and death benefits to plan members and beneficiaries. Massachusetts Contributory Retirement System benefits are, with certain minor exceptions, uniform from system to system. The Systems provide retirement allowance benefits up to a maximum of 80% of a member's highest three-year average annual rate of regular compensation. For persons who became members on or after April 2, 2012, average salary is the average annual rate of regular compensation received during the five consecutive years that produce the highest average, or, if greater, during the last five years (whether or not consecutive) preceding retirement. Benefit payments are based upon a member's age, length of creditable service, level of compensation, and group classification. Members become vested after ten years of creditable service. The System adopted an increase in the cost-of-living adjustment base on June 3, 2022, which is reflected in the current year disclosures.

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

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

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

Active members.....	462
Inactive members.....	80
Retirees and beneficiaries currently receiving benefits.....	<u>372</u>
Total.....	<u><u>914</u></u>

Contributions

Chapter 32 of the MGL governs the contributions of plan members and member units. Active plan members are required to contribute at rates ranging from 5% to 9% of gross regular compensation with an additional 2% contribution required for compensation exceeding \$30,000. The percentage rate is keyed to the date upon which

an employee's membership commences. The member units are required to pay into the WCRS a legislatively mandated actuarially determined contribution that is apportioned among the employers based on active current payroll. The total member units' contribution for the year ended December 31, 2022, was \$7,618,000, or 24.23% of covered payroll, actuarially determined as an amount that, when combined with plan member contributions, is expected to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. The Town's proportionate share of the required contribution was \$7,436,000 which equaled its actual contribution.

Pension Liabilities

The components of the net pension liability of the participating member units at June 30, 2023, were as follows:

Total pension liability.....	\$	223,827,000
Total pension plan's fiduciary net position.....		<u>(153,467,000)</u>
Total net pension liability.....	\$	<u>70,360,000</u>
The pension plan's fiduciary net position as		
a percentage of the total pension liability.....		68.57%

At June 30, 2023, the Town reported a liability of \$68,671,000 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2022. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating members. At December 31, 2022, the Town's proportion was 97.60%, which increased from its proportion of 97.43% as of December 31, 2021.

Pension Expense

For the year ended June 30, 2023, the Town recognized pension expense of \$9,675,000. At June 30, 2023, the Town reported deferred outflows of resources related to pensions of \$12,971,000 and deferred inflows of resources related to pensions of \$1,203,000. The balances of deferred outflows/(inflows) of resources at June 30, 2023, consist of the following:

<u>Deferred Category</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Total</u>
Differences between expected and actual experience.....	\$ 1,219,000	\$ -	\$ 1,219,000
Net difference between projected and actual earnings.....	10,650,000	-	10,650,000
Changes in assumptions.....	570,000	(730,000)	(160,000)
Changes in proportion and proportionate share of contributions...	<u>532,000</u>	<u>(473,000)</u>	<u>59,000</u>
Total deferred outflows/(inflows) of resources.....	\$ <u>12,971,000</u>	\$ <u>(1,203,000)</u>	\$ <u>11,768,000</u>

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

<u>Year ended June 30:</u>	
2024.....	\$ 511,000
2025.....	1,876,000
2026.....	2,985,000
2027.....	<u>6,396,000</u>
	<u>\$ 11,768,000</u>

Actuarial Assumptions

The total pension liability in the January 1, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation date.....	January 1, 2022
Actuarial cost method.....	Entry Age Normal Cost Method.
Amortization method.....	Total payments increase 5.65% per year until FY35 with a final amortization payment in FY36.
Remaining amortization period.....	13 years from July 1, 2023.
Asset valuation method.....	Fair value for GASB 67/68. For funding purposes, gains and losses each year are recognized over 5 years.
Discount/Investment rate of return.....	7.40% net of pension plan investment expense, including inflation.
Inflation rate.....	2.50% per year.
Projected salary increases.....	Select and ultimate by job group; ultimate rates of 4.25% for Group 1 and 4.75% for Group 4.
Cost of living adjustments.....	3% of first \$16,000.
Mortality rates:	
Pre-Retirement.....	Pre-retirement rates reflect the RP-2014 Blue Collar Employees table projected generationally with Scale MP-2020 (gender distinct).
Healthy Retiree.....	Post-retirement rates reflect the RP-2014 Blue Collar Healthy Annuitant table projected generationally with Scale MP-2020 (gender distinct).
Disabled Retiree.....	For disabled retirees, the rates reflect the RP-2014 Blue Collar Healthy Annuitant table set forward 1 year projected generationally with Scale MP-2020 (gender distinct).

Investment policy

The pension plan’s policy regarding the allocation of invested assets is established and may be amended by the Board. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the pension plan.

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

Asset Class	Long-Term Expected Asset Allocation	Long-Term Expected Real Rate of Return
Global equity		
U.S. equities.....	21.20%	7.10%
International equities.....	12.20%	6.90%
Emerging international equities.....	4.70%	9.60%
Hedged equities.....	8.60%	6.60%
Core fixed income.....	13.80%	4.20%
Value added fixed income.....	7.00%	7.80%
Private equity.....	17.70%	10.20%
Real estate.....	11.20%	5.70%
Timberland.....	3.20%	7.00%
Portfolio completion.....	0.40%	6.50%
Total.....	100.00%	

Rate of return

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

Discount rate

The discount rate used to measure the total pension liability was 7.40% as of December 31, 2022, and December 31, 2021. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that contributions will be made at rates equal to the actuarially determined contribution rate. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate

The table on the following page presents the net pension liability, calculated using the discount rate of 7.40%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.40%) or 1-percentage-point higher (8.40%) than the current rate:

	1% Decrease (6.40%)	Current Discount (7.40%)	1% Increase (8.40%)
<u>December 31, 2022 Measurement Date</u>			
The Town's proportionate share of the net pension liability.....	\$ 93,013,000	\$ 68,671,000	\$ 48,117,000
WCERS total net pension liability.....	\$ 95,300,000	\$ 70,360,000	\$ 49,300,000

Changes of Assumptions

None.

Changes in Plan Provisions

The System adopted an increase in the cost-of-living adjustment base on June 3, 2022, which is reflected in the current year disclosures.

NOTE 12 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description

The Town of Wakefield and the WMGLD participate in the Commonwealth of Massachusetts Group Insurance Commission (GIC) for the purpose of providing medical and drug benefit plans (Plan) to all eligible retirees. The Plan provides lifetime healthcare insurance for eligible retirees and their spouses through the GIC plans. Chapter 32b of the MGL assigns authority to establish and amend benefit provisions of the Plan. Benefit provisions are negotiated between the Town and the unions representing Town employees and are renegotiated each bargaining period. The Plan does not issue a publicly available financial report.

Summary of Significant Accounting Policies

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

Funding Policy

Contribution requirements are also negotiated between the Town and union representatives. The required contribution is based on a pay-as-you-go financing requirement. The Town’s contribution to the Retiree Health

Plans varies depending on which plan is selected. Plan members receiving benefits contribute the remaining cost of their premium costs. The Town of Wakefield also contributes 50% of the retiree life insurance premiums. For the year ended June 30, 2023, the Town and WMGLD’s average contribution rates were 7.89% and 15.81% of covered-employee payroll, respectively.

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

During 2023, the Town and the WMGLD pre-funded future OPEB liabilities totaling \$1,400,000 and \$360,000, respectively by contributing funds to the Other Postemployment Benefits Trust Funds in excess of the pay-as-you-go required contributions. These funds are reported within the Fiduciary Funds financial statements and the balances totaled \$50,377,061 and \$8,204,331, respectively.

The Town’s policy in regard to the allocation of invested assets is established and may be amended by the Town Council by a majority vote of its members. The WMGLD’s policy in regard to the allocation of invested assets is established and may be amended by the WMGLD Commissioners by a majority vote of its members. The OPEB plan’s assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the OPEB plan. The long-term real rate of return on OPEB investments was determined using the Town’s and the WMGLD’s investment policies.

Employees Covered by Benefit Terms

The following table represents the Plan’s membership at July 1, 2021, the valuation date:

	<u>Town</u>	<u>WMGLD</u>
Active members.....	518	32
Inactive members currently receiving benefits.....	<u>766</u>	<u>62</u>
Total.....	<u><u>1,284</u></u>	<u><u>94</u></u>

Components of OPEB Liability (Asset)

The following table represents the components of the Town's OPEB liability (asset) as of June 30, 2023:

	<u>Town</u>	<u>WMGLD</u>
Total OPEB liability.....	\$ 79,557,668	\$ 8,041,978
Less: OPEB plan's fiduciary net position.....	<u>(29,180,607)</u>	<u>(8,204,331)</u>
Net OPEB liability (asset).....	<u>\$ 50,377,061</u>	<u>\$ (162,353)</u>
 The OPEB plan's fiduciary net position as a percentage of the total OPEB liability (asset)..	 36.68%	 102.02%

Significant Actuarial Methods and Assumptions

The total OPEB liability in the July 1, 2021, actuarial valuation was determined by using the following actuarial assumptions, applied to all periods included in the measurement date that was updated to June 30, 2023:

Town & WMGLD

Valuation date.....	July 1, 2021
Actuarial cost method.....	Individual Entry Age Normal Cost Method.
Investment rate of return.....	7.00%, net of pension plan investment expense, including inflation.
Discount rate.....	7.00%
Inflation rate.....	3.50%
Projected salary increases.....	Service-related increases for Group 1 (excluding teachers) and Group 2 employees: 6.0% decreasing over 9 years to an ultimate level of 4.25%. Service-related increases for teachers: 7.50% decreasing over 20 years to an ultimate level of 4.0%. Service-related increases for Group 4 employees: 7.0% decreasing over 6 years to an ultimate level of 4.75%.
Health care cost trend rate.....	Non-Medicare trend rate: 6.19%, 4.83%, 9.11%, 8.82%, 6.72%, 6.43%, then 6.25% decreasing by 0.25% for 7 years to an ultimate level of 4.50%. Medicare trend rate: 2.04%, 2.18%, 6.80%, 6.79%, 4.99% for two years, 4.75%, then an ultimate level of 4.50%. Contributions: Retiree contributions are expected to increase with medical trend.

Mortality Rates:

Pre-Retirement (Non-Teachers).....	RP-2014 Blue Collar Employee Mortality Table projected generationally with Scale MP-20212D.
Healthy (Non-Teachers).....	RP-2014 Blue Collar Healthy Annuitant Mortality Table projected generationally with Scale MP-20212D.
Disabled (Non-Teachers).....	RP-2014 Blue Collar Healthy Annuitant Mortality Table projected generationally with Scale MP-20212D set forward 1 year.
Pre-Retirement (Teachers).....	Pub-2010 Teacher Employee Headcount-weighted Mortality Table projected generationally with Scale MP-20202D.
Healthy (Teachers).....	Pub-2010 Teacher Healthy Retiree Headcount-weighted Morality Table projected generationally with Scale MP-20202D.
Disabled (Teachers).....	Pub-2010 Teacher Healthy Retiree Headcount-weighted Morality Table projected generationally with Scale MP-20202D.

Rate of return

For the year ended June 30, 2023, the Town’s annual money-weighted rate of return on investments, net of investment expense, was 5.97%. The WMGLD’s annual money-weighted rate of return on investments, net of investment expense, was 5.81%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of returns (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return of by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The System’s expected future real rate of return is added to the expected inflation to produce the long-term expected nominal rate of return. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan’s target asset allocation as of June 30, 2023, are summarized in the following table:

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

Discount Rate

The Town’s and the WMGLD’s rate used to measure the total OPEB liability was 7.00% as of June 30, 2023, and of June 30, 2022. The projection of cash flows used to determine the discount rate assumed that contributions from the Town and WMGLD will be made in accordance with the Plan’s funding policy. Based on those assumptions, the OPEB Plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Town			
Balances at June 30, 2022.....	\$ 73,721,969	\$ 26,187,021	\$ 47,534,948
Changes for the year:			
Service cost.....	1,987,529	-	1,987,529
Interest.....	5,169,282	-	5,169,282
Changes in assumptions and other inputs.....	2,468,232	-	2,468,232
Benefit payments.....	(3,789,344)	(3,789,344)	-
Employer contributions.....	-	1,400,000	(1,400,000)
Employer contributions for OPEB payments.....	-	3,789,344	(3,789,344)
Net investment income.....	-	1,593,586	(1,593,586)
Net change.....	5,835,699	2,993,586	2,842,113
Balances at June 30, 2023.....	\$ 79,557,668	\$ 29,180,607	\$ 50,377,061
WMGLD			
Balances at June 30, 2022.....	\$ 7,500,728	\$ 7,407,194	\$ 93,534
Changes for the year:			
Service cost.....	226,061	-	226,061
Interest.....	525,220	-	525,220
Changes in assumptions and other inputs.....	244,949	-	244,949
Benefit payments.....	(454,980)	(454,980)	-
Employer contributions.....	-	360,000	(360,000)
Employer contributions for OPEB payments.....	-	454,980	(454,980)
Net investment income (loss).....	-	437,137	(437,137)
Net change.....	541,250	797,137	(255,887)
Balances at June 30, 2023.....	\$ 8,041,978	\$ 8,204,331	\$ (162,353)

Sensitivity of the net other postemployment benefit liability (asset) to changes in the discount rate

The following table presents the net other postemployment benefit liability (asset) and service cost, calculated using the discount rate of 7.00%, as well as what the net other postemployment benefit liability (asset) and service cost would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate.

<u>Town</u>	<u>1% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
Net OPEB liability.....	\$ 60,125,910	\$ 50,377,061	\$ 42,226,658
<u>WMGLD</u>	<u>1% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
Net OPEB liability (asset).....	\$ 746,177	\$ (162,353)	\$ (923,463)

Sensitivity of the net other postemployment benefit liability (asset) to changes in the healthcare trend

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

<u>Town</u>	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
Net OPEB liability.....	\$ 40,122,021	\$ 50,377,061	\$ 62,967,847
<u>WMGLD</u>	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
Net OPEB liability (asset).....	\$ (1,101,171)	\$ (162,353)	\$ 971,956

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

For the year ended June 30, 2023, the Town recognized OPEB expense of \$2,065,249. The WMGLD recognized OPEB expense of \$139,643. At June 30, 2023, the Town and WMGLD reported deferred outflows/(inflows) of resources related to OPEB from the following sources:

<u>Town</u>	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Deferred Category			
Differences between expected and actual experience.....	\$ 405,344	\$ (334,786)	\$ 70,558
Net difference between projected and actual earnings.....	505,874	-	505,874
Changes in assumptions.....	3,247,491	(13,154,102)	(9,906,611)
Total deferred (inflows) of resources.....	<u>\$ 4,158,709</u>	<u>\$ (13,488,888)</u>	<u>\$ (9,330,179)</u>
<u>WMGLD</u>	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Deferred Category			
Differences between expected and actual experience.....	\$ 126,190	\$ -	\$ 126,190
Net difference between projected and actual earnings.....	137,332	-	137,332
Changes in assumptions.....	235,098	(403,112)	(168,014)
Total deferred (inflows) of resources.....	<u>\$ 498,620</u>	<u>\$ (403,112)</u>	<u>\$ 95,508</u>

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

<u>Measurement date year ended June 30:</u>	<u>Town</u>	<u>WMGLD</u>
2024.....	\$ (3,248,207)	\$ (30,094)
2025.....	(3,443,365)	(138,117)
2026.....	(1,038,939)	244,926
2027.....	(2,011,040)	18,793
2028.....	411,372	-
Total.....	<u>\$ (9,330,179)</u>	<u>\$ 95,508</u>

Changes of Assumptions

The second-year trend rates were updated to reflect known premium increases from FY23 to FY24, as well as to account for changes in the GIC plan offerings.

Changes in Plan Provisions

None.

NOTE 13 – FINANCIAL STATEMENTS FOR INDIVIDUAL PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS

GAAP requires that all Pension and Other Employee Benefit Trust Funds be combined and presented in one column in the Fiduciary Funds financial statements and that the individual financial statements for each trust fund plan are reported in the notes to the financial statements. Provided below are the individual financial statements for the pension, OPEB and health insurance plans that are included in the Fiduciary Funds as Pension and Other Employee Benefit Trust Funds.

	Pension Trust Fund (as of December 31, 2022)	Other Postemployment Benefit Trust Fund	WMGLD Other Postemployment Benefit Trust Fund	Employee Health Insurance Trust Fund	Total Pension and Other Employee Benefit Trust Funds
ASSETS					
Cash and cash equivalents.....	\$ 857,006	\$ 1,499	\$ -	\$ 879,854	\$ 1,738,359
Investments:					
Investments in Pension Reserve Investment Trust.....	152,559,104	29,179,108	8,204,331	-	189,942,543
Receivables, net of allowance for uncollectibles:					
Departmental and other.....	55,015	-	-	-	55,015
TOTAL ASSETS.....	153,471,125	29,180,607	8,204,331	879,854	191,735,917
LIABILITIES					
Warrants payable.....	4,528	-	-	-	4,528
NET POSITION					
Restricted for pensions.....	153,466,597	-	-	-	153,466,597
Restricted for other employee benefits.....	-	29,180,607	8,204,331	-	37,384,938
Held in trust for other purposes.....	-	-	-	879,854	879,854
TOTAL NET POSITION.....	\$ 153,466,597	\$ 29,180,607	\$ 8,204,331	\$ 879,854	\$ 191,731,389
ADDITIONS:					
Contributions:					
Employer contributions.....	\$ 7,617,727	\$ 1,400,000	\$ 360,000	\$ 300,000	\$ 9,677,727
Employer contributions for other postemployment benefit payments.....	-	3,789,344	454,980	-	4,244,324
Member contributions.....	3,375,476	-	-	-	3,375,476
Transfers from other systems.....	579,684	-	-	-	579,684
State COLA reimbursements.....	74,122	-	-	-	74,122
Total contributions.....	11,647,009	5,189,344	814,980	300,000	17,951,333
Net investment income (loss):					
Investment income (loss).....	(18,798,894)	1,730,000	475,469	6,347	(16,587,078)
Less: investment expense.....	(794,281)	(136,414)	(38,332)	-	(969,027)
Net investment income (loss).....	(19,593,175)	1,593,586	437,137	6,347	(17,556,105)
TOTAL ADDITIONS.....	(7,946,166)	6,782,930	1,252,117	306,347	395,228
DEDUCTIONS:					
Administration.....	218,493	-	-	-	218,493
Transfers to other systems.....	506,236	-	-	-	506,236
Retirement benefits and refunds.....	13,008,632	-	-	-	13,008,632
Other postemployment benefit payments.....	-	3,789,344	454,980	-	4,244,324
Employee benefits.....	-	-	-	391,351	391,351
TOTAL DEDUCTIONS.....	13,733,361	3,789,344	454,980	391,351	18,369,036
NET INCREASE (DECREASE) IN NET POSITION.....	(21,679,527)	2,993,586	797,137	(85,004)	(17,973,808)
NET POSITION AT BEGINNING OF YEAR.....	175,146,124	26,187,021	7,407,194	964,858	209,705,197
NET POSITION AT END OF YEAR.....	\$ 153,466,597	\$ 29,180,607	\$ 8,204,331	\$ 879,854	\$ 191,731,389

NOTE 14 – INVESTMENT IN ASSOCIATED COMPANIES

The Wakefield Municipal Gas & Light Department (WMGLD) is a Member of the Berkshire Wind Cooperative Corporation (Berkshire Cooperative).

The Berkshire Cooperative is organized under Chapters 157 and 164: Section 47C of the Massachusetts General Laws and constitutes a municipal lighting department cooperative. The Berkshire Cooperative was formed by the Massachusetts Municipal Wholesale Electric Company (MMWEC) and 16 Municipal Light Departments (Members) for the purpose of financing, owning, constructing and operating wind generation facilities located on Brodie Mountain in the towns of Hancock and Lanesborough, Massachusetts (Berkshire Wind Facility).

The Berkshire Cooperative provides wind energy to MMWEC pursuant to the Berkshire Wind Power Purchase Agreement dated May 21, 2008, between MMWEC and the Berkshire Cooperative. Under this agreement, MMWEC entered into a Power Sales Contract with the Berkshire Cooperative pursuant to which MMWEC has agreed to purchase 100% of the capacity and energy output and, to the extent uncommitted to any third party under existing agreements, associated environmental energy attributes of a wind power generating facility to be owned, constructed and operated by the Berkshire Cooperative at the Berkshire Wind Facility.

The Berkshire Wind Facility is comprised of two Phases. Phase 1 is comprised of ten 1.5-megawatt wind turbines which have been commercially operating since 2011, and Phase 2 is comprised of two 2.3-megawatt wind turbines which began commercial operations in November 2019.

MMWEC sells all of the capability of the Berkshire Wind Facility (Capability) to the Members of the Berkshire Cooperative (Members) under Power Purchase Agreements (PPAs). Among other things, the PPAs require each Berkshire Cooperative Member to pay its pro rata share of the costs related to the Berkshire Wind Facility, which costs include debt service on the bonds issued by the Berkshire Cooperative to finance the Berkshire Wind Facility and its pro rata share of the Operation and Maintenance (O&M) costs of the Berkshire Wind Facility. In addition, should a Berkshire Cooperative Member fail to make any payment when due, other Berkshire Cooperative Members may be required to increase (step-up) their payments and correspondingly their share of the Capability to an additional amount. Additionally, each Participant is unconditionally obligated to make all payments due to the Berkshire Wind Cooperative Corporation, whether or not the Berkshire Wind Facility is completed or operating, and notwithstanding the suspension or interruption of the output of the Berkshire Wind Facility.

The total capital expenditures, debt service and operation and maintenance (O&M) costs associated with the Department's pro rata share of the Phases in which it participates for the years ended June 30, 2023, and 2022, respectively are listed in the table below.

Phase	Percentage Share	Total Capital Expenditures June 2023	Total Capital Expenditures June 2022	Debt Service Billed June 2023	Debt Service Billed June 2022	Operations & Maintenance Billed June 2023	Operations & Maintenance Billed June 2022
Berkshire Phase 1...	9.091%	\$ 5,028,149	\$ 5,028,149	\$ 439,959	\$ 440,050	\$ 196,973	\$ 175,839
Berkshire Phase 2...	9.091%	1,483,738	1,483,738	75,356	75,356	78,986	74,666
Total.....		\$ 6,511,887	\$ 6,511,887	\$ 515,315	\$ 515,406	\$ 275,959	\$ 250,505

In addition, the estimated amount of the required payments for future years for the Plant's pro rata share of the Phases in which it participates is shown below:

Year	Total Phase 1 Debt Service 9.091%	Total Phase 2 Debt Service 8.969%	Total Berkshire Debt Service
2024.....	\$ 440,527	\$ 101,219	\$ 541,746
2025.....	439,868	101,220	541,088
2026.....	440,277	101,219	541,496
2027.....	440,300	101,220	541,520
2028.....	439,813	101,220	541,033
2029-2033.....	880,054	961,174	1,841,228
Total.....	\$ 3,080,839	\$ 1,467,272	\$ 4,548,111

NOTE 15 – PARTICIPATION IN MASSACHUSETTS MUNICIPAL WHOLESALE ELECTRIC COMPANY

The Town of Wakefield acting through its Municipal Gas and Light Department is a participant in certain projects of the Massachusetts Municipal Wholesale Electric Company (MMWEC).

MMWEC is a public corporation and a political subdivision of the Commonwealth of Massachusetts, created as a means to develop a bulk power supply for its Members and other utilities. MMWEC is authorized to construct, own or purchase ownership interests in, and to issue revenue bonds to finance, electric facilities (Projects). MMWEC has acquired ownership interests in electric facilities operated by other entities and also owns and operates its own electric facilities. MMWEC operates the Stony Brook Intermediate Project and the Stony Brook Peaking Project, both fossil-fueled power plants. MMWEC has the Nuclear Mix No 1 Project, Nuclear Project Three, Nuclear Project Four, Nuclear Project Five and Project Six, which comprise an 11.6% ownership interest in the Seabrook Station nuclear generating unit operated by NextEra Energy Seabrook, LLC and a 4.8% ownership interest in the Millstone Unit 3 nuclear unit, operated by Dominion Nuclear Connecticut, Inc. The operating license for Seabrook Station extends to March 15, 2050. The operating license for the Millstone Unit 3 nuclear unit extends to November 25, 2045.

The Light Department is also a Participant in MMWEC Project 2015A, a capacity reliability resource in Peabody, Massachusetts, and in MMWEC Project 2020A, a solar resource in Ludlow, MA. Both Project 2015A and Project 2020A are under construction as of June 30, 2023. As of June 30, 2023, the Wakefield Gas and Light Department has contributed \$852,708 and \$67,251 for design and construction costs for Project 2015A and Project 2020A, respectively.

MMWEC sells all of the capability (Project Capability) of each of its projects to its Members and other utilities (Project Participants) under Power Sales Agreements (PSAs). The Light Department has entered into PSAs with MMWEC. Under the PSAs the Department is required to make certain payments to MMWEC payable solely from Municipal Light Department revenues. Among other things, the PSAs require each Project Participant to pay its pro rata share of MMWEC's costs related to the Project, which costs include debt service on revenue bonds issued by MMWEC to finance the Project. In addition, should a Project Participant fail to make any payment when due, other Project Participants of that Project may be required to increase (step-up) their payments and correspondingly their Participants share of that Project's Project Capability. Project Participants have covenanted to fix, revise and collect rates at least sufficient to meet their obligations under the PSAs. Each Participant is

unconditionally obligated to make payments due to MMWEC whether or not the Project(s) is completed or operating and notwithstanding the suspension or interruption of the output of the Project(s).

Pursuant to the PSAs, the MMWEC Project Participants are liable for their proportionate share of the costs associated with decommissioning the plants, which costs are being funded through monthly Project billings. Also, the Millstone and Seabrook Project Participants are liable for their proportionate share of the uninsured costs of a nuclear incident that might be imposed under the Price-Anderson Act (Act). Originally enacted in 1957, the Act has been renewed several times. In July 2005, as part of the Energy Policy Act of 2005, Congress extended the Act until the end of 2025.

MMWEC is involved in various legal actions. In the opinion of management, the outcome of such litigation or claims will not have a material adverse effect on the financial position of the company.

The total capital expenditures and annual capacity, fuel and transmission costs (which include debt service and decommissioning expenses as discussed above) associated with the Department's Project Capability of the Projects in which it participates for the years ended June 30, 2023, and 2022, respectively are listed in the table below.

Projects	Percentage Share	Total Capital Expenditures 2023	Total Capital Expenditures 2022	Capacity, Fuel & Transmission Billed 2023	Capacity, Fuel & Transmission Billed 2022
Stony Brook Peaking Project.....	6.3791%	\$ 3,953,745	\$ 3,949,859	\$ 366,744	\$ 258,973
Stony Brook Intermediate Project..	4.3996%	8,067,423	8,056,918	1,045,957	647,666
Nuclear Mix No. 1-Seabrook.....	3.8984%	405,283	402,202	17,926	16,804
Nuclear Mix No. 1-Millstone.....	3.8984%	2,502,425	2,475,466	239,895	241,839
Nuclear Project No. 3-Millstone....	4.4755%	6,951,193	6,889,485	546,790	552,224
Nuclear Project No. 4-Seabrook....	3.5900%	11,022,383	10,946,845	433,168	410,880
Nuclear Project No. 5-Seabrook....	1.9731%	1,638,380	1,627,871	61,691	58,350
Project No. 6-Seabrook.....	3.3910%	19,238,375	19,139,556	568,616	541,892
Project 2015A-Capacity Resource.	8.7350%	5,983,861	4,052,217	-	-
Project 2020A-Ludlow Solar.....	14.4930%	1,741,059	1,095,326	-	-
Total.....		\$ 61,504,127	\$ 58,635,745	\$ 3,280,787	\$ 2,728,628

For the years ended June 30:	Total Project 2015A Debt Service 10.170%	Total Project 2020A Debt Service 14.493%	Total Berkshire Debt Service
2024.....	\$ 374,218	\$ 2,173,950	\$ 2,548,168
2025.....	373,559	-	373,559
2026.....	373,163	-	373,163
2027.....	373,081	-	373,081
2028.....	372,608	-	372,608
2029-2033.....	1,859,178	-	1,859,178
2034-2038.....	1,859,038	-	1,859,038
2039-2043.....	1,854,642	-	1,854,642
2044-2048.....	1,849,923	-	1,849,923
2049-2051.....	1,106,608	-	1,106,608
Total.....	\$ 10,396,018	\$ 2,173,950	\$ 12,569,968

NOTE 16 – WAKEFIELD MUNICIPAL COOPERATIVE CORPORATION

In 2012, the WMGLD formed the Wakefield Municipal Cooperative Corporation (Cooperative) to finance, purchase, own, lease or otherwise acquire, hold, use, improve, construct, maintain and operate, or cause to be constructed, maintained and operated, real and personal property for the benefit of the members of the Cooperative. The significant accounting policies of the Cooperative are as follows:

A. Reporting Entity

The Cooperative is a public corporation organized as a municipal lighting plant cooperative pursuant to Massachusetts General Laws, Chapter 164, Section 47C. The Cooperative was formed by the Wakefield Municipal Gas & Light Department and the Massachusetts Municipal Wholesale Electric Company (MMWEC) to finance, purchase, own, lease or otherwise acquire, hold, use, improve construct, maintain and operate, or cause to be constructed, maintained and operated, real and personal property, or interests therein, for the benefit of the members of the Cooperative, such property to include, but not be limited to, a garage and office facility (the Facility) located at 480 North Avenue, Wakefield, Massachusetts, and an electric substation (Substation) for the transformation and distribution of electricity to be located at 435 and 443 Salem Street, Wakefield, Massachusetts.

The powers of the Cooperative are exercised by a Board of Directors that have the right to conduct business and carry out operations. The Board of Directors is comprised of one director who represents MMWEC and two directors who represent the WMGLD.

B. Related Parties**Agency Agreement**

The Cooperative has entered into an Agency Agreement with MMWEC and has appointed MMWEC as its agent to act for the Cooperative in all matters with respect to the acquisition, financing, and construction, of the Facility and the Substation. MMWEC also performs accounting and administrative services for the Cooperative and maintains all of the Cooperative's financial records.

Facility Lease and Sub-Lease Agreements

The Cooperative has entered into a Building Lease Agreement with MMWEC for the Facility, whereby MMWEC is obligated to pay monthly lease payments to cover all of the Cooperative's costs resulting from financing, permitting, constructing, owning, leasing, holding, and maintaining the Facility. MMWEC has entered into a Building Sub-Lease Agreement with the WMGLD for the Facility, whereby the WMGLD is obligated to pay monthly charges equal to MMWEC's monthly lease payments under the Building Lease Agreement, all of MMWEC's costs associated with the performance of the Building Lease Agreement, and all costs associated with the use, occupancy, operation, and maintenance of the Facility.

Due From/To Subsidiary

The difference between revenues received and expenses paid are charged to this account. Such amounts will be recovered or settled through future billings between the Cooperative and the WMGLD.

C. Revenues

The Cooperative distinguishes operating revenues from non-operating items. Operating revenues generally result from providing services in connection with the Cooperative's ongoing operations. The principal operating

revenues of the Cooperative are monthly lease revenues from the WMGLD in accordance with the terms of the Facility and the Substation Lease and Sub-Lease Agreements.

D. Cash and Cash Equivalents

For the purposes of the Statement of Cash Flows, the Cooperative considers all deposits in its disbursement accounts to be cash and short-term investments.

E. Capital Assets and Depreciation

Capital Assets which include the building and improvements are recorded at historical cost when purchased or constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets are capitalized as they are acquired or constructed. Major capital outlays during fiscal year 2023 include the North Avenue building which is being depreciated using straight-line depreciation method over a 20-year period.

NOTE 17 – CONTINGENCIES

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

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

NOTE 18 – COMMITMENTS

The Town has entered into, or is planning to enter into, contracts totaling \$1.5 million for road improvements and repairs, \$2.0 million for railroad crossing improvements, \$2.0 million for the high school feasibility study, \$273.3 million for the construction of the new high school, and \$5.0 million for the Hart's Hill water tower design and construction.

NOTE 19 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 18, 2024, which is the date the financial statements were available to be issued.

NOTE 20 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

During 2023, the following GASB pronouncements were implemented:

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

The following GASB pronouncements will be implemented in the future:

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

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

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Required Supplementary Information

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

YEAR ENDED JUNE 30, 2023

	Budgeted Amounts			
	Amounts	Current Year		
	Carried Forward From Prior Year	Initial Budget	Original Budget	Final Budget
REVENUES:				
Real estate and personal property taxes, net of tax refunds.....	\$ -	\$ 86,067,512	\$ 86,067,512	\$ 86,067,512
Tax liens and foreclosures.....	-	-	-	-
Motor vehicle excise taxes.....	-	4,100,000	4,100,000	4,100,000
Hotel/motel tax.....	-	725,000	725,000	725,000
Penalties and interest on taxes.....	-	350,000	350,000	350,000
Payments in lieu of taxes.....	-	945,828	945,828	945,828
Intergovernmental.....	-	12,422,257	12,422,257	12,422,257
Departmental and other.....	-	1,795,000	1,795,000	1,795,000
Investment income.....	-	40,000	40,000	40,000
TOTAL REVENUES.....	-	106,445,597	106,445,597	106,445,597
EXPENDITURES:				
Current:				
General government.....	383,856	3,148,940	3,532,796	3,363,116
Public safety.....	21,775	13,959,590	13,981,365	14,100,902
Education.....	1,946,415	49,960,392	51,906,807	52,017,043
Public works.....	2,004,051	11,767,555	13,771,606	13,771,608
Health and human services.....	-	883,596	883,596	883,596
Culture and recreation.....	-	2,049,696	2,049,696	2,049,696
Pension benefits.....	-	6,087,779	6,087,779	6,087,779
Property and liability insurance.....	-	459,166	459,166	460,571
Employee benefits.....	-	14,336,665	14,336,665	14,365,165
State and county charges.....	-	2,231,463	2,231,463	2,231,463
TOTAL EXPENDITURES.....	4,356,097	104,884,842	109,240,939	109,330,939
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	(4,356,097)	1,560,755	(2,795,342)	(2,885,342)
OTHER FINANCING SOURCES (USES):				
Transfers in.....	-	272,943	272,943	272,943
Transfers out.....	-	(5,133,698)	(5,133,698)	(5,133,698)
TOTAL OTHER FINANCING SOURCES (USES).....	-	(4,860,755)	(4,860,755)	(4,860,755)
NET CHANGE IN FUND BALANCE.....	(4,356,097)	(3,300,000)	(7,656,097)	(7,746,097)
BUDGETARY FUND BALANCE, Beginning of year.....	-	12,205,871	12,205,871	12,205,871
BUDGETARY FUND BALANCE, End of year.....	\$ (4,356,097)	\$ 8,905,871	\$ 4,549,774	\$ 4,459,774

See notes to required supplementary information.

	Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
\$	86,552,914	\$ -	\$ 485,402
	253,451	-	253,451
	4,306,086	-	206,086
	1,039,232	-	314,232
	354,069	-	4,069
	948,369	-	2,541
	12,490,293	-	68,036
	2,465,236	-	670,236
	661,997	-	621,997
	<u>109,071,647</u>	<u>-</u>	<u>2,626,050</u>
	2,689,621	348,113	325,382
	14,021,687	38,835	40,380
	51,129,263	479,167	408,613
	11,247,684	2,202,425	321,499
	716,905	-	166,691
	2,034,299	-	15,397
	6,055,256	-	32,523
	460,569	-	2
	13,231,481	-	1,133,684
	2,043,146	-	188,317
	<u>103,629,911</u>	<u>3,068,540</u>	<u>2,632,488</u>
	<u>5,441,736</u>	<u>(3,068,540)</u>	<u>5,258,538</u>
	272,943	-	-
	<u>(5,133,698)</u>	<u>-</u>	<u>-</u>
	<u>(4,860,755)</u>	<u>-</u>	<u>-</u>
	580,981	(3,068,540)	5,258,538
	<u>12,205,871</u>	<u>-</u>	<u>-</u>
\$	<u><u>12,786,852</u></u>	<u><u>(3,068,540)</u></u>	<u><u>5,258,538</u></u>

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Pension Plan Schedules – Retirement System

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

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

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

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

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

	December 31, 2014	December 31, 2015	December 31, 2016	December 31, 2017
Total pension liability:				
Service cost.....	\$ 3,087,000	\$ 3,226,000	\$ 3,878,000	\$ 4,053,000
Interest.....	11,284,000	11,669,000	11,719,000	12,771,000
Changes in benefit terms.....	-	-	-	1,800,000
Differences between expected and actual experience.....	-	-	1,157,000	281,000
Changes in assumptions.....	-	-	7,400,000	1,330,000
Benefit payments.....	<u>(9,461,000)</u>	<u>(9,639,000)</u>	<u>(10,071,000)</u>	<u>(10,530,000)</u>
Net change in total pension liability.....	4,910,000	5,256,000	14,083,000	9,705,000
Total pension liability - beginning.....	<u>147,248,000</u>	<u>152,158,000</u>	<u>157,414,000</u>	<u>171,497,000</u>
Total pension liability - ending (a).....	<u>\$ 152,158,000</u>	<u>\$ 157,414,000</u>	<u>\$ 171,497,000</u>	<u>\$ 181,202,000</u>
Plan fiduciary net position:				
Employer contributions.....	\$ 4,683,000	\$ 4,917,000	\$ 5,162,000	\$ 5,533,000
Member contributions.....	2,161,000	2,488,000	2,620,000	2,471,000
Net investment income (loss).....	7,392,000	816,000	7,457,000	18,095,000
Administrative expenses.....	(119,000)	(127,000)	(115,000)	(155,000)
Retirement benefits and refunds.....	(9,461,000)	(9,639,000)	(10,071,000)	(10,530,000)
Other receipts.....	<u>19,000</u>	<u>15,000</u>	<u>-</u>	<u>9,000</u>
Net increase (decrease) in fiduciary net position.....	4,675,000	(1,530,000)	5,053,000	15,423,000
Fiduciary net position - beginning of year.....	<u>99,792,000</u>	<u>104,467,000</u>	<u>102,937,000</u>	<u>107,990,000</u>
Fiduciary net position - end of year (b).....	<u>\$ 104,467,000</u>	<u>\$ 102,937,000</u>	<u>\$ 107,990,000</u>	<u>\$ 123,413,000</u>
Net pension liability - ending (a)-(b).....	<u>\$ 47,691,000</u>	<u>\$ 54,477,000</u>	<u>\$ 63,507,000</u>	<u>\$ 57,789,000</u>
Plan fiduciary net position as a percentage of the total pension liability.....	68.66%	65.39%	62.97%	68.11%
Covered payroll.....	\$ 21,268,000	\$ 21,268,000	\$ 25,067,000	\$ 26,423,000
Net pension liability as a percentage of covered-employee payroll.....	224.24%	256.15%	253.35%	218.71%

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

See notes to required supplementary information.

	December 31, 2018	December 31, 2019	December 31, 2020	December 31, 2021	December 31, 2022
\$	4,261,000	\$ 4,453,000	\$ 4,585,000	\$ 4,791,000	\$ 4,999,000
	13,501,000	13,995,000	14,555,000	15,106,000	15,707,000
	-	-	-	-	2,366,000
	-	535,000	-	1,820,000	-
	-	2,700,000	-	(1,200,000)	-
	<u>(10,896,000)</u>	<u>(11,836,000)</u>	<u>(11,616,000)</u>	<u>(12,200,000)</u>	<u>(13,001,000)</u>
	6,866,000	9,847,000	7,524,000	8,317,000	10,071,000
	<u>181,202,000</u>	<u>188,068,000</u>	<u>197,915,000</u>	<u>205,439,000</u>	<u>213,756,000</u>
\$	<u>188,068,000</u>	<u>197,915,000</u>	<u>205,439,000</u>	<u>213,756,000</u>	<u>223,827,000</u>
\$	5,931,000	\$ 6,356,000	\$ 6,812,000	\$ 7,153,000	\$ 7,618,000
	2,956,000	2,702,000	3,471,000	3,210,000	3,512,000
	(2,866,000)	18,784,000	15,711,000	28,790,000	(19,593,000)
	(177,000)	(188,000)	(186,000)	(198,000)	(218,000)
	<u>(10,896,000)</u>	<u>(11,836,000)</u>	<u>(11,616,000)</u>	<u>(12,200,000)</u>	<u>(13,001,000)</u>
	-	1,000	13,000	6,000	3,000
	(5,052,000)	15,819,000	14,205,000	26,761,000	(21,679,000)
	<u>123,413,000</u>	<u>118,361,000</u>	<u>134,180,000</u>	<u>148,385,000</u>	<u>175,146,000</u>
\$	<u>118,361,000</u>	<u>134,180,000</u>	<u>148,385,000</u>	<u>175,146,000</u>	<u>153,467,000</u>
\$	<u>69,707,000</u>	<u>63,735,000</u>	<u>57,054,000</u>	<u>38,610,000</u>	<u>70,360,000</u>
	62.94%	67.80%	72.23%	81.94%	68.57%
\$	26,423,000	\$ 28,763,000	\$ 28,763,000	\$ 31,445,000	\$ 31,445,000
	263.81%	221.59%	198.36%	122.79%	223.76%

SCHEDULE OF CONTRIBUTIONS
WAKEFIELD CONTRIBUTORY RETIREMENT SYSTEM

Year	Actuarially determined contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
December 31, 2022.....	\$ 7,619,000	\$ (7,618,000)	\$ 1,000	\$ 31,445,000	24.23%
December 31, 2021.....	7,154,000	(7,153,000)	1,000	31,445,000	22.75%
December 31, 2020.....	6,813,000	(6,812,000)	1,000	28,763,000	23.68%
December 31, 2019.....	6,357,000	(6,356,000)	1,000	28,763,000	22.10%
December 31, 2018.....	5,931,000	(5,931,000)	-	26,423,000	22.45%
December 31, 2017.....	5,533,000	(5,533,000)	-	26,423,000	20.94%
December 31, 2016.....	5,162,000	(5,162,000)	-	25,067,000	20.59%
December 31, 2015.....	4,917,000	(4,917,000)	-	21,268,000	23.12%
December 31, 2014.....	4,683,000	(4,683,000)	-	21,268,000	22.02%

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

See notes to required supplementary information.

SCHEDULE OF INVESTMENT RETURNS
WAKEFIELD CONTRIBUTORY RETIREMENT SYSTEM

<u>Year</u>	<u>Annual money-weighted rate of return, net of investment expense</u>
December 31, 2022.....	-11.36%
December 31, 2021.....	19.80%
December 31, 2020.....	11.90%
December 31, 2019.....	16.26%
December 31, 2018.....	-2.37%
December 31, 2017.....	17.20%
December 31, 2016.....	7.44%
December 31, 2015.....	0.80%
December 31, 2014.....	7.59%

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

See notes to required supplementary information.

Pension Plan Schedules – Town

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

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

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

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

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

Year	Proportion of the net pension liability (asset)	Proportionate share of the net pension liability (asset)	Covered payroll	Net pension liability as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
December 31, 2022.....	97.60%	\$ 68,671,000	\$ 30,690,000	223.76%	68.57%
December 31, 2021.....	97.43%	37,618,000	30,637,000	122.79%	81.94%
December 31, 2020.....	97.39%	55,565,000	28,012,000	198.36%	72.23%
December 31, 2019.....	97.57%	62,186,000	28,064,000	221.59%	67.80%
December 31, 2018.....	97.31%	67,832,000	25,712,000	263.81%	62.94%
December 31, 2017.....	97.33%	56,246,000	25,718,000	218.70%	68.11%
December 31, 2016.....	97.32%	61,805,000	24,395,000	253.35%	62.97%
December 31, 2015.....	97.53%	53,131,000	20,743,000	256.14%	65.39%
December 31, 2014.....	97.43%	46,465,000	20,721,000	224.24%	68.66%

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

See notes to required supplementary information.

SCHEDULE OF THE TOWN'S CONTRIBUTIONS
WAKEFIELD CONTRIBUTORY RETIREMENT SYSTEM

Year	Actuarially determined contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
June 30, 2023.....	\$ 7,436,000	\$ (7,436,000)	-	\$ 31,303,800	23.75%
June 30, 2022.....	6,970,000	(6,970,000)	-	31,249,740	22.30%
June 30, 2021.....	6,635,000	(6,635,000)	-	28,572,240	23.22%
June 30, 2020.....	6,204,000	(6,204,000)	-	28,625,280	21.67%
June 30, 2019.....	5,769,000	(5,769,000)	-	26,226,240	22.00%
June 30, 2018.....	5,383,000	(5,383,000)	-	26,232,360	20.52%
June 30, 2017.....	5,022,000	(5,022,000)	-	24,882,900	20.18%
June 30, 2016.....	4,793,000	(4,793,000)	-	21,157,860	22.65%
June 30, 2015.....	4,560,000	(4,560,000)	-	21,135,420	21.58%

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

See notes to required supplementary information.

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

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

Year	Commonwealth's 100% Share of the Associated Net Pension Liability	Expense and Revenue Recognized for the Commonwealth's Support	Plan Fiduciary Net Position as a Percentage of the Total Liability
2023.....	\$ 97,912,160	\$ 8,054,230	57.75%
2022.....	86,285,087	6,924,019	62.03%
2021.....	107,616,922	13,292,232	50.67%
2020.....	96,437,085	11,694,670	53.95%
2019.....	89,216,961	9,040,847	54.84%
2018.....	85,009,508	8,872,690	54.25%
2017.....	81,512,195	8,314,778	52.73%
2016.....	72,399,398	5,872,235	55.38%
2015.....	53,395,653	3,709,652	61.64%

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

See notes to required supplementary information.

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Other Postemployment Benefit Plan Schedules – Town and WMGLD

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

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

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

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

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

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

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

	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020
Total OPEB Liability				
Service cost.....	\$ 2,086,000	\$ 2,159,010	\$ 2,286,409	\$ 2,366,434
Interest.....	7,271,000	7,613,999	5,916,884	6,249,505
Changes of benefit terms.....	-	-	-	(437,998)
Differences between expected and actual experience....	-	(28,145,743)	-	(1,004,359)
Changes of assumptions.....	-	-	-	(8,484,915)
Benefit payments.....	<u>(4,870,000)</u>	<u>(4,851,753)</u>	<u>(3,896,721)</u>	<u>(3,729,560)</u>
Net change in total OPEB liability.....	4,487,000	(23,224,487)	4,306,572	(5,040,893)
Total OPEB liability - beginning.....	<u>97,256,000</u>	<u>101,743,000</u>	<u>78,518,513</u>	<u>82,825,085</u>
Total OPEB liability - ending (a).....	<u>\$ 101,743,000</u>	<u>\$ 78,518,513</u>	<u>\$ 82,825,085</u>	<u>\$ 77,784,192</u>
Plan fiduciary net position				
Employer contributions.....	\$ 1,600,000	\$ 1,675,000	\$ 1,600,000	\$ 1,750,000
Employer contributions for OPEB payments.....	4,870,000	4,851,753	3,896,721	3,729,560
Net investment income (loss).....	1,200,000	1,158,064	901,096	312,198
Benefit payments.....	<u>(4,870,000)</u>	<u>(4,851,753)</u>	<u>(3,896,721)</u>	<u>(3,729,560)</u>
Net change in plan fiduciary net position.....	2,800,000	2,833,064	2,501,096	2,062,198
Plan fiduciary net position - beginning of year.....	<u>8,164,000</u>	<u>10,964,000</u>	<u>13,797,064</u>	<u>16,298,160</u>
Plan fiduciary net position - end of year (b).....	<u>\$ 10,964,000</u>	<u>\$ 13,797,064</u>	<u>\$ 16,298,160</u>	<u>\$ 18,360,358</u>
Net OPEB liability - ending (a)-(b).....	<u>\$ 90,779,000</u>	<u>\$ 64,721,449</u>	<u>\$ 66,526,925</u>	<u>\$ 59,423,834</u>
Plan fiduciary net position as a percentage of the total OPEB liability.....	10.78%	17.57%	19.68%	23.60%
Covered-employee payroll.....	\$ 45,503,000	\$ 52,687,695	\$ 55,635,796	\$ 57,574,605
Net OPEB liability as a percentage of covered-employee payroll.....	199.50%	122.84%	119.58%	103.21%

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

See notes to required supplementary information.

	June 30, 2021	June 30, 2022	June 30, 2023
\$	2,198,475	\$ 2,323,295	\$ 1,987,529
	5,657,343	5,919,210	5,169,282
	-	-	-
	-	608,015	-
	2,381,260	(15,488,691)	2,468,232
	<u>(3,970,169)</u>	<u>(3,690,961)</u>	<u>(3,789,344)</u>
	6,266,909	(10,329,132)	5,835,699
	<u>77,784,192</u>	<u>84,051,101</u>	<u>73,721,969</u>
\$	<u>84,051,101</u>	<u>73,721,969</u>	<u>79,557,668</u>
\$	1,675,000	\$ 1,675,000	\$ 1,400,000
	3,970,169	3,690,961	3,789,344
	5,506,247	(1,029,584)	1,593,586
	<u>(3,970,169)</u>	<u>(3,690,961)</u>	<u>(3,789,344)</u>
	7,181,247	645,416	2,993,586
	<u>18,360,358</u>	<u>25,541,605</u>	<u>26,187,021</u>
\$	<u>25,541,605</u>	<u>26,187,021</u>	<u>29,180,607</u>
\$	<u>58,509,496</u>	<u>47,534,948</u>	<u>50,377,061</u>
	30.39%	35.52%	36.68%
\$	60,083,510	\$ 63,464,644	\$ 65,791,791
	97.38%	74.90%	76.57%

**SCHEDULE OF CHANGES IN THE
WMGLD'S NET OPEB LIABILITY (ASSET) AND RELATED RATIOS
OTHER POSTEMPLOYMENT BENEFIT PLAN**

	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020
Total OPEB Liability				
Service cost.....	\$ 108,000	\$ 111,780	\$ 196,159	\$ 203,025
Interest.....	496,000	513,727	518,213	543,333
Changes of benefit terms.....	-	-	-	(31,878)
Differences between expected and actual experience....	-	(222,575)	-	396,943
Changes of assumptions.....	-	-	-	(660,387)
Benefit payments.....	<u>(254,000)</u>	<u>(491,056)</u>	<u>(361,586)</u>	<u>(404,506)</u>
Net change in total OPEB liability.....	350,000	(88,124)	352,786	46,530
Total OPEB liability - beginning.....	<u>6,629,000</u>	<u>6,979,000</u>	<u>6,890,876</u>	<u>7,243,662</u>
Total OPEB liability - ending (a).....	<u>\$ 6,979,000</u>	<u>\$ 6,890,876</u>	<u>\$ 7,243,662</u>	<u>\$ 7,290,192</u>
Plan fiduciary net position				
Employer contributions.....	\$ 360,000	\$ 360,000	\$ 360,000	\$ 360,000
Employer contributions for OPEB payments.....	254,000	491,056	361,586	404,506
Net investment income (loss).....	385,000	344,601	257,747	97,995
Benefit payments.....	<u>(254,000)</u>	<u>(491,056)</u>	<u>(361,586)</u>	<u>(404,506)</u>
Net change in plan fiduciary net position.....	745,000	704,601	617,747	457,995
Plan fiduciary net position - beginning of year.....	<u>2,835,000</u>	<u>3,580,000</u>	<u>4,284,601</u>	<u>4,902,348</u>
Plan fiduciary net position - end of year (b).....	<u>\$ 3,580,000</u>	<u>\$ 4,284,601</u>	<u>\$ 4,902,348</u>	<u>\$ 5,360,343</u>
Net OPEB liability (asset) - ending (a)-(b).....	<u>\$ 3,399,000</u>	<u>\$ 2,606,275</u>	<u>\$ 2,341,314</u>	<u>\$ 1,929,849</u>
Plan fiduciary net position as a percentage of the total OPEB liability.....	51.30%	62.18%	67.68%	73.53%
Covered-employee payroll.....	\$ 4,272,000	\$ 4,695,727	\$ 4,628,246	\$ 4,470,236
Net OPEB liability (asset) as a percentage of covered-employee payroll.....	79.56%	55.50%	50.59%	43.17%

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

See notes to required supplementary information.

	June 30, 2021	June 30, 2022	June 30, 2023
\$	155,997	\$ 164,685	\$ 226,061
	525,178	540,767	525,220
	-	-	-
	-	252,379	-
	205,549	(806,224)	244,949
	<u>(411,947)</u>	<u>(415,848)</u>	<u>(454,980)</u>
	474,777	(264,241)	541,250
	<u>7,290,192</u>	<u>7,764,969</u>	<u>7,500,728</u>
\$	<u>7,764,969</u>	<u>7,500,728</u>	<u>8,041,978</u>
\$	360,000	\$ 360,000	\$ 360,000
	411,947	415,848	454,980
	1,624,586	(297,735)	437,137
	<u>(411,947)</u>	<u>(415,848)</u>	<u>(454,980)</u>
	1,984,586	62,265	797,137
	<u>5,360,343</u>	<u>7,344,929</u>	<u>7,407,194</u>
\$	<u>7,344,929</u>	<u>7,407,194</u>	<u>8,204,331</u>
\$	<u>420,040</u>	<u>93,534</u>	<u>(162,353)</u>
	94.59%	98.75%	102.02%
\$	4,864,735	\$ 4,794,110	\$ 5,155,948
	8.63%	1.95%	-3.15%

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

Year	Actuarially determined contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered- employee payroll	Contributions as a percentage of covered- employee payroll
June 30, 2023.....	\$ 4,571,576	\$ (5,189,344)	\$ (617,768)	\$ 65,791,791	7.89%
June 30, 2022.....	4,460,958	(5,365,961)	(905,003)	63,464,644	8.46%
June 30, 2021.....	5,507,129	(5,645,169)	(138,040)	60,083,510	9.40%
June 30, 2020.....	5,319,577	(5,479,560)	(159,983)	57,574,605	9.52%
June 30, 2019.....	5,912,051	(5,496,721)	415,330	55,635,796	9.88%
June 30, 2018.....	5,694,940	(6,526,753)	(831,813)	52,687,695	12.39%
June 30, 2017.....	7,011,000	(6,470,000)	541,000	45,503,000	14.22%

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

See notes to required supplementary information.

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

Year	Actuarially determined contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered- employee payroll	Contributions as a percentage of covered- employee payroll
June 30, 2023.....	\$ 159,146	\$ (814,980)	\$ (655,834)	\$ 5,155,948	15.81%
June 30, 2022.....	190,789	(775,848)	(585,059)	4,794,110	16.18%
June 30, 2021.....	428,091	(771,947)	(343,856)	4,864,735	15.87%
June 30, 2020.....	451,825	(764,506)	(312,681)	4,470,236	17.10%
June 30, 2019.....	548,504	(721,586)	(173,082)	4,628,246	15.59%
June 30, 2018.....	541,878	(851,056)	(309,178)	4,695,727	18.12%
June 30, 2017.....	704,000	(614,000)	90,000	4,272,000	14.37%

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

See notes to required supplementary information.

SCHEDULE OF INVESTMENT RETURNS
OTHER POSTEMPLOYMENT BENEFIT PLAN

Year	Annual money-weighted rate of return, net of investment expense	
	Town	WMGLD
June 30, 2023.....	5.97%	5.81%
June 30, 2022.....	-3.94%	-3.99%
June 30, 2021.....	29.79%	29.61%
June 30, 2020.....	2.22%	1.95%
June 30, 2019.....	6.12%	5.83%
June 30, 2018.....	9.53%	9.42%
June 30, 2017.....	14.58%	12.70%

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

See notes to required supplementary information.

NOTE A – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

Municipal Law requires the adoption of a balanced budget that is approved by a majority vote at the Annual Town Meeting. The Town Council presents an annual budget at the Annual Town Meeting, which includes estimates of revenues and other financing sources, and recommendations of expenditures and other financing uses. The Town, which has full authority to amend and/or reject the budget or any line item, adopts the expenditure budget by majority vote. Increases or transfers between departments subsequent to the approval of the annual budget require majority approval via a Special Article at a Special Town Meeting.

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

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

An annual budget is adopted for the general fund in conformity with the guidelines described above. The original 2023 approved budget authorized approximately \$114.4 million in appropriations and other amounts to be raised. During 2023, the Town voted to increase appropriations by approximately \$90,000. The increase primarily relates to supplemental appropriations for education and public safety.

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

B. Budgetary - GAAP Reconciliation

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

Net change in fund balance - budgetary basis.....	\$ 580,981
<u>Perspective differences:</u>	
Activity of the stabilization fund recorded in the general fund for GAAP	63,492
<u>Basis of accounting differences:</u>	
Net change in recording 60 day receipts.....	(202,810)
Net change in recording accrued payroll.....	(113,170)
Recognition of revenue for on-behalf payments.....	8,054,230
Recognition of expenditures for on-behalf payments.....	<u>(8,054,230)</u>
Net change in fund balance - GAAP basis.....	<u>\$ 328,493</u>

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

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

B. Contributions

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

C. Schedule of Investment Returns

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

Pension Plan Schedules – Town**A. Schedule of the Town's Proportionate Share of the Net Pension Liability**

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

B. Schedule of the Town's Contributions

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

C. Schedule of the Special Funding Amounts of the Net Pension Liabilities

The Commonwealth of Massachusetts is a nonemployer contributor and is required by statute to make all actuarially determined employer contributions on behalf of the member employers which creates a special funding

situation. Since the Town does not contribute directly to MTRS, there is no net pension liability to recognize. This schedule discloses the Commonwealth's 100% share of the collective net pension liability that is associated with the Town; the portion of the collective pension expense as both revenue and pension expense recognized by the Town; and the Plan's fiduciary net position as a percentage of the total liability.

D. Changes of Assumptions

None.

E. Changes in Plan Provisions

The System adopted an increase in the cost-of-living adjustment base on June 3, 2022, which is reflected in the current year disclosures.

NOTE C – OTHER POSTEMPLOYMENT BENEFITS

The Town and WMGLD administer single-employer defined benefit healthcare plans ("Plans"). The Plans provide lifetime healthcare insurance for eligible retirees and their spouses through the Town's group health insurance plan, which covers both active and retired members. Additionally, retired teachers and their spouses receive health insurance through the Group Insurance Commission of the Commonwealth of Massachusetts (GIC). Each participating municipality is assessed for the governmental share of health and life insurance premiums paid on behalf of its teacher retirees by the state.

The Other Postemployment Benefit Plan

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

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

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

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

C. Schedule of the Town's Contributions

The Schedule of the Town's Contributions includes the Town's actuarially determined contribution to the Plan, along with the contribution made in relation to the actuarially determined contribution and the covered employee payroll. The Town is not required to fully fund this contribution. It also demonstrates the contributions as a percentage of covered payroll.

D. Schedule of the WMGLD's Contributions

The Schedule of the WMGLD's Contributions includes the WMGLD's actuarially determined contribution to the Plan, along with the contribution made in relation to the actuarially determined contribution and the covered

employee payroll. The Town is not required to fully fund this contribution. It also demonstrates the contributions as a percentage of covered payroll.

Actuarially determined contribution rates are calculated as of June 30, 2023, two years prior to the end of the fiscal year in which contributions are reported. Methods and assumptions used to determine contribution rates are as follows:

Town & WMGLD

Valuation date.....	July 1, 2021
Actuarial cost method.....	Individual Entry Age Normal Cost Method.
Investment rate of return.....	7.00%, net of pension plan investment expense, including inflation.
Discount rate.....	7.00%
Inflation rate.....	3.50%
Projected salary increases.....	Service-related increases for Group 1 (excluding teachers) and Group 2 employees: 6.0% decreasing over 9 years to an ultimate level of 4.25%. Service-related increases for teachers: 7.50% decreasing over 20 years to an ultimate level of 4.0%. Service-related increases for Group 4 employees: 7.0% decreasing over 6 years to an ultimate level of 4.75%.
Health care cost trend rate.....	Non-Medicare trend rate: 6.19%, 4.83%, 9.11%, 8.82%, 6.72%, 6.43%, then 6.25% decreasing by 0.25% for 7 years to an ultimate level of 4.50%. Medicare trend rate: 2.04%, 2.18%, 6.80%, 6.79%, 4.99% for two years, 4.75%, then an ultimate level of 4.50%. Contributions: Retiree contributions are expected to increase with medical trend.
Mortality Rates:	
Pre-Retirement (Non-Teachers).....	RP-2014 Blue Collar Employee Mortality Table projected generationally with Scale MP-20212D.
Healthy (Non-Teachers).....	RP-2014 Blue Collar Healthy Annuitant Mortality Table projected generationally with Scale MP-20212D.
Disabled (Non-Teachers).....	RP-2014 Blue Collar Healthy Annuitant Mortality Table projected generationally with Scale MP-20212D set forward 1 year.
Pre-Retirement (Teachers).....	Pub-2010 Teacher Employee Headcount-weighted Mortality Table projected generationally with Scale MP-20202D.
Healthy (Teachers).....	Pub-2010 Teacher Healthy Retiree Headcount-weighted Morality Table projected generationally with Scale MP-20202D.
Disabled (Teachers).....	Pub-2010 Teacher Healthy Retiree Headcount-weighted Morality Table projected generationally with Scale MP-20202D.

E. Schedule of Investment Returns

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

F. Changes of Assumptions

The second-year trend rates were updated to reflect known premium increases from FY23 to FY24, as well as to account for changes in the GIC plan offerings.

G. Changes in Plan Provisions

None.