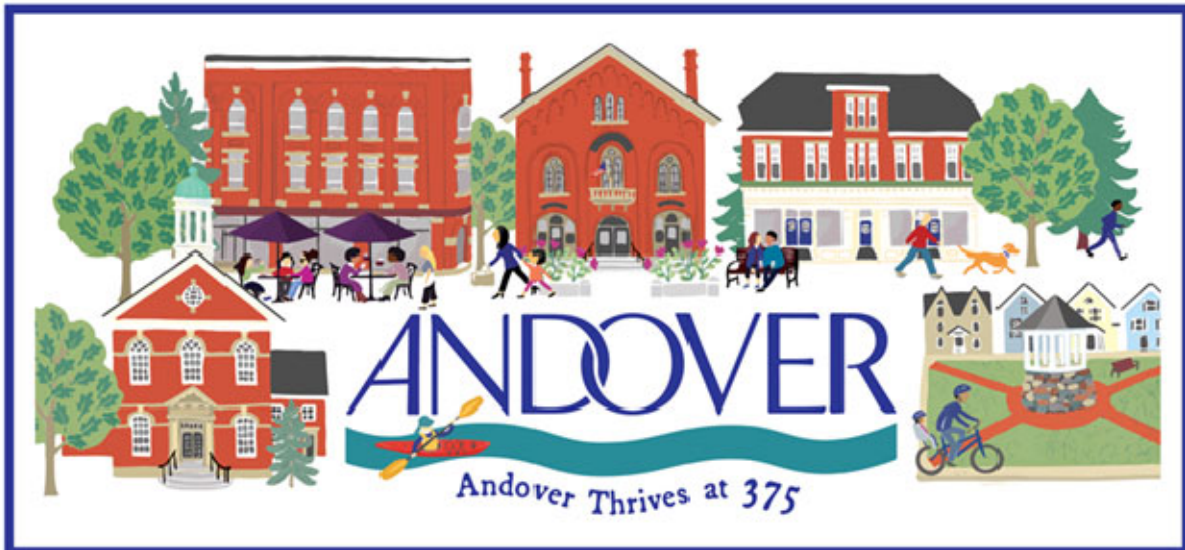


**TOWN OF ANDOVER, MASSACHUSETTS
ANNUAL COMPREHENSIVE FINANCIAL REPORT**



Andover's 375th Anniversary Design

For the Year Ended June 30, 2022

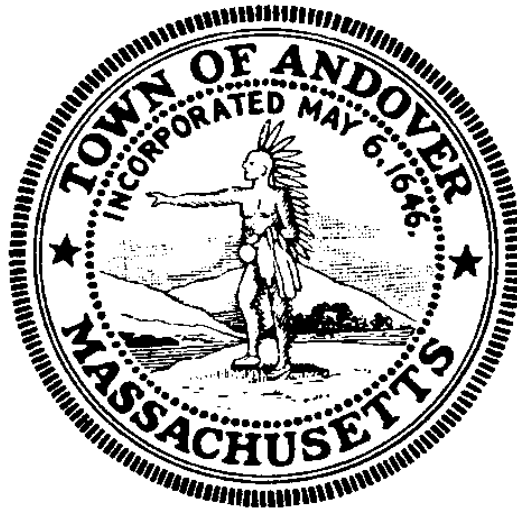


Memorial Hall Library

TOWN OF ANDOVER, MASSACHUSETTS

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Year Ended
June 30, 2022



Prepared by:

Hayley Green, Town Accountant / Assistant Finance Director

TOWN OF ANDOVER, MASSACHUSETTS
ANNUAL COMPREHENSIVE FINANCIAL REPORT

JUNE 30, 2022

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Introductory Section



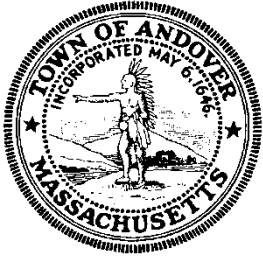
Old Town Hall



The Bowling Green

Introductory Section

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Town of Andover

36 Bartlet Street
Andover, Massachusetts 01810
(978) 623-8211
FAX (978) 623-8208

Letter of Transmittal

January 24, 2023

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

At the close of each year state law requires the Town of Andover to publish a complete set of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP), and that are audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the Annual Comprehensive Financial Report (ACFR) of the Town of Andover, Massachusetts, for the year ending June 30, 2022 for your review.

This report consists of management's representations concerning the finances of the Town of Andover. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of the Town of Andover has established a comprehensive internal control framework that is designed both to protect the Government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the Town of Andover's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the Town of Andover's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements for the year ended June 30, 2022, are fairly presented in conformity with GAAP.

The Town of Andover's financial statements have been audited by Powers & Sullivan, LLC a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town of Andover, for the year ended June 30, 2022, are free of material misstatement. An Audit Committee assists the Town Manager with the selection of the independent auditor, oversight of the audit process, and resolution of audit findings.

The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the Town of Andover's financial statements for the year ended June 30, 2022, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the Town of Andover was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards

governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the Town of Andover's separately issued Reports on Federal Award Programs.

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

Profile of the Town

Andover is located in Essex County in the northeastern part of Massachusetts, approximately 23 miles north of Boston. Located on the banks of the Merrimack River, Andover is bordered on the north by the cities of Lawrence and Methuen, on the east by the Town of North Andover, on the south by the Towns of North Reading and Wilmington, and on the west by the Towns of Tewksbury and Dracut. Andover has approximately 32 square miles of land area, and 235 miles of roadways.

Andover is bisected by two major highway systems, Interstate 93 and 495, and a number of secondary roadways including Routes 28, 133, 114 and 125. Public transportation is available via two commuter rail service stations from Andover to the metropolitan Boston area provided by the Massachusetts Bay Transportation Authority, and a regional bus service provided by the Merrimack Valley Transit Authority.

Andover was originally settled in 1636 under the native-American name of Cochichawicke, a local waterway. The community was incorporated in 1646 as the Town of Andover, named after a Town in England where many of its settlers had come from. From the earliest days, manufacturing has played a major part in the Town of Andover's development. The region's first powder mill was established in 1775; the manufacture of paper began in 1789; and in the early nineteenth century, several woolen mills prospered. While all of these early forms of manufacturing have since moved away, Andover continues to attract major modern industries.

Andover is known for its forward-thinking government, committed to quality, responsiveness, and service. The Town's governing Charter was enacted by the Legislature in 1956, amended in 1974 and again in 2004. The Charter authorizes an Open Town Meeting-Select Board-Town Manager form of government. The Town is overseen by an elected five-member Select Board, and is administered by an appointed professional Town Manager, who also oversees approximately 20 departments and divisions. Andover's public schools are overseen by an elected five-member School Committee and administered by an appointed professional Superintendent. There are also various appointed boards and committees which have specific responsibilities concerning various aspects of Town governance. Town Meeting, which is generally unique to New England, serves as Andover's legislative body. It offers all registered voters of the community the opportunity to participate in the major decisions of the Town. Town Meeting is facilitated by an elected Town Moderator, who is responsible for appointing a nine-member Finance Committee, which in turn is responsible for advising Town Meeting on matters brought before it.

The Town provides a full array of high quality services to the general public, including: full-time police and fire protection; schools for grades kindergarten through 12, (six elementary, three middle, one senior high, and one regional vocational technical high school); solid waste disposal and recycling; street maintenance and snow removal; public health and natural resource protection; community development and planning; elder, youth and veteran services; a full service library; and various parks, playgrounds, conservation lands, and recreational programs. The Town also operates its own water supply, treatment and distribution system; and provides sanitary waste disposal via connections to a regional treatment facility. During the summer months the Town operates

Pomp's Pond, a family and youth-oriented recreation area located off Abbot Street, which includes recreational and instructional swimming, shaded picnic tables, boat rentals, volleyball, and children's playground. The Town is committed to a high degree of community responsiveness, providing high quality services to its citizens, and conducting all its affairs in a professional manner.

Factors Affecting Economic Condition

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

On September 13, 2018, the Town of Andover experienced the Merrimack Valley Gas Disaster. This disaster displaced residents from their homes and routines and closed businesses for many weeks. The community came together to help one another and the Town has emerged stronger. Through negotiations with Columbia Gas the Town received a settlement of more than \$20,000,000 to reimburse for costs incurred during the disaster and to rebuild and make improvements in the gas effected areas. The Town will use the settlement funds (net of reimbursement for actual costs incurred) to restore approximately 19 miles of roadways and repair and replace sidewalks on effected roads as needed. In addition funds will be used for infrastructure restoration and improvements to public facilities and parks (including renovations to our Senior Center and Recreation facilities, which were used during the disaster, and lastly to create connectivity to the downtown area).

On March 10, 2020, the Massachusetts Governor declared a state of emergency in response to the coronavirus outbreak. The World Health Organization officially declared the novel Coronavirus (COVID-19) a pandemic the following day. In an attempt to slow the spread of COVID-19, governments issued various stay at home orders that caused global economic shutdowns and substantial financial market impact. Starting in March 2020, the Governor continued to issue orders allowing governments to operate and carry out essential functions safely. These included modifying the state's Open Meeting Law, issuing a stay-at-home order, and introducing a phased approach to reopening State businesses. The Town is considered an essential business and although it was closed to the public for a period of time, departments remained operational and most employees continued to perform their daily duties. A number of businesses have been forced to stop or significantly reduce operations decreasing, the Town's portion of certain revenue. The Town has also incurred unanticipated costs specifically related to the pandemic. These costs are anticipated to be recovered through various grants administered by the Federal government.

Local economy: Andover is home to businesses of all sizes. The Town is known for its vibrant and diversified local economy. With its major intersecting highways, busy rail line, and proximity to international airports in Boston, MA and Manchester, NH, Andover is a true business "crossroads." The Town offers several industrial parks, a thriving downtown central business district, and a number of mixed-use commercial areas. Andover is a highly sought-after location for large companies representing major industries, including those involved in defense contracting, computer hardware and software, life science, pharmaceutical, biotech, and medical products. Andover's largest commercial/industrial employers are Raytheon, Internal Revenue Service, Pfizer, Putman Investments, Vicor, Schneider Electric, Phillips Academy, Smith & Nephew, Hewlett Packard and Zwicker & Associates. There are approximately 500 acres of developable commercial and industrial land remaining in Town, as well as significant office space rental opportunities, suitable for accommodating almost any business need. The Town anticipates continued expansion of its sizable \$9.0 billion tax base given its favorable location, diverse high-end employment base, and availability of developable land. Andover has seen solid growth rates annually since 1999, reflecting continued expansion of commercial and industrial properties and sustained value appreciation.

The development climate in Andover continues to reflect positive trends and activities. The Vicor Corporation expanded their manufacturing headquarters by 87,000 square feet at 400 Federal Street. Town Meeting voters overwhelmingly approved a Tax Increment Financing agreement as part of the development. Pfizer opened their

new 178,000 square foot addition to their main campus. The addition is part of a long-term campus wide master plan that will eventually bring the site to 982,000 square feet.

With the demographics of Andover aging faster than most communities in the Commonwealth, two new senior housing facilities have recently opened. The Bridges at Andover is a 63 unit congregate care facility focusing on memory care. Stonehill of Andover consists of 96 units of assisted living and memory care. In addition, Riverside Woods, a housing development for people age 55 and over, is under construction at the site of the former Franciscan Center. Currently more than 100 units are occupied.

In recent years, the Town has experienced historic investment in its downtown with nearly 65,000 square feet of development. On Main Street, developers infused \$14,000,000 into a 47,000 square foot building. This helped to transform the public realm along Main Street by enlivening the streetscape with new commercial and office space which is now home to restaurants, a spa and a fitness center. A new 9,872 square foot commercial building is also under construction on Park Street.

The new Municipal Services Facility is located at 5 Campanelli Drive, which is a recent re-location out of the downtown area. This re-location allowed for targeted economic growth and expansion of the downtown consistent with the newly adopted Historic Mill District. This zoning overlay district is intended to promote the redevelopment of a large area of approximately 100 acres between Main Street, Dundee Park, the Shawsheen River and the Whole Foods Grocery Store. The new district will help facilitate a highly controlled process that is in keeping with the character of the central business district while promoting opportunities for new retail, office and housing, expand the existing tax base, bolster property values and expand the downtown to the regional transit station. After much public input, the Select Board recently voted to sell the land where the old Municipal Facilities building resides. The Town is currently in the process of developing a community authored Request for Proposal (RFP) that would allow for the disposition of the facility. The Town plans to solicit offers for this municipal land.

In September 2019, the Andover Planning Board approved a 525,000 square foot mixed use development at 146 Dascomb Road. The project represents a \$220 million private investment which proposes a mix of restaurants, retail and office space as well as a boutique hotel. Constructing the project is expected to generate 1,000 temporary construction jobs and 1,800 full-time jobs.

Long-term financial planning: The Town has a proud history of maintaining a solid financial position in all economies, as indicated by its “AAA” bond rating assigned by Standard & Poor. The Town’s financial actions are generally guided by a number of formal financial policies, including long range planning tools such as a multi-year forecast, a five-year Capital Improvement Program, prioritizing spending plans and identifying discretionary spending, pay-as-you go financing strategies, long-term planning for all liabilities including pension and insurance reserves, and municipal best practices, which are reviewed annually at the beginning of each budget development cycle.

Given the number of years of reduced/or level funded state aid, the Town has been able to minimize the impact to municipal and school services through a combination of prudent budgeting, user fee adjustments, strong tax collections, and continued property growth, along with taking steps towards slowing the rising rate of employee healthcare costs. The Town is currently managing approximately \$297.7 million worth of long-term debt. This indebtedness consists of approximately \$249.4 million of general government debt and \$48.3 million of enterprise fund debt, which is self-supporting through enterprise fund revenues.

As of June 30, 2022, the Town has authorized and unissued debt for Town and School related capital projects totaling \$34.9 million, \$10.0 million for pension obligation bonds, and water infrastructure projects totaling \$10.5 million. The Town has also authorized to borrow \$144.7 million for construction costs related to the West Elementary School building project.

On December 16, 2021, the Town issued \$165,000,000 of pension obligation bonds as an overall strategy to fund the unfunded portion of the Town's pension liability. The assumption is that the bond proceeds, which will be invested in higher-yielding asset classes, will be able to achieve a rate of return that is greater than the interest rate owed over the term of the bonds.

The Town's Bond Premium Stabilization Fund totals \$926,000 at June 30, 2022. The fund is used, by a vote of Town Meeting, to supplement interest payments on non-exempt long-term bonds to ensure that the taxpayers only pay the true interest cost. The Town's General Stabilization fund totals \$6.6 million as of June 30, 2022.

The Town has enhanced its revenue flexibility by establishing enterprise funds and many other user supported programs. This has allowed the Town to shift the operating costs to the users of certain services so that little or no tax support goes towards providing these services. By doing so, the Town is able to provide the maximum tax dollars available to all other services.

Cash management policies and practices: The Town issues property tax bills quarterly and derives approximately 85% of annual General Fund revenue from this source. The quarterly billings result in a cyclical build-up and then spend-down of operational cash reserves. Every effort is made to put our reserves to work. The Town's investment policy remains conservative with particular attention to the constraints of safety and liquidity while attempting to secure the highest yield possible within those constraints.

On a daily basis, the Treasurer's Office transfers funds into various depository accounts at local/regional banking institutions. Short term funds are transferred to various banks and financial institutions to obtain the highest competitive return. The Treasurer is responsible for having on hand adequate cash to pay invoices and fund payroll on a weekly basis. Regulations depicting the type of investments that general fund receipts and free cash can be invested in limit the Treasurer's ability to invest longer term.

The Treasurer continually evaluates cash flow data to determine the amount of money that can be invested for a longer term and thus, yield a higher return on investments. The Treasurer's Office operates on an aggregate cash basis and invests in the same manner. Currently, the maturities of the various investments range from 30 days to one year with an average maturity of approximately three months.

While maintaining a highly diversified investment portfolio, the Treasurer also aims to maintain competitive relationships with numerous banks and other financial institutions. Through these relationships, the Treasurer continually investigates new investment vehicles and products to assist in generating the highest possible yield, while at the same time maintaining safety and liquidity. Since short-term rates fluctuate frequently amongst these institutions, the Treasurer monitors the investments, and the market, to keep abreast of what is happening with the investment environment.

The Town's trust funds are managed by various financial institutions Trust Division's. Each trust fund has a distinct purpose which therefore will affect the mix of holdings in cash, fixed income securities and equities that will vary by fund depending on that fund's particular needs. The amount of annual income required, and the timing of disbursements generally governs the types and the quantities of the investments in the fund's portfolio.

Risk management: The Town manages its risk through a combination of self-insured programs and premium based coverage with commercial insurance carriers. The Town is self-insured for its health care plans and workers' compensation is a combination of self-insured and premium based plans. The Town is exposed to various risks of loss related to general liability, property and casualty, workers' compensation and unemployment compensation claims. Buildings and property are fully insured against fire, theft and natural disaster to the extent that losses exceed the Town's deductible per incident. These deductibles vary by type of incident, none of which exceed \$50,000.

Pension and other postemployment benefits: The Town contributes to the Andover Contributory Retirement System (the System), a cost sharing defined benefit pension plan administered by the Andover Contributory Retirement Board. An independent actuary engaged by the Andover Contributory Retirement Board calculates the amount of the annual contribution that the Town of Andover must make to the pension plan to ensure that the plan will be able to fully meet its obligations to retired employees on a timely basis. As a requirement by law, the Town of Andover fully funds each year's annual required contribution to the pension plan as determined by the actuary. Management implemented both a policy and methodology for determining a discount rate that reflects past and projected future performance. The liability included in the financial statements, and consistent with GASB 68, is based on a discount rate of 5.75%. Through past contributions and the Town issuing \$165 million of pension obligation bonds in 2021, the system has succeeded in funding 101.85% of the present value of the projected benefits earned by employees based on the most recent actuarial valuation dated January 1, 2021.

The Town also provides postretirement health care and life insurance benefits for Town and School retirees and their dependents. The Town established an Other Post Employment Benefit Trust Fund (OPEB) at the April 2010 Annual Town Meeting and has continued to make deposits. Town Meeting appropriated \$1.8 million to the OPEB Trust Fund in 2022 bringing the balance in the fund to \$22.8 million.

Additional information on the Town's pension and other postemployment benefits may be found in the notes to the financial statements and required supplementary information.

Annual budget process and control: The Town Manager is responsible for preparing and presenting the budget to the Finance Committee and the Select Board. The Select Board reviews all requests and Town-wide issues and presents a budget to Town Meeting for approval. A nine-member Finance Committee reviews the budget and makes its independent recommendations to Town Meeting.

The level of budgetary control is established by Town Meeting and this approval defines the level at which expenditures may not exceed appropriations. This level is typically at the functional level. The Town Accountant is responsible for ensuring all payroll and invoices are within the budgetary control level before authorizing payment. Additional appropriations may be approved at subsequent Town Meetings. These controls ensure compliance with the budget approved by Town Meeting.

Awards and Acknowledgements: The Government Finance Officers Association (GFOA) has again awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town for its Annual Comprehensive Financial Report (ACFR) for the year ended June 30, 2021. This was the eighteenth consecutive year that the Town has received this prestigious award. In order to be awarded a Certificate of Achievement, the Town had to publish an easily readable and efficiently organized ACFR that satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current ACFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The Town also received the GFOA's Distinguished Budget Presentation Award for its fiscal 2022 annual budget document. To qualify for the Distinguished Budget Presentation Award, the Town's budget document had to be judged proficient as a policy document, a financial plan, an operations guide, and a communications device.

The preparation of this report would not have been possible without the efficient and dedicated services of the Town's financial team. We would like to express our sincere appreciation to Town Accountant/Assistant Finance Director, Hayley Green and all members, both Town and School, who assisted and contributed in the preparation of this report. Credit should be given to the dedicated Town and School workers, our elected officials and

appointed board and committee members for their unfailing support for maintaining the highest standards of professionalism in the management of the Town of Andover.

On behalf of the Town, we are pleased to share Andover's 2022 ACFR.

Respectfully submitted,



Andrew P. Flanagan
Town Manager



Donna Walsh
Finance Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Town of Andover
Massachusetts**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

Christopher P. Morill

Executive Director/CEO



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

**Town of Andover
Massachusetts**

For the Fiscal Year Beginning

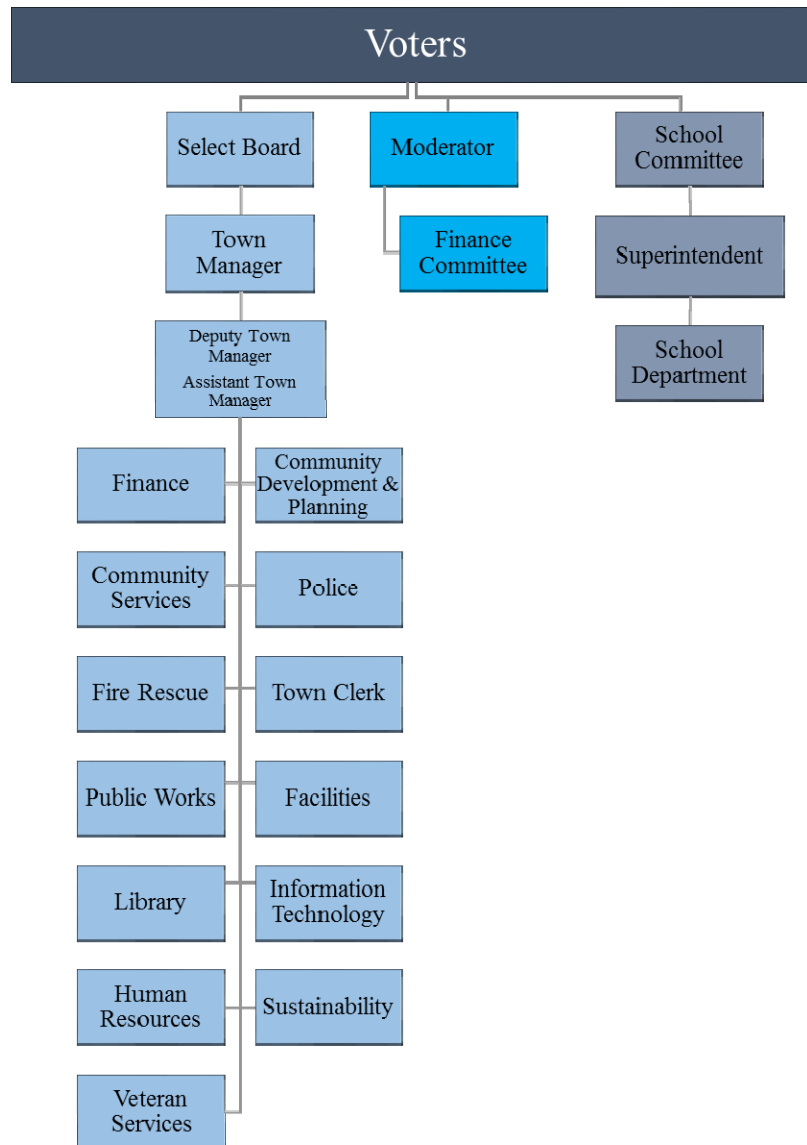
July 01, 2021

Christopher P. Morill

Executive Director

Town of Andover

ORGANIZATIONAL CHART



The Mission of the Town of Andover is to ensure the safety, education, and well-being of the community; to be a leader in the delivery of efficient and effective quality services that respond to community needs; to promote the continuous improvement of staff skills and performance; to encourage an environment of trust; to respect cultural and economic diversity; and to preserve the historic character of the community.

Principal Town Officials as of June 30, 2022

Elected Officials

Select Board

Alexander J. Vispoli, Chair
Laura M. Gregory, Vice Chair
Annie Gilbert, Clerk
Melissa Danisch
Christian C. Huntress

Town Moderator

Sheila M. Doherty

School Committee

Susan M. McCreedy, Chair
Lauren M. Conoscenti, Ph D., Vice Chair
Tracy E. Spruce, Esq.
Emily DiCesaro
Sandis Wright

Appointed Officials

Town Manager

Andrew P. Flanagan

Superintendent of Schools

Dr. Magda C. Parvey

Town Accountant

Hayley S. Green

Finance Director

Donna Walsh

Treasurer

Michael Morse

Town Assessor

David A. Billard

Town Clerk

Melissa Ripley

Fire Chief

Michael B. Mansfield

Police Chief

Patrick Keefe

Human Resources Director

Jessica Porter

Library Director

Barbara McNamara

Director of Public Works

Christopher M. Cronin

Director of Facilities

Janet Nicosia

Chief Information Officer

Paul Puzanghera

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Financial Section



Municipal Services Facilities



Memorial Auditorium

Financial Section

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Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Andover, Massachusetts, as of and for the year ended June 30, 2022 (except for the Andover Contributory Retirement System which is as of and for the year ended December 31, 2021), and the related notes to the financial statements, which collectively comprise the Town of Andover, Massachusetts' basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Andover, Massachusetts, as of June 30, 2022 (except for the Andover Contributory Retirement System which is as of and for the year ended December 31, 2021), and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 24, 2023, on our consideration of the Town of Andover, Massachusetts' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Andover, Massachusetts' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Andover, Massachusetts' internal control over financial reporting and compliance.



January 24, 2023

Management's Discussion and Analysis

Management's Discussion and Analysis

As management of the Town of Andover, we offer readers of these financial statements this narrative overview and analysis of the financial activities for the year ended June 30, 2022. The Town complies with financial reporting requirements issued by the Governmental Accounting Standards Board (GASB). We encourage readers to consider the information presented in this report in conjunction with additional information that we have furnished in our letter of transmittal.

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

Financial Highlights

- At the close of the current year, the Town's general fund reported an ending fund balance of \$23.3 million which represents 12% of total general fund budgetary basis expenditures.
- For the government-wide financial statements, liabilities and deferred inflows of resources exceeded the assets and deferred outflows of resources at the close of the year by \$33.7 million (net position).
- The net OPEB liability decreased by \$12.8 million. This decrease can be attributed to an \$11.2 million decrease in the total OPEB liability and an increase in the OPEB trust fund's fiduciary net position of \$1.5 million. The decrease in the total OPEB liability is primarily due to differences between expected and actual experience. The increase in net position is due to \$1.8 million of employer contributions which was offset by a \$315,000 net investment loss. At year-end the OPEB trust fund had a net position of \$22.8 million.
- The System's net pension liability decreased by \$187.7 million during the year from employers making their annual required contributions and from the Town issuing a \$165 million pension obligation bond which resulted in a net pension asset for the system as a whole totaling \$7.0 million. The Town's proportionate share of the net pension asset at year end was \$9.3 million.
- The net deferred outflows/(inflows) of resources related to OPEB, totaled (\$24.4 million); which will be recognized as expense over the next five years. The Town's proportion of net deferred outflows/(inflows) of resources related to pensions, totaled (\$14.8 million), which will be recognized as expense over the next four years.
- The total gross debt (short-term and long-term combined) increased by \$176.0 million during the current year. This was due to the net effect of \$13.1 million in principal payments on long and short-term debt, and the issuance of an additional \$189.2 million of long and short-term debt.
- The Town reported extraordinary items consisting of \$3.7 million in expenses, of which \$3.5 million were capitalized for the government-wide financial statements. These extraordinary items relate to gas explosions that occurred throughout the Town in 2019 (See Note 14).
- The Town issued \$165.0 million of pension obligation bonds as an overall strategy to fund the unfunded portion of the Town's pension liability. The assumption is that the bond proceeds, which will be invested in higher-yielding asset classes, will be able to achieve a rate of return that is greater than the interest rate owed over the term of the bonds (See Note 7).

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town of Andover'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 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, 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, public facilities, community services, library, and interest. The business-type activities include the activities of water and sewer services.

The government-wide financial statements include not only the Town of Andover itself (known as the *primary government*), but also a legally separate public employee retirement system for which the Town of Andover is financially accountable. Financial information for this *component unit* is reported separately within the fiduciary fund statements.

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

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

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

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

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

The *internal service fund* is used to account for the financing of services provided by one department to other departments or governmental units. This fund is used to account for risk financing activities related to active employees' and retirees' health and life insurance, unemployment compensation, workers' compensation, and general liability insurance.

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

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

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The liabilities and deferred inflows of resources exceeded the assets and deferred outflows of resources by \$33.7 million at the close of 2022, which was an increase of \$14.9 million from the prior year.

Net position of \$188.9 million reflects its investment in capital assets (e.g., land, construction in progress, buildings and building and land improvements, infrastructure, machinery and equipment, and vehicles); less any related debt used to acquire those assets that are still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the investment in its capital assets is reported net of its related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of net position, \$14.9 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 \$237.5 million. The primary reason for the deficit balance is the recognition of the net pension liability, which is now reflected in the outstanding pension obligation bond and the and net OPEB liability.

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

Governmental Activities

The Town of Andover's liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$84.2 million at the close of 2022, which was an increase of \$13.5 million from the prior year.

	2022	2021
Assets:		
Current assets.....	\$ 113,834,277	\$ 103,839,487
Noncurrent assets (excluding capital).....	9,049,826	342,381
Capital assets, non depreciable.....	53,570,280	36,517,220
Capital assets, net of accumulated depreciation.....	171,086,974	174,269,992
Total assets.....	347,541,357	314,969,080
Deferred outflows of resources.....	22,764,804	26,949,345
Liabilities:		
Current liabilities (excluding debt).....	26,516,418	18,520,421
Noncurrent liabilities (excluding debt).....	121,352,566	299,555,436
Current debt.....	13,696,654	8,673,457
Noncurrent debt.....	235,755,918	77,624,210
Total liabilities.....	397,321,556	404,373,524
Deferred inflows of resources.....	57,169,891	35,184,929
Net position:		
Net investment in capital assets.....	137,792,853	129,045,540
Restricted.....	14,925,382	12,566,744
Unrestricted.....	(236,903,521)	(239,252,312)
Total net position.....	\$ (84,185,286)	\$ (97,640,028)
Program Revenues:		
Charges for services.....	\$ 14,872,739	\$ 11,203,428
Operating grants and contributions.....	37,863,534	52,284,155
Capital grants and contributions.....	4,470,154	1,980,627
General Revenues:		
Real estate and personal property taxes, net of tax refunds payable.....	163,956,365	158,708,228
Tax and other liens.....	432,693	392,221
Motor vehicle and other excise taxes.....	5,989,888	6,071,620
Hotel/motel tax.....	1,532,265	699,991
Meals tax.....	700,947	470,494
Penalties and interest on taxes.....	589,044	471,873
Grants and contributions not restricted to specific programs.....	2,441,334	2,132,615
Unrestricted investment income.....	680,782	460,276
Gain on sale of capital assets.....	-	7,900
Total revenues.....	233,529,745	234,883,428

	<u>2022</u>	<u>2021</u>
Expenses:		
General government.....	15,769,295	17,556,171
Public safety.....	29,855,790	31,288,960
Education.....	142,365,586	149,639,940
Public works.....	12,430,109	14,996,472
Public facilities.....	6,003,075	7,259,642
Community services.....	6,441,274	5,237,621
Library.....	3,690,892	4,353,203
Interest.....	3,331,963	2,690,666
Total expenses.....	<u>219,887,984</u>	<u>233,022,675</u>
Excess (Deficiency) before extraordinary items.....	13,641,761	1,860,753
Extraordinary items:		
Extraordinary item - gas disaster expenses.....	(187,019)	(413,673)
Change in net position.....	13,454,742	1,447,080
Net position, beginning of year.....	<u>(97,640,028)</u>	<u>(99,087,108)</u>
Net position, end of year.....	\$ <u>(84,185,286)</u>	\$ <u>(97,640,028)</u>

The governmental expenses totaled \$219.9 million, of which \$57.2 million (26%) was directly supported by program revenues consisting of charges for services, operating and capital grants and contributions. General revenues totaled \$176.3 million, primarily coming from property taxes, motor vehicle and other excise taxes, and non-restricted state aid.

The governmental net position increased by \$13.5 million during the current year. This increase was primarily due to a \$3.1 million operating surplus in the Town's internal service funds, a \$3.6 million increase in the Town's nonmajor special revenue funds, \$4.5 million of capital grants, and a \$918,000 increase from general fund operations.

The \$7.3 million decrease in educational expenses is primarily due to a decrease of \$12.8 million in the on-behalf payments from the Commonwealth of Massachusetts to the Massachusetts Teachers Retirement System. The decrease in on-behalf payments also contributed to the decrease in operating grants and contributions. This decrease was offset by a \$1.3 million increase in employee benefits and a \$2.6 million increase in school department budgetary expenditures within the general fund.

Business-Type Activities

For the Town’s business-type activities, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$50.5 million at the close of 2022.

	2022	2021
Assets:		
Current assets.....	\$ 25,353,053	\$ 22,832,835
Noncurrent assets (excluding capital).....	2,891,185	2,896,009
Capital assets, non depreciable.....	6,057,791	3,184,808
Capital assets, net of accumulated depreciation.....	75,250,716	72,467,443
Total assets.....	109,552,745	101,381,095
Deferred outflows of resources.....	1,498,407	2,227,793
Liabilities:		
Current liabilities (excluding debt).....	3,179,624	1,595,140
Noncurrent liabilities (excluding debt).....	2,556,759	16,263,823
Current debt.....	4,666,035	4,599,354
Noncurrent debt.....	43,585,654	29,522,071
Total liabilities.....	53,988,072	51,980,388
Deferred inflows of resources.....	6,535,960	2,542,890
Net position:		
Net investment in capital assets.....	49,946,689	48,933,688
Unrestricted.....	580,431	151,922
Total net position.....	\$ 50,527,120	\$ 49,085,610
Program Revenues:		
Charges for services.....	\$ 15,457,001	\$ 15,282,513
Operating grants and contributions.....	11,365	28,063
Total revenues.....	15,468,366	15,310,576
Expenses:		
Water.....	9,683,267	11,095,249
Sewer.....	4,343,589	4,182,213
Total expenses.....	14,026,856	15,277,462
Change in net position.....	1,441,510	33,114
Net position, beginning of year.....	49,085,610	49,052,496
Net position, end of year.....	\$ 50,527,120	\$ 49,085,610

Business-type net position of \$51.2 million represents the net investment in capital assets while a deficit balance of \$629,000 is unrestricted. The Town’s business-type net position increased by \$1.4 million in the current year.

The water department net position increased by \$754,000. This increase is primarily due to a \$1.5 million increase from the change in the net other postemployment benefits liability, net of the related deferred outflows/(inflows) of resources, and a \$709,000 increase resulting from the difference between debt principal payments raised in the rates and depreciation expense which is unbudgeted. These increases were offset by a \$1.1 million decrease from the change in the deferred outflows/(inflows) of resources related to pensions.

The sewer department net position increased by \$687,000. This increase is primarily due to a \$267,000 increase from the change in the net other postemployment benefits liability, net of the related deferred outflows/(inflows) of resources, and a \$216,000 increase resulting from the difference between debt principal payments raised in the rates and depreciation expense which is unbudgeted.

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.

At the end of the current year, governmental funds reported combined ending fund balances of \$66.2 million, which is comprised of \$23.3 million in the general fund, \$6.8 million in the gas disaster paving restoration fund, \$1.0 million in the gas disaster mitigation fund, and \$35.0 million in the nonmajor governmental funds. Cumulatively, there was an increase of \$947,000 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 \$19.4 million, while total fund balance was \$23.3 million. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 10% of total general fund budgetary expenditures, while total fund balance represents 12% of that same amount. The general fund experienced an increase of \$918,000, which is primarily due to a \$1.6 million increase from budgetary operating results. General fund revenues exceeded the budget by \$3.4 million while expenditures were under budget by \$1.6 million. These surpluses were offset by the change in the accrual for 60-day receipts and tax refunds payable, as well as the activity in the stabilization funds which are reported as a component of the general fund for GAAP.

The Highway Construction fund accounts for a state reimbursement grant to support highway construction. The Town expended \$899,000 for approved projects and recognized state grant revenue of \$899,000.

In accordance with a Settlement Agreement with Columbia Gas following the 2019 gas explosion (See Note 14 for further information), the Town received, in prior years, payments of \$14.0 million and \$3.0 million, which were reported in the Gas Disaster Paving Restoration and Gas Disaster Mitigation funds, respectively. In 2022, the Town expended \$3.6 million from the Gas Disaster Paving Restoration fund, and \$59,000 from the Gas Mitigation fund.

The COVID-19 fund is used to account for funds received from federal and state governments to assist in funding additional costs associated with the COVID-19 Pandemic. The Town recognized \$1.8 million in revenues and expenditures in the current year. In additions, the Town has reported \$5.2 million of grant funding as unearned revenue and will recognize these funds as revenue when the qualifying expenditures are incurred.

The nonmajor funds experienced an increase of \$3.7 million, which was due to timing differences between the receipt and expenditure of grant funds and the permanent financing of capital projects.

General Fund Budgetary Highlights

An annual budget is adopted for the general fund in conformity with the guidelines described above. The original 2022 approved budget authorized \$197.0 million in appropriations and other amounts to be raised. An additional \$3.5 million in subsequent appropriations were approved in the final budget.

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. Major capital events during the current year include the following:

- Governmental activities included additions to land, construction in progress, buildings, building and land improvements, machinery and equipment, infrastructure and vehicles totaling \$24.6 million.
- Business-type activities included additions to construction in progress, infrastructure and vehicles totaling \$9.7 million.

Of the additions to governmental activities, \$3.5 million were capitalized from the gas disaster paving restoration fund and the gas disaster mitigation fund to replace existing infrastructure that was damaged as a result of the gas disaster.

Debt Administration. The Town of Andover maintains a AAA Bond Rating with Standard & Poor's Investors Service and continues to maintain strong market access for both note and bond sales.

As of June 30, 2022, outstanding long-term debt and unamortized premiums for governmental activities totaled \$249.5 million, of which \$43.9 million is related to school projects, \$26.2 million is for public works and public facilities, \$8.1 million is for land acquisition, \$6.1 million is for public safety projects, \$3.7 million is for culture and recreation projects, \$157.4 million in pension obligation bonds, the remaining balance of \$4.1 million relates to unamortized bond premiums. The Town issued \$171.9 million of long-term governmental debt in 2022.

The water and sewer enterprise funds have outstanding long-term debt and unamortized premiums totaling \$41.1 million and \$7.2 million, respectively. \$18.8 million of new long-term debt was issued in 2022, which included 6.7 million and \$945,000 of pension obligation bonds for the water and sewer funds, respectively. Another \$11.2 million was issued for water infrastructure improvements. The debt is fully supported by rates and does not rely on a general fund subsidy.

On December 16, 2021, the Town issued \$165.0 million of pension obligation bonds as an overall strategy to fund the unfunded portion of the Town's pension liability. The assumption is that the bond proceeds, which will be invested in higher-yielding asset classes, will be able to achieve a rate of return that is greater than the interest rate owed over the term of the bonds.

Please refer to notes 4, 6, and 7 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 Andover'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 Offices, 36 Bartlet Street, Andover, Massachusetts 01810.

Basic Financial Statements

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STATEMENT OF NET POSITION

JUNE 30, 2022

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
CURRENT:			
Cash and cash equivalents.....	\$ 95,203,034	\$ 18,716,072	\$ 113,919,106
Investments.....	8,793,249	-	8,793,249
Receivables, net of allowance for uncollectibles:			
Real estate and personal property taxes.....	1,423,395	-	1,423,395
Tax liens.....	2,850,211	52,424	2,902,635
Motor vehicle and other excise taxes.....	424,108	-	424,108
User charges.....	-	4,813,728	4,813,728
Departmental and other.....	1,026,156	-	1,026,156
Intergovernmental.....	3,855,032	1,209,610	5,064,642
Special assessments.....	-	561,219	561,219
Tax foreclosures.....	259,092	-	259,092
Total current assets.....	113,834,277	25,353,053	139,187,330
NONCURRENT:			
Receivables, net of allowance for uncollectibles:			
Departmental and other.....	302,067	-	302,067
Special assessments.....	-	2,364,843	2,364,843
Capital assets, nondepreciable.....	53,570,280	6,057,791	59,628,071
Capital assets, net of accumulated depreciation.....	171,086,974	75,250,716	246,337,690
Net pension asset.....	8,747,759	526,342	9,274,101
Total noncurrent assets.....	233,707,080	84,199,692	317,906,772
TOTAL ASSETS.....	347,541,357	109,552,745	457,094,102
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows for refunding debt.....	27,956	13,458	41,414
Deferred outflows related to pensions.....	16,901,901	1,461,596	18,363,497
Deferred outflows related to other postemployment benefits.....	5,834,947	23,353	5,858,300
TOTAL DEFERRED OUTFLOWS OF RESOURCES.....	22,764,804	1,498,407	24,263,211
LIABILITIES			
CURRENT:			
Warrants payable.....	6,157,723	2,587,181	8,744,904
Accrued payroll.....	6,321,627	50,632	6,372,259
Health claims payable.....	2,212,000	-	2,212,000
Tax refunds payable.....	273,000	-	273,000
Due to other governments.....	-	82,207	82,207
Accrued interest.....	1,762,127	367,146	2,129,273
Liabilities due depositors.....	-	10,458	10,458
Other liabilities.....	1,793,776	-	1,793,776
Unearned revenue.....	5,213,165	-	5,213,165
Landfill closure.....	203,000	-	203,000
Compensated absences.....	2,562,000	82,000	2,644,000
Workers' compensation.....	18,000	-	18,000
Bonds payable.....	13,696,654	4,666,035	18,362,689
Total current liabilities.....	40,213,072	7,845,659	48,058,731
NONCURRENT:			
Due to other governments.....	-	376,482	376,482
Landfill closure.....	15,090,000	-	15,090,000
Compensated absences.....	3,249,000	231,000	3,480,000
Workers' compensation.....	163,000	-	163,000
Net other postemployment benefits liability.....	102,850,566	1,949,277	104,799,843
Bonds payable.....	235,755,918	43,585,654	279,341,572
Total noncurrent liabilities.....	357,108,484	46,142,413	403,250,897
TOTAL LIABILITIES.....	397,321,556	53,988,072	451,309,628
DEFERRED INFLOWS OF RESOURCES			
Taxes paid in advance.....	262,238	-	262,238
Deferred inflows related to pensions.....	31,706,016	1,455,559	33,161,575
Deferred inflows related to other postemployment benefits.....	25,201,637	5,080,401	30,282,038
TOTAL DEFERRED INFLOWS OF RESOURCES.....	57,169,891	6,535,960	63,705,851
NET POSITION			
Net investment in capital assets.....	137,792,853	49,946,689	187,739,542
Restricted for:			
Debt service.....	317,278	-	317,278
Permanent funds:			
Expendable.....	847,177	-	847,177
Nonexpendable.....	1,278,130	-	1,278,130
Gifts and grants.....	12,482,797	-	12,482,797
Unrestricted.....	(236,903,521)	580,431	(236,323,090)
TOTAL NET POSITION.....	\$ (84,185,286)	\$ 50,527,120	\$ (33,658,166)

See notes to basic financial statements.

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2022

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.....	\$ 15,769,295	\$ 1,764,324	\$ 2,181,663	\$ -	\$ (11,823,308)
Public safety.....	29,855,790	6,624,693	163,673	-	(23,067,424)
Education.....	142,365,586	3,396,622	34,090,116	2,962,725	(101,916,123)
Public works.....	12,430,109	263,393	172,657	1,377,429	(10,616,630)
Public facilities.....	6,003,075	-	50,000	-	(5,953,075)
Community services.....	6,441,274	2,819,588	982,939	130,000	(2,508,747)
Library.....	3,690,892	4,119	222,486	-	(3,464,287)
Interest.....	3,331,963	-	-	-	(3,331,963)
Total Governmental Activities.....	219,887,984	14,872,739	37,863,534	4,470,154	(162,681,557)
<i>Business-Type Activities:</i>					
Water.....	9,683,267	10,456,362	4,624	-	777,719
Sewer.....	4,343,589	5,000,639	6,741	-	663,791
Total Business-Type Activities.....	14,026,856	15,457,001	11,365	-	1,441,510
Total Primary Government.....	\$ 233,914,840	\$ 30,329,740	\$ 37,874,899	\$ 4,470,154	\$ (161,240,047)

See notes to basic financial statements.

(Continued)

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2022

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Changes in net position:			
Net (expense) revenue from previous page.....	\$ (162,681,557)	\$ 1,441,510	\$ (161,240,047)
<i>General revenues:</i>			
Real estate and personal property taxes, net of tax refunds payable.....	163,956,365	-	163,956,365
Tax and other liens.....	432,693	-	432,693
Motor vehicle and other excise taxes.....	5,989,888	-	5,989,888
Hotel/motel tax.....	1,532,265	-	1,532,265
Meals tax.....	700,947	-	700,947
Penalties and interest on taxes.....	589,044	-	589,044
Grants and contributions not restricted to specific programs.....	2,441,334	-	2,441,334
Unrestricted investment income.....	680,782	-	680,782
<i>Extraordinary items - gas disaster expenses</i>	(187,019)	-	(187,019)
Total general revenues and extraordinary items.....	176,136,299	-	176,136,299
Change in net position.....	13,454,742	1,441,510	14,896,252
<i>Net position:</i>			
Beginning of year.....	(97,640,028)	49,085,610	(48,554,418)
End of year.....	\$ (84,185,286)	\$ 50,527,120	\$ (33,658,166)

See notes to basic financial statements.

(Concluded)

GOVERNMENTAL FUNDS
BALANCE SHEET

JUNE 30, 2022

	General	Highway Construction	Gas Disaster Paving Restoration	Gas Disaster Mitigation	COVID-19 Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS							
Cash and cash equivalents.....	\$ 22,140,135	\$ -	\$ 7,740,530	\$ 1,041,899	\$ 5,257,756	\$ 38,840,549	\$ 75,020,869
Investments.....	7,270,259	-	-	-	-	1,522,990	8,793,249
Receivables, net of uncollectibles:							
Real estate and personal property taxes.....	1,423,395	-	-	-	-	-	1,423,395
Tax liens.....	2,850,211	-	-	-	-	-	2,850,211
Motor vehicle and other excise taxes.....	424,108	-	-	-	-	-	424,108
Departmental and other.....	876,340	-	-	-	-	323,411	1,199,751
Intergovernmental.....	-	3,376,211	-	-	-	478,821	3,855,032
Tax foreclosures.....	259,092	-	-	-	-	-	259,092
Due from other funds.....	1,032,581	-	-	-	-	-	1,032,581
TOTAL ASSETS.....	\$ 36,276,121	\$ 3,376,211	\$ 7,740,530	\$ 1,041,899	\$ 5,257,756	\$ 41,165,771	\$ 94,858,288
LIABILITIES							
Warrants payable.....	\$ 720,005	\$ 6,797	\$ 901,653	\$ -	\$ 43,006	\$ 4,484,370	\$ 6,155,831
Accrued payroll.....	6,072,456	-	-	-	1,585	247,586	6,321,627
Tax refunds payable.....	273,000	-	-	-	-	-	273,000
Due to other funds.....	-	1,032,581	-	-	-	-	1,032,581
Other liabilities.....	189,946	-	-	-	-	1,079,672	1,269,618
Unearned revenue.....	-	-	-	-	5,213,165	-	5,213,165
TOTAL LIABILITIES.....	7,255,407	1,039,378	901,653	-	5,257,756	5,811,628	20,265,822
DEFERRED INFLOWS OF RESOURCES							
Taxes paid in advance.....	262,238	-	-	-	-	-	262,238
Unavailable revenue.....	5,494,809	2,336,833	-	-	-	319,116	8,150,758
TOTAL DEFERRED INFLOWS OF RESOURCES.....	5,757,047	2,336,833	-	-	-	319,116	8,412,996
FUND BALANCES							
Nonspendable.....	-	-	-	-	-	1,278,130	1,278,130
Restricted.....	317,278	-	6,838,877	1,041,899	-	33,756,897	41,954,951
Committed.....	1,057,161	-	-	-	-	-	1,057,161
Assigned.....	2,519,205	-	-	-	-	-	2,519,205
Unassigned.....	19,370,023	-	-	-	-	-	19,370,023
TOTAL FUND BALANCES.....	23,263,667	-	6,838,877	1,041,899	-	35,035,027	66,179,470
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES.....	\$ 36,276,121	\$ 3,376,211	\$ 7,740,530	\$ 1,041,899	\$ 5,257,756	\$ 41,165,771	\$ 94,858,288

See notes to basic financial statements.

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

JUNE 30, 2022

Total governmental fund balances.....	\$	66,179,470
Capital assets (net) used in governmental activities are not financial resources and, therefore, are not reported in the funds.....		224,657,254
Accounts receivable are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.....		8,150,758
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 reported.....		(34,142,849)
The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position.....		17,391,587
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.....		(1,762,127)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds:		
Bonds payable.....		(249,452,572)
Net pension asset.....		8,747,759
Net other postemployment benefits liability.....		(102,850,566)
Landfill closure.....		(15,293,000)
Compensated absences.....		(5,811,000)
Net effect of reporting long-term liabilities.....		<u>(364,659,379)</u>
Net position of governmental activities.....	\$	<u>(84,185,286)</u>

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2022

	General	Highway Construction	Gas Disaster Paving Restoration	Gas Disaster Mitigation	COVID-19 Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:							
Real estate and personal property taxes, net of tax refunds.....	\$ 164,311,208	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 164,311,208
Tax liens.....	340,883	-	-	-	-	-	340,883
Motor vehicle and other excise taxes.....	6,008,150	-	-	-	-	-	6,008,150
Hotel/motel tax.....	1,532,265	-	-	-	-	-	1,532,265
Meals tax.....	700,947	-	-	-	-	-	700,947
Charges for services.....	-	-	-	-	-	1,719,729	1,719,729
Penalties and interest on taxes.....	589,044	-	-	-	-	-	589,044
Licenses and permits.....	3,103,047	-	-	-	-	-	3,103,047
Intergovernmental - School Building Authority.....	-	-	-	-	-	2,962,725	2,962,725
Intergovernmental - Teachers Retirement.....	13,384,765	-	-	-	-	-	13,384,765
Intergovernmental.....	15,089,160	899,185	-	-	-	9,777,455	25,765,800
Intergovernmental - COVID-19 relief.....	-	-	-	-	1,761,135	-	1,761,135
Departmental and other.....	3,180,422	-	-	-	-	6,693,237	9,873,659
Contributions and donations.....	-	-	-	-	-	322,149	322,149
Investment income.....	198,533	-	-	-	-	465,601	664,134
Miscellaneous.....	-	-	-	-	-	70,585	70,585
TOTAL REVENUES.....	208,438,424	899,185	-	-	1,761,135	22,011,481	233,110,225
EXPENDITURES:							
Current:							
General government.....	8,703,829	-	-	-	1,326,380	1,645,573	11,675,782
Public safety.....	19,081,437	-	-	-	46,063	1,990,974	21,118,474
Education.....	92,775,458	-	-	-	268,413	9,059,903	102,103,774
Public works.....	9,815,588	899,185	-	-	92,033	60,591	10,867,397
Public facilities.....	3,279,353	-	-	-	-	108,604	3,387,957
Community services.....	2,303,345	-	-	-	28,246	2,099,777	4,431,368
Library.....	2,822,823	-	-	-	-	78,883	2,901,706
Pension benefits.....	12,403,164	-	-	-	-	-	12,403,164
Pension benefits - Teachers Retirement.....	13,384,765	-	-	-	-	-	13,384,765
Property and liability insurance.....	1,224,849	-	-	-	-	-	1,224,849
Employee benefits.....	24,611,011	-	-	-	-	-	24,611,011
State and county charges.....	913,507	-	-	-	-	-	913,507
Capital outlay.....	-	-	-	-	-	24,079,437	24,079,437
Debt service:							
Principal.....	6,820,503	-	-	-	-	-	6,820,503
Interest.....	3,056,148	-	-	-	-	-	3,056,148
TOTAL EXPENDITURES.....	201,195,780	899,185	-	-	1,761,135	39,123,742	242,979,842
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	7,242,644	-	-	-	-	(17,112,261)	(9,869,617)
OTHER FINANCING SOURCES (USES):							
Issuance of bonds.....	-	-	-	-	-	13,603,758	13,603,758
Premium from issuance of bonds.....	-	-	-	-	-	915,457	915,457
Transfers in.....	201,960	-	-	-	-	6,532,598	6,734,558
Transfers out.....	(6,526,598)	-	-	-	-	(207,960)	(6,734,558)
TOTAL OTHER FINANCING SOURCES (USES).....	(6,324,638)	-	-	-	-	20,843,853	14,519,215
SPECIAL AND EXTRAORDINARY ITEMS:							
Special item - issuance of pension obligation bonds.....	157,387,531	-	-	-	-	-	157,387,531
Special item - pension obligation bond issuance costs.....	(780,467)	-	-	-	-	-	(780,467)
Special item - contribution to pension trust.....	(156,607,064)	-	-	-	-	-	(156,607,064)
Extraordinary item - gas disaster expenditures.....	-	-	(3,643,306)	(58,856)	-	-	(3,702,162)
TOTAL SPECIAL AND EXTRAORDINARY ITEMS.....	-	-	(3,643,306)	(58,856)	-	-	(3,702,162)
NET CHANGE IN FUND BALANCES.....	918,006	-	(3,643,306)	(58,856)	-	3,731,592	947,436
FUND BALANCES AT BEGINNING OF YEAR.....	22,345,661	-	10,482,183	1,100,755	-	31,303,435	65,232,034
FUND BALANCES AT END OF YEAR.....	\$ 23,263,667	\$ -	\$ 6,838,877	\$ 1,041,899	\$ -	\$ 35,035,027	\$ 66,179,470

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, 2022

Net change in fund balances - total governmental funds.....	\$	947,436
<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.....	24,587,174	
Depreciation expense.....	<u>(10,717,132)</u>	
Net effect of reporting capital assets.....		13,870,042
<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>		
		402,872
<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.....	(13,603,758)	
Issuance of pension obligation bonds.....	(157,387,531)	
Premium from issuance of bonds.....	(915,457)	
Net amortization of premium from issuance of bonds.....	779,080	
Net change in deferred charge on refunding.....	(24,332)	
Debt service principal payments.....	<u>6,820,503</u>	
Net effect of reporting long-term debt.....		(164,331,495)
<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.....	(194,000)	
Net change in accrued interest on long-term debt.....	(1,030,563)	
Net change in deferred outflow/(inflow) of resources related to pensions.....	(19,360,384)	
Net change in net pension liability.....	178,704,272	
Net change in deferred outflow/(inflow) of resources related to other postemployment benefits.....	(6,522,549)	
Net change in net other postemployment benefits liability.....	7,498,357	
Net change in landfill closure.....	<u>407,000</u>	
Net effect of recording long-term liabilities.....		159,502,133
The net activity of internal service funds is reported with Governmental Activities.....		<u>3,063,754</u>
Change in net position of governmental activities.....	\$	<u><u>13,454,742</u></u>

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF NET POSITION

JUNE 30, 2022

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Water	Sewer	Total	
ASSETS				
CURRENT:				
Cash and cash equivalents.....	\$ 13,918,611	\$ 4,797,461	\$ 18,716,072	\$ 20,182,165
Receivables, net of allowance for uncollectibles:				
Liens - user charges.....	31,496	20,928	52,424	-
User charges.....	3,230,627	1,583,101	4,813,728	-
Departmental and other.....	-	-	-	128,472
Intergovernmental.....	1,209,610	-	1,209,610	-
Special assessments.....	-	561,219	561,219	-
Total current assets.....	<u>18,390,344</u>	<u>6,962,709</u>	<u>25,353,053</u>	<u>20,310,637</u>
NONCURRENT:				
Receivables, net of allowance for uncollectibles:				
Special assessments.....	-	2,364,843	2,364,843	-
Capital assets, non depreciable.....	4,776,752	1,281,039	6,057,791	-
Capital assets, net of accumulated depreciation.....	46,596,539	28,654,177	75,250,716	-
Net pension asset.....	476,286	50,056	526,342	-
Total noncurrent assets.....	<u>51,849,577</u>	<u>32,350,115</u>	<u>84,199,692</u>	<u>-</u>
TOTAL ASSETS.....	<u>70,239,921</u>	<u>39,312,824</u>	<u>109,552,745</u>	<u>20,310,637</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred loss on refunding.....	2,934	10,524	13,458	-
Deferred outflows related to pensions.....	1,306,822	154,774	1,461,596	-
Deferred outflows related to other postemployment benefits.....	18,582	4,771	23,353	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES.....	<u>1,328,338</u>	<u>170,069</u>	<u>1,498,407</u>	<u>-</u>
LIABILITIES				
CURRENT:				
Warrants payable.....	2,477,836	109,345	2,587,181	1,892
Accrued payroll.....	45,135	5,497	50,632	-
Health claims payable.....	-	-	-	2,212,000
Due to other governments.....	82,207	-	82,207	-
Liabilities due depositors.....	-	10,458	10,458	-
Accrued interest.....	321,582	45,564	367,146	-
Other liabilities.....	-	-	-	524,158
Compensated absences.....	75,000	7,000	82,000	-
Workers' compensation.....	-	-	-	18,000
Bonds payable.....	3,150,669	1,515,366	4,666,035	-
Total current liabilities.....	<u>6,152,429</u>	<u>1,693,230</u>	<u>7,845,659</u>	<u>2,756,050</u>
NONCURRENT:				
Due to other governments.....	376,482	-	376,482	-
Compensated absences.....	223,000	8,000	231,000	-
Workers' compensation.....	-	-	-	163,000
Net other postemployment benefits liability.....	1,551,038	398,239	1,949,277	-
Bonds payable.....	37,936,434	5,649,220	43,585,654	-
Total noncurrent liabilities.....	<u>40,086,954</u>	<u>6,055,459</u>	<u>46,142,413</u>	<u>163,000</u>
TOTAL LIABILITIES.....	<u>46,239,383</u>	<u>7,748,689</u>	<u>53,988,072</u>	<u>2,919,050</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pensions.....	1,249,790	205,769	1,455,559	-
Deferred inflows related to other postemployment benefits.....	4,284,611	795,790	5,080,401	-
TOTAL DEFERRED INFLOWS OF RESOURCES.....	<u>5,534,401</u>	<u>1,001,559</u>	<u>6,535,960</u>	<u>-</u>
NET POSITION				
Net investment in capital assets.....	25,250,079	24,696,610	49,946,689	-
Unrestricted.....	(5,455,604)	6,036,035	580,431	17,391,587
TOTAL NET POSITION.....	<u>\$ 19,794,475</u>	<u>\$ 30,732,645</u>	<u>\$ 50,527,120</u>	<u>\$ 17,391,587</u>

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2022

	<u>Business-type Activities - Enterprise Funds</u>			Governmental Activities - Internal Service Fund
	Water	Sewer	Total	
<u>OPERATING REVENUES:</u>				
Employee contributions.....	\$ -	\$ -	\$ -	\$ 7,950,294
Employer contributions.....	-	-	-	23,393,945
Charges for services.....	10,454,959	5,000,639	15,455,598	-
TOTAL OPERATING REVENUES	10,454,959	5,000,639	15,455,598	31,344,239
<u>OPERATING EXPENSES:</u>				
Cost of services and administration.....	3,929,810	2,478,196	6,408,006	-
Salaries and wages.....	2,893,386	634,870	3,528,256	-
Property and liability insurance.....	-	-	-	2,500
Depreciation.....	2,895,360	1,134,662	4,030,022	-
Employee benefits.....	(734,848) (A)	(105,134) (A)	(839,982)	28,294,633
TOTAL OPERATING EXPENSES.....	8,983,708	4,142,594	13,126,302	28,297,133
OPERATING INCOME.....	1,471,251	858,045	2,329,296	3,047,106
<u>NONOPERATING REVENUES (EXPENSES):</u>				
Investment income.....	6,027	6,741	12,768	16,648
Interest expense.....	(699,559)	(200,995)	(900,554)	-
TOTAL NONOPERATING REVENUES (EXPENSES), NET.....	(693,532)	(194,254)	(887,786)	16,648
INCOME (LOSS) BEFORE TRANSFERS.....	777,719	663,791	1,441,510	3,063,754
<u>TRANSFERS:</u>				
Transfers in.....	-	23,356	23,356	-
Transfers out.....	(23,356)	-	(23,356)	-
TOTAL TRANSFERS.....	(23,356)	23,356	-	-
CHANGE IN NET POSITION.....	754,363	687,147	1,441,510	3,063,754
NET POSITION AT BEGINNING OF YEAR.....	19,040,112	30,045,498	49,085,610	14,327,833
NET POSITION AT END OF YEAR.....	\$ 19,794,475	\$ 30,732,645	\$ 50,527,120	\$ 17,391,587

(A) Represents a decrease in the estimated net pension liability and net other postemployment benefit liability, net of related deferred outflows/(inflows).

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2022

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Water	Sewer	Total	
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers and users.....	\$ 9,911,720	\$ 4,745,251	\$ 14,656,971	\$ 7,950,294
Receipts from interfund services provided.....	-	-	-	23,444,760
Payments to vendors.....	(4,454,726)	(2,430,209)	(6,884,935)	(2,500)
Payments to employees.....	(2,907,662)	(653,471)	(3,561,133)	-
Payments for interfund services used.....	(7,482,387)	(1,122,760)	(8,605,147)	(28,649,578)
NET CASH FROM OPERATING ACTIVITIES.....	(4,933,055)	538,811	(4,394,244)	2,742,976
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Proceeds from the issuance of pension obligation bonds.....	6,667,418	945,051	7,612,469	-
Transfers in.....	-	23,356	23,356	-
Transfers out.....	(23,356)	-	(23,356)	-
NET CASH FROM NONCAPITAL FINANCING ACTIVITIES.....	6,644,062	968,407	7,612,469	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Proceeds from the issuance of bonds and notes.....	12,240,691	-	12,240,691	-
Acquisition and construction of capital assets.....	(7,847,586)	-	(7,847,586)	-
Principal payments on bonds and notes.....	(3,111,737)	(1,843,700)	(4,955,437)	-
Interest expense.....	640,041	(276,780)	363,261	-
Special assessments.....	-	536,216	536,216	-
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES.....	1,921,409	(1,584,264)	337,145	-
CASH FLOWS FROM INVESTING ACTIVITIES:				
Investment income.....	6,027	6,741	12,768	16,648
NET CHANGE IN CASH AND CASH EQUIVALENTS.....	3,638,443	(70,305)	3,568,138	2,759,624
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR.....	10,280,168	4,867,766	15,147,934	17,422,541
CASH AND CASH EQUIVALENTS AT END OF YEAR.....	\$ 13,918,611	\$ 4,797,461	\$ 18,716,072	\$ 20,182,165
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH				
FROM OPERATING ACTIVITIES:				
Operating income (loss).....	\$ 1,471,251	\$ 858,045	\$ 2,329,296	\$ 3,047,106
Adjustments to reconcile operating income to net cash from operating activities:				
Depreciation.....	2,895,360	1,134,662	4,030,022	-
Deferred (outflows)/inflows related to pensions.....	1,056,270	109,557	1,165,827	-
Deferred (outflows)/inflows related to other postemployment benefits.....	3,017,482	521,761	3,539,243	-
Due to other governments.....	(92,760)	-	(92,760)	-
Changes in assets and liabilities:				
Liens - user charges.....	(13,212)	(12,948)	(26,160)	-
User charges.....	(530,027)	(242,434)	(772,461)	-
Departmental and other.....	-	-	-	50,815
Warrants payable.....	(432,156)	47,987	(384,169)	(181,195)
Accrued payroll.....	19,724	1,399	21,123	-
Health claims payable.....	-	-	-	(9,000)
Liabilities due depositors.....	-	(6)	(6)	-
Other liabilities.....	-	-	-	1,250
Compensated absences.....	(34,000)	(20,000)	(54,000)	-
Workers' compensation.....	-	-	-	(166,000)
Net pension liability.....	(7,810,809)	(1,070,019)	(8,880,828)	-
Net other postemployment benefits.....	(4,480,178)	(789,193)	(5,269,371)	-
Total adjustments.....	(6,404,306)	(319,234)	(6,723,540)	(304,130)
NET CASH FROM OPERATING ACTIVITIES.....	\$ (4,933,055)	\$ 538,811	\$ (4,394,244)	\$ 2,742,976
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:				
Change in the deferred loss on debt refunding.....	\$ (3,882)	\$ (13,504)	\$ (17,386)	-
Acquisition of capital assets on account.....	1,838,692	-	1,838,692	-

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2022

	Pension and Other Employee Benefit Trust Funds (1)	Private Purpose Trust Fund
ASSETS		
Cash and cash equivalents.....	\$ 165,466,662	\$ 296,354
Investments:		
Investments in Pension Reserve Investment Trust.....	178,077,310	-
U.S. treasuries.....	2,140,844	1,766,157
Government sponsored enterprises.....	762,013	42,674
Corporate bonds.....	780,984	189,499
Equity securities.....	16,991,946	545,202
Mutual funds.....	40,852,374	-
Fixed income mutual funds.....	1,923,689	36,587
Receivables, net of allowance for uncollectibles:		
Departmental and other.....	140,948	-
Other assets.....	275	-
TOTAL ASSETS.....	407,137,045	2,876,473
LIABILITIES		
Warrants payable.....	28,270	-
NET POSITION		
Restricted for pensions.....	384,298,134	-
Restricted for other postemployment benefits.....	22,810,641	-
Held in trust for other purposes.....	-	2,876,473
TOTAL NET POSITION.....	407,108,775	2,876,473

See notes to basic financial statements.

(1) Pension as of December 31, 2021.

FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

YEAR ENDED JUNE 30, 2022

	Pension and Other Employee Benefit Trust Funds (1)	Private Purpose Trust Fund
ADDITIONS:		
Contributions:		
Employer contributions.....	\$ 14,867,085	\$ -
Employer contributions from pension obligation bonds.....	164,181,784	-
Employer contributions for other postemployment benefit payments...	4,796,414	-
Member contributions.....	4,332,565	-
Transfers from other systems.....	880,290	-
Retirement benefits - 3(8)c contributions from other systems.....	616,491	-
Retirement benefits - State COLA reimbursements.....	59,258	-
Private donations.....	-	27,568
Total contributions.....	189,733,887	27,568
Net investment income (loss):		
Investment income (loss).....	36,751,410	(63,927)
Less: investment expense.....	(775,509)	-
Net investment income (loss).....	35,975,901	(63,927)
TOTAL ADDITIONS.....	225,709,788	(36,359)
DEDUCTIONS:		
Administration.....	318,808	-
Transfers to other systems.....	338,517	-
Retirement benefits - 3(8)c transfer to other systems.....	527,351	-
Retirement benefits and refunds.....	17,496,388	-
Other postemployment benefit payments.....	4,796,414	-
Educational scholarships.....	-	185,018
TOTAL DEDUCTIONS.....	23,477,478	185,018
NET INCREASE (DECREASE) IN NET POSITION.....	202,232,310	(221,377)
NET POSITION AT BEGINNING OF YEAR.....	204,876,465	3,097,850
NET POSITION AT END OF YEAR.....	\$ 407,108,775	\$ 2,876,473

See notes to basic financial statements.

(1) Pension as of December 31, 2021.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying basic financial statements of the Town of Andover, 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 Select Board (Board).

For financial reporting purposes, the Town has included all funds, organizations, agencies, boards, commissions and institutions. The Town has also considered all potential component units for which it is financially accountable as well as other organizations for which the nature and significance of their relationship with the Town are such that exclusion would cause the basic financial statements to be misleading or incomplete. As required by GAAP, these basic financial statements present the Town (the primary government) and its component units. One entity has been included as a component unit in the reporting entity, because of the significance of its operational and/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 Andover Contributory Retirement System was established to provide retirement benefits to Town employees, the Andover Housing Authority employees, and their beneficiaries. The System is governed by a five-member board comprised of the Town Accountant (ex-officio), two members elected by the System's participants, one member appointed by the Town Manager and one member appointed by the Board members. The System is presented using the accrual basis of accounting and is reported as a pension trust fund in the fiduciary fund financial statements.

The System did not issue a separate audited financial statement. The System 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 System located at 36 Bartlet Street, Andover, Massachusetts 01810.

Joint Venture

A joint venture is an organization (resulting from a contractual arrangement) that is owned, operated and governed by two or more participants as a separate and specific activity subject to joint control in which the participants retain an ongoing financial interest or ongoing financial responsibility. Joint control means that no single participant has the ability to unilaterally control the financial or operating policies of the joint venture.

The Town participates in the following joint ventures with other municipalities to pool resources and share the costs, risks, and rewards of providing goods and services to venture participants directly, or for the benefit of the general public or specified recipients.

Greater Lawrence Sanitary District (GLSD)

GLSD operates a wastewater treatment plant for five member communities, one of which is the Town. The GLSD is governed by a seven-member board consisting of one appointed representative from the Town. The Town is indirectly liable for the GLSD's debt and other expenditures and is assessed annually for its share of operating and capital costs. For the year ended June 30, 2022, the Town's assessment totaled \$1,814,852. The Town does not have an equity interest in the District. Separate financial statements may be obtained by writing to the Treasurer of the GLSD at 240 Charles Street, North Andover, MA 01845.

Greater Lawrence Technical School (GLTS)

The Town is a member of the GLTS that serves the members students seeking an education in academic, technical and agriculture studies. The GLTS is governed by a seven-member school committee consisting of one elected representative from the Town. The Town is indirectly liable for the GLTS' debt and other expenditures and is assessed annually for its share of operating and capital costs. The Town does not have an equity interest in the GLTS. For the year ended June 30, 2022, the Town's assessment totaled \$640,003. Separate financial statements may be obtained by writing to the Treasurer of the GLTS at 57 River Road, Andover, MA 01810.

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

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

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

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

Government-Wide Financial Statements

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

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

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

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

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

Fund Financial Statements

Governmental fund financial statements are reported using the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., 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 generally are recorded when the related liability is incurred, as under accrual accounting. However, debt service, expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under lease financing are reported as other financing sources.

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, and the amount is received during the period or within the availability period for this revenue source.

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 *highway construction* fund is used to account for roadway improvements funded through the Massachusetts Department of Transportation.

As a result of the gas disaster that occurred in September 2018 (further described in Note 14), the Town established three funds to account for activity directly associated with the event as well as restoration efforts and legal settlements. One of the funds was closed out in 2020 in accordance with the settlement agreement. The two remaining funds are used to account for the following:

- The *gas disaster paving restoration fund* is used to account for the settlement revenue Columbia Gas was ordered to pay the Town for costs associated with repaving and restoring all streets, roadways, sidewalks and other areas affected by the disaster.
- The *gas disaster mitigation fund* is used to account for the mitigation fees received by the Town.

The *COVID-19* fund is used to account for funds received from federal and state governments to assist in funding additional costs associated with the COVID-19 Pandemic.

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

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

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

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

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

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

The following major proprietary funds are reported:

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

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

Additionally, the following proprietary fund type is reported:

The *internal service fund* is used to account for the financing of services provided by one department to other departments or governmental units. This fund is used to account for risk financing activities related to active employees' and retirees' health and life insurance, unemployment compensation, workers' compensation and general liability insurance.

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 Retirement System and the Town's defined benefit healthcare plan, which accumulates resources to provide pension and other postemployment benefits to eligible retirees and their beneficiaries.

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

D. Cash and Investments

Government-Wide and Fund Financial Statements

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.

Tax liens may be subject to a foreclosure if the tax liens are not paid in accordance with the period required by the law (M.G.L. Ch.60, §50). Foreclosure proceedings are processed by the Treasurer or other tax lien custodian. Foreclosed properties can then be sold through advertised public auction or held for use by the Town. 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 and Other 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

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 are 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 police details, fire details and ambulance receivables and are recorded as receivables in the year accrued. The allowance of uncollectibles is estimated based on historical trends and specific account analysis.

Special Assessments

Special assessments consist of sewer betterments levied on properties that have benefited by capital improvements to the Town's sewer system. The sewer betterment assessment is a one-time tax that can be paid in one lump sum or apportioned up to a maximum of twenty (20) years and is primarily designed to pay back all or a portion of the debt service associated with the sewer project.

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.

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.

H. Capital Assets

Government-Wide and Proprietary Fund Financial Statements

Capital assets, which include land, construction in progress, buildings and improvements, machinery and equipment, vehicles, library books 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; donated works of art, historical treasures and similar assets; and capital assets received in service concession arrangements are recorded at acquisition value.

All purchases and construction costs in excess of \$25,000 are capitalized at the date of acquisition or construction, respectively, with expected useful lives of greater than one year. Capital assets (excluding land and construction-in-progress) 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>
Buildings and building and land improvements.....	5-50
Machinery and equipment.....	3-20
Vehicles.....	5
Library books.....	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.

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 financial 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 charges on refunding, as well as deferred outflows of resources 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 of resources related to taxes paid in advance, pensions and other postemployment benefits in this category.

Governmental Fund Financial Statements

In addition to liabilities, the governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents assets that have been recorded in the governmental fund financial statements, but the revenue is not available and so will *not* be recognized as an inflow of resources (revenue) until it becomes available. The Town has reported taxes paid in advance, and unavailable revenues from real estate and personal property tax receivables, tax lien receivables, motor vehicle and other excise tax receivables, departmental receivables, intergovernmental receivables, and tax foreclosures in this category.

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 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 fund statements and are reported as transfers in and transfers out.

L. Unavailable Revenue

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

M. Net Position and Fund Equity

Government-Wide Financial Statements (Net Position)

Net position is reported as restricted when amounts that are not available for appropriation or are legally restricted by outside parties for a specific future use. Net position has been “restricted for” the following:

“Debt service” represents the amount accumulated for the future payment of general obligation bond principal and interest.

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

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

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

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 is 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, which constitutes the most binding restraint, 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. The Select Board has by resolution authorized the Town Accountant to assign fund balance. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s 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.

“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 designated for one purpose at the time of their creation. Therefore, any expenditure from the fund will be allocated to the applicable fund balance classifications in the order of the aforementioned spending policy. The general fund and certain other funds may have more than one purpose.

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. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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. 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 Andover Contributory Retirement System and the Massachusetts Teachers’ Retirement System and additions to/deductions from the System’s fiduciary net position have been determined on the same basis as they are reported by the System. 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.

P. Investment Income

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

Proprietary funds retain their investment income.

Q. Compensated Absences

Employees are granted vacation and sick leave in varying amounts based on collective bargaining agreements, state laws and executive policies. Compensated absence liabilities related to both governmental and business-type activities are normally paid from the funds reporting payroll and related expenditures. Compensated absences are reported in governmental funds only if they have matured.

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 upon maturity of the liability.

R. Fund Deficits

No individual deficits exist as of June 30, 2022.

S. 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.

T. Total Column*Government-Wide Financial Statements*

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

Fund Financial Statements

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

NOTE 2 – CASH AND INVESTMENTS

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

Statutes authorize the investment in obligations of the U.S. Treasury, agencies, and instrumentalities, certificates of deposit (CD's), 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. In addition, there are various restrictions limiting the amount and length of deposits and investments.

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 System 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 of Andover's deposits may not be returned to it. The Town's policy allows unlimited deposits in bank accounts or CD's (up to one-year maturity) that are fully collateralized through a third-party agreement. For uncollateralized bank accounts and CD's, deposits may not exceed Federal Deposit Insurance Corporation (FDIC) or other deposit insurance coverage unless the bank has received the highest bank rating as determined by a recognized bank rating firm.

These deposits will be limited to no more than 5% of an institution's assets and no more than 10% of the Town's cash. This percentage may be increased for no more than 30 days during times of heavy collection or in anticipation of large payments that will be made by the Town in the near future. CD's will be purchased for no more than three months and will be reviewed frequently. The Town's policy also allows unlimited investments in money market funds, which are allowed by statute and are considered to be liquid funds.

At year-end, the carrying amount of deposits totaled \$104,720,935 and the bank balance totaled \$106,730,501. Of the bank balance, \$3,199,223 was covered by Federal Depository Insurance, \$27,313,980 was covered by Depositor's Insurance Fund, \$76,216,114 was collateralized, and \$1,184 was exposed to custodial credit risk because it was uninsured and uncollateralized.

At December 31, 2021, the carrying amount of deposits for the Retirement System totaled \$688,812 and the bank balance totaled \$752,568. The bank balance was covered by Federal Depository Insurance and none of the funds were exposed to custodial credit risk.

As of June 30, 2022, the Town of Andover had the following investments:

<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>Debt securities:</u>				
U.S. government agencies.....	\$ 11,029,344	\$ 9,019,224	\$ 1,610,161	\$ 399,959
Government sponsored enterprises.....	804,687	214,734	406,888	183,065
Corporate bonds.....	970,483	123,563	676,819	170,101
Total debt securities.....	12,804,514	\$ 9,357,521	\$ 2,693,868	\$ 753,125
<u>Other investments:</u>				
Equity securities.....	13,331,571			
Equity mutual funds.....	5,789,756			
Fixed income mutual funds.....	2,047,003			
Money market mutual funds.....	602,407			
MMDT.....	9,103,283			
Total investments.....	\$ 43,678,534			

As of December 31, 2021, the Retirement System had \$178,077,310 invested in PRIT, \$40,852,374 invested in equity mutual funds and \$164,566,685 invested in the PRIT cash fund.

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 investments of \$11,029,344 in government agencies, \$804,687 in government sponsored enterprises, \$970,483 in corporate bonds, and \$13,331,571 in equity securities, the Town has custodial credit risk exposure of \$26,136,085 because the related securities are uninsured, unregistered and held by the counterparty. The Town's policy requires all securities, not held directly by the Town, to be held in the Town's name and tax identification number by a third-party custodian approved by the Treasurer.

The System does not have any investments subject to custodial credit risk. The System does not have an investment policy for custodial credit risk.

Interest Rate Risk

The Town's investment policy limits investment maturities to one year, except for the trust funds which are not limited, as a means of managing its exposure to fair value losses arising from increasing interest rates. The System does not have formal investment policies that limit 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 with combined average maturities of approximately 3 months.

The System participates in PRIT. The effective weighted duration rate for PRIT investments ranged from 1.33 to 15.12 years.

Credit Risk

The Town's investment policy limits investments in debt securities to United States Treasuries and Agency obligations, which carry an AA+ rating and other investments that must be in high grade securities, a high concentration of which must be rated A and above. As of June 30, 2022, Standard & Poor's Investors Service rated the Town's investments as; AA+ for government sponsored enterprises totaling \$804,687, and AA-, A-, BBB+, and BBB for corporate bonds totaling \$100,668, \$323,682, \$215,170, and \$330,963, respectively. The Town's investments in MMDT shares and money market mutual funds were unrated.

The Retirement System has not adopted a formal policy related to Credit Risk and \$178,077,310 of PRIT shares were unrated.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the Town's investment in a single issuer. The Town will minimize the concentration of credit risk by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized. As of June 30, 2022, no more than 5 percent of the Town's investments are invested in any one issuer.

The System places no limit on the amount the System may invest in any one issuer. The System did not have any investments that were subject to concentration of credit risk.

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, 2022:

Investment Type	June 30, 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:				
Debt securities:				
U.S. government agencies.....	\$ 11,029,344	\$ 11,029,344	\$ -	-
Government sponsored enterprises.....	804,687	804,687	-	-
Corporate bonds.....	970,483	-	970,483	-
Total debt securities.....	12,804,514	11,834,031	970,483	-
Other investments:				
Equity securities.....	13,331,571	13,331,571	-	-
Equity mutual funds.....	5,789,756	5,789,756	-	-
Fixed income mutual funds.....	2,047,003	2,047,003	-	-
Money market mutual funds.....	602,407	602,407	-	-
Total other investments.....	21,770,737	21,770,737	-	-
Total investments measured at fair value.....	34,575,251	\$ 33,604,768	\$ 970,483	\$ -
Investments measured at amortized cost:				
MMDT.....	9,103,283			
Total investments.....	\$ 43,678,534			

U.S. government agencies, government sponsored enterprises, money market mutual funds, equity securities, equity mutual funds, and fixed income mutual funds classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Corporate bonds classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities’ relationship to benchmark quoted prices.

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

As of December 31, 2021, the System had \$40,852,374 invested in equity mutual funds. Equity mutual funds are classified in Level 1 of the fair value hierarchy and are valued using prices quoted in active markets for those securities.

As of December 31, 2021, the System had \$178,077,310 invested in PRIT and \$164,566,685 in the PRIT cash fund. PRIT Investments are valued using the net asset value 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.

NOTE 3 – RECEIVABLES

As of June 30, 2022, receivables for the individual major and non-major governmental funds including the applicable allowances for uncollectible accounts are as follows:

	<u>Gross Amount</u>	Allowance for <u>Uncollectibles</u>	<u>Net Amount</u>
<u>Receivables:</u>			
Real estate and personal property taxes.....	\$ 1,423,395	\$ -	\$ 1,423,395
Tax liens.....	2,850,211	-	2,850,211
Motor vehicle and other excise taxes.....	702,808	(278,700)	424,108
Departmental and other.....	1,450,745	(122,522)	1,328,223
Intergovernmental.....	<u>3,855,032</u>	<u>-</u>	<u>3,855,032</u>
Total.....	\$ <u>10,282,191</u>	\$ <u>(401,222)</u>	\$ <u>9,880,969</u>

As of June 30, 2022, receivables for the water and sewer enterprise consist of the following:

	<u>Gross Amount</u>	Allowance for <u>Uncollectibles</u>	<u>Net Amount</u>
<u>Receivables:</u>			
Water user charges.....	\$ 3,230,627	\$ -	\$ 3,230,627
Sewer user charges.....	1,583,101	-	1,583,101
Water liens - user charges.....	31,496	-	31,496
Sewer liens - user charges.....	20,928	-	20,928
Sewer special assessments.....	2,926,062	-	2,926,062
Water intergovernmental.....	<u>1,209,610</u>	<u>-</u>	<u>1,209,610</u>
Total.....	\$ <u>9,001,824</u>	\$ <u>-</u>	\$ <u>9,001,824</u>

Governmental funds report *unavailable revenues* 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 revenues* 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.....	\$ 1,085,058	\$ -	\$ 1,085,058
Tax liens.....	2,850,211	-	2,850,211
Motor vehicle and other excise taxes.....	424,108	-	424,108
Departmental and other.....	876,340	319,116	1,195,456
Tax foreclosures.....	259,092	-	259,092
Intergovernmental.....	-	2,336,833	2,336,833
Total.....	<u>\$ 5,494,809</u>	<u>\$ 2,655,949</u>	<u>\$ 8,150,758</u>

As of December 31, 2021, receivables for the System totaled \$140,948 and relate to member deductions.

NOTE 4 – CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 33,803,992	\$ 4,340,358	\$ -	\$ 38,144,350
Construction in progress.....	2,713,228	13,481,705	(769,003)	15,425,930
Total capital assets not being depreciated....	<u>36,517,220</u>	<u>17,822,063</u>	<u>(769,003)</u>	<u>53,570,280</u>
<u>Capital assets being depreciated:</u>				
Buildings, building and land improvements.....	265,874,655	4,554,896	-	270,429,551
Machinery and equipment.....	17,689,692	370,848	(163,495)	17,897,045
Infrastructure.....	54,112,201	1,398,753	-	55,510,954
Vehicles.....	12,175,203	1,209,617	(699,294)	12,685,526
Library books.....	7,138,768	-	-	7,138,768
Total capital assets being depreciated.....	<u>356,990,519</u>	<u>7,534,114</u>	<u>(862,789)</u>	<u>363,661,844</u>
<u>Less accumulated depreciation for:</u>				
Buildings, building and land improvements.....	(125,666,694)	(7,043,010)	-	(132,709,704)
Machinery and equipment.....	(13,463,513)	(955,142)	163,495	(14,255,160)
Infrastructure.....	(29,733,162)	(1,537,383)	-	(31,270,545)
Vehicles.....	(6,866,162)	(1,099,967)	699,294	(7,266,835)
Library books.....	(6,990,996)	(81,630)	-	(7,072,626)
Total accumulated depreciation.....	<u>(182,720,527)</u>	<u>(10,717,132)</u>	<u>862,789</u>	<u>(192,574,870)</u>
Total capital assets being depreciated, net.....	<u>174,269,992</u>	<u>(3,183,018)</u>	<u>-</u>	<u>171,086,974</u>
Total governmental activities capital assets, net.....	<u>\$ 210,787,212</u>	<u>\$ 14,639,045</u>	<u>\$ (769,003)</u>	<u>\$ 224,657,254</u>

	Beginning Balance	Increases	Decreases	Ending Balance
Water:				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 266,017	\$ -	\$ -	\$ 266,017
Construction in progress.....	1,637,752	3,397,148	(524,165)	4,510,735
Total capital assets not being depreciated....	1,903,769	3,397,148	(524,165)	4,776,752
<u>Capital assets being depreciated:</u>				
Buildings, building and land improvements.....	2,627,927	-	-	2,627,927
Machinery and equipment.....	4,535,564	-	-	4,535,564
Infrastructure.....	100,977,980	6,725,521	-	107,703,501
Vehicles.....	726,560	87,774	(47,970)	766,364
Total capital assets being depreciated.....	108,868,031	6,813,295	(47,970)	115,633,356
<u>Less accumulated depreciation for:</u>				
Buildings, building and land improvements.....	(602,964)	(119,928)	-	(722,892)
Machinery and equipment.....	(2,015,246)	(248,641)	-	(2,263,887)
Infrastructure.....	(63,137,774)	(2,443,308)	-	(65,581,082)
Vehicles.....	(433,443)	(83,483)	47,970	(468,956)
Total accumulated depreciation.....	(66,189,427)	(2,895,360)	47,970	(69,036,817)
Total capital assets being depreciated, net.....	42,678,604	3,917,935	-	46,596,539
Total water activities capital assets, net.....	\$ 44,582,373	\$ 7,315,083	\$ (524,165)	\$ 51,373,291
Sewer:				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 115,130	\$ -	\$ -	\$ 115,130
Construction in progress.....	1,165,909	-	-	1,165,909
Total capital assets not being depreciated....	1,281,039	-	-	1,281,039
<u>Capital assets being depreciated:</u>				
Buildings and building improvements.....	1,321,820	-	-	1,321,820
Machinery and equipment.....	1,186,123	-	-	1,186,123
Infrastructure.....	53,240,545	-	-	53,240,545
Vehicles.....	304,304	-	-	304,304
Total capital assets being depreciated.....	56,052,792	-	-	56,052,792
<u>Less accumulated depreciation for:</u>				
Buildings and building improvements.....	(1,291,312)	(16,012)	-	(1,307,324)
Machinery and equipment.....	(701,344)	(44,709)	-	(746,053)
Infrastructure.....	(24,003,314)	(1,049,725)	-	(25,053,039)
Vehicles.....	(267,983)	(24,216)	-	(292,199)
Total accumulated depreciation.....	(26,263,953)	(1,134,662)	-	(27,398,615)
Total capital assets being depreciated, net.....	29,788,839	(1,134,662)	-	28,654,177
Total sewer activities capital assets, net.....	\$ 31,069,878	\$ (1,134,662)	\$ -	\$ 29,935,216

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

Governmental Activities:	
General government.....	\$ 549,664
Public safety.....	1,265,430
Education.....	4,568,648
Public works.....	1,891,511
Public facilities.....	1,707,727
Community services.....	595,907
Library.....	<u>138,245</u>
 Total depreciation expense - governmental activities.....	 \$ <u>10,717,132</u>
 Business-Type Activities:	
Water.....	\$ 2,895,360
Sewer.....	<u>1,134,662</u>
 Total depreciation expense - business-type activities.....	 \$ <u>4,030,022</u>

NOTE 5 – INTERFUND TRANSFERS, RECEIVABLES AND PAYABLES

At June 30, 2022, the Town had an interfund receivable/payable of \$1,032,581 between the general fund and highway construction to meet temporary cash flow needs.

Interfund transfers for the year ended June 30, 2022, are summarized as follows:

Transfers Out:	Transfers In:				
	General fund	Nonmajor governmental funds	Sewer enterprise fund	Total	
General fund.....	\$ -	\$ 6,526,598	\$ -	\$ 6,526,598	(1)
Nonmajor governmental funds.....	201,960	6,000	-	207,960	(2)
Water enterprise fund.....	-	-	23,356	23,356	(3)
 Total.....	 <u>\$ 201,960</u>	 <u>\$ 6,532,598</u>	 <u>\$ 23,356</u>	 <u>\$ 6,757,914</u>	

- (1) Transfers from the general fund to capital project funds for current year capital articles and BAN paydowns.
- (2) Transfers from the nonmajor funds to the general fund to fund the fiscal year 2022 budget. Transfer from the cemetery trust fund to the Spring Grove cemetery maintenance capital project fund.
- (3) Transfer of the residual balance from the water meter replacement capital project fund to the Shawsheen River interceptor improvement capital project 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, 2022, is as follows:

Type	Purpose	Rate (%)	Due Date	Balance at June 30, 2021	Renewed/ Issued	Retired/ Redeemed	Balance at June 30, 2022
Governmental Funds:							
BAN	Bond anticipation note.....	1.00%	12/17/21	\$ 1,152,258	\$ -	\$ (1,152,258)	\$ -
BAN	Bond anticipation note.....	3.00%	10/13/22	-	175,000	(175,000)	- (1)
Total Governmental Funds.....				\$ 1,152,258	\$ 175,000	\$ (1,327,258)	\$ -
Enterprise Funds:							
<i>Water Enterprise Fund</i>							
BAN	Bond anticipation note.....	1.00%	12/17/21	\$ 422,200	\$ -	\$ (422,200)	\$ -
BAN	Bond anticipation note.....	3.00%	10/13/22	-	550,000	(550,000)	- (1)
Total Enterprise Funds.....				\$ 422,200	\$ 550,000	\$ (972,200)	\$ -

(1) On July 28, 2022, the Town permanently financed the previously issued short term debt totaling \$725,000, which has been presented and recorded as long-term debt in the Town’s 2022 financial statements.

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".

The Town has approved construction of the new West Elementary and Shawsheen Preschool Building project. The total project budget is \$151,661,968 and the Town has been approved for a maximum capital grant of \$38,442,820 from the Massachusetts School Building Authority (MSBA) leaving an anticipated Town share of \$113,219,148. To date, the Town has received capital grant proceeds totaling \$3,177,223, which is equal to 45.85% of approved costs submitted for reimbursement. The Town has recorded a receivable totaling \$246,860 for reimbursements that were not received by year-end.

Details related to the outstanding indebtedness at June 30, 2022, and the debt service requirements are as follows:

Bonds Payable Schedule – Governmental Funds

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2022
General obligation bonds:				
Public safety.....	2051	\$ 9,757,000	2.00 - 5.00	\$ 6,066,600 (1)
School projects.....	2052	74,147,100	2.00 - 5.00	43,908,900 (1)
Public works and public facilities.....	2049	40,768,250	2.00 - 5.00	25,650,600 (2)
Land acquisition.....	2052	13,062,100	2.00 - 5.00	8,125,251 (1)
Culture and recreation.....	2051	4,758,650	2.00 - 5.00	3,760,000 (1)
Pension obligation.....	2040	157,387,531	0.65 - 2.79	157,387,531 (3)
Subtotal general obligation bonds.....				<u>244,898,882</u>
From direct borrowings and placements:				
Public works and public facilities.....	2036	675,000	2.00	502,010 (1)
Add: Unamortized premium on bonds.....				<u>4,051,680</u>
Total Bonds Payable, net.....				<u>\$ 249,452,572</u>

- (1) Debt issued to finance Town capital expenditures.
- (2) Debt issued to finance Town capital expenditures with the exception of \$1.6 million for landfill closure.
- (3) Debt issued to finance Town’s net pension liability.

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

Year	General Obligation Bonds			From Direct Borrowings and Placements			Grand Total
	Principal	Interest	Total	Principal	Interest	Total	
2023.....	\$ 13,084,350	\$ 7,549,584	\$ 20,633,934	\$ 31,064	\$ 9,378	\$ 40,442	\$ 20,674,376
2024.....	14,022,373	5,898,959	19,921,332	31,739	8,746	40,485	19,961,817
2025.....	14,018,964	5,545,303	19,564,267	32,429	8,098	40,527	19,604,794
2026.....	13,909,230	5,168,513	19,077,743	33,134	7,438	40,572	19,118,315
2027.....	13,757,624	4,815,638	18,573,262	33,854	6,764	40,618	18,613,880
2028.....	13,516,696	4,465,615	17,982,311	34,590	6,074	40,664	18,022,975
2029.....	13,130,575	4,132,993	17,263,568	35,341	5,370	40,711	17,304,279
2030.....	12,944,924	3,804,012	16,748,936	36,110	4,652	40,762	16,789,698
2031.....	12,792,081	3,478,762	16,270,843	36,894	3,916	40,810	16,311,653
2032.....	12,738,546	3,161,761	15,900,307	37,696	3,166	40,862	15,941,169
2033.....	12,629,549	2,848,065	15,477,614	38,516	2,400	40,916	15,518,530
2034.....	12,099,630	2,521,637	14,621,267	39,353	1,616	40,969	14,662,236
2035.....	11,129,019	2,205,084	13,334,103	40,208	409	40,617	13,374,720
2036.....	11,317,946	1,921,026	13,238,972	41,082	409	41,491	13,280,463
2037.....	11,510,720	1,624,367	13,135,087	-	-	-	13,135,087
2038.....	11,757,802	1,307,305	13,065,107	-	-	-	13,065,107
2039.....	11,988,961	975,446	12,964,407	-	-	-	12,964,407
2040.....	12,259,892	637,027	12,896,919	-	-	-	12,896,919
2041.....	1,650,000	443,126	2,093,126	-	-	-	2,093,126
2042.....	1,590,000	397,563	1,987,563	-	-	-	1,987,563
2043.....	1,540,000	352,576	1,892,576	-	-	-	1,892,576
2044.....	1,585,000	306,779	1,891,779	-	-	-	1,891,779
2045.....	1,640,000	258,803	1,898,803	-	-	-	1,898,803
2046.....	1,695,000	209,047	1,904,047	-	-	-	1,904,047
2047.....	1,740,000	157,016	1,897,016	-	-	-	1,897,016
2048.....	1,790,000	103,291	1,893,291	-	-	-	1,893,291
2049.....	1,065,000	61,713	1,126,713	-	-	-	1,126,713
2050.....	885,000	36,707	921,707	-	-	-	921,707
2051.....	655,000	18,411	673,411	-	-	-	673,411
2052.....	455,000	5,404	460,404	-	-	-	460,404
Total.....	\$ 244,898,882	\$ 64,411,529	\$ 309,310,411	\$ 502,010	\$ 68,436	\$ 570,446	\$ 309,880,857

Bonds Payable Schedule – Enterprise Funds

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2022
General obligation bonds:				
Sewer projects.....	2033	\$ 24,950,050	1.30 - 5.00	\$ 6,081,750 (1)
Water projects.....	2043	33,152,550	2.00 - 5.00	26,212,400 (1)
Pension obligation - sewer.....	2040	945,051	0.65 - 2.79	945,051 (2)
Pension obligation - water.....	2040	6,667,418	0.65 - 2.79	6,667,418 (2)
Subtotal general obligation bonds.....				39,906,619
From direct borrowing and placements:				
Water projects.....	2051	10,092,652	2.00	6,235,020 (1)
Add: Unamortized premium on bonds.....				2,110,050
Total Bonds Payable, net.....				\$ 48,251,689

(1) Debt issued to finance Town capital expenditures.

(2) Debt issued to finance Town’s net pension liability.

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

Year	General Obligation Bonds			From Direct Borrowings and Placements			Total
	Principal	Interest	Total	Principal	Interest	Total	
2023.....	\$ 3,880,650	\$ 1,219,434	\$ 5,100,084	\$ 449,371	\$ 29,071	\$ 478,442	\$ 5,578,526
2024.....	3,718,127	984,168	4,702,295	455,522	23,155	478,677	5,180,972
2025.....	3,181,037	853,740	4,034,777	461,794	17,118	478,912	4,513,689
2026.....	2,850,770	733,277	3,584,047	468,188	10,960	479,148	4,063,195
2027.....	2,852,376	623,247	3,475,623	474,705	4,677	479,382	3,955,005
2028.....	2,393,304	524,241	2,917,545	194,911	1,132	196,043	3,113,588
2029.....	1,999,424	445,211	2,444,635	195,901	380	196,281	2,640,916
2030.....	1,870,075	379,118	2,249,193	158,147	-	158,147	2,407,340
2031.....	1,877,919	319,247	2,197,166	158,385	-	158,385	2,355,551
2032.....	1,861,454	266,162	2,127,616	158,622	-	158,622	2,286,238
2033.....	1,850,450	221,995	2,072,445	158,860	-	158,860	2,231,305
2034.....	1,615,370	182,588	1,797,958	159,099	-	159,099	1,957,057
2035.....	1,455,981	150,956	1,606,937	159,338	-	159,338	1,766,275
2036.....	1,467,054	123,622	1,590,676	159,577	-	159,577	1,750,253
2037.....	1,479,280	100,497	1,579,777	159,816	-	159,816	1,739,593
2038.....	1,492,198	76,991	1,569,189	160,056	-	160,056	1,729,245
2039.....	1,506,039	53,298	1,559,337	160,297	-	160,297	1,719,634
2040.....	1,415,111	31,477	1,446,588	160,537	-	160,537	1,607,125
2041.....	590,000	15,900	605,900	160,778	-	160,778	766,678
2042.....	530,000	5,100	535,100	161,020	-	161,020	696,120
2043.....	20,000	-	20,000	161,261	-	161,261	181,261
2044.....	-	-	-	161,503	-	161,503	161,503
2045.....	-	-	-	161,746	-	161,746	161,746
2046.....	-	-	-	161,989	-	161,989	161,989
2047.....	-	-	-	162,232	-	162,232	162,232
2048.....	-	-	-	162,475	-	162,475	162,475
2049.....	-	-	-	162,719	-	162,719	162,719
2050.....	-	-	-	162,963	-	162,963	162,963
2051.....	-	-	-	163,208	-	163,208	163,208
Total.....	\$ 39,906,619	\$ 7,310,270	\$ 47,216,889	\$ 6,235,020	\$ 86,493	\$ 6,321,513	\$ 53,538,402

On December 16, 2021, the Town issued \$165,000,000 of taxable pension obligation bonds as an overall strategy to fund the unfunded portion of the Town’s pension liability. The assumption is that the bond proceeds, when invested with pensions assets in higher-yielding asset classes, will be able to achieve a rate of return that is greater than the interest rate owed over the term of the bonds. As a result of funding a portion of the Town’s unfunded pension liability with the proceeds of the bonds and with the expected investments earnings, the Town expects to achieve present value savings over the term of the bonds, as compared with the amount it would otherwise have paid under its existing funding schedule.

The bonds were issued pursuant to Chapter 306 of the Acts of 2020, a Town Meeting vote adopted on June 5, 2021, and a ballot question approved on June 15, 2021. The net proceeds of the bonds totaled \$164,181,784, which consisted of gross proceeds of \$165,000,000 less the cost of issuance and the underwriter’s discount totaling \$317,832 and \$500,384, respectively. The Town recorded \$6,667,418 and \$945,051 of proceeds and \$33,063 and \$4,686 of bond issuance costs in the water and sewer enterprise funds, respectively. The remaining \$157,387,531 of bond proceeds and the remaining \$780,467 of bond issuance costs were recorded in the general fund. Each fund then subsequently contributed the net proceeds to the System’s pension trust fund to reduce the Town’s net pension liability.

The average interest rate on the pension obligation bonds over the life of the debt is 2.36%, and the anticipated rate of return on pension assets is 5.75%. Principal and interest payments on the pension obligation bonds are payable through 2040.

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, 2022, the Town had the following authorized and unissued debt:

Purpose	Amount
Land acquisition.....	\$ 1,200,000
Landfill.....	6,695,000
Energy initiatives.....	530,000
Public works.....	3,150,000
Public safety.....	785,000
Other Town projects.....	9,964,351
Other School projects.....	12,595,000
West Elementary School construction.....	144,661,968
Pension obligation.....	10,000,000
Water projects.....	10,500,000
Total.....	\$ 200,081,319

Changes in Long-term Liabilities

During the year ended June 30, 2022, 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.....	\$ 80,697,693	\$ 170,991,289	\$ (6,790,100)	\$ -	\$ -	\$ 244,898,882	\$ 13,084,350
Add: Unamortized premium on bonds...	3,915,303	915,457	(779,080)	-	-	4,051,680	581,240
From direct borrowings and placements...	532,413	-	(30,403)	-	-	502,010	31,064
Total bonds payable.....	85,145,409	171,906,746	(7,599,583)	-	-	249,452,572	13,696,654
Landfill closure.....	15,700,000	-	-	-	(407,000)	15,293,000	203,000
Compensated absences.....	5,617,000	-	-	2,309,000	(2,115,000)	5,811,000	2,562,000
Workers' compensation.....	347,000	-	-	249,000	(415,000)	181,000	18,000
Net pension liability (asset).....	169,956,513	-	-	9,666,108	(188,370,380)	(8,747,759)	-
Net other postemployment benefits liability.....	110,348,923	-	-	11,873,001	(19,371,358)	102,850,566	-
Total governmental activity long-term liabilities.....	\$ 387,114,845	\$ 171,906,746	\$ (7,599,583)	\$ 24,097,109	\$ (210,678,738)	\$ 364,840,379	\$ 16,479,654
Business-Type Activities:							
Long-term bonds payable.....	\$ 25,984,850	\$ 17,461,669	\$ (3,539,900)	\$ -	\$ -	\$ 39,906,619	\$ 3,880,650
Add: Unamortized premium on bonds...	1,036,018	1,332,949	(258,917)	-	-	2,110,050	336,014
From direct borrowings and placements...	6,678,357	-	(443,337)	-	-	6,235,020	449,371
Total bonds payable.....	33,699,225	18,794,618	(4,242,154)	-	-	48,251,689	4,666,035
Due to other governments.....	543,362	-	-	-	(84,673)	458,689	82,207
Compensated absences.....	367,000	-	-	81,000	(135,000)	313,000	82,000
Net pension liability (asset).....	8,354,486	-	-	354,177	(9,235,005)	(526,342)	-
Net other postemployment benefits liability.....	7,218,648	-	-	225,023	(5,494,394)	1,949,277	-
Total business-type activity long-term liabilities.....	\$ 50,182,721	\$ 18,794,618	\$ (4,242,154)	\$ 660,200	\$ (14,949,072)	\$ 50,446,313	\$ 4,830,242

Internal service funds predominantly serve the governmental funds. Accordingly, the internal service fund's long-term liabilities are included as part of the governmental activities totals above and include accrued liabilities totaling \$181,000 for workers' compensation. Except for the amounts related to the internal service funds, the governmental activities long-term liabilities are generally liquidated by the general fund and the business-type activities long-term liabilities are generally liquidated by the applicable enterprise fund.

NOTE 8 – GOVERNMENTAL FUND BALANCE CLASSIFICATIONS

The Town has adopted GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The intention of the GASB is to provide a more structured classification of fund balance and to improve the usefulness of fund balance reporting to the users of the Town's financial statements. The reporting standard 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 authority. The Town's highest level of decision-making authority is Town Meeting.
- Assigned: fund balances that contain self-imposed constraints of the government to be used for a particular purpose. Amounts in the assigned fund balance classification are intended to be used by the Town for specific purposes but do not meet the criteria to be classified as committed. The Select Board has by resolution authorized the Town Accountant to assign fund balance.
- Unassigned: fund balance of the general fund that is not constrained for any particular purpose. The general fund is the only fund that reports a positive unassigned fund balance amount. However, in governmental funds other than the general fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

As of June 30, 2022, the governmental fund balances consisted of the following:

	General	Gas Disaster Paving Restoration Fund	Gas Disaster Mitigation Fund	Nonmajor Governmental Funds	Total Governmental Funds
Fund Balances:					
Nonspendable:					
Cemetery.....	\$ -	\$ -	\$ -	886,503	\$ 886,503
Library.....	-	-	-	350,825	350,825
Town welfare/other.....	-	-	-	40,802	40,802
Restricted for:					
Gas disaster paving restoration fund.....	-	6,838,877	-	-	6,838,877
Gas disaster mitigation fund.....	-	-	1,041,899	-	1,041,899
School projects.....	-	-	-	2,930,556	2,930,556
Town grants/other revolving.....	-	-	-	5,499,067	5,499,067
School grants/other revolving.....	-	-	-	6,664,614	6,664,614
School lunch.....	-	-	-	2,869,119	2,869,119
Student activities.....	-	-	-	565,198	565,198
Road/drainage projects.....	-	-	-	1,624,907	1,624,907
Ledge road landfill.....	-	-	-	1,679,396	1,679,396
Conservation.....	-	-	-	3,871	3,871
Municipal buildings.....	-	-	-	2,041,354	2,041,354
Other capital projects.....	-	-	-	9,031,638	9,031,638
Cemetery.....	-	-	-	563,126	563,126
Library.....	-	-	-	79,963	79,963
Town welfare/other.....	-	-	-	204,088	204,088
Debt service.....	317,278	-	-	-	317,278
Committed to:					
General government.....	92,440	-	-	-	92,440
Community services.....	36,974	-	-	-	36,974
Elder services stabilization.....	1,424	-	-	-	1,424
Debt service stabilization.....	926,323	-	-	-	926,323
Assigned to:					
General government.....	138,308	-	-	-	138,308
Public safety.....	157,215	-	-	-	157,215
Education.....	1,576,330	-	-	-	1,576,330
Public works.....	353,729	-	-	-	353,729
Public facilities.....	158,618	-	-	-	158,618
Community services.....	16,802	-	-	-	16,802
Library.....	37,071	-	-	-	37,071
Property and liability insurance.....	6,313	-	-	-	6,313
Subsequent years' expenditures.....	74,819	-	-	-	74,819
Unassigned.....	19,370,023	-	-	-	19,370,023
Total Fund Balances.....	\$ 23,263,667	\$ 6,838,877	\$ 1,041,899	\$ 35,035,027	\$ 66,179,470

Massachusetts General Law Ch. 40 §5B allows for the establishment of Stabilization funds for one or more different purposes. The creation of a fund requires a two-thirds vote of the legislative body and must clearly define the purpose of the fund. Any change to the purpose of the fund along with any additions to or appropriations from the fund requires a two-thirds vote of the legislative body. At year-end, the balance of the general stabilization fund totaled \$6,635,578 and is reported as unassigned fund balance within the General Fund. The Town also has additional stabilization funds for elder services, and debt service which totaled \$1,424 and \$926,323, respectively. These stabilization funds have been reported as components of committed fund balance.

NOTE 9 – RISK FINANCING

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

Health Insurance – The Town is self-insured for its health insurance activities. Health insurance claims are administered by a third-party administrator and are funded on an as needed basis from the Town’s internal service fund. The estimated “Incurred But Not Reported (IBNR)” claims are based on actual and historical lag

claims. The Town purchases individual stop loss insurance for claims in excess of the coverage provided by the Town in the amount of \$150,000 per claim. The amount of claim settlements has not exceeded the insurance coverage in any of the previous three years. The estimate of the claims liability also includes amounts for non-incremental claim adjustment expenses related to specific claims and other claim adjustment expense regardless of whether allocated to specific claims.

The liability at June 30, 2022, totaled \$2,212,000. Changes in the reported liability since July 1, 2020, are as follows:

	Balance at Beginning of Year	Claims and Changes in Estimate	Claims Payments	Balance at Year-End
2021.....	\$ 1,825,000	\$ 25,933,699	\$ (25,537,699)	\$ 2,221,000
2022.....	2,221,000	28,640,578	(28,649,578)	2,212,000

Workers' Compensation – The Town participates in a Retrospective Rating Plan for which the Town employs a third-party administrator. Workers' compensation claims are administered by the third-party administrator and are funded on a pay-as-you-go basis from annual appropriations. The estimated future workers' compensation liability is based on history and injury type.

At June 30, 2022, the amount of the liability for workers' compensation claims totaled \$181,000. Changes in the reported liability since July 1, 2020, are as follows:

	Balance at Beginning of Year	Claims and Changes in Estimate	Claims Payments	Balance at Year-End	Current Portion
2021.....	\$ 323,000	\$ 226,000	\$ (202,000)	\$ 347,000	\$ 35,000
2022.....	347,000	249,000	(415,000)	181,000	18,000

NOTE 10 – PENSION PLAN

Plan Description

The Town is a member of the Andover Contributory Retirement System (ACRS), a cost-sharing multiple-employer defined benefit pension plan covering eligible employees of the 2 member units. The System is administered by five board members (Board) on behalf of all current employees and retirees except for current teachers and retired teachers. Chapter 32 of the MGL assigns authority to establish and amend benefit provisions of the plan. The System is a component unit and is reported as a pension and other employee benefit trust fund in the fiduciary fund financial statements. The System does not issue a publicly available financial report.

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, 2021. The Town’s portion of the collective pension expense, contributed by the Commonwealth, of \$13,384,765 is reported in the general fund as intergovernmental revenue and pension benefits in the current fiscal year. The portion of the Commonwealth’s collective net pension liability associated with the Town is \$166,797,004 as of the measurement date.

Benefits Provided

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

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

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

At December 31, 2021, the ACRS membership consists of the following:

Active members.....	722
Inactive members.....	249
Disabled members.....	42
Retirees and beneficiaries currently receiving benefits.....	<u>507</u>
 Total.....	 <u><u>1,520</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 ACRS 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, 2021, was \$177,211,641, or

443.51% 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 \$12,897,390 while its actual contribution was \$177,079,174, which includes \$164,181,784 of proceeds from pension obligation bonds.

Pension Liabilities

The components of the net pension liability (asset) of the participating member units at June 30, 2022, were as follows:

Total pension liability.....	\$	377,309,700
Total pension plan's fiduciary net position.....		<u>(384,298,134)</u>
Total net pension liability (asset).....	\$	<u><u>(6,988,434)</u></u>
The pension plan's fiduciary net position as a percentage of the total pension liability.....		101.85%

At June 30, 2022, the Town reported an asset of \$9,274,101 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2021. Accordingly, update procedures were used to roll forward the total pension liability to the measurement date. The Town’s proportion of the net pension liability (asset) was based on the Town’s proportion of the total pension liability relative to the proportion of the total pension liability attributable to all participating members. Fiduciary net position was calculated separately for the Town and Housing Authority based on actual inflows and outflows. Administrative costs and investment income was allocated in a rational and systematic manner. At December 31, 2021, the Town’s proportion was 98.86%; which increased from its proportion of 98.67% measured at December 31, 2020.

Pension Expense

For the year ended June 30, 2022, the Town recognized pension expense of \$10,020,285. At June 30, 2022, the Town reported deferred outflows of resources related to pensions of \$18,363,497, and also reported deferred inflows of resources related to pensions of \$33,161,575.

The balances of deferred outflows and inflows at June 30, 2022, consist of the following:

Deferred Category	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Differences between expected and actual experience.....	\$ 3,063,333	\$ (1,428,783)	\$ 1,634,550
Difference between projected and actual earnings, net.....	-	(29,500,602)	(29,500,602)
Changes in assumptions.....	13,473,656	-	13,473,656
Changes in proportion and proportionate share of contributions...	<u>1,826,508</u>	<u>(2,232,190)</u>	<u>(405,682)</u>
Total deferred outflows/(inflows) of resources.....	\$ <u><u>18,363,497</u></u>	\$ <u><u>(33,161,575)</u></u>	\$ <u><u>(14,798,078)</u></u>

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

<u>Year ended June 30:</u>	
2023.....	\$ (2,261,864)
2024.....	(6,262,788)
2025.....	(2,294,717)
2026.....	<u>(3,978,709)</u>
 Total.....	 \$ <u>(14,798,078)</u>

Actuarial Assumptions

The total pension liability in the January 1, 2021, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement that was rolled forward to December 31, 2021:

Valuation date.....	January 1, 2021
Actuarial cost method.....	Entry Age Normal Cost Method
Inflation rate.....	2.40%
Projected salary increases.....	Group 1: 6.00% - 4.25%, based on service Group 4: 7.00% - 4.75%, based on service
Cost of living adjustments.....	3.00% of first \$12,000 of the annual retirement allowance
Mortality Rates.....	Mortality rates were based on the RP-2014 Blue Collar Mortality Table with full generational mortality improvement using Scale MP-2018. For disabled lives, the mortality rates were based on the RP-2014 Blue Collar Mortality Table set forward one year with full generational mortality improvement using Scale MP-2018.
Investment rate of return/Discount rate.....	5.75%, net of pension plan investment expense, including inflation

Investment policy

The pension plan’s policy in regard to the allocation of invested assets is established 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 selected by the Town. This rate is within a reasonable range for a 10-year expected return calculated 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 less investment expense and a risk factor. The System’s expected future real rate of return is added to the expected inflation rate to produce the long-term nominal expected rate of

return. Best estimates of the arithmetic real rates of return for each major asset class included in the pension plan’s target asset allocation as of December 31, 2021, are summarized in the following table.

Asset Class	Long-Term Expected Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity.....	40.00%	3.90%
International equity.....	15.00%	4.65%
Private equity.....	5.00%	7.70%
Real estate.....	12.50%	3.60%
Fixed income.....	25.00%	1.85%
Portfolio Completion Strategies.....	2.50%	3.00%
Total.....	100.00%	

Rate of return

For the year ended December 31, 2021, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 19.83%. 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 5.75% for financial reporting for the measurement periods ending December 31, 2021 and December 31, 2020. The discount rate used to determine the actuarial determined contribution was 6.25% for the January 1, 2021, actuarial valuation and January 1, 2020, actuarial valuation. 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 (asset) to changes in the discount rate

The following table presents the net pension liability (asset), calculated using the discount rate of 5.75%, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (4.75%) or 1-percentage-point higher (6.75%) than the current rate:

	1% Decrease (4.75%)	Current Discount (5.75%)	1% Increase (6.75%)
The Town's proportionate share of the net pension liability (asset)..... \$	37,293,572	\$ (9,274,101)	\$ (48,399,020)
ACRS total net pension liability (asset)..... \$	40,169,895	\$ (6,988,434)	\$ (46,518,057)

Changes of Assumption – None.

Changes in Plan Provisions – None.

NOTE 11 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description

The Town of Andover administers a single-employer defined benefit healthcare plan (Plan). The plan provides lifetime healthcare insurance and life insurance for eligible retirees and their spouses through a single-employer defined Other Postemployment Benefit (OPEB) plan. 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 Retiree Health 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

The contribution requirements are also negotiated between the Town and union representatives. The required contribution is based on a pay-as-you-go financing requirement. The Town contributes a variable portion of the cost of current-year premiums, which varies by plan, for eligible retired plan members and their spouses. Plan members receiving benefits contribute the remaining portion of their premium costs. For the year ended June 30, 2022, the Town's average contribution rate was 6.37% of covered-employee payroll.

The Commonwealth of Massachusetts passed legislation that has allowed the Town to establish the postemployment benefit trust fund to begin pre-funding its OPEB liabilities. During 2022, the Town pre-funded future OPEB liabilities totaling \$1,837,228 by contributing funds to the OPEB Fund in excess of the pay-as-you-go required contribution. These funds are reported within the Fiduciary Funds financial statements. As of June 30, 2022, the net position of the OPEB trust fund totaled \$22,810,641. The Town implemented a plan to begin funding OPEB in 2017, consisting of an initial contribution of 0.4% of general fund revenue with contributions increasing 2.5% per year in subsequent years. In addition, the incremental annual savings in the health insurance budget generated in accordance with the Select Board vote on April 5, 2016, to implement a comprehensive OPEB reform plan by changing the retiree premium contribution split, are appropriated to the OPEB Trust Fund.

Investment policy

The Town's policy regarding the allocation of invested assets is established and may be amended by the Select Board 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 investment policy.

Employees Covered by Benefit Terms

The following table represents the Plan’s membership at June 30, 2022:

Active members.....	1,359
Retired, Disabled, Survivors and Beneficiaries receiving benefits.....	761
Inactive members entitled to but not yet receiving benefits.....	<u>33</u>
Total.....	<u><u>2,153</u></u>

Components of OPEB Liability

The following table represents the components of the Plan’s OPEB liability as of the June 30, 2022 measurement date:

Total OPEB liability.....	\$ 127,610,484
Less: OPEB plan’s fiduciary net position.....	<u>(22,810,641)</u>
Net OPEB liability.....	<u><u>\$ 104,799,843</u></u>
The OPEB plan’s fiduciary net position as a percentage of the total OPEB liability.....	17.88%

Significant Actuarial Methods and Assumptions

The total OPEB liability in the July 1, 2021, actuarial valuation was determined using the following actuarial methods and assumptions, applied to all periods included in the measurement date that was updated to June 30, 2022, to be in accordance with GASB Statement #74 and GASB Statement #75:

Valuation date.....	July 1, 2021
Actuarial cost method.....	Entry Age Normal
Asset valuation method.....	Fair value of assets with payables and receivables.
Discount rate.....	6.00%, net of investment expense
Projected salary increases.....	3.00%
Mortality rates.....	Actives: The RP-2014 Mortality Tables adjusted to 2006, sex-distinct, for employees projected using generational mortality and scale MP-2021. Retirees: The RP-2014 Mortality Tables adjusted to 2006, sex-distinct, for healthy annuitants projected using generational mortality and scale MP-2021. Disabled: The RP-2014 Mortality Tables adjusted to 2006, sex-distinct, for healthy annuitants projected using generational mortality and scale MP-2021, set forward two years.

Rate of Return

For the year ended June 30, 2022, the annual money-weighted rate of return on OPEB plan investments was -1.40%. The money-weighted rate of return expresses investment performance, net of OPEB plan investment expense, adjusted for the changing amounts actually invested.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and by subtracting expected investment expenses and a risk margin. Best estimates of geometric real rates of return for each major asset class, after deducting inflation, but before investment expenses, used in the derivation of the long-term expected investment rate of return assumption as of June 30, 2022, are summarized below.

Asset Class	Long-Term Expected Asset Allocation	Long-Term Expected Real Rate of Return
Common stock.....	44.38%	4.22%
Diversifying funds.....	19.52%	3.11%
Taxable fixed income.....	16.15%	0.17%
International equity.....	10.58%	4.92%
Diversifying taxable funds.....	6.79%	1.32%
International fixed income.....	1.65%	2.75%
Money market funds.....	0.93%	2.81%
Total.....	100.00%	

Discount rate

The discount rate used to measure the total OPEB liability was 6.00% as of June 30, 2022 and June 30, 2021. The projection of cash flows used to determine the discount rate assumed that contributions will be made in accordance with the Plan’s funding policy. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to be available to make all projected benefit payments to 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)
Balances at June 30, 2021.....	\$ 138,856,447	\$ 21,288,876	\$ 117,567,571
Changes for the year:			
Service cost.....	3,689,179	-	3,689,179
Interest.....	8,408,845	-	8,408,845
Differences between expected and actual experience.....	(13,220,553)	-	(13,220,553)
Changes in assumptions.....	(5,327,020)	-	(5,327,020)
Benefit payments.....	(4,796,414)	(4,796,414)	-
Employer contributions.....	-	1,837,228	(1,837,228)
Employer contributions for OPEB payments.....	-	4,796,414	(4,796,414)
Net investment income.....	-	(315,463)	315,463
Net change.....	<u>(11,245,963)</u>	<u>1,521,765</u>	<u>(12,767,728)</u>
Balances at June 30, 2022.....	<u>\$ 127,610,484</u>	<u>\$ 22,810,641</u>	<u>\$ 104,799,843</u>

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

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

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
Net OPEB liability.....	\$ <u>122,374,418</u>	\$ <u>104,799,843</u>	\$ <u>90,396,569</u>

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Trend Rate

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

	1% Decrease	Current Trend	1% Increase
Net OPEB liability.....	\$ <u>87,662,449</u>	\$ <u>104,799,843</u>	\$ <u>126,226,974</u>

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

For the year ended June 30, 2022, the Town recognized OPEB expense of \$4,131,982. At June 30, 2022, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Deferred Category	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Differences between expected and actual experience.....	\$ 1,094,409	\$ (13,430,559)	\$ (12,336,150)
Changes in assumptions.....	161,123	(11,860,633)	(11,699,510)
Difference between projected and actual earnings, net.....	-	(388,078)	(388,078)
Changes in proportion and proportionate share of contributions...	4,602,768	(4,602,768)	-
Total deferred outflows/(inflows) of resources.....	\$ 5,858,300	\$ (30,282,038)	\$ (24,423,738)

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

Measurement date year ended June 30:

2023.....	\$ (7,579,138)
2024.....	(7,796,585)
2025.....	(3,752,365)
2026.....	(2,848,402)
2027.....	(2,447,248)
Total.....	\$ (24,423,738)

Changes of Assumptions

Mortality was updated to use mortality projection scale MP-2021. Assumptions regarding plan election after age 65 for members hired before April 1, 1986, were changed to reflect actual policies of implementation of Chapter 32B Section 18a. The measure to adopt Chapter 32B Section 18a occurred in May 2009.

Changes in Plan Provisions

None.

NOTE 12 – LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS

State and federal laws and regulations require the Town to close its old landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site after closure. The Town had operated a solid waste landfill that ceased operations in 1973. The Town has reflected \$15,293,000 as the estimate of the landfill closure liability at June 30, 2022 in the government-wide financial statements governmental activities.

This amount is based on estimates of what it would cost to perform all future closure and post closure care. Actual costs may be higher or lower due to inflation/deflation, changes in technology, or changes in regulations.

NOTE 13 - FINANCIAL STATEMENTS FOR INDIVIDUAL PENSION AND OTHER POSTEMPLOYMENT BENEFIT TRUST FUNDS

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

	Pension Trust Fund (as of December 31, 2021)	Other Postemployment Benefit Trust Fund	Total Pension and Other Employee Benefit Trust Funds
ASSETS			
Cash and cash equivalents.....	\$ 165,255,497	\$ 211,165	\$ 165,466,662
Investments:			
Investments in Pension Reserve Investment Trust.....	178,077,310	-	178,077,310
U.S. treasuries.....	-	2,140,844	2,140,844
Government sponsored enterprises.....	-	762,013	762,013
Corporate bonds.....	-	780,984	780,984
Equity securities.....	-	16,991,946	16,991,946
Mutual funds.....	40,852,374	-	40,852,374
Fixed income mutual funds.....	-	1,923,689	1,923,689
Receivables, net of allowance for uncollectibles:			
Departmental and other.....	140,948	-	140,948
Other assets.....	275	-	275
TOTAL ASSETS.....	384,326,404	22,810,641	407,137,045
LIABILITIES			
Warrants payable.....	28,270	-	28,270
NET POSITION			
Restricted for pensions.....	384,298,134	-	384,298,134
Restricted for other postemployment benefits.....	-	22,810,641	22,810,641
TOTAL NET POSITION.....	\$ 384,298,134	\$ 22,810,641	\$ 407,108,775

	Pension Trust Fund (as of December 31, 2021)	Other Postemployment Benefit Trust Fund	Total Pension and Other Employee Benefit Trust Funds
ADDITIONS:			
Contributions:			
Employer contributions.....	\$ 13,029,857	\$ 1,837,228	\$ 14,867,085
Employer contributions from pension obligation bonds.....	164,181,784	-	164,181,784
Employer contributions for other postemployment benefit payments.....	-	4,796,414	4,796,414
Member contributions.....	4,332,565	-	4,332,565
Transfers from other systems.....	880,290	-	880,290
Retirement benefits - 3(8)c contributions from other systems.....	616,491	-	616,491
Retirement benefits - State COLA reimbursements.....	59,258	-	59,258
	<u>183,100,245</u>	<u>6,633,642</u>	<u>189,733,887</u>
Net investment income:			
Investment income.....	37,066,873	(315,463)	36,751,410
Less: investment expense.....	(775,509)	-	(775,509)
	<u>36,291,364</u>	<u>(315,463)</u>	<u>35,975,901</u>
	<u>219,391,609</u>	<u>6,318,179</u>	<u>225,709,788</u>
DEDUCTIONS:			
Administration.....	318,808	-	318,808
Transfers to other systems.....	338,517	-	338,517
Retirement benefits - 3(8)c transfer to other systems.....	527,351	-	527,351
Retirement benefits and refunds.....	17,496,388	-	17,496,388
Other postemployment benefit payments.....	-	4,796,414	4,796,414
	<u>18,681,064</u>	<u>4,796,414</u>	<u>23,477,478</u>
NET INCREASE (DECREASE) IN NET POSITION.....	200,710,545	1,521,765	202,232,310
NET POSITION AT BEGINNING OF YEAR.....	183,587,589	21,288,876	204,876,465
NET POSITION AT END OF YEAR.....	<u>\$ 384,298,134</u>	<u>\$ 22,810,641</u>	<u>\$ 407,108,775</u>

NOTE 14 – COLUMBIA GAS DISASTER

On September 13, 2018, an over pressurization of a portion of the Bay State Gas Company d/b/a Columbia Gas of Massachusetts (Columbia) natural gas system in the Merrimack Valley of Massachusetts took place, which resulted in a series of fires, explosions and other damages. The Town asserted various claims against Columbia arising from the event. Following the event, extensive work was performed by Columbia to restore and/or replace underground gas mains and service lines. The Town entered into a Final Settlement and Release of all Claims Agreement (Settlement Agreement) with Columbia on May 1, 2019, providing the Town with the ability to recover agreed-upon maximum balances of \$13,965,000 for costs associated with repaving and restoring all streets, roadways, sidewalks and other areas affected by the event, \$3,000,000 for mitigation fees and up to \$3,851,250 to reimburse the Town for direct substantiated losses at the time of the disaster.

In 2019, the Town received \$13,965,000 for costs associated with repaving and restoring all streets, roadways, sidewalks and other areas affected by the event, and that revenue was reported in the Gas Disaster Paving Restoration fund. The Town anticipates completing the paving restoration within four full summer paving seasons, or by December 31, 2023. As of June 30, 2022, the ending fund balance of the Gas Disaster Paving Restoration fund totaled \$6,838,877 Any proceeds not appropriated by the legislative body to be spent in accordance with the agreement by December 31, 2023, will close to the general fund. On January 13, 2022, Columbia granted an extension to the deadline and funds will now need to be spent by May 31, 2024.

In 2019, the Town received \$3,000,000 of mitigation funds, which have been reported in the Gas Disaster Mitigation Fee fund. The mitigation fees represent recovery of liabilities, claims, damages (including soft surface restoration), including but not limited to lost revenues, prior and future permit and inspection fees, depreciation and damage to municipal property. Any claims not covered by the Gas Disaster Reimbursement fund (more fully explained in the following paragraph) may be covered with these proceeds. All remaining funds must be appropriated by Town Meeting to be expended in accordance with the Settlement Agreement. As of June 30, 2022, the ending fund balance of the Gas Disaster Mitigation fund totaled \$1,041,899. Originally, any proceeds not expended for the purpose described in the Settlement Agreement by December 31, 2021, were too close to the general fund. Columbia has since granted an extension and the Town now has until May 31, 2024, to expend these funds.

NOTE 15 – TAX INCREMENT FINANCING AGREEMENTS

The Town enters into tax increment financing (TIF) agreements with local businesses under Chapter 40, Section 59 of the Massachusetts General Laws. Under this section of the law, localities may grant property tax exemptions of a business' property tax bill for the purpose of attracting or retaining businesses within their jurisdictions. The exemptions may be granted to any business located within or promising to relocate to the Town. For the fiscal year ended June 30, 2022, the Town exempted property taxes totaling \$1,482,538 under this program.

The Town has not made any commitments as part of the agreements other than to reduce taxes. The Town is not subject to any tax abatement agreements entered into by other governmental entities.

NOTE 16 – DUE TO OTHER GOVERNMENTS

On June 4, 2018, the Town entered into an intermunicipal agreement with the Town of North Reading, as approved by Massachusetts Session Laws, Chapter 109 of the Acts of 2018, whereas the Town of Andover has agreed to supply and sell potable water to the Town of North Reading and the Town of North Reading agreed to receive and pay for potable water from the Town of Andover for a term of 99 years. Additionally, the Town of Andover agreed to reimburse the Town of North Reading for \$953,000 of costs already incurred to join the Massachusetts Water Resources Authority (MWRA). The reimbursement will be applied as credits to the Town of North Reading's water usage costs over the next 10 years. The discounted future cash flows related to these reimbursements totaling \$458,689 has been reported as a liability - due to other governments in the water enterprise fund as of June 30, 2022.

NOTE 17 – COMMITMENTS AND CONTINGENCIES

The Town participates in a number of federal award programs. Although the grant programs have been audited in accordance with the provisions of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards through June 30, 2022, 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. 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, 2022, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2022.

The Town has entered into or is planning to enter into contracts totaling \$34.4 million for various Town and School related capital projects. The Town has also entered into or is planning to enter into contracts totaling \$11.0 million for water infrastructure projects.

The Town has also entered into or is planning to enter into contracts totaling \$151.7 million for the West Elementary and Shawsheen Preschool Building Project. The construction project will reduce overcrowding, improve educational needs and improve the health and safety of students. The project will be funded through borrowing and a capital grant from the Massachusetts School Building Authority (See Note 7).

The general fund has various commitments outstanding for goods and services related to encumbrances and article carryforwards totaling \$2.6 million.

NOTE 18 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through January 24, 2023, which is the date the financial statements were available to be issued.

The ACRS carries its investments at fair (market) value in accordance with Generally Accepted Accounting Principles (GAAP). Market value adjustments are recorded monthly. The ACRS's investments have declined in value consistent with recent trends in the overall financial securities market.

In accordance with GAAP, the ACRS, has not recorded the losses in its financial statements as the impairments were not known as of December 31, 2021. The ACRS has recorded the losses associated with the investments during 2022.

NOTE 19 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

During 2022, the following GASB pronouncements were implemented:

- GASB Statement #87, *Leases*. This pronouncement did not impact the basic financial statements.
- GASB Statement #89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. This pronouncement did not impact the basic financial statements.
- GASB Statement #92, *Omnibus 2020*. This pronouncement did not impact the basic financial statements.
- GASB Statement #93, *Replacement of Interbank Offered Rates*. This pronouncement did not impact the basic financial statements.
- GASB Statement #97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. This pronouncement did not impact the basic financial statements.

The following GASB pronouncements will be implemented in the future:

- The GASB issued Statement #91, *Conduit Debt Obligations*, which is required to be implemented in 2023.

- The GASB issued Statement #94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, which is required to be implemented in 2023.
- The GASB issued Statement #96, *Subscription-Based Information Technology Arrangements*, which is required to be implemented in 2023.
- The GASB issued Statement #99, *Omnibus 2022*, which is required to be implemented in 2023.
- 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.

Required Supplementary Information

General Fund Budgetary Comparison Schedule

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

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

YEAR ENDED JUNE 30, 2022

	Budgeted Amounts				Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Amounts Carried Forward From Prior Year	Current Year Initial Budget	Original Budget	Final Budget			
REVENUES:							
Real estate and personal property taxes, net of tax refunds.....	\$ -	\$ 164,737,312	\$ 164,737,312	\$ 164,737,312	\$ 164,843,727	\$ -	\$ 106,415
Tax liens.....	-	-	-	-	340,883	-	340,883
Motor vehicle and other excise taxes.....	-	5,595,875	5,595,875	5,595,875	6,008,150	-	412,275
Hotel/motel tax.....	-	900,000	900,000	900,000	1,532,265	-	632,265
Meals tax.....	-	575,000	575,000	575,000	700,947	-	125,947
Penalties and interest on taxes.....	-	480,000	480,000	480,000	589,044	-	109,044
Licenses and permits.....	-	2,354,000	2,354,000	2,354,000	3,103,047	-	749,047
Intergovernmental.....	-	14,178,409	14,178,409	14,178,409	15,089,160	-	910,751
Departmental and other.....	-	3,183,186	3,183,186	3,183,186	3,180,422	-	(2,764)
Investment income.....	-	200,000	200,000	200,000	203,279	-	3,279
TOTAL REVENUES.....	-	192,203,782	192,203,782	192,203,782	195,590,924	-	3,387,142
EXPENDITURES:							
General Government.....	313,146	9,406,733	9,719,879	9,550,782	9,224,466	230,748	95,568
Public Safety.....	295,083	18,309,886	18,604,969	19,345,295	19,081,437	157,215	106,643
Technical schools.....	-	800,000	800,000	1,074,951	1,072,920	-	2,031
School department.....	677,994	92,593,451	93,271,445	93,279,686	91,702,538	1,576,330	818
Public Works.....	879,138	9,736,410	10,615,548	11,130,382	9,815,588	353,729	961,065
Public facilities.....	247,628	3,825,786	4,073,414	4,073,414	3,799,990	158,618	114,806
Community services.....	135,298	2,415,196	2,550,494	2,506,482	2,303,345	53,776	149,361
Library.....	15,053	2,982,397	2,997,450	2,897,450	2,822,823	37,071	37,556
Compensation fund.....	-	155,326	155,326	-	-	-	-
Reserve fund.....	-	200,000	200,000	200,000	-	-	200,000
Pension benefits.....	-	12,897,390	12,897,390	12,897,390	12,897,390	-	-
Property and liability insurance.....	-	1,240,000	1,240,000	1,231,162	1,224,849	6,313	-
Employee benefits.....	-	25,003,488	25,003,488	25,031,237	25,031,237	-	-
State and county charges.....	-	827,852	827,852	827,852	913,507	-	(85,655)
Debt service:							
Principal.....	-	6,820,503	6,820,503	6,820,503	6,820,503	-	-
Interest.....	-	3,084,792	3,084,792	3,084,792	3,056,148	-	28,644
Total Debt service.....	-	9,905,295	9,905,295	9,905,295	9,876,651	-	28,644
TOTAL EXPENDITURES.....	2,563,340	190,299,210	192,862,550	193,951,378	189,766,741	2,573,800	1,610,837
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	(2,563,340)	1,904,572	(658,768)	(1,747,596)	5,824,183	(2,573,800)	4,997,979
OTHER FINANCING SOURCES (USES):							
Transfers in.....	-	2,257,686	2,257,686	2,257,686	2,257,686	-	-
Transfers out.....	-	(4,162,258)	(4,162,258)	(6,526,598)	(6,526,598)	-	-
TOTAL OTHER FINANCING SOURCES (USES).....	-	(1,904,572)	(1,904,572)	(4,268,912)	(4,268,912)	-	-
NET CHANGE IN FUND BALANCE.....	(2,563,340)	-	(2,563,340)	(6,016,508)	1,555,271	(2,573,800)	4,997,979
BUDGETARY FUND BALANCE, Beginning of year...	-	14,079,736	14,079,736	14,079,736	14,079,736	-	-
BUDGETARY FUND BALANCE, End of year.....	\$ (2,563,340)	\$ 14,079,736	\$ 11,516,396	\$ 8,063,228	\$ 15,635,007	\$ (2,573,800)	\$ 4,997,979

See notes to required supplementary information.

Pension Plan Schedules – Retirement System

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

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

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

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

**SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY (ASSET)
AND RELATED RATIOS
ANDOVER CONTRIBUTORY RETIREMENT SYSTEM**

	December 31, 2014	December 31, 2015	December 31, 2016	December 31, 2017
Total pension liability:				
Service cost.....	\$ 4,830,379	\$ 5,031,130	\$ 7,081,423	\$ 7,340,269
Interest.....	16,502,651	17,252,209	17,341,752	18,050,660
Differences between expected and actual experience.....	-	(3,424,106)	-	5,550,864
Changes in assumptions.....	-	46,223,459	-	1,364,706
Benefit payments.....	<u>(11,786,173)</u>	<u>(11,937,955)</u>	<u>(12,610,258)</u>	<u>(14,068,711)</u>
Net change in total pension liability.....	9,546,857	53,144,737	11,812,917	18,237,788
Total pension liability - beginning.....	<u>214,000,142</u>	<u>223,546,999</u>	<u>276,691,736</u>	<u>288,504,653</u>
Total pension liability - ending (a).....	<u>\$ 223,546,999</u>	<u>\$ 276,691,736</u>	<u>\$ 288,504,653</u>	<u>\$ 306,742,441</u>
Plan fiduciary net position:				
Employer contributions.....	\$ 6,281,397	\$ 8,007,778	\$ 8,665,124	\$ 9,517,477
Employer contributions from pension obligation bonds.....	-	-	-	-
Member contributions.....	3,511,255	3,659,016	3,785,282	3,853,001
Net investment income (loss).....	8,085,611	999,647	8,351,875	21,179,080
Administrative expenses.....	(240,330)	(262,001)	(286,066)	(267,297)
Retirement benefits and refunds.....	<u>(11,786,173)</u>	<u>(11,937,955)</u>	<u>(12,610,258)</u>	<u>(14,068,711)</u>
Net increase (decrease) in fiduciary net position.....	5,851,760	466,485	7,905,957	20,213,550
Fiduciary net position - beginning of year.....	<u>109,334,010</u>	<u>115,185,770</u>	<u>115,652,255</u>	<u>123,558,212</u>
Fiduciary net position - end of year (b).....	<u>\$ 115,185,770</u>	<u>\$ 115,652,255</u>	<u>\$ 123,558,212</u>	<u>\$ 143,771,762</u>
Net pension liability (asset) - ending (a)-(b).....	<u>\$ 108,361,229</u>	<u>\$ 161,039,481</u>	<u>\$ 164,946,441</u>	<u>\$ 162,970,679</u>
Plan fiduciary net position as a percentage of the total pension liability.....	51.53%	41.80%	42.83%	46.87%
Covered payroll.....	\$ 36,488,870	\$ 36,946,467	\$ 38,583,218	\$ 38,828,166
Net pension liability (asset) as a percentage of covered payroll.....	296.97%	435.87%	427.51%	419.72%
Discount Rate used for the ending net pension liability (asset).....	7.75%	6.25%	6.25%	6.25%

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
\$	7,335,218	\$ 7,603,343	\$ 7,948,484	\$ 9,365,800
	19,168,955	19,891,392	20,417,176	20,987,296
	-	(3,612,969)	3,514,944	-
	-	-	21,673,079	-
	<u>(14,748,757)</u>	<u>(15,677,852)</u>	<u>(15,950,860)</u>	<u>(17,347,990)</u>
	11,755,416	8,203,914	37,602,823	13,005,106
	<u>306,742,441</u>	<u>318,497,857</u>	<u>326,701,771</u>	<u>364,304,594</u>
\$	<u>318,497,857</u>	<u>326,701,771</u>	<u>364,304,594</u>	<u>377,309,700</u>
\$	10,464,565	\$ 11,518,013	\$ 13,916,779	\$ 13,029,857
	-	-	-	164,181,784
	4,025,018	4,148,777	4,254,604	4,874,338
	(5,622,341)	24,938,984	19,428,280	36,291,364
	(295,608)	(286,739)	(297,036)	(318,808)
	<u>(14,748,757)</u>	<u>(15,677,852)</u>	<u>(15,950,860)</u>	<u>(17,347,990)</u>
	(6,177,123)	24,641,183	21,351,767	200,710,545
	<u>143,771,762</u>	<u>137,594,639</u>	<u>162,235,822</u>	<u>183,587,589</u>
\$	<u>137,594,639</u>	<u>162,235,822</u>	<u>183,587,589</u>	<u>384,298,134</u>
\$	<u>180,903,218</u>	<u>164,465,949</u>	<u>180,717,005</u>	<u>(6,988,434)</u>
	43.20%	49.66%	50.39%	101.85%
\$	40,545,376	\$ 42,318,976	\$ 42,306,231	\$ 39,956,402
	446.17%	388.63%	427.16%	-17.49%
	6.25%	6.25%	5.75%	5.75%

SCHEDULE OF CONTRIBUTIONS
ANDOVER 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, 2021.....	\$ 13,029,857	\$ (177,211,641)	\$ (164,181,784)	\$ 39,956,402	443.51%
December 31, 2020.....	12,025,710	(13,916,779)	(1,891,069)	42,306,231	32.90%
December 31, 2019.....	11,218,013	(11,518,013)	(300,000)	42,318,976	27.22%
December 31, 2018.....	10,464,565	(10,464,565)	-	40,545,376	25.81%
December 31, 2017.....	9,513,240	(9,517,477)	(4,237)	38,828,166	24.51%
December 31, 2016.....	8,648,400	(8,665,124)	(16,724)	38,583,218	22.46%
December 31, 2015.....	8,007,778	(8,007,778)	-	36,946,467	21.67%
December 31, 2014.....	6,281,397	(6,281,397)	-	36,488,870	17.21%

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.

SCHEDULE OF INVESTMENT RETURNS
ANDOVER CONTRIBUTORY RETIREMENT SYSTEM

<u>Year</u>	<u>Annual money-weighted rate of return, net of investment expense</u>
December 31, 2021.....	19.83%
December 31, 2020.....	12.12%
December 31, 2019.....	18.43%
December 31, 2018.....	-3.94%
December 31, 2017.....	17.63%
December 31, 2016.....	7.37%
December 31, 2015.....	0.87%
December 31, 2014.....	7.57%

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 (Asset) presents multi-year trend information on the Town's net pension liability and related ratios.

The Schedule of 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 (ASSET)
ANDOVER CONTRIBUTORY RETIREMENT SYSTEM**

Year	Proportion of the net pension liability (asset)	Proportionate share of the net pension liability (asset)	Covered payroll	Net pension liability (asset) as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability	Discount Rate used for the net pension liability (asset)
December 31, 2021.....	98.86%	\$ (9,274,101)	\$ 39,467,262	-23.50%	101.85%	5.75%
December 31, 2020.....	98.67%	178,310,999	41,749,908	427.09%	50.39%	5.75%
December 31, 2019.....	99.04%	162,887,587	41,766,058	390.00%	49.66%	6.25%
December 31, 2018.....	99.11%	179,291,578	40,024,710	447.95%	43.20%	6.25%
December 31, 2017.....	99.11%	161,518,798	38,327,526	421.42%	46.87%	6.25%
December 31, 2016.....	99.23%	163,674,229	38,195,809	428.51%	42.83%	6.25%
December 31, 2015.....	99.23%	159,797,403	36,575,628	436.90%	41.80%	6.25%
December 31, 2014.....	99.24%	107,541,748	36,036,778	298.42%	51.53%	7.75%

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
ANDOVER 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, 2022.....	\$ 12,897,390	\$ (177,079,174)	\$ (164,181,784)	\$ 40,256,607	439.88%
June 30, 2021.....	11,910,301	(13,801,370)	(1,891,069)	42,584,906	32.41%
June 30, 2020.....	11,110,355	(11,410,355)	(300,000)	42,601,379	26.78%
June 30, 2019.....	10,371,338	(10,371,338)	-	40,825,204	25.40%
June 30, 2018.....	9,428,488	(9,449,449)	(20,961)	39,094,077	24.17%
June 30, 2017.....	8,581,696	(8,581,696)	-	38,959,725	22.03%
June 30, 2016.....	7,929,291	(7,929,291)	-	37,307,141	21.25%
June 30, 2015.....	6,207,276	(6,207,276)	-	36,757,514	16.89%

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
2022.....	\$ 166,797,004	\$ 13,384,765	62.03%
2021.....	211,724,479	26,151,006	50.67%
2020.....	188,782,964	22,893,211	53.95%
2019.....	176,905,548	17,926,816	54.84%
2018.....	168,589,392	17,596,166	54.25%
2017.....	162,869,117	16,613,718	52.73%
2016.....	152,894,310	12,401,089	55.38%
2015.....	117,449,333	8,159,769	61.64%

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

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

See notes to required supplementary information.

Other Postemployment Benefit Plan Schedules

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

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

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

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

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

	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022
Total OPEB Liability						
Service Cost.....	\$ 5,605,421	\$ 4,186,467	\$ 4,451,353	\$ 3,457,542	\$ 3,581,728	\$ 3,689,179
Interest.....	9,299,269	7,514,930	8,448,402	8,487,889	7,996,530	8,408,845
Changes of benefit terms.....	(42,080,306)	-	(10,540,194)	-	-	-
Differences between expected and actual experience.....	-	10,865,917	-	(6,118,570)	-	(13,220,553)
Changes of assumptions.....	(6,594,974)	1,599,726	(12,768,804)	(9,465,966)	-	(5,327,020)
Benefit payments.....	(4,647,800)	(4,923,643)	(4,985,511)	(4,517,623)	(4,831,167)	(4,796,414)
Net change in total OPEB liability.....	(38,418,390)	19,243,397	(15,394,754)	(8,156,728)	6,747,091	(11,245,963)
Total OPEB liability - beginning.....	174,835,831	136,417,441	155,660,838	140,266,084	132,109,356	138,856,447
Total OPEB liability - ending (a).....	<u>\$ 136,417,441</u>	<u>\$ 155,660,838</u>	<u>\$ 140,266,084</u>	<u>\$ 132,109,356</u>	<u>\$ 138,856,447</u>	<u>\$ 127,610,484</u>
Plan fiduciary net position						
Employer contributions.....	\$ 1,502,579	\$ 1,648,721	\$ 1,811,888	\$ 1,971,134	\$ 2,041,503	\$ 1,837,228
Employer contributions for OPEB payments.....	4,647,800	4,923,643	4,985,511	4,517,623	4,831,167	4,796,414
Other contributions.....	-	-	7,060	11,433	-	-
Net investment income (loss).....	730,782	636,085	720,254	503,402	4,269,120	(315,463)
Benefit payments.....	(4,647,800)	(4,923,643)	(4,985,511)	(4,517,623)	(4,831,167)	(4,796,414)
Net change in plan fiduciary net position.....	2,233,361	2,284,806	2,539,202	2,485,969	6,310,623	1,521,765
Plan fiduciary net position - beginning of year.....	5,434,915	7,668,276	9,953,082	12,492,284	14,978,253	21,288,876
Plan fiduciary net position - end of year (b).....	<u>\$ 7,668,276</u>	<u>\$ 9,953,082</u>	<u>\$ 12,492,284</u>	<u>\$ 14,978,253</u>	<u>\$ 21,288,876</u>	<u>\$ 22,810,641</u>
Net OPEB liability - ending (a)-(b).....	<u>\$ 128,749,165</u>	<u>\$ 145,707,756</u>	<u>\$ 127,773,800</u>	<u>\$ 117,131,103</u>	<u>\$ 117,567,571</u>	<u>\$ 104,799,843</u>
Plan fiduciary net position as a percentage of the total OPEB liability.....	5.62%	6.39%	8.91%	11.34%	15.33%	17.88%
Covered-employee payroll.....	\$ 91,219,966	\$ 96,676,019	\$ 101,528,686	\$ 106,084,030	\$ 102,030,165	\$ 104,070,768
Net OPEB liability as a percentage of covered-employee payroll.....	141.14%	150.72%	125.85%	110.41%	115.23%	100.70%
Discount rate used for the net OPEB liability at year end.....	5.44%	5.36%	6.00%	6.00%	6.00%	6.00%

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

See notes to required supplementary information.

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

Year	Actuarially determined contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered- employee payroll	Contributions as a percentage of covered- employee payroll
June 30, 2022.....	\$ 8,280,000	\$ (6,633,642)	\$ 1,646,358	\$ 104,070,768	6.37%
June 30, 2021.....	8,826,000	(6,872,670)	1,953,330	102,030,165	6.74%
June 30, 2020.....	9,610,000	(6,500,190)	3,109,810	106,084,030	6.13%
June 30, 2019.....	10,148,465	(6,804,459)	3,344,006	101,528,686	6.70%
June 30, 2018.....	9,967,599	(6,572,364)	3,395,235	96,676,019	6.80%
June 30, 2017.....	9,437,501	(6,150,379)	3,287,122	91,219,966	6.74%

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

<u>Year</u>	<u>Annual money-weighted rate of return, net of investment expense</u>
June 30, 2022.....	-1.40%
June 30, 2021.....	26.21%
June 30, 2020.....	3.65%
June 30, 2019.....	6.48%
June 30, 2018.....	7.21%
June 30, 2017.....	12.10%

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

See notes to required supplementary information.

NOTE A – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

1. Budgetary Information

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

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

Generally, expenditures may not exceed the legal level of spending authorized for an appropriation account. Town Meeting has authorized appropriations at the functional expenditure classification level. However, the payment of debt service is statutorily required, regardless of whether such amounts are appropriated. Additionally, expenditures for disasters, natural or otherwise, and final judgments may exceed the level of spending authorized by two-thirds majority vote of the Board.

An annual budget is adopted for the general fund in conformity with the guidelines described above. The original 2022 approved budget authorized approximately \$197.0 million in appropriations and other amounts to be raised. An additional \$3.5 million in subsequent appropriations were approved in the final budget. These supplemental appropriations were mainly funded with free cash and were for land acquisition, capital equipment, infrastructure, and other departmental appropriations.

The Municipal Relief Act in accordance with MGL Chapter 44, Section 33B, allows the Board, with the concurrence of the Finance Committee, to transfer appropriations during the last two months of the year or during the first 15 days of the new year. The Town Accountant’s office has the responsibility to ensure that budgetary control is maintained. Budgetary control is exercised through the accounting system.

2. 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, 2022, is presented below:

Net change in fund balance - budgetary basis.....	\$ 1,555,271
<u>Perspective differences:</u>	
Activity of the stabilization funds recorded in the general fund for GAAP....	(104,746)
<u>Basis of accounting differences:</u>	
Net change in recording 60 day receipts.....	(309,519)
Net change in recording tax refunds payable.....	(223,000)
Recognition of revenue for on-behalf payments.....	13,384,765
Recognition of expenditures for on-behalf payments.....	<u>(13,384,765)</u>
Net change in fund balance - GAAP basis.....	<u>\$ 918,006</u>

3. Appropriation Deficits

During 2022, actual expenditures exceeded appropriations for State and County charges. State and County charges are assessments from the Commonwealth, which are directly deducted from local receipts provided by the State. The Town is not required to raise the State and County assessment deficit.

NOTE B – PENSION PLAN

Pension Plan Schedules – Retirement System

A. Schedule of Changes in the Net Pension Liability and Related Ratios

The Schedule of Changes in the Net Pension Liability and Related Ratios includes the detailed changes in the systems total pension liability, changes in the systems 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. Schedule of Contributions

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

C. Schedule of Investment Return

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 of Andover

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 system's funding schedule, and additional appropriations in accordance with adopted early retirement incentive programs. The appropriations are payable on July 1 and January 1. The Town may choose to pay the entire appropriation in July at a

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

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

None.

NOTE C – OTHER POSTEMPLOYMENT BENEFITS

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

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. Schedule of the Town's Contributions

The Schedule of the Town's Contributions includes the Town's annual required contribution to the Plan, along with the contributions made in relation to the actuarially determined contribution and the covered employee payroll. The Town is not required to fully fund this contribution. It also demonstrates the contributions as a percentage of covered-employee payroll. Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates are as follows:

Valuation date.....	July 1, 2021
Actuarial cost method.....	Entry Age Normal
Asset valuation method.....	Fair value of assets with payables and receivables.
Discount rate.....	6.00%, net of investment expense
Projected salary increases.....	3.00%
Mortality rates.....	<p>Actives: The RP-2014 Mortality Tables adjusted to 2006, sex-distinct, for employees projected using generational mortality and scale MP-2021.</p> <p>Retirees: The RP-2014 Mortality Tables adjusted to 2006, sex-distinct, for healthy annuitants projected using generational mortality and scale MP-2021.</p> <p>Disabled: The RP-2014 Mortality Tables adjusted to 2006, sex-distinct, for healthy annuitants projected using generational mortality and scale MP-2021, set forward two years.</p>

C. 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.

D. Changes of Assumptions

Mortality was updated to use mortality projection scale MP-2021. Assumptions regarding plan election after age 65 for members hired before April 1, 1986, were changed to reflect actual policies of implementation of Chapter 32B Section 18a.

E. Changes in Plan Provisions

None.

Combining Statements

Nonmajor Governmental Funds

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

Town Grants/Other Revolving Funds – This fund is used to account for the non-school related activity of revolving funds established in accordance with MGL Chapter 44, Section 53E ½ and grant funds received from state and federal governments which are designated for specific programs.

School Grants/Other Revolving Funds – This fund is used to account for the school department's revolving funds established in accordance with MGL Chapter 44, Section 53E ½ and Chapter 71 and grant funds received from state and federal governments which are designated for specific programs.

School Lunch Fund – This fund is used to account for all cafeteria activities and is funded by user charges, federal and state grants and commodities received.

Guarantee Deposits – This fund is used to account for the performance bonds held by the Town.

Student Activity Funds – This fund is used to account for all student activities and is funded through user charges.

Capital Projects Funds

Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

Road/Drainage Projects – This fund is used to account for road and drainage projects other than state funded highway projects. These projects will be funded through the issuance of long-term bonds and notes and other available funds.

Ledge Road Landfill – This fund is used to account for the post-closure costs associated with the Ledge Road landfill.

Conservation – This fund is used to account for major conservation capital acquisition and construction projects. These projects will be funded through the issuance of long-term bonds and notes and other available funds.

Municipal Buildings – This fund is used to account for major municipal building capital acquisition and construction projects. These projects will be funded through the issuance of long-term bonds and notes and other available funds.

School Projects – This fund is used to account for major school capital acquisition and construction projects. These projects will be funded through the issuance of long-term bonds and notes, state grants, and other available funds.

Other Projects – This fund is used to account for smaller capital acquisition and construction projects. These projects will be funded through the issuance of long-term bonds and notes and other available funds.

Permanent Funds

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support governmental programs.

Cemetery – This fund is used to account for cemetery contributions and bequests in which the earnings may be expended for cemetery purposes.

Library Trust Funds – This fund is used to account for gifts, bequests and contributions in which the earnings may be expended for purposes specified by the donor in relation to library activities.

Town Welfare/Other Trust Funds – This fund accounts for all non-library and cemetery related contributions and bequests in which the earnings may be expended for purposes specified by the donor in relation to other Town activities.

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**NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET**

JUNE 30, 2022

	Special Revenue Funds						Subtotal
	Town Grants/ Other Revolving	School Grants/ Other Revolving	School Lunch	Guarantee Deposits	Student Activity Funds		
ASSETS							
Cash and cash equivalents.....	\$ 5,203,965	\$ 6,555,439	\$ 2,870,632	\$ 477,701	\$ 565,198		\$ 15,672,935
Investments.....	1,522,990	-	-	-	-		1,522,990
Receivables, net of uncollectibles:							
Departmental and other.....	323,411	-	-	-	-		323,411
Intergovernmental.....	-	231,961	-	-	-		231,961
TOTAL ASSETS.....	<u>\$ 7,050,366</u>	<u>\$ 6,787,400</u>	<u>\$ 2,870,632</u>	<u>\$ 477,701</u>	<u>\$ 565,198</u>		<u>\$ 17,751,297</u>
LIABILITIES							
Warrants payable.....	\$ 500,181	\$ 10,301	\$ 1,513	\$ -	\$ -		\$ 511,995
Accrued payroll.....	130,031	112,485	-	-	-		242,516
Other liabilities.....	601,971	-	-	477,701	-		1,079,672
TOTAL LIABILITIES.....	<u>1,232,183</u>	<u>122,786</u>	<u>1,513</u>	<u>477,701</u>	<u>-</u>		<u>1,834,183</u>
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue.....	319,116	-	-	-	-		319,116
FUND BALANCES							
Nonspendable.....	-	-	-	-	-		-
Restricted.....	5,499,067	6,664,614	2,869,119	-	565,198		15,597,998
TOTAL FUND BALANCES.....	<u>5,499,067</u>	<u>6,664,614</u>	<u>2,869,119</u>	<u>-</u>	<u>565,198</u>		<u>15,597,998</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES.....	<u>\$ 7,050,366</u>	<u>\$ 6,787,400</u>	<u>\$ 2,870,632</u>	<u>\$ 477,701</u>	<u>\$ 565,198</u>		<u>\$ 17,751,297</u>

Capital Project Funds

Road/ Drainage Projects	Ledge Road Landfill	Conservation	Municipal Buildings	School Projects	Other	Subtotal
\$ 1,624,907	\$ 1,683,628	\$ 3,871	\$ 2,116,532	\$ 6,314,799	\$ 9,297,370	\$ 21,041,107
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	246,860	246,860
<u>\$ 1,624,907</u>	<u>\$ 1,683,628</u>	<u>\$ 3,871</u>	<u>\$ 2,116,532</u>	<u>\$ 6,314,799</u>	<u>\$ 9,544,230</u>	<u>\$ 21,287,967</u>
\$ -	\$ 4,232	\$ -	\$ 75,178	\$ 3,384,243	\$ 507,522	\$ 3,971,175
-	-	-	-	-	5,070	5,070
-	-	-	-	-	-	-
-	4,232	-	75,178	3,384,243	512,592	3,976,245
-	-	-	-	-	-	-
-	-	-	-	-	-	-
1,624,907	1,679,396	3,871	2,041,354	2,930,556	9,031,638	17,311,722
1,624,907	1,679,396	3,871	2,041,354	2,930,556	9,031,638	17,311,722
<u>\$ 1,624,907</u>	<u>\$ 1,683,628</u>	<u>\$ 3,871</u>	<u>\$ 2,116,532</u>	<u>\$ 6,314,799</u>	<u>\$ 9,544,230</u>	<u>\$ 21,287,967</u>

(Continued)

**NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET**

JUNE 30, 2022

	Permanent Funds				Total Nonmajor Governmental Funds
	Cemetery	Library	Town Welfare/ Other	Subtotal	
ASSETS					
Cash and cash equivalents.....	\$ 1,450,829	\$ 430,788	\$ 244,890	\$ 2,126,507	\$ 38,840,549
Investments.....	-	-	-	-	1,522,990
Receivables, net of uncollectibles:					
Departmental and other.....	-	-	-	-	323,411
Intergovernmental.....	-	-	-	-	478,821
TOTAL ASSETS.....	\$ 1,450,829	\$ 430,788	\$ 244,890	\$ 2,126,507	\$ 41,165,771
LIABILITIES					
Warrants payable.....	\$ 1,200	\$ -	\$ -	\$ 1,200	\$ 4,484,370
Accrued payroll.....	-	-	-	-	247,586
Other liabilities.....	-	-	-	-	1,079,672
TOTAL LIABILITIES.....	1,200	-	-	1,200	5,811,628
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue.....	-	-	-	-	319,116
FUND BALANCES					
Nonspendable.....	886,503	350,825	40,802	1,278,130	1,278,130
Restricted.....	563,126	79,963	204,088	847,177	33,756,897
TOTAL FUND BALANCES.....	1,449,629	430,788	244,890	2,125,307	35,035,027
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES.....	\$ 1,450,829	\$ 430,788	\$ 244,890	\$ 2,126,507	\$ 41,165,771

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

YEAR ENDED JUNE 30, 2022

	Special Revenue Funds				
	Town Grants/ Other Revolving	School Grants/ Other Revolving	School Lunch	Student Activity Funds	Subtotal
REVENUES:					
Charges for services.....	\$ 962,616	\$ -	\$ -	\$ 757,113	\$ 1,719,729
Intergovernmental - School Building Authority.....	-	-	-	-	-
Intergovernmental.....	1,216,068	4,769,273	3,792,114	-	9,777,455
Departmental and other.....	4,677,028	1,702,662	313,547	-	6,693,237
Contributions and donations.....	174,536	14,359	-	-	188,895
Investment income (loss)	464,531	-	-	-	464,531
Miscellaneous.....	39,680	-	30,905	-	70,585
TOTAL REVENUES.....	7,534,459	6,486,294	4,136,566	757,113	18,914,432
EXPENDITURES:					
Current:					
General government.....	1,645,573	-	-	-	1,645,573
Public safety.....	1,990,974	-	-	-	1,990,974
Education.....	-	5,500,032	2,842,449	717,422	9,059,903
Public works.....	59,391	-	-	-	59,391
Public facilities.....	108,604	-	-	-	108,604
Community services.....	2,098,305	-	-	-	2,098,305
Library.....	58,994	-	-	-	58,994
Capital outlay.....	60,550	-	-	-	60,550
TOTAL EXPENDITURES.....	6,022,391	5,500,032	2,842,449	717,422	15,082,294
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	1,512,068	986,262	1,294,117	39,691	3,832,138
OTHER FINANCING SOURCES (USES):					
Issuance of bonds.....	-	-	-	-	-
Premium from issuance of bonds.....	2,815	-	-	-	2,815
Transfers in.....	-	-	-	-	-
Transfers out.....	(201,960)	-	-	-	(201,960)
TOTAL OTHER FINANCING SOURCES (USES).....	(199,145)	-	-	-	(199,145)
NET CHANGE IN FUND BALANCES.....	1,312,923	986,262	1,294,117	39,691	3,632,993
FUND BALANCES AT BEGINNING OF YEAR.....	4,186,144	5,678,352	1,575,002	525,507	11,965,005
FUND BALANCES AT END OF YEAR.....	\$ 5,499,067	\$ 6,664,614	\$ 2,869,119	\$ 565,198	\$ 15,597,998

Capital Project Funds

Road/ Drainage Projects	Ledge Road Landfill	Conservation	Municipal Buildings	School Projects	Other	Subtotal
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	2,713,492	249,233	2,962,725
-	-	-	-	-	-	-
-	-	-	100,000	-	-	100,000
-	-	-	(13)	-	-	(13)
-	-	-	-	-	-	-
-	-	-	99,987	2,713,492	249,233	3,062,712
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
283,266	118,726	11,400	2,823,989	12,309,696	8,471,810	24,018,887
283,266	118,726	11,400	2,823,989	12,309,696	8,471,810	24,018,887
(283,266)	(118,726)	(11,400)	(2,724,002)	(9,596,204)	(8,222,577)	(20,956,175)
100,000	-	-	250,000	9,843,258	3,410,500	13,603,758
-	-	-	300,000	306,742	305,900	912,642
637,000	-	-	200,000	456,735	5,238,863	6,532,598
-	-	-	-	-	-	-
737,000	-	-	750,000	10,606,735	8,955,263	21,048,998
453,734	(118,726)	(11,400)	(1,974,002)	1,010,531	732,686	92,823
1,171,173	1,798,122	15,271	4,015,356	1,920,025	8,298,952	17,218,899
\$ 1,624,907	\$ 1,679,396	\$ 3,871	\$ 2,041,354	\$ 2,930,556	\$ 9,031,638	\$ 17,311,722

(Continued)

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

YEAR ENDED JUNE 30, 2022

	Permanent Funds				Total Nonmajor Governmental Funds
	Cemetery	Library	Town Welfare/ Other	Subtotal	
REVENUES:					
Charges for services.....	\$ -	\$ -	\$ -	\$ -	\$ 1,719,729
Intergovernmental - School Building Authority.....	-	-	-	-	2,962,725
Intergovernmental.....	-	-	-	-	9,777,455
Departmental and other.....	-	-	-	-	6,693,237
Contributions and donations.....	33,254	-	-	33,254	322,149
Investment income (loss).....	1,379	(303)	7	1,083	465,601
Miscellaneous.....	-	-	-	-	70,585
TOTAL REVENUES.....	34,633	(303)	7	34,337	22,011,481
EXPENDITURES:					
Current:					
General government.....	-	-	-	-	1,645,573
Public safety.....	-	-	-	-	1,990,974
Education.....	-	-	-	-	9,059,903
Public works.....	1,200	-	-	1,200	60,591
Public facilities.....	-	-	-	-	108,604
Community services.....	-	-	1,472	1,472	2,099,777
Library.....	-	19,889	-	19,889	78,883
Capital outlay.....	-	-	-	-	24,079,437
TOTAL EXPENDITURES.....	1,200	19,889	1,472	22,561	39,123,742
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	33,433	(20,192)	(1,465)	11,776	(17,112,261)
OTHER FINANCING SOURCES (USES):					
Issuance of bonds.....	-	-	-	-	13,603,758
Premium from issuance of bonds.....	-	-	-	-	915,457
Transfers in.....	-	-	-	-	6,532,598
Transfers out.....	(6,000)	-	-	(6,000)	(207,960)
TOTAL OTHER FINANCING SOURCES (USES).....	(6,000)	-	-	(6,000)	20,843,853
NET CHANGE IN FUND BALANCES.....	27,433	(20,192)	(1,465)	5,776	3,731,592
FUND BALANCES AT BEGINNING OF YEAR (AS REVISED)....	1,422,196	450,980	246,355	2,119,531	31,303,435
FUND BALANCES AT END OF YEAR.....	\$ 1,449,629	\$ 430,788	\$ 244,890	\$ 2,125,307	\$ 35,035,027

(Concluded)

Internal Service Funds

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

Insurance Fund – This fund is used to account for the accumulation of costs associated with property and liability insurance.

Unemployment Compensation Fund – This fund is used to account for the accumulation of costs, and employee contributions associated with unemployment compensation.

Health Insurance Fund – This fund is used to account for the accumulation of costs, and employer and employee contributions associated with health insurance.

Worker's Compensation Fund – This fund is used to account for the accumulation of costs, and employer contributions associated with worker's compensation.

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION

JUNE 30, 2022

	<u>Insurance</u>	<u>Unemployment Compensation</u>	<u>Health Insurance</u>	<u>Worker's Compensation</u>	<u>Total Internal Service Funds</u>
ASSETS					
CURRENT:					
Cash and cash equivalents.....	\$ 304,640	\$ 632,729	\$ 19,057,330	\$ 187,466	\$ 20,182,165
Receivables, net of allowance for uncollectibles:					
Departmental and other.....	-	-	128,472	-	128,472
TOTAL ASSETS.....	<u>304,640</u>	<u>632,729</u>	<u>19,185,802</u>	<u>187,466</u>	<u>20,310,637</u>
LIABILITIES					
CURRENT:					
Warrants payable.....	-	-	1,892	-	1,892
Health claims payable.....	-	-	2,212,000	-	2,212,000
Other liabilities.....	-	-	524,158	-	524,158
Workers' compensation.....	-	-	-	18,000	18,000
Total current liabilities.....	<u>-</u>	<u>-</u>	<u>2,738,050</u>	<u>18,000</u>	<u>2,756,050</u>
NONCURRENT:					
Workers' compensation.....	-	-	-	163,000	163,000
TOTAL LIABILITIES.....	<u>-</u>	<u>-</u>	<u>2,738,050</u>	<u>181,000</u>	<u>2,919,050</u>
NET POSITION					
Unrestricted.....	<u>\$ 304,640</u>	<u>\$ 632,729</u>	<u>\$ 16,447,752</u>	<u>\$ 6,466</u>	<u>\$ 17,391,587</u>

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

YEAR ENDED JUNE 30, 2022

	Insurance	Unemployment Compensation	Health Insurance	Worker's Compensation	Total Internal Service Funds
OPERATING REVENUES:					
Employee contributions.....	\$ -	\$ -	\$ 7,950,294	\$ -	\$ 7,950,294
Employer contributions.....	48,425	90,098	23,255,422	-	23,393,945
TOTAL OPERATING REVENUES	48,425	90,098	31,205,716	-	31,344,239
OPERATING EXPENSES:					
Property and liability insurance.....	2,500	-	-	-	2,500
Employee benefits.....	-	-	28,399,401	(104,768) (A)	28,294,633
TOTAL OPERATING EXPENSES.....	2,500	-	28,399,401	(104,768)	28,297,133
OPERATING INCOME.....	45,925	90,098	2,806,315	104,768	3,047,106
NONOPERATING REVENUES (EXPENSES):					
Investment income.....	841	1,710	14,097	-	16,648
CHANGE IN NET POSITION.....	46,766	91,808	2,820,412	104,768	3,063,754
NET POSITION AT BEGINNING OF YEAR.....	257,874	540,921	13,627,340	(98,302)	14,327,833
NET POSITION AT END OF YEAR.....	\$ 304,640	\$ 632,729	\$ 16,447,752	\$ 6,466	\$ 17,391,587

(A) Represents a decrease in the estimated worker's compensation liability.

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2022

	Insurance	Unemployment Compensation	Health Insurance	Worker's Compensation	Total
CASH FLOWS FROM OPERATING ACTIVITIES:					
Receipts from customers and users.....	\$ -	\$ -	\$ 7,950,294	\$ -	\$ 7,950,294
Receipts from interfund services provided.....	48,425	90,098	23,306,237	-	23,444,760
Payments to vendors.....	(2,500)	-	-	-	(2,500)
Payments for interfund services used.....	-	-	(28,588,346)	(61,232)	(28,649,578)
NET CASH FROM OPERATING ACTIVITIES.....	45,925	90,098	2,668,185	(61,232)	2,742,976
CASH FLOWS FROM INVESTING ACTIVITIES:					
Investment income.....	841	1,710	14,097	-	16,648
NET CHANGE IN CASH AND CASH EQUIVALENTS.....	46,766	91,808	2,682,282	(61,232)	2,759,624
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR...	257,874	540,921	16,375,048	248,698	17,422,541
CASH AND CASH EQUIVALENTS AT END OF YEAR.....	\$ 304,640	\$ 632,729	\$ 19,057,330	\$ 187,466	\$ 20,182,165
RECONCILIATION OF OPERATING INCOME (LOSS)					
TO NET CASH FROM OPERATING ACTIVITIES:					
Operating income (loss).....	\$ 45,925	\$ 90,098	\$ 2,806,315	\$ 104,768	\$ 3,047,106
Adjustments to reconcile operating income to net Changes in assets and liabilities:					
Departmental and other.....	-	-	50,815	-	50,815
Warrants payable.....	-	-	(181,195)	-	(181,195)
Health claims payable.....	-	-	(9,000)	-	(9,000)
Other liabilities.....	-	-	1,250	-	1,250
Workers' compensation.....	-	-	-	(166,000)	(166,000)
Total adjustments.....	-	-	(138,130)	(166,000)	(304,130)
NET CASH FROM OPERATING ACTIVITIES.....	\$ 45,925	\$ 90,098	\$ 2,668,185	\$ (61,232)	\$ 2,742,976

Statistical Section



Water Treatment Plant



Shawsheen School Playground

Statistical Section

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

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

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

Net Position By Component

Last Ten Years

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Governmental activities										
Net investment in capital assets.....	\$ 104,403,021	\$ 113,445,872	\$ 113,175,340	\$ 119,176,309	\$ 117,289,661	\$ 114,397,564	\$ 118,786,722	\$ 120,784,434	\$ 129,045,540	\$ 137,792,853
Restricted.....	9,250,406	10,224,044	10,051,326	8,492,277	8,921,380	9,181,609	10,983,413	11,300,312	12,566,744	14,925,382
Unrestricted.....	<u>(46,622,291)</u>	<u>(49,559,677)</u>	<u>(151,227,241)</u>	<u>(174,133,075)</u>	<u>(229,559,125)</u>	<u>(238,349,204)</u>	<u>(227,610,160)</u>	<u>(231,171,854)</u>	<u>(239,252,312)</u>	<u>(236,903,521)</u>
Total governmental activities net position.....	\$ <u>67,031,136</u>	\$ <u>74,110,239</u>	\$ <u>(28,000,575)</u>	\$ <u>(46,464,489)</u>	\$ <u>(103,348,084)</u>	\$ <u>(114,770,031)</u>	\$ <u>(97,840,025)</u>	\$ <u>(99,087,108)</u>	\$ <u>(97,640,028)</u>	\$ <u>(84,185,286)</u>
Business-type activities										
Net investment in capital assets.....	\$ 45,822,689	\$ 45,559,159	\$ 44,188,974	\$ 42,788,461	\$ 44,110,580	\$ 42,038,002	\$ 43,602,463	\$ 46,240,734	\$ 48,933,688	\$ 49,946,689
Unrestricted.....	<u>18,388,810</u>	<u>18,186,228</u>	<u>15,331,376</u>	<u>15,734,929</u>	<u>6,164,961</u>	<u>7,323,154</u>	<u>5,742,840</u>	<u>2,811,762</u>	<u>151,922</u>	<u>580,431</u>
Total business-type activities net position.....	\$ <u>64,211,499</u>	\$ <u>63,745,387</u>	\$ <u>59,520,350</u>	\$ <u>58,523,390</u>	\$ <u>50,275,541</u>	\$ <u>49,361,156</u>	\$ <u>49,345,303</u>	\$ <u>49,052,496</u>	\$ <u>49,085,610</u>	\$ <u>50,527,120</u>
Primary government										
Net investment in capital assets.....	\$ 150,225,710	\$ 159,005,031	\$ 157,364,314	\$ 161,964,770	\$ 161,400,241	\$ 156,435,566	\$ 162,389,185	\$ 167,025,168	\$ 177,979,228	\$ 187,739,542
Restricted.....	9,250,406	10,224,044	10,051,326	8,492,277	8,921,380	9,181,609	10,983,413	11,300,312	12,566,744	14,925,382
Unrestricted.....	<u>(28,233,481)</u>	<u>(31,373,449)</u>	<u>(135,895,865)</u>	<u>(158,398,146)</u>	<u>(223,394,164)</u>	<u>(231,026,050)</u>	<u>(221,867,320)</u>	<u>(228,360,092)</u>	<u>(239,100,390)</u>	<u>(236,323,090)</u>
Total primary government net position.....	\$ <u>131,242,635</u>	\$ <u>137,855,626</u>	\$ <u>31,519,775</u>	\$ <u>12,058,901</u>	\$ <u>(53,072,543)</u>	\$ <u>(65,408,875)</u>	\$ <u>(48,494,722)</u>	\$ <u>(50,034,612)</u>	\$ <u>(48,554,418)</u>	\$ <u>(33,658,166)</u>
			(A)		(B)			(C)		

(A) 2015 and subsequent years reflect the implementation of GASB 68.

(B) 2017 and subsequent years reflect the implementation of GASB 75.

(C) 2020 and subsequent years reflect the implementation of GASB 84.

Changes in Net Position

Last Ten Years

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Expenses										
Governmental activities:										
General government.....	\$ 9,461,933	\$ 10,133,951	\$ 11,356,864	\$ 13,441,576	\$ 14,410,788	\$ 14,257,548	\$ 15,142,631	\$ 15,545,460	\$ 17,556,171	\$ 15,769,295
Public safety.....	21,202,823	21,795,686	25,090,468	28,947,658	29,471,772	31,300,955	30,810,933	30,283,892	31,288,960	29,855,790
Education.....	111,204,625	115,158,937	112,779,199	126,990,371	132,222,941	137,718,100	134,040,164	144,491,957	149,639,940	142,365,586
Public works.....	-	-	-	-	-	-	10,880,271	13,339,464	14,996,472	12,430,109
Public facilities.....	-	-	-	-	-	-	7,410,129	7,573,021	7,259,642	6,003,075
Municipal services.....	13,942,874	14,218,102	13,146,807	19,300,095	22,362,301	20,462,938	-	-	-	-
Community services.....	3,484,284	3,574,827	3,857,449	4,690,932	4,720,122	5,200,282	5,778,428	5,502,314	5,237,621	6,441,274
Library.....	3,270,652	3,388,768	3,948,793	4,704,562	4,662,189	4,629,860	4,392,675	4,396,524	4,353,203	3,690,892
Claims and judgments.....	-	-	-	-	-	-	13,500	-	-	-
Interest.....	2,180,097	2,102,376	2,675,387	2,239,673	2,044,006	1,893,346	2,540,131	2,660,557	2,690,666	3,331,963
Total government activities expenses.....	164,747,288	170,372,647	172,854,967	200,314,867	209,894,119	215,463,029	211,008,862	223,793,189	233,022,675	219,887,984
Business-type activities:										
Water.....	7,466,053	8,131,905	7,746,482	9,103,219	9,065,449	10,160,951	9,205,318	10,259,115	11,095,249	9,683,267
Sewer.....	4,599,787	4,221,701	4,538,357	4,531,114	4,533,507	5,010,158	4,583,488	4,626,081	4,182,213	4,343,589
Total business-type activities expenses.....	12,065,840	12,353,606	12,284,839	13,634,333	13,598,956	15,171,109	13,788,806	14,885,196	15,277,462	14,026,856
Total primary government expenses.....	\$ 176,813,128	\$ 182,726,253	\$ 185,139,806	\$ 213,949,200	\$ 223,493,075	\$ 230,634,138	\$ 224,797,668	\$ 238,678,385	\$ 248,300,137	\$ 233,914,840
Program Revenues										
Governmental activities:										
Public safety charges for services.....	\$ 5,376,825	\$ 4,879,683	\$ 5,855,804	\$ 6,359,841	\$ 6,528,322	\$ 6,515,366	\$ 6,412,569	\$ 5,799,890	\$ 5,734,603	\$ 6,624,693
Education charges for services.....	4,533,644	4,594,367	4,880,144	5,084,499	5,153,935	5,127,469	5,590,885	4,234,692	1,528,544	3,396,622
Other charges for services.....	3,017,848	3,197,405	3,152,353	3,233,071	3,401,970	4,121,952	4,276,929	3,629,582	3,940,281	4,851,424
Education operating grants and contributions.....	26,139,620	26,031,266	21,636,186	26,598,021	31,436,564	33,435,322	33,838,320	40,216,456	47,933,933	34,090,116
Other operating grants and contributions.....	1,191,156	1,438,710	1,648,198	1,357,650	1,866,468	2,160,016	1,711,092	2,857,966	4,350,222	3,773,418
Municipal services capital grant and contributions.....	1,553,595	1,774,179	977,093	1,626,204	3,016,120	1,452,390	342,764	1,487,737	1,373,774	1,377,429
Education capital grant and contributions.....	7,690,079	7,013,590	-	-	-	1,104,315	-	246,352	215,006	2,962,725
Other capital grant and contributions.....	458,700	1,984,863	712,064	227,501	37,233	33,144	30,231	415,296	391,847	130,000
Total government activities program revenues.....	49,961,467	50,914,063	38,861,842	44,486,787	51,440,612	53,949,974	52,202,790	58,887,971	65,468,210	57,206,427
Business-type activities:										
Water charges for services.....	7,244,362	7,405,049	7,723,468	8,248,851	8,614,491	9,242,742	8,706,157	9,617,768	10,532,644	10,456,362
Sewer charges for services.....	4,241,515	4,457,073	4,099,900	4,354,327	4,625,827	4,684,118	4,933,904	4,855,191	4,749,869	5,000,639
Operating grants and contributions.....	10,245	25,372	31,733	34,195	48,981	82,864	132,892	119,430	28,063	11,365
Other capital grant and contributions.....	42,339	-	20,000	-	-	247,000	-	-	-	-
Total business-type activities program revenues.....	11,538,461	11,887,494	11,875,101	12,637,373	13,289,299	14,256,724	13,772,953	14,592,389	15,310,576	15,468,366
Total primary government program revenues.....	\$ 61,499,928	\$ 62,801,557	\$ 50,736,943	\$ 57,124,160	\$ 64,729,911	\$ 68,206,698	\$ 65,975,743	\$ 73,480,360	\$ 80,778,786	\$ 72,674,793
Net (Expense)/Program Revenue										
Governmental activities.....	\$ (114,785,821)	\$ (119,458,584)	\$ (133,993,125)	\$ (155,828,080)	\$ (158,453,507)	\$ (161,513,055)	\$ (158,806,072)	\$ (164,905,218)	\$ (167,554,465)	\$ (162,681,557)
Business-type activities.....	(527,379)	(466,112)	(409,738)	(996,960)	(309,657)	(914,385)	(15,853)	(292,807)	33,114	1,441,510
Total primary government net (expense)/program revenue.....	\$ (115,313,200)	\$ (119,924,696)	\$ (134,402,863)	\$ (156,825,040)	\$ (158,763,164)	\$ (162,427,440)	\$ (158,821,925)	\$ (165,198,025)	\$ (167,521,351)	\$ (161,240,047)

(continued)

Changes in Net Position

Last Ten Years

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Revenues and other Changes in Net Position										
Governmental activities:										
Real estate and personal property taxes, net of tax refunds payable.....	\$ 110,652,457	\$ 116,416,632	\$ 120,794,299	\$ 126,409,719	\$ 133,419,328	\$ 138,291,617	\$ 144,265,717	\$ 150,700,501	\$ 158,708,228	\$ 163,956,365
Tax liens.....	420,138	127,902	761,023	33,265	331,830	324,654	678,899	369,683	392,221	432,693
Motor vehicle excise taxes.....	4,903,920	4,970,746	5,124,285	5,582,946	5,880,582	5,932,927	6,115,370	5,949,352	6,071,620	5,989,888
Hotel/motel tax.....	1,526,835	1,496,945	1,722,509	1,747,841	2,004,253	1,995,058	2,360,307	1,807,513	699,991	1,532,265
Meals tax.....	547,235	506,658	545,489	570,252	583,007	621,317	622,132	601,416	470,494	700,947
Penalties and interest on taxes.....	298,550	554,802	461,456	400,186	417,131	337,580	572,136	557,100	471,873	589,044
Grants and contributions not restricted to specific programs.....	2,099,507	2,193,507	2,229,911	2,286,196	2,365,532	2,034,338	2,099,148	2,126,802	2,132,615	2,441,334
Unrestricted investment income.....	74,364	164,538	230,715	264,490	232,297	553,617	1,348,115	1,467,663	460,276	680,782
Miscellaneous.....	139,881	105,957	71,919	69,271	49,925	-	-	-	-	-
Gain on sale of capital assets.....	-	-	-	-	-	-	-	-	7,900	-
Extraordinary Items:										
Gas disaster settlement funds.....	-	-	-	-	-	-	19,381,109	41,478	-	-
Gas disaster expenses.....	-	-	-	-	-	-	(1,706,855)	(485,884)	(413,673)	(187,019)
Total governmental activities.....	120,662,887	126,537,687	131,941,606	137,364,166	145,283,885	150,091,108	175,736,078	163,135,624	169,001,545	176,136,299
Total primary government general revenues and other changes in net position.....	\$ 120,662,887	\$ 126,537,687	\$ 131,941,606	\$ 137,364,166	\$ 145,283,885	\$ 150,091,108	\$ 175,736,078	\$ 163,135,624	\$ 169,001,545	\$ 176,136,299
Changes in Net Position										
Governmental activities.....	\$ 5,877,066	\$ 7,079,103	\$ (2,051,519)	\$ (18,463,914)	\$ (13,169,622)	\$ (11,421,947)	\$ 16,930,006	\$ (1,769,594)	\$ 1,447,080	\$ 13,454,742
Business-type activities.....	(527,379)	(466,112)	(409,738)	(996,960)	(309,657)	(914,385)	(15,853)	(292,807)	33,114	1,441,510
Total primary government changes in net position.....	\$ 5,349,687	\$ 6,612,991	\$ (2,461,257)	\$ (19,460,874)	\$ (13,479,279)	\$ (12,336,332)	\$ 16,914,153	\$ (2,062,401)	\$ 1,480,194	\$ 14,896,252

* In fiscal 2019, the Town separated its municipal services department forming a public works department and public facilities department.

(concluded)

Fund Balances, Governmental Funds

Last Ten Years

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
General Fund										
Restricted.....	\$ 1,092,228	\$ 978,024	\$ 877,138	\$ 782,526	\$ 693,100	\$ 608,191	\$ 529,791	\$ 453,580	\$ 382,241	\$ 317,278
Committed.....	100,734	2,354,757	5,132,811	2,166,450	2,020,002	1,934,625	1,250,674	1,189,420	1,132,127	1,057,161
Assigned.....	1,181,371	1,049,914	1,176,478	1,470,172	1,361,449	1,340,429	1,194,620	1,490,233	2,459,544	2,519,205
Unassigned.....	<u>12,715,770</u>	<u>14,603,525</u>	<u>12,835,260</u>	<u>12,952,202</u>	<u>17,826,724</u>	<u>17,887,242</u>	<u>18,495,850</u>	<u>22,723,426</u>	<u>18,371,749</u>	<u>19,370,023</u>
Total general fund.....	<u>\$ 15,090,103</u>	<u>\$ 18,986,220</u>	<u>\$ 20,021,687</u>	<u>\$ 17,371,350</u>	<u>\$ 21,901,275</u>	<u>\$ 21,770,487</u>	<u>\$ 21,470,935</u>	<u>\$ 25,856,659</u>	<u>\$ 22,345,661</u>	<u>\$ 23,263,667</u>
All Other Governmental Funds										
Nonspendable.....	\$ 1,278,486	\$ 1,261,738	\$ 1,268,347	\$ 1,280,783	\$ 1,286,034	\$ 1,315,354	\$ 1,293,426	\$ 1,266,307	\$ 1,323,005	\$ 1,278,130
Restricted.....	19,275,015	22,692,841	18,046,721	20,068,946	16,376,243	22,607,870	43,363,411	40,240,453	43,105,518	41,637,673
Unassigned.....	-	-	(114,313)	-	-	(266,464)	-	(690,948)	(1,542,150)	-
Total all other governmental funds.....	<u>\$ 20,553,501</u>	<u>\$ 23,954,579</u>	<u>\$ 19,200,755</u>	<u>\$ 21,349,729</u>	<u>\$ 17,662,277</u>	<u>\$ 23,656,760</u>	<u>\$ 44,656,837</u>	<u>\$ 40,815,812</u>	<u>\$ 42,886,373</u>	<u>\$ 42,915,803</u>

A

A = Previously reported fund balance has been revised to reflect the implementation of GASB Statement #84 - *Fiduciary Activities*

Changes in Fund Balances, Governmental Funds

Last Ten Years

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Revenues:										
Real estate and personal property taxes, net of tax refunds.....	\$ 110,384,336	\$ 116,681,066	\$ 121,034,570	\$ 126,180,460	\$ 133,498,869	\$ 138,082,006	\$ 144,045,522	\$ 150,883,719	\$ 158,809,276	\$ 164,311,208
Motor vehicle and other excise taxes.....	4,745,068	5,082,290	5,165,789	5,700,798	5,861,936	5,836,628	6,176,998	5,962,010	6,135,199	6,008,150
Intergovernmental.....	36,439,032	37,628,417	30,126,642	32,495,810	37,605,820	38,349,896	40,531,158	45,762,558	53,355,909	42,113,290
Intergovernmental - COVID-19 Relief.....	-	-	-	-	-	-	-	406,209	3,662,451	1,761,135
Departmental and other.....	16,343,246	18,403,347	18,312,668	18,377,257	19,100,583	19,278,630	20,512,027	18,289,466	13,385,089	18,252,308
Interest income.....	52,399	202,101	211,262	254,575	199,876	532,246	1,291,584	1,394,549	443,948	664,134
Total Revenue.....	167,964,081	177,997,221	174,850,931	183,008,900	196,267,084	202,079,406	212,557,289	222,698,511	235,791,872	233,110,225
Expenditures:										
General government.....	7,103,931	7,323,954	7,344,861	7,914,464	8,563,816	8,906,509	8,782,567	9,537,017	11,396,533	11,675,782
Public safety.....	15,961,083	16,120,879	17,467,921	17,420,495	17,320,298	19,043,736	19,107,218	18,795,374	20,186,867	21,118,474
Education.....	75,342,685	78,345,911	80,699,104	83,170,976	87,289,023	90,118,954	92,626,935	95,459,831	98,577,672	102,103,774
Public works.....	-	-	-	-	-	-	9,867,616	10,311,374	12,282,266	10,867,397
Public facilities.....	-	-	-	-	-	-	3,379,317	3,191,994	3,096,676	3,387,957
Municipal services.....	11,005,407	10,986,859	13,161,484	11,071,883	13,768,109	13,503,004	-	-	-	-
Community services.....	2,972,973	2,893,483	3,042,960	3,400,352	3,296,991	3,701,839	4,071,541	4,023,030	3,532,339	4,431,368
Library.....	2,532,582	2,558,449	2,626,027	2,864,208	2,705,611	2,786,809	2,810,728	2,752,755	2,705,939	2,901,706
Pension benefits.....	18,298,372	18,696,325	14,130,520	20,014,421	24,870,902	26,656,120	27,887,605	33,863,458	39,305,169	25,787,929
Property and liability insurance.....	717,613	777,873	775,186	733,618	1,184,199	884,567	1,370,444	1,064,473	1,207,010	1,224,849
Employee benefits.....	13,908,127	15,274,878	17,370,998	17,420,680	19,024,326	20,357,485	21,873,978	22,642,514	23,728,120	24,611,011
Claims and judgments.....	-	-	-	-	-	-	13,500	-	-	-
State and county charges.....	2,468,820	2,817,601	756,777	649,170	598,992	680,010	831,295	769,672	820,010	913,507
Capital outlay.....	22,004,956	32,305,218	15,698,468	10,784,487	9,513,804	20,182,677	14,392,709	12,803,744	18,048,147	24,079,437
Debt service:										
Principal.....	5,813,900	6,744,500	7,753,500	8,096,050	7,097,104	6,637,898	6,901,604	7,014,124	7,042,757	6,820,503
Interest.....	1,871,364	2,296,280	2,999,136	2,895,359	2,529,536	2,361,998	2,969,794	3,373,838	3,251,475	3,056,148
Total Expenditures.....	180,001,813	197,142,210	183,826,942	186,436,163	197,762,711	215,821,606	216,886,851	225,603,198	245,180,980	242,979,842
Excess of revenues over (under) expenditures.....	(12,037,732)	(19,144,989)	(8,976,011)	(3,427,263)	(1,495,627)	(13,742,200)	(4,329,562)	(2,904,687)	(9,389,108)	(9,869,617)
Other Financing Sources (Uses)										
Issuance of bonds and notes.....	20,555,000	24,242,000	4,990,000	2,925,900	2,123,300	18,743,100	6,585,000	4,873,000	9,451,342	13,603,758
Issuance of refunding bonds.....	3,423,300	-	-	-	-	-	-	-	1,216,900	-
Premium from issuance of bonds.....	1,657,247	2,200,184	267,654	-	214,800	430,123	770,833	347,824	878,462	915,457
Premium from issuance of refunding bonds.....	599,483	-	-	-	-	-	-	-	218,100	-
Lease financing.....	-	-	-	-	-	432,672	-	-	-	-
Payments to refunded bond escrow agent.....	(3,957,244)	-	-	-	-	-	-	-	(1,435,000)	-
Proceeds from the sale of capital assets.....	-	-	-	-	-	-	-	-	7,900	-
Transfers in.....	3,360,800	4,858,735	4,335,344	10,187,387	6,593,061	6,331,529	9,247,389	6,087,738	10,765,434	6,734,558
Transfers out.....	(3,360,800)	(4,858,735)	(4,335,344)	(10,187,387)	(6,593,061)	(6,331,529)	(9,247,389)	(6,087,738)	(10,765,434)	(6,734,558)
Total other financing sources (uses).....	22,277,786	26,442,184	5,257,654	2,925,900	2,338,100	19,605,895	7,355,833	5,220,824	10,337,704	14,519,215
Special and Extraordinary Items:										
Special item - issuance of pension obligation bonds.....	-	-	-	-	-	-	-	-	-	157,387,531
Special item - pension obligation bond issuance costs.....	-	-	-	-	-	-	-	-	-	(780,467)
Special item - contribution to pension trust.....	-	-	-	-	-	-	-	-	-	(156,607,064)
Gas disaster settlement funds.....	-	-	-	-	-	-	19,381,109	41,478	-	-
Gas disaster expenditures.....	-	-	-	-	-	-	(1,706,855)	(2,335,427)	(2,389,033)	(3,702,162)
	-	-	-	-	-	-	17,674,254	(2,293,949)	(2,389,033)	(3,702,162)
Net change in fund balance.....	\$ 10,240,054	\$ 7,297,195	\$ (3,718,357)	\$ (501,363)	\$ 842,473	\$ 5,863,695	\$ 20,700,525	\$ 22,188	\$ (1,440,437)	\$ 947,436
Debt service as a percentage of noncapital expenditures.....	4.89%	5.49%	6.36%	6.19%	5.05%	4.54%	4.82%	4.87%	4.58%	4.52%

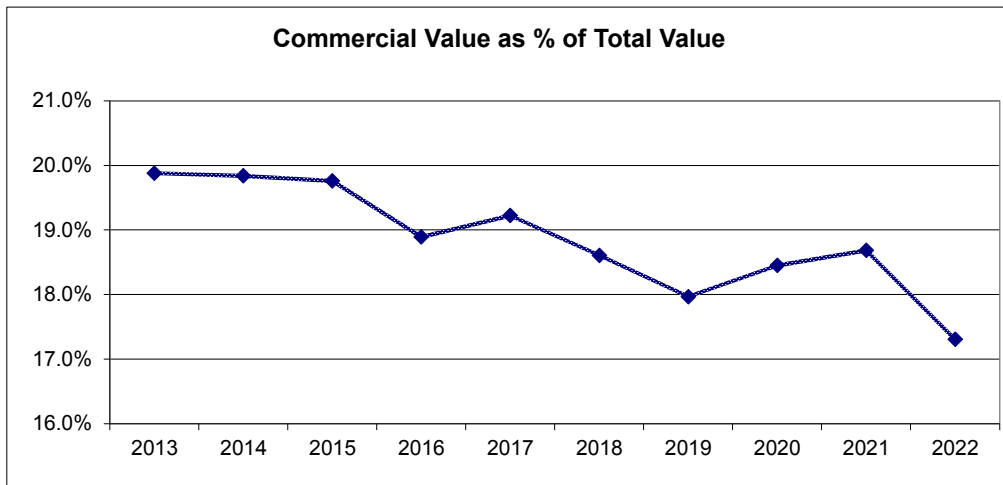
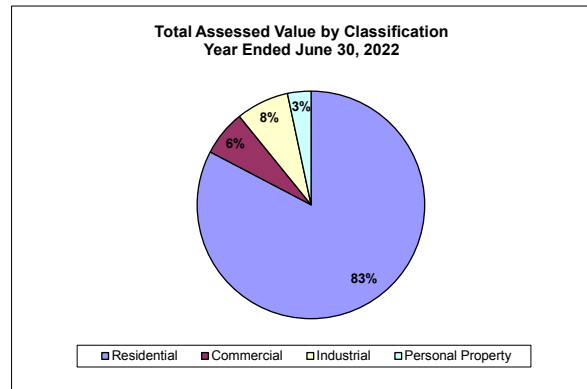
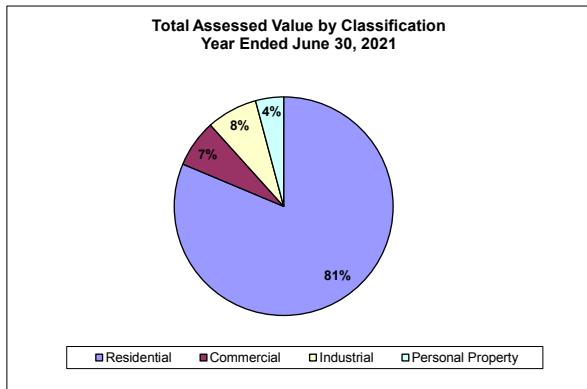
Notes:

* In fiscal 2019, the Town separated its municipal services department forming a public works department and public facilities department.

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

Last Ten Years

Year	Assessed and Actual Values and Tax Rates								
	Residential/ Open Space Value	Residential/ Open Space Tax Rate	Commercial Value	Industrial Value	Personal Property	Total Commercial Value	Commercial Tax Rate	Total Direct Rate	Total Town Value
2013	\$ 5,450,304,845	\$ 14.51	\$ 544,010,554	\$ 574,064,300	\$ 234,340,227	\$ 1,352,415,081	\$ 24.26	\$ 16.45	\$ 6,802,719,926
2014	\$ 5,483,302,185	\$ 15.18	\$ 541,616,314	\$ 578,490,500	\$ 237,117,137	\$ 1,357,223,951	\$ 25.25	\$ 17.18	\$ 6,840,526,136
2015 (1)	\$ 5,801,226,330	\$ 14.97	\$ 580,548,306	\$ 601,623,300	\$ 246,548,798	\$ 1,428,720,404	\$ 24.77	\$ 16.91	\$ 7,229,946,734
2016	\$ 6,117,465,085	\$ 14.82	\$ 573,623,228	\$ 603,476,100	\$ 247,911,769	\$ 1,425,011,097	\$ 25.99	\$ 16.93	\$ 7,542,476,182
2017	\$ 6,191,555,580	\$ 15.18	\$ 577,433,480	\$ 601,695,200	\$ 294,625,929	\$ 1,473,754,609	\$ 26.46	\$ 17.35	\$ 7,665,310,189
2018	\$ 6,347,884,255	\$ 15.64	\$ 588,216,151	\$ 608,062,200	\$ 255,067,239	\$ 1,451,345,590	\$ 27.61	\$ 17.87	\$ 7,799,229,845
2019	\$ 6,825,956,695	\$ 15.27	\$ 605,393,222	\$ 639,205,100	\$ 250,782,409	\$ 1,495,380,731	\$ 27.51	\$ 17.47	\$ 8,321,337,426
2020 (1)	\$ 7,175,327,051	\$ 15.01	\$ 629,857,515	\$ 674,985,400	\$ 318,839,379	\$ 1,623,682,294	\$ 27.14	\$ 17.25	\$ 8,799,009,345
2021	\$ 7,340,698,246	\$ 15.29	\$ 632,912,993	\$ 681,028,200	\$ 373,031,118	\$ 1,686,972,311	\$ 28.09	\$ 17.68	\$ 9,027,670,557
2022	\$ 7,986,757,090	\$ 14.60	\$ 625,781,847	\$ 726,997,300	\$ 319,029,130	\$ 1,671,808,277	\$ 29.29	\$ 17.14	\$ 9,658,565,367



(1) Revaluation year.

Source: Assessor's Department, Town of Andover

All property in the Commonwealth of Massachusetts is assessed at 100% of fair cash value.

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

Principal Taxpayers
Current Year and Nine Years Ago

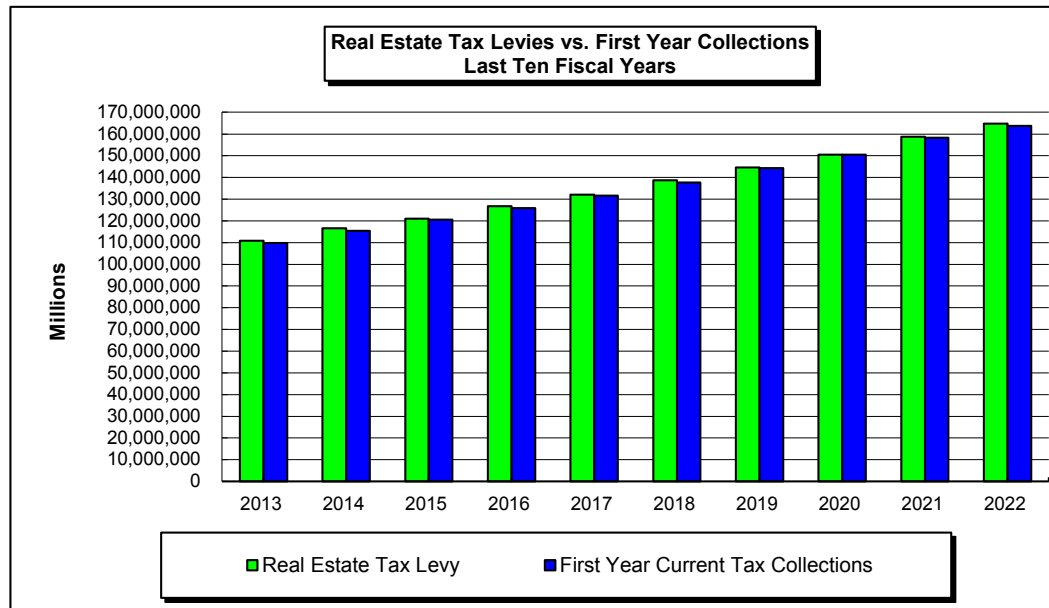
Name	Property Type	2022			2013		
		Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value	Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value
Genetics Institute, Inc (Pfizer)	Industrial	\$ 96,913,900	1	1.00%	\$ 79,570,270	1	1.17%
Raytheon Company	Industrial	\$ 80,848,700	2	0.84%	\$ 60,440,750	4	0.89%
Mass Electric Co	Industrial/Utility	\$ 71,164,170	3	0.74%	\$ -	-	-
New Brickstone Office LLC	Office	\$ 67,786,600	4	0.70%	\$ -	-	-
Eversource Energy	Personal Property	\$ 66,672,530	5	0.69%	\$ -	-	-
ARE-MA Region 93	Industrial	\$ 55,380,800	6	0.57%	\$ -	-	-
Hewlett Packard Enterprise Co.	Industrial/Residential	\$ 47,424,390	7	0.49%	\$ -	-	-
Schneider Electric Buildings LLC	Research & Development	\$ 40,509,840	8	0.42%	\$ -	-	-
Vicor	Commercial/Industrial	\$ 39,722,400	9	0.41%	\$ -	-	-
Whetstone	Commercial/Industrial	\$ 39,447,900	10	0.41%	\$ -	-	-
Transwestern Brickstone Square LLC (Andover Mills)	Commercial	\$ -	-	-	\$ 71,359,930	2	1.05%
Eisai Research Institute	Commercial/Industrial	\$ -	-	-	\$ 67,692,890	3	1.00%
Phillips Corporation	Industrial	\$ -	-	-	\$ 49,755,300	5	0.73%
RREEF America REIT III Corp ZI	Commercial/Industrial	\$ -	-	-	\$ 44,145,500	6	0.65%
Navisite Inc.	Commercial/Industrial	\$ -	-	-	\$ 41,536,470	7	0.61%
Verizon New England	Commercial/Utility	\$ -	-	-	\$ 39,340,100	8	0.58%
One Hundred Minuteman LLC	Industrial	\$ -	-	-	\$ 39,156,300	9	0.58%
Proctor & Gamble	Industrial	\$ -	-	-	\$ 35,989,200	10	0.53%
	Totals	<u>\$605,871,230</u>		<u>6.27%</u>	<u>\$528,986,710</u>		<u>7.78%</u>

Source: Official Statement for Sale of Bonds

Property Tax Levies and Collections

Last Ten Years

Year	Total Tax Levy	Less Abatements & Exemptions	Net Tax Levy	First Year Current Tax Collections	Percent of Net Levy Collected	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections to Net Tax Levy
2013	\$ 111,893,513	\$ 985,564	\$ 110,907,949	\$ 109,842,289	99.04%	\$ 911,392	\$ 110,753,681	99.86%
2014	\$ 117,506,432	\$ 981,734	\$ 116,524,698	\$ 115,439,167	99.07%	\$ 887,473	\$ 116,326,640	99.83%
2015 (1)	\$ 122,233,763	\$ 1,159,706	\$ 121,074,057	\$ 120,524,220	99.55%	\$ 483,192	\$ 121,007,412	99.94%
2016	\$ 127,696,871	\$ 871,083	\$ 126,825,788	\$ 125,835,396	99.22%	\$ 991,188	\$ 126,826,584	100.00%
2017	\$ 132,983,361	\$ 907,823	\$ 132,075,538	\$ 131,568,459	99.62%	\$ 466,333	\$ 132,034,792	99.97%
2018	\$ 139,352,561	\$ 591,466	\$ 138,761,095	\$ 137,603,164	99.17%	\$ 869,770	\$ 138,472,934	99.79%
2019	\$ 145,370,283	\$ 830,408	\$ 144,539,875	\$ 143,650,782	99.38%	\$ 622,568	\$ 144,273,350	99.82%
2020 (1)	\$ 151,611,876	\$ 1,120,286	\$ 150,491,590	\$ 149,459,025	99.31%	\$ 1,032,565	\$ 150,491,590	100.00%
2021	\$ 159,488,649	\$ 706,455	\$ 158,782,194	\$ 157,471,531	99.17%	\$ 872,891	\$ 158,344,422	99.72%
2022	\$ 165,459,877	\$ 722,564	\$ 164,737,313	\$ 163,759,017	99.41%	\$ -	\$ 163,759,017	99.41%



(1) Revaluation year.

Source: Assessor's Department, Town of Andover

Computation of Levy Capacity and Unused Levy Capacity

Last Ten Years

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Levy Limit.....	\$ 112,609,324	\$ 117,859,068	\$ 124,235,546	\$ 129,300,643	\$ 134,306,796	\$ 140,458,434	\$ 146,503,846	\$ 154,314,610	\$ 160,573,420	\$ 165,894,596
Previous Levy.....	106,128,017	110,260,239	114,580,485	119,797,141	124,996,152	130,709,371	136,417,582	142,600,950	150,531,621	157,043,311
Legal Increase.....	2,653,200	2,756,506	2,864,512	2,994,929	3,124,904	3,267,734	3,410,440	3,565,024	3,763,291	3,926,083
New Growth.....	1,479,022	1,563,740	2,352,143	2,204,083	2,588,316	2,440,476	2,772,929	4,365,647	2,748,398	1,924,628
Debt Exclusion.....	2,349,085	3,278,583	4,438,406	4,304,490	3,597,424	4,040,852	3,902,896	3,782,989	3,530,110	3,000,574
Maximum Taxing Capacity...	<u>\$ 112,609,324</u>	<u>\$ 117,859,068</u>	<u>\$ 124,235,546</u>	<u>\$ 129,300,643</u>	<u>\$ 134,306,796</u>	<u>\$ 140,458,433</u>	<u>\$ 146,503,847</u>	<u>\$ 154,314,610</u>	<u>\$ 160,573,420</u>	<u>\$ 165,894,596</u>
Actual Levy.....	\$ 111,893,513	\$ 117,506,432	\$ 122,233,763	\$ 127,696,873	\$ 132,983,359	\$ 139,352,559	\$ 145,370,281	\$ 151,611,876	\$ 159,488,649	\$ 165,459,877
Unused Levy Capacity.....	\$ 715,811	\$ 352,636	\$ 2,001,783	\$ 1,603,770	\$ 1,323,437	\$ 1,105,875	\$ 1,133,565	\$ 2,702,734	\$ 1,084,771	\$ 434,719

Source: Assessor's Department, Town of Andover

Ratios of Outstanding Debt and General Bonded Debt

Last Ten Years

Year	U. S. Census Population	Personal Income	Assessed Value	Governmental Activities				
				General Obligation Bonds	Leases	Per Capita	Percentage of Personal Income	Percentage of Assessed Value
2013	31,656	\$ 1,684,413,276	\$ 6,802,719,926	\$ 67,125,020	\$ -	\$ 2,120	3.99%	0.99%
2014	31,942	\$ 2,259,131,604	\$ 6,840,526,136	\$ 87,324,906	\$ -	\$ 2,734	3.87%	1.28%
2015	31,617	\$ 2,281,103,316	\$ 7,229,946,734	\$ 84,243,576	\$ -	\$ 2,665	3.69%	1.17%
2016	32,101	\$ 2,362,344,691	\$ 7,542,476,182	\$ 78,346,580	\$ -	\$ 2,441	3.32%	1.04%
2017	32,677	\$ 2,452,833,651	\$ 7,665,310,189	\$ 72,997,287	\$ -	\$ 2,234	2.98%	0.95%
2018	32,323	\$ 2,474,778,172	\$ 7,799,229,845	\$ 84,960,292	\$ 222,815	\$ 2,635	3.44%	1.09%
2019	32,336	\$ 2,525,288,974	\$ 8,321,337,426	\$ 84,889,229	\$ 136,014	\$ 2,629	3.37%	1.02%
2020	32,498	\$ 2,588,699,218	\$ 8,799,009,345	\$ 82,415,085	\$ 46,131	\$ 2,537	3.19%	0.94%
2021	32,071	\$ 2,605,773,240	\$ 9,027,670,557	\$ 85,145,409	\$ -	\$ 2,655	3.27%	0.94%
2022	32,881	\$ 2,588,693,186	\$ 9,658,565,367	\$ 249,452,572	\$ -	\$ 7,587	9.64%	2.58%

Year	Business-type Activities (1)		Total Primary Government			
	General Obligation Bonds	Leases	Total Debt Outstanding	Per Capita	Percentage of Personal Income	Percentage of Assessed Value
2013	\$ 33,435,605	\$ -	\$ 100,560,625	\$ 3,177	5.97%	1.48%
2014	\$ 35,054,316	\$ -	\$ 122,379,222	\$ 3,831	5.42%	1.79%
2015	\$ 34,525,548	\$ -	\$ 118,769,124	\$ 3,756	5.21%	1.64%
2016	\$ 31,193,805	\$ -	\$ 109,540,385	\$ 3,412	4.64%	1.45%
2017	\$ 29,366,241	\$ -	\$ 102,363,528	\$ 3,133	4.17%	1.34%
2018	\$ 30,476,994	\$ -	\$ 115,660,101	\$ 3,578	4.67%	1.48%
2019	\$ 27,899,916	\$ -	\$ 112,925,159	\$ 3,492	4.47%	1.36%
2020	\$ 30,773,541	\$ -	\$ 113,234,757	\$ 3,484	4.37%	1.29%
2021	\$ 33,699,225	\$ -	\$ 118,844,634	\$ 3,706	4.56%	1.32%
2022	\$ 48,251,689	\$ -	\$ 297,704,261	\$ 9,054	11.50%	3.08%

(1) Water and Sewer Funds

Source: Audited Financial Statements, U. S. Census, Division of Local Services

Direct and Overlapping Governmental Activities Debt

As of June 30, 2022

<u>Town of Andover, Massachusetts</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes:			
Greater Lawrence Regional Vocational Technical School District.....	\$ 2,345,000	1.8%	\$ 42,210
Town direct debt.....			<u>249,452,572</u>
Total direct and overlapping debt.....			<u>\$ 249,494,782</u>

Methodologies used to calculate overlapping debt:

Greater Lawrence Regional Vocational Technical School District:

The Town's overlap is based on pupil enrollment.

Source: Official Statement for Sale of Bonds

Computation of Legal Debt Margin

Last Ten Years

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Equalized Valuation.....	\$ 7,292,906,600	\$ 7,120,772,800	\$ 7,120,772,800	\$ 7,120,772,800	\$ 7,972,993,500	\$ 7,972,993,500	\$ 8,453,211,200	\$ 8,453,211,200	\$ 9,328,654,100	\$ 9,328,654,100
Debt Limit -5% of Equalized Valuation.....	\$ 364,645,330	\$ 356,038,640	\$ 356,038,640	\$ 356,038,640	\$ 398,649,675	\$ 398,649,675	\$ 422,660,560	\$ 422,660,560	\$ 466,432,705	\$ 466,432,705
Less:										
Outstanding debt applicable to limit.....	67,161,942	68,448,149	64,939,228	58,166,832	55,577,799	62,265,500	68,407,800	66,000,800	64,801,400	72,282,600
Authorized and unissued debt.....	61,724,000	22,637,678	34,648,553	25,480,303	44,285,856	55,550,553	42,484,000	30,665,000	185,784,867	200,081,319
Legal debt margin.....	<u>\$ 235,759,388</u>	<u>\$ 264,952,813</u>	<u>\$ 256,450,859</u>	<u>\$ 272,391,505</u>	<u>\$ 298,786,020</u>	<u>\$ 280,833,622</u>	<u>\$ 311,768,760</u>	<u>\$ 325,994,760</u>	<u>\$ 215,846,438</u>	<u>\$ 194,068,786</u>
Total debt applicable to the limit as a percentage of debt limit.....	35.35%	25.58%	27.97%	23.49%	25.05%	29.55%	26.24%	22.87%	53.72%	58.39%

Source: Official Statement for Sale of Bonds

Demographic and Economic Statistics

Last Ten Years

Year	Population Estimates	Personal Income	Per Capita Personal Income	Median Age	Unemployment Rate
2013	31,656	\$ 2,195,210,050	\$ 69,346	39.5	4.9%
2014	31,942	\$ 2,259,343,802	\$ 70,733	39.5	4.9%
2015	31,617	\$ 2,281,071,699	\$ 72,147	39.5	4.0%
2016	32,101	\$ 2,362,344,691	\$ 73,591	39.5	3.6%
2017	32,677	\$ 2,452,833,651	\$ 75,063	39.5	3.7%
2018	32,323	\$ 2,474,778,172	\$ 76,564	39.5	2.8%
2019	32,336	\$ 2,525,279,920	\$ 78,095	42.3	2.7%
2020	32,498	\$ 2,588,693,186	\$ 79,657	42.0	10.8%
2021	32,071	\$ 2,605,773,240	\$ 81,250	42.8	4.5%
2022	32,881	\$ 2,725,017,570	\$ 82,875	45.0	2.8%

Source: U. S. Census, Division of Local Services, Executive Office of Labor and Workforce Development Median age is based on most recent census data.

Principal Employers (excluding Town)

Current Year and Nine Years Ago

Employer	Nature of Business	2022 *			2013		
		Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
Raytheon Co & Endrock Associates	Missile Systems	4,500	1	24%	4,750	1	28%
Internal Revenue Services	Regional Service Center	1,975	2	11%	3,500	2	21%
Genetics Institute, Inc (Pfizer)	Biotechnology Research & Manufacturing	1,200	3	6%	1,200	4	7%
Putnam Investments	Mutual Funds	900	4	5%	900	5	5%
Vicor	Computer Equipment	850	5	5%	850	6	5%
Schneider Electric Software	Energy Management	750	6	4%	-	-	-
Philips Academy	Private School	555	7	3%	555	8	3%
Hewlett Packard (Compaq)	Computer Equipment	500	8	3%	500	10	3%
Smith & Nephew	Medical Equipment	500	9	3%	-	-	-
Zwicker & Associates	Law Firm	350	10	2%	-	-	-
Verizon	Communications	-	-	-	600	7	4%
Phillips Electr No Amer Corp. (Agilent)	Medical Electronics	-	-	-	2,300	3	13%
Enterasys	Data Processing Services	-	-	-	500	9	3%

* Employee information for 2022 was unavailable, therefore 2021 employee data has been reported.
 Source: Massachusetts Department of Workforce Development

Full-Time Equivalent Town Employees

Last Ten Years

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
<u>Full-Time Equivalents</u>										
Town.....	350	351	356	356	358	359	359	363	364	364
School.....	<u>799</u>	<u>867</u>	<u>862</u>	<u>874</u>	<u>884</u>	<u>900</u>	<u>906</u>	<u>922</u>	<u>944</u>	<u>962</u>
Total	<u>1,149</u>	<u>1,218</u>	<u>1,218</u>	<u>1,230</u>	<u>1,242</u>	<u>1,259</u>	<u>1,265</u>	<u>1,285</u>	<u>1,308</u>	<u>1,326</u>

Source: Finance Committee Report

Operating Indicators by Function/Program

Last Ten Calendar Years

Function/Program	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Government										
Population.....	31,656	31,942	31,617	32,101	32,677	32,323	32,336	32,498	32,071	32,881
Registered Voters, Annual Town Election.....	22,828	22,944	22,442	23,302	24,326	23,855	23,952	24,990	25,537	25,041
Town Clerk										
Births.....	206	239	186	243	245	241	265	259	314	292
Marriages.....	133	134	90	137	123	136	126	132	125	119
Deaths.....	229	255	226	293	280	263	258	253	313	321
Dogs licensed.....	2,527	2,468	2,370	2,338	2,365	2,222	2,196	2,152	2,071	2,316
Business Certificates.....	78	168	95	111	112	158	163	175	79	89
New Voter Registrations.....	2,433	960	1,322	2,319	2,520	1,598	2,095	2,038	2,114	1,502
Public Safety										
Police										
Documented calls for police services.....	33,863	35,514	28,179	28,017	29,964	31,430	28,415	21,438	19,781	20,328
Arrests.....	412	420	398	406	348	390	282	183	134	118
Domestic Abuse.....	53	52	43	48	62	65	47	43	53	58
Vandalism.....	131	108	108	123	96	124	70	138	74	85
Larceny.....	313	329	267	283	285	276	262	259	242	246
Assaults.....	49	42	38	30	83	42	30	34	33	37
Breaking & Entering.....	50	50	35	51	24	31	33	28	22	29
Motor Vehicle accidents.....	847	850	887	835	906	973	985	729	509	663
Parking tickets issued.....	5,072	5,389	4,200	3,825	3,424	3,799	2,995	2,059	2,820	1,876
Total number of animal complaints.....	693	578	688	806	829	731	655	752	617	710
Fire										
Incidents										
Fires.....	766	690	653	738	812	857	952	828	846	912
EMS Calls.....	2,746	2,740	3,160	3,131	3,214	3,522	3,526	3,598	3,535	3,949
Motor Vehicle Accidents.....	288	308	330	338	285	571	549	497	371	444
Hazardous Conditions.....	312	276	295	249	243	318	785	703	558	440
False Alarms & False Calls.....	748	685	728	740	796	913	1,084	949	953	907
Good Intent Calls.....	129	93	87	104	80	123	215	173	144	111
Mutual Aid (Fire Calls).....	34	32	37	49	54	39	39	61	50	53
Ambulance Mutual Aid Calls.....	116	102	142	112	124	119	105	137	130	174

(continued)

Operating Indicators by Function/Program

Last Ten Calendar Years

Function/Program	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Fire Prevention Activities.....	945	1,754	1,008	916	914	1,982	2,105	2,410	2,537	2,027
Service Calls.....	499	425	619	619	651	599	596	667	603	501
Training.....	302	215	202	181	229	177	190	148	101	145
Co-Activation.....	130	146	155	119	124	149	184	144	111	152
Permits/certificates issued										
Smoke Detectors.....	574	575	600	651	897	744	664	704	905	628
Report Copies.....	48	58	74	64	82	89	109	102	112	117
Blasting Permits.....	-	2	2	3	3	2	3	-	3	-
Cutting/Welding Permits.....	31	34	48	41	44	56	84	91	91	83
Dumpster Permits.....	188	257	317	362	330	218	180	160	139	178
Fireworks Display Permits.....	2	3	4	4	4	6	6	1	1	3
Gunpowder Storage Permits.....	-	-	1	-	1	2	1	1	1	3
Liquid Gas Storage Permits.....	106	69	73	90	79	77	205	87	108	79
Flammable Liquid Storage Permits.....	47	46	61	55	67	72	54	28	101	58
Miscellaneous Permits.....	-	6	73	3	5	7	2	19	15	3
Open Air Burning Permits.....	365	255	222	267	246	364	240	249	229	163
Oil Burner Install Permits.....	100	113	98	110	79	92	116	109	94	118
Commercial Fire Alarm Systems.....	58	124	27	40	42	8	4	44	26	N/A
Special Suppression System Permits.....	6	13	2	6	5	3	11	9	5	4
Sprinkler Install Permits.....	90	64	41	64	55	26	19	47	31	N/A
Underground Tank Re-certification.....	14	19	6	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Underground Tank Removals.....	91	67	68	82	4	3	5	63	71	91
Building Department										
Permits issued.....	1,252	1,652	1,771	1,994	1,940	2,020	2,175	2,228	2,199	2,008
Education										
Public school enrollment.....	6,262	6,110	6,076	6,075	5,991	5,924	5,957	5,817	5,800	5,608
Public Works										
Cemetery										
Lots sold.....	70	40	55	74	48	34	29	28	41	29
Interments/cremations.....	84	64	70	80	71	81	69	57	82	89

(continued)

Operating Indicators by Function/Program

Last Ten Calendar Years

<u>Function/Program</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Human Services										
Board of Health										
Plan reviews.....	282	505	262	207	251	210	148	168	149	169
Inspections										
Restaurant	385	353	327	288	391	469	616	404	126	151
Environmental/Sanitary Code.....	418	403	448	311	532	622	512	558	367	439
Complaints investigated.....	101	98	99	108	133	127	148	107	217	89
Administrative Hearings.....	2	5	7	6	4	4	1	-	-	-
Council on Aging										
Home delivered meals served.....	21,012	22,764	22,992	23,108	23,044	26,194	23,810	26,100	27,419	25,656
Medical-van trips.....	1,502	1,352	1,366	1,865	1,461	1,295	1,159	1,014	565	1,073
Libraries										
Program attendance.....	17,016	22,570	25,473	32,214	33,483	33,593	34,930	15,228	7,136	7,731
Books & Periodicals.....	394,506	386,137	372,179	363,419	345,054	330,907	311,392	227,132	261,736	335,865
PC & Internet Use.....	65,780	53,965	49,220	47,060	50,054	62,400	47,320	37,740	4,056	10,920
Reference Questions.....	72,163	68,835	73,749	65,338	69,381	69,237	69,111	45,060	47,223	58,190
Non-Print Circulation.....	197,921	196,615	179,372	164,300	152,232	141,127	141,439	117,684	111,572	63,266
Sewer										
Service connections.....	6,200	6,200	5,900	6,534	6,518	6,559	6,565	6,603	6,672	6,683
Water										
Daily consumption (in million gallons).....	6.900	7.200	7.100	7.424	6.993	6.995	7.080	7.419	7.909	7.035
Source: Various Town Departments										(concluded)

Capital Asset Statistics by Function/Program

Last Ten Years

<u>Function/Program</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
General Government										
Number of Buildings.....	16	16	20	20	19	19	20	20	18	18
Police										
Number of Stations.....	1	1	1	1	1	1	1	1	1	1
Fire										
Number of Stations.....	3	3	3	3	3	3	3	3	3	3
Education										
Number of elementary schools...	6	6	6	6	6	6	6	6	6	6
Number of middle schools.....	3	3	3	3	3	3	3	3	3	3
Number of high schools.....	1	1	1	1	1	1	1	1	1	1
Public Works										
Water mains (miles).....	235	235	222	223	258	258	258	259	223	220
Fire hydrants.....	2,300	2,300	2,369	2,374	2,382	2,382	2,382	2,401	2,401	2,401
Sanitary sewers (miles).....	146	146	137	137	137	150	137	137	137	137
Storm sewers (miles).....	80	80	120	120	120	120	120	121	121	121
Culture and Recreation										
Playgrounds.....	14	14	20	20	20	21	21	21	21	21
Parks.....	4	4	6	6	9	9	9	9	9	9
Playgrounds - Acreage.....	4.0	4.0	4.0	4.0	4.1	4.4	4.4	4.4	4.4	4.4
Parks - Acreage.....	30	30	30	30	41	41	41	41	41	41
Public beaches.....	1	1	1	1	1	1	1	1	1	1
Ball fields.....	31	31	39	40	40	40	40	40	40	40
Tennis courts.....	10	10	11	11	11	11	11	11	11	11

Source: Various Town Departments