

TOWN OF SWAMPSCOTT, MASSACHUSETTS

ANNUAL COMPREHENSIVE FINANCIAL REPORT



FOR THE YEAR ENDED JUNE 30, 2023



Front Cover: A summertime welcome to the Town of Swampscott.

Inside Front Cover: View of Town Hall and First Church of Swampscott.

TOWN OF SWAMPSCOTT, MASSACHUSETTS



ANNUAL COMPREHENSIVE
FINANCIAL REPORT
For the Year Ended June 30, 2023
Prepared by the Finance Department

TOWN OF SWAMPSCOTT, MASSACHUSETTS
Annual Comprehensive Financial Report
Year Ended June 30, 2023

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Introductory Section



Civil War Monument overlooking King's Beach.

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

Introductory Section

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Sean R. Fitzgerald
Town Administrator

Town of Swampscott

Office of the
Town Administrator
Elihu Thomson Administrative Building
22 Monument Avenue
Swampscott, MA 01907



Tel: (781) 596-8850
Email: sfitzgerald@swampscottma.gov

Letter of Transmittal

December 21, 2023

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

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

The report is designed to be used by the elected and appointed officials of the Town and others who are concerned with its management and progress such as bond analysts, banking institutions and credit raters. Just as important, the design and format of this report is aimed at providing the residents and taxpayers of Swampscott a more easily readable and, therefore, a more easily understandable financial report.

This report consists of management's representations concerning the finances of the Town of Swampscott. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects. In order to provide a reasonable basis for making these financial representations, management continues to review and improve its established comprehensive internal controls. The framework for these controls is designed to protect, to the extent possible, the government's assets from loss, theft, or misuse. The cost of internal controls should not outweigh their benefits. As a result, the Town of Swampscott'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, 2023, are fairly presented in conformity with GAAP.

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

The independent audit of the financial statements of the Town of Swampscott is 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 Swampscott's separately issued Report on Expenditures of Federal Awards.

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 the MD&A and should be read in conjunction with it. The Town of Swampscott's MD&A can be found immediately following the report of the independent auditors.

Profile of the Town

Swampscott was originally incorporated in 1852. Early historical accounts of Swampscott indicated that the Native Americans, referred to as Naumkeags, came to what was called the "land of the red rock" in the seventeenth century to fish and hunt. Early accounts of Swampscott considered it a "community of modest means" and indicated that one man in three was a fisherman. Of the rest, a goodly number were shoemakers (also known as cordwainers), shoe cutters (known as clickers), yeomen or farmers and merchants. As a seafaring fishing village, Swampscott hosted a large commercial fishing fleet which sailed daily from our protected bay. From its fishing interests, Swampscott reached worldwide status as the place where Ebenezer Thorndike invented the lobster pot in 1808 to revolutionize lobster harvesting. Also, the Swampscott Dory, a fishing boat still in use throughout the world today, was invented in 1840 by Theophilus Brackett to row and to pull lobster pots. The dory was considered the best seaworthy boat for fishermen due to its unique flat-bottomed design. Stately homes which evolved in Swampscott include Professor Elihu Thomson's Georgian revival mansion with its unique and ornate interior carvings. Professor Thomson founded the Thomson-Houston Electric Company which is now the General Electric Company. The building, designed by James T. Kelley, now serves as the Town Administration Building, and is also listed on the National Historic Register. Swampscott has retained the essence of a quiet setting along the north shore of the Atlantic Ocean with the soothing sounds of the ocean lapping along the seashore.

The Town is governed by a Representative Town Meeting form of government and is located on the North Shore of Massachusetts in Essex County approximately 12 miles from Boston. Swampscott is accessible by roads including Routes 129, 114, and 1A. The Town is bordered by the City of Lynn, the City of Salem, and the Town of Marblehead. The Atlantic Ocean borders the Town on the eastern boundary. Swampscott's land area is approximately 3.3 square miles and its population has increased to 15,280 since the most recent town census.

The Town provides general governmental services for the territory within its boundaries, including police and fire protection, public education in grades kindergarten through twelve, water, sewer street maintenance, solid waste removal services, parks, beaches, and other recreational facilities.

The Massachusetts Bay Transportation Authority provides public transportation to the Town by way of inter-city bus and commuter rail. By utilizing this transportation option, residents can connect to surrounding communities including the City of Boston, which is a major domestic and internal transportation hub. The Swampscott Housing Authority provides public housing for eligible low income families, the elderly and the handicapped.

Local legislative decisions are made by a Representative Town Meeting. Subject to the legislative decisions made by the Town Meeting, the affairs for the Town are generally administered by a Select Board. The Select Board is supported by the Town Administrator.

Local school affairs are administered by a school committee of five persons, elected for staggered three-year terms on an at large basis. The Water and Sewer operations are managed by the same Select Board. Local taxes are assessed by a board of three assessors, elected for staggered three-year terms.

Budgetary Controls

The Town Administrator is responsible for preparing the budget and reviewing it with the various departments, boards, and committees. This budget is then presented to the to the Select Board and Finance Committee. A nine member Finance Committee made up of citizen volunteers appointed by the Town Moderator reviews the budget and makes 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 individual department salary and expense 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. The Finance Committee, upon request of the Town Administrator, may approve during the year a transfer from a reserve fund established at Town Meeting. These controls ensure compliance with the budget approved by Town Meeting.

Factors Affecting Economic Condition

Local Economy

The Town of Swampscott continues to reflect a strong economic condition. The per capita income is significantly higher than state averages, and the unemployment rate has always been extremely low. Swampscott has a primarily residential tax base which has grown through rapidly rising home values.

In 2023, the average price of a home in Swampscott was \$685,850 (based upon 2022 sales data), an increase of approximately 7.7% from the previously available data. The current economic environment indicates that property values are once again on the rise. The strong building permit activity over the last several years has appeared to reach a peak and is trending to level out once again. Swampscott is an ocean front community with a pristine coastline, as well as having an excellent reputation for academics, athletics, and many cultural and natural amenities. Easy access to the commuter rail facilitates the commute to Boston. All of this has made Swampscott a highly desirable location.

Along with capital costs, the Town continues to be faced with the challenge of how to deal with a relatively flat revenue stream at a time when the cost of providing services to residents of Swampscott continues to increase. State aid continues to be erratic mostly due to Charter School Funding and Enrollment. State aid revenues were relatively stable from FY 2022 to FY 2023, while state assessments increased by 22.89% during that period. The three-year average for Net State Aid is a 14.742%. Local Receipts showed a one-year increase of over 60%, due primarily to a one-time revenue windfall as well as an increase in investment income from bond proceeds of the new elementary school.

Proposition 2½ caps the Town's ability to raise taxes and excess levy capacity is limited. The Town has approved a Proposition 2½ operating override twice in the past two decades for building construction of the new High School and Police Station. It is unclear whether this will be a viable solution in the near future.

Fortunately, the Town has long enjoyed a cooperative approach to problem solving among its many boards and committees, departments, unions, and citizens. This cooperation has led to solid fund balances.

During the 2023 budget cycle, departments continued to work together to create a budget that did not rely heavily on long-term reserves. The Town further addressed revenue needs with increased fees wherever practical. Department heads, committees, and boards understand that, all in all, revenues are not going to dramatically increase anytime soon. Knowing this, everyone involved in the budget process is committed to providing services more efficiently and at a lower cost.

Long-Term Financial Planning

The Town's long-term financial planning is focused on addressing the numerous needs of the community, particularly in view of the revenue constraints of Proposition 2½. Discussions are ongoing concerning issues regarding how to provide the community with the level of services it has come to expect under difficult financial conditions. Town departments, the School Committee, Finance Committee, have all provided input.

The Town continues to review and modify its sustainable long-term financial plan. Management recognizes that in order to continue to provide services to the community, while at the same time maintaining its existing infrastructure, a formalized plan is necessary. Issues being discussed include long range capital planning, appropriate reserve levels, and stabilizing the average single-family tax bill. The Town will be planning and designing the new Elementary School, improvements to the old Police Station on Pearle Street, the Rail Trail, and improvements to the Water and Sewer storm drains.

As of FY 2023, the Town had \$6.3 million in the General Stabilization Fund and \$1.4 million in the Capital Stabilization Fund.

Relevant Financial Policies

The Town uses a zero-based conservative budgeting strategy with the goal of maintaining target ranges for general fund stabilization, capital stabilization, debt limits, and free cash, while utilizing those funds to maintain or decrease the average single-family tax bill.

Major Initiatives

The Town, through its long-range planning development and strong financial position, saw its bond rating upgraded to AAA status and we are all very proud of this achievement. It was through these efforts that the Town has secured and maintained such a lofty bond rating. I did want to highlight the fact that with this most recent rating, S&P Global Ratings raised the Town's Management score to "very strong." This reflects S&P's view that the Town's financial management policies and practices are "very strong" under their Financial Management Assessment methodology. This methodology looks at budget preparation and tracking policies and practices, as well as policies on debt, reserves, and investments. It also considers whether an issuer prepares multi-year capital and budget forecasting plans. There are not many Massachusetts issuers that have this score, and this is a distinction of which the Select Board, Finance Committee and the Town's management team, and other stakeholders should be proud.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Swampscott for its annual comprehensive financial report (ACFR) for the fiscal year ended June 30, 2022. In order to receive this prestigious award, a government must publish an easily readable and efficiently organized ACFR that satisfies both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for one year only. We believe that the fiscal year 2023 ACFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA for consideration for another certificate.

Preparing a document of this magnitude requires a significant investment of time and resources. I am grateful to Financial Team for completing this document. This document reflects well upon the professionalism of our organization and provides a wealth of information to the community.

Respectfully Submitted,



Sean R. Fitzgerald
Town Administrator



Amy Sarro
Director of Administration and Finance

TOWN OF SWAMPSCOTT ORGANIZATIONAL CHART



Principal Town Officials

As of June 30, 2023

Elected Officials

Select Board

Peter Spellios
Douglas Thompson
David Grishman
Katie Phelan
Mary Ellen Fletcher

School Committee

Amy O'Connor
Suzanne Wright
Glenn Paster
John Giantis
Carin Marshall

Board of Assessors

Neil Sheehan
Lara Goodman
Tasia Vasiliou

Principal Executive Officers

Town Administrator
Treasurer/Collector
Director of Administration and Finance
Town Clerk
Police Chief
Fire Chief
Superintendent of Schools
School Business Manager
Asst. Town Administrator – Operations/DPW Director
Town Counsel

Sean Fitzgerald
Patrick Luddy
Amy Sarro
Jared LaLiberte
Ruben Quesada
Graham Archer
Pamela R. H. Angelakis
Cheryl Herrick Stella
Gino Cresta, Jr.
KP Law



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Town of Swampscott
Massachusetts**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morrill

Executive Director/CEO

Financial Section



A view of Swampscott Harbor and the Civil War Memorial.

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

Financial Section

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Independent Auditor's Report

To the Honorable Select Board
Town of Swampscott, 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 Swampscott, Massachusetts, as of and for the year ended June 30, 2023 (except for the Swampscott Contributory Retirement System which is as of and for the year ended December 31, 2022), and the related notes to the financial statements, which collectively comprise the Town of Swampscott, 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 Swampscott, Massachusetts, as of June 30, 2023 (except for the Swampscott Contributory Retirement System which is as of and for the year ended December 31, 2022), and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Swampscott, 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 Swampscott, 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 Swampscott, 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 Swampscott, 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 Swampscott, Massachusetts' basic financial statements. The accompanying combining statements, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2023, on our consideration of the Town of Swampscott, 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 Swampscott, 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 Swampscott, Massachusetts' internal control over financial reporting and compliance.



December 21, 2023

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Management's Discussion and Analysis

As management of the Town of Swampscott (Town), we offer readers of these financial statements this narrative overview and analysis of the financial activities for the year ended June 30, 2023. We encourage readers to consider the information presented in this report in conjunction with the information that we have provided in our letter of transmittal. All amounts, unless otherwise indicated, are expressed in whole dollars.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. These basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The government-wide financial statements provide both long-term and short-term information about the Town as a whole. The fund financial statements focus on the individual components of the Town government, reporting the Town's operations in more detail than the government-wide statements. Both presentations (government-wide and fund) allow the user to address relevant questions, broaden the basis of comparison and enhance the Town's accountability. An additional part of the basic financial statements are the notes to the financial statements. This report also contains supplementary information in addition to the basic financial statements themselves.

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

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

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

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

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

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund statements focus on *near-term inflows and outflows of expendable*

resources, as well as on *balances of expendable resources* available at the end of the year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of 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 adopts an annual appropriated budget for its general fund. A budgetary comparison schedule has been provided as required supplementary information for the general fund to demonstrate compliance with this budget.

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

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

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

The fiduciary fund financial statements provide combined information for the pension and other postemployment benefits (OPEB) trust funds of the Town. The pension and other employee benefits trust fund is used to account for assets accumulated to provide funding for future pension and OPEB liabilities. The private-purpose trust fund is reported in the fiduciary fund financial statements under the caption "private purpose trust fund".

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

During fiscal year 2023, the Town's overall net position of the primary government increased by \$18 million and reported a deficit balance of \$58.6 million. This was comprised of a \$18.7 million increase in governmental net position and a \$640,000 decrease in business-type net position. The \$73.6 million deficit in unrestricted government-wide net position is attributable to the Town's recognition of a \$122 million net other postemployment benefits liability and the recognition of a \$32.5 million net pension liability and the corresponding deferred outflows and inflows of resources.

Governmental Activities

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. For the governmental activities, the Town's liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$73.6 million at the close of 2023.

	2023	2022
Assets:		
Current assets.....	\$ 75,200,543	\$ 87,063,756
Capital assets, non depreciable.....	51,713,751	10,870,511
Capital assets, net of accumulated depreciation....	61,983,547	62,640,290
Total assets.....	188,897,841	160,574,557
Deferred outflows of resources.....	10,231,858	12,050,079
Liabilities:		
Current liabilities (excluding debt).....	15,295,023	9,033,052
Noncurrent liabilities (excluding debt).....	132,924,022	124,265,030
Current debt.....	17,151,085	7,111,042
Noncurrent debt.....	78,652,253	82,739,154
Total liabilities.....	244,022,383	223,148,278
Deferred inflows of resources.....	28,659,139	41,718,742
Net position:		
Net investment in capital assets.....	49,147,418	44,091,378
Restricted.....	2,343,715	2,023,893
Unrestricted.....	(125,042,956)	(138,357,655)
Total net position.....	\$ (73,551,823)	\$ (92,242,384)

Governmental net position of \$49.1 million reflects its investment in capital assets (e.g., land, construction in progress, land improvements, buildings, building improvements, machinery and equipment, and infrastructure); less any related debt used to acquire those assets that are still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the investment in its capital assets is reported net of its related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the net position, \$2.3 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 balance of \$125 million. The primary reason for a deficit unrestricted net position is the recognition of a net other postemployment benefits liability of \$119.6 million and the recognition of a net pension liability in the amount of \$30.8 million and the related deferred outflows and inflows of resources. Accounting standards require the Town to obtain an actuarial valuation of the Town's liability to pay other postemployment benefits to current employees and retirees. Since there is no legal obligation to fund the liability at this time, the Town has opted to continue to fund most of the other postemployment benefits on a pay-as-you-go basis. In addition to funding OPEB on a pay-as-you-go basis, the Town has begun to partially fund the liability and, as of June 30, 2023, the OPEB trust fund has a balance of \$3.4 million. The Town's net pension liability is on a schedule to be funded in accordance with public pension funding regulations of the Commonwealth of Massachusetts. GASB standards require the entire unfunded pension and other postemployment benefits liabilities to be recorded in the full accrual financial statements.

	2023	2022
Program Revenues:		
Charges for services.....	\$ 5,866,471	\$ 5,085,390
Operating grants and contributions.....	17,338,048	15,199,953
Capital grants and contributions.....	13,933,897	764,669
General Revenues:		
Real estate and personal property taxes, net of tax refunds payable.....	53,118,928	51,534,295
Motor vehicle and other excise taxes.....	2,546,067	2,426,676
Hotel/motel tax.....	61,600	141,817
Meals tax.....	367,666	349,763
Penalties and interest on taxes.....	223,111	313,939
Grants and contributions not restricted to specific programs.....	1,524,545	1,846,263
Unrestricted investment income.....	2,868,750	37,536
Total revenues.....	97,849,083	77,700,301
Expenses:		
General government.....	5,388,679	4,181,483
Public safety.....	13,048,647	11,696,586
Education.....	51,660,798	50,060,053
Public works.....	2,575,834	4,894,343
Health and human services.....	883,728	670,758
Culture and recreation.....	1,762,287	1,179,811
Interest.....	2,488,549	2,779,207
Total expenses.....	77,808,522	75,462,241
Excess (Deficiency) before transfers.....	20,040,561	2,238,060
Transfers.....	(1,350,000)	-
Change in net position.....	18,690,561	2,238,060
Net position, beginning of year.....	(92,242,384)	(94,480,444)
Net position, end of year.....	\$ (73,551,823)	\$ (92,242,384)

The ending governmental activities net position increased \$18.7 million from the prior year. Overall revenue increased \$20.2 million which was primarily caused by significant increases in capital grant revenues, investment income, operating grants and contributions, and real estate and personal property tax revenues. Real estate and personal property tax revenues increased \$1.6 million due to an increase in valuation of underlying tax assessed properties. Operating grants and contribution revenue increased \$2.1 million from a combination of increased revenue from federal and state grants and an increase in revenues associated with amounts, paid by the Commonwealth on the Town's behalf, to the Massachusetts Teacher's Retirement System. The Town recognized capital grant revenues of \$13.9 million which is largely associated with school construction costs that are partly funded by a grant from the Massachusetts School Building Authority.

Expenses increased by \$2.3 million. This is due to changes in expenses associated with the net pension and other postemployment benefits liabilities and related deferred inflows and outflows of resources. Increases in non-capitalizable design and engineering services also factored into the increase.

The governmental expenses totaled \$77.8 million of which \$37.1 million (48%) was directly supported by program revenues consisting of charges for services, operating and capital grants and contributions. General revenues and transfers totaled \$59.3 million, primarily coming from property taxes, motor vehicle and other excise taxes, unrestricted investment income and unrestricted grants and contributions.

Business-type Activities

For the Town’s business-type activities, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$15 million at the close of 2023.

Business-type net position of \$15 million represents net investments in capital assets. The remaining balance of unrestricted net position has a year-end balance of (\$61,000). There was a net decrease of \$640,000 in total net position reported in the business-type activities during 2023.

	2023	2022
Assets:		
Current assets.....	\$ 6,492,025	\$ 6,582,294
Capital assets, non depreciable.....	1,389,504	1,389,504
Capital assets, net of accumulated depreciation....	21,783,296	22,179,951
Total assets.....	29,664,825	30,151,749
Deferred outflows of resources.....	417,783	343,773
Liabilities:		
Current liabilities (excluding debt).....	398,196	572,307
Noncurrent liabilities (excluding debt).....	3,919,007	3,343,253
Current debt.....	1,217,490	872,073
Noncurrent debt.....	9,014,045	8,981,535
Total liabilities.....	14,548,738	13,769,168
Deferred inflows of resources.....	578,276	1,131,083
Net position:		
Net investment in capital assets.....	15,016,400	15,028,932
Unrestricted.....	(60,806)	566,339
Total net position.....	\$ 14,955,594	\$ 15,595,271

The Water Enterprise Fund’s net position totaled \$6.1 million at year end and was essentially unchanged from the prior year. The increase is attributable to the Town’s ability to establish user rates that recover costs of services provided. Revenues in this fund consist primarily of charges for service and approximately 62% of the operating expenses consist of assessments paid to the Massachusetts Water Resource Authority.

The Sewer Enterprise Fund’s net position totaled \$8.4 million at year end which is a decrease of \$662,000 from the prior year. Revenues in this fund consist primarily of charges for services and were in line with the prior year. Approximately 27% of the operating expenses consist of an assessment paid to the City of Lynn for sewage disposal purposes. Depreciation expense and expenses associated with the net pension and net other postemployment benefit liabilities were the significant drivers of increased fund expenditures.

The Public Cable Access Fund's net position totaled \$429,000 at year end. Revenues in this fund consist primarily of user fees that are assessed via cable bills that are collected by the Town's licensed cable service provider. Revenues of \$209,000 exceeded expenditures by \$20,000 over the prior year. Fund expenses totaled \$192,000 and is comprised of salaries and wages, depreciation expense and costs of services expense.

The Town also established the Solid Waste Enterprise Fund during the year. Ending net position of the fund totaled \$20,600 at year end. The fund recognized \$1.5 million of expenses which mainly relied on a \$1.4 million subsidy from the general fund.

	2023	2022
Program Revenues:		
Charges for services.....	\$ 7,333,499	\$ 6,979,142
General Revenues:		
Unrestricted investment income.....	70,973	8,061
Total revenues.....	7,404,472	6,987,203
Expenses:		
Water.....	4,163,464	3,884,453
Sewer.....	3,536,073	3,087,533
Public Cable Access.....	192,323	167,550
Trash.....	1,502,289	-
Total expenses.....	9,394,149	7,139,536
Excess (Deficiency) before transfers.....	(1,989,677)	(152,333)
Transfers.....	1,350,000	-
Change in net position.....	(639,677)	(152,333)
Net position, beginning of year.....	15,595,271	15,747,604
Net position, end of year.....	\$ 14,955,594	\$ 15,595,271

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 the Town'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'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.

As of the end of the current year, governmental funds reported combined ending fund balances of \$46.5 million, a decrease of \$29 million 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 totaled \$13 million, while total fund balance was \$13.1 million. It may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 17.9% of total general fund expenditures, while total fund balance represents 18.1% of that same amount.

The General Fund ending fund balance decreased by \$773,000. This is due to the Town relying on the use of prior year ending fund balance to fund current year operations while generating higher than expected revenues. The Coronavirus Federal and State Relief fund accounts for grants and other formula driven aid, received from the Federal and State governments relating to the COVID-19 pandemic. The underlying grants are reimbursable based on when the related expenditures occur. The fund incurred \$921,000 in expenditures and recognized an offsetting amount of revenue. Fund balance, which was zero in the prior year, was unchanged at the end of the fiscal year.

The Capital Projects Fund is used to account for the financial activities associated with major capital projects that have been authorized by Town Meeting and approved by the voters to be funded by the proceeds of bond sales and other available funding. The capital projects fund had a net decrease of \$28.5 million during 2023, which is the result of having incurred expenditures of \$42.1 million primarily spent on general government land acquisition, education projects and various beach and seawall public works projects. Offsetting these expenditures is \$13.5 million of grant reimbursements from the Massachusetts School Building Authority.

Having only increased \$394,000, the nonmajor governmental funds was essentially unchanged from the prior year. This is primarily due to timing differences between the receipt and expenditure of state and federal grant funds and other special revenue funds.

General Fund Budgetary Highlights

When establishing the original budget, the Town budgeted revenues and transfers in totaling \$69.6 million. This revenue budget decreased to \$1.4 million in the final budget as the Town voted to use \$1.3 million in free cash to reduce the tax rate. Actual revenues, in total, exceeded budget estimates by \$1.5 million. This was due to conservative budgeting and higher than anticipated investment income which exceeded budgeted amounts by \$1.4 million. Actual collections of real estate and property taxes were roughly 99% of the budgeted revenue which is consistent with historical collection rates. The Town also realized tax lien collections of \$48,000 that were unbudgeted.

Budgeted expenditures and encumbrances were \$715,000 under budget as a result of lower than expected costs in a variety of budget categories however some of items of note causing this include:

- Public works expenditures were less than budgeted amounts by \$105,000. This is due to contracted maintenance costs being less than anticipated.
- Employee benefit expenditures were less than budgeted amounts by \$71,000. This is due to workers compensation and group health insurance claims being less than anticipated.
- The Town appropriated \$150,000 for reserve fund purposes; however, the need to utilize this account did not arise during the year.

The original and final budget were essentially the same, having only increased \$118,000. On the budgetary basis, the General Fund experienced a decrease in fund balance due to a planned use of free cash to reduce the tax rate and to fund prior year encumbrances being offset by revenues exceeding budget and actual expenditures and encumbrances totaling less than budget.

Capital Asset and Debt Administration

Capital assets. Capital additions of the governmental activities totaled \$43.3 million. The Town also recognized depreciation expense of \$3.1 million. The major capital asset additions of the governmental activities consisted of

land acquisition costs totaling \$8.6 million and \$32.5 million of school building and other general building costs that are classified as construction in process.

Capital additions of the business-type activities totaled \$572,000 which primarily represents capitalized infrastructure costs inclusive of costs considered in process. The Town also recognized depreciation expense, associated with the business-type activities, in the amount of \$968,000.

Debt administration. At June 30, 2023, the Town had total governmental bonded debt of \$82.7 million. This is a decrease over the prior year as the Town's financial statements did not recognize issuances of long term debt and recognized principal payments of governmental long-term debt in the amount of \$4.1 million.

The water enterprise fund has \$3.2 million in long-term debt that is supported by the water user rates. The sewer enterprise fund has \$6.8 million in long-term debt that is supported by the sewer user rates.

Please refer to notes 5, 6 and 7 of the basic financial statements for further discussion of the Town's major capital and debt activity.

Requests for Information

This financial report is designed to provide a general overview of the Town of Swampscott'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, 22 Monument Avenue, Swampscott, Massachusetts 01907.

Basic Financial Statements

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STATEMENT OF NET POSITION

JUNE 30, 2023

	<i>Primary Government</i>		
	Governmental Activities	Business-type Activities	Total
ASSETS			
CURRENT:			
Cash and cash equivalents.....	\$ 54,145,307	\$ 4,481,797	\$ 58,627,104
Investments.....	7,543,623	-	7,543,623
Receivables, net of allowance for uncollectibles:			
Real estate and personal property taxes.....	824,054	-	824,054
Tax and utility liens.....	1,183,881	150,106	1,333,987
Motor vehicle and other excise taxes.....	219,266	-	219,266
User charges.....	-	1,860,122	1,860,122
Departmental and other.....	312,769	-	312,769
Intergovernmental.....	10,971,643	-	10,971,643
Total current assets.....	<u>75,200,543</u>	<u>6,492,025</u>	<u>81,692,568</u>
NONCURRENT:			
Capital assets, nondepreciable.....	51,713,751	1,389,504	53,103,255
Capital assets, net of accumulated depreciation.....	<u>61,983,547</u>	<u>21,783,296</u>	<u>83,766,843</u>
Total noncurrent assets.....	<u>113,697,298</u>	<u>23,172,800</u>	<u>136,870,098</u>
TOTAL ASSETS.....	<u>188,897,841</u>	<u>29,664,825</u>	<u>218,562,666</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions.....	6,224,389	336,972	6,561,361
Deferred outflows related to other postemployment benefits.....	<u>4,007,469</u>	<u>80,811</u>	<u>4,088,280</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES.....	<u>10,231,858</u>	<u>417,783</u>	<u>10,649,641</u>
LIABILITIES			
CURRENT:			
Warrants payable.....	8,986,508	248,424	9,234,932
Accrued payroll.....	261,449	15,891	277,340
Accrued interest.....	2,348,850	133,806	2,482,656
Other liabilities.....	296,834	75	296,909
Fees collected in advance.....	3,297,750	-	3,297,750
Compensated absences.....	103,632	-	103,632
Notes payable.....	13,064,184	250,000	13,314,184
Bonds payable.....	<u>4,086,901</u>	<u>967,490</u>	<u>5,054,391</u>
Total current liabilities.....	<u>32,446,108</u>	<u>1,615,686</u>	<u>34,061,794</u>
NONCURRENT:			
Compensated absences.....	932,691	-	932,691
Net pension liability.....	37,010,866	2,003,670	39,014,536
Net other postemployment benefits liability.....	94,980,465	1,915,337	96,895,802
Bonds payable.....	<u>78,652,253</u>	<u>9,014,045</u>	<u>87,666,298</u>
Total noncurrent liabilities.....	<u>211,576,275</u>	<u>12,933,052</u>	<u>224,509,327</u>
TOTAL LIABILITIES.....	<u>244,022,383</u>	<u>14,548,738</u>	<u>258,571,121</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions.....	10,489	568	11,057
Deferred inflows related to other postemployment benefits.....	<u>28,648,650</u>	<u>577,708</u>	<u>29,226,358</u>
TOTAL DEFERRED INFLOWS OF RESOURCES.....	<u>28,659,139</u>	<u>578,276</u>	<u>29,237,415</u>
NET POSITION			
Net investment in capital assets.....	49,147,418	15,016,400	64,163,818
Restricted for:			
Permanent funds:			
Expendable.....	204,019	-	204,019
Nonexpendable.....	574,221	-	574,221
Gifts and grants.....	1,565,475	-	1,565,475
Unrestricted for:	<u>(125,042,956)</u>	<u>(60,806)</u>	<u>(125,103,762)</u>
TOTAL NET POSITION.....	<u>\$ (73,551,823)</u>	<u>\$ 14,955,594</u>	<u>\$ (58,596,229)</u>

See notes to basic financial statements.

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2023

<u>Functions/Programs</u>	Program Revenues				<u>Net (Expense) Revenue</u>
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Primary Government:					
<i>Governmental Activities:</i>					
General government.....	\$ 5,388,679	\$ 773,897	\$ 1,263,273	\$ -	\$ (3,351,509)
Public safety.....	13,048,647	1,478,426	55,739	-	(11,514,482)
Education.....	51,660,798	2,669,498	15,699,981	13,533,897	(19,757,422)
Public works.....	2,575,834	306,941	137,612	400,000	(1,731,281)
Health and human services.....	883,728	76,625	116,160	-	(690,943)
Culture and recreation.....	1,762,287	561,084	65,283	-	(1,135,920)
Interest.....	2,488,549	-	-	-	(2,488,549)
Total Governmental Activities.....	<u>77,808,522</u>	<u>5,866,471</u>	<u>17,338,048</u>	<u>13,933,897</u>	<u>(40,670,106)</u>
<i>Business-Type Activities:</i>					
Water.....	4,163,464	4,118,368	-	-	(45,096)
Sewer.....	3,536,073	2,833,043	-	-	(703,030)
Solid waste.....	1,502,289	173,284	-	-	(1,329,005)
Public Cable Access.....	192,323	208,804	-	-	16,481
Total Business-Type Activities.....	<u>9,394,149</u>	<u>7,333,499</u>	<u>-</u>	<u>-</u>	<u>(2,060,650)</u>
Total Primary Government.....	<u>\$ 87,202,671</u>	<u>\$ 13,199,970</u>	<u>\$ 17,338,048</u>	<u>\$ 13,933,897</u>	<u>\$ (42,730,756)</u>

(Continued)

See notes to basic financial statements.

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2023

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Changes in net position:			
Net (expense) revenue from previous page..... \$	(40,670,106)	(2,060,650)	(42,730,756)
<i>General revenues:</i>			
Real estate and personal property taxes, net of tax refunds payable.....	53,118,928	-	53,118,928
Motor vehicle and other excise taxes.....	2,546,067	-	2,546,067
Hotel/motel tax.....	61,600	-	61,600
Meals tax.....	367,666	-	367,666
Penalties and interest on taxes.....	223,111	-	223,111
Grants and contributions not restricted to specific programs.....	1,524,545	-	1,524,545
Unrestricted investment income.....	2,868,750	70,973	2,939,723
<i>Transfers, net</i>	<u>(1,350,000)</u>	<u>1,350,000</u>	<u>-</u>
Total general revenues and transfers.....	<u>59,360,667</u>	<u>1,420,973</u>	<u>60,781,640</u>
Change in net position.....	18,690,561	(639,677)	18,050,884
<i>Net position:</i>			
Beginning of year.....	<u>(92,242,384)</u>	<u>15,595,271</u>	<u>(76,647,113)</u>
End of year..... \$	<u><u>(73,551,823)</u></u>	<u><u>14,955,594</u></u>	<u><u>(58,596,229)</u></u>

(Concluded)

See notes to basic financial statements.

**GOVERNMENTAL FUNDS
BALANCE SHEET**

JUNE 30, 2023

	General	Coronavirus Federal and State Relief	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents.....	\$ 6,236,858	\$ 3,154,742	\$ 39,216,858	\$ 5,536,849	\$ 54,145,307
Investments.....	7,543,623	-	-	-	7,543,623
Receivables, net of uncollectibles:					
Real estate and personal property taxes.....	824,054	-	-	-	824,054
Tax liens.....	1,183,881	-	-	-	1,183,881
Motor vehicle and other excise taxes.....	219,266	-	-	-	219,266
Departmental and other.....	107,201	-	-	205,568	312,769
Intergovernmental - other.....	-	-	10,379,817	591,826	10,971,643
Due from other funds.....	148,230	-	-	-	148,230
TOTAL ASSETS.....	\$ 16,263,113	\$ 3,154,742	\$ 49,596,675	\$ 6,334,243	\$ 75,348,773
LIABILITIES					
Warrants payable.....	\$ 453,532	\$ -	\$ 7,963,400	\$ 569,576	\$ 8,986,508
Accrued payroll.....	215,735	-	-	45,714	261,449
Due to other funds.....	-	-	-	148,230	148,230
Other liabilities.....	296,834	-	-	-	296,834
Unearned revenue.....	-	3,154,742	-	143,008	3,297,750
Notes payable.....	-	-	13,064,184	-	13,064,184
TOTAL LIABILITIES.....	966,101	3,154,742	21,027,584	906,528	26,054,955
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue.....	2,180,417	-	-	591,537	2,771,954
FUND BALANCES					
Nonspendable.....	-	-	-	574,221	574,221
Restricted.....	-	-	28,569,091	4,417,481	32,986,572
Assigned.....	115,918	-	-	-	115,918
Unassigned.....	13,000,677	-	-	(155,524)	12,845,153
TOTAL FUND BALANCES.....	13,116,595	-	28,569,091	4,836,178	46,521,864
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES.....	\$ 16,263,113	\$ 3,154,742	\$ 49,596,675	\$ 6,334,243	\$ 75,348,773

See notes to basic financial statements.

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

JUNE 30, 2023

Total governmental fund balances.....		\$ 46,521,864
Capital assets (net) used in governmental activities are not financial resources and, therefore, are not reported in the funds.....		113,697,298
Accounts receivable are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.....		2,771,954
The statement of net position includes certain deferred inflows of resources and deferred outflows of resources that will be amortized over future periods. In governmental funds, these amounts are not deferred.....		(18,427,281)
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.....		(2,348,850)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds:		
Bonds payable.....	(82,739,154)	
Net pension liability.....	(37,010,866)	
Net other postemployment benefits liability.....	(94,980,465)	
Compensated absences.....	<u>(1,036,323)</u>	
Net effect of reporting long-term liabilities.....		<u>(215,766,808)</u>
Net position of governmental activities.....		\$ <u><u>(73,551,823)</u></u>

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2023

	General	Coronavirus Federal and State Relief	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:					
Real estate and personal property taxes, net of tax refunds.....	\$ 52,819,910	\$ -	\$ -	\$ -	\$ 52,819,910
Tax liens.....	47,742	-	-	-	47,742
Motor vehicle and other excise taxes.....	2,577,952	-	-	-	2,577,952
Hotel/motel tax.....	61,600	-	-	-	61,600
Meals tax.....	367,666	-	-	-	367,666
Charges for services.....	-	-	-	717,241	717,241
Penalties and interest on taxes.....	223,111	-	-	-	223,111
Fees and rentals.....	283,681	-	-	-	283,681
Licenses and permits.....	961,970	-	-	-	961,970
Fines and forfeitures.....	152,635	-	-	-	152,635
Intergovernmental - state aid.....	6,502,244	-	-	-	6,502,244
Intergovernmental - Teachers Retirement.....	5,452,809	-	-	-	5,452,809
Intergovernmental - other.....	-	921,318	13,533,897	7,859,905	22,315,120
Departmental and other.....	730,589	-	-	1,308,190	2,038,779
Contributions and donations.....	-	-	-	38,315	38,315
Investment income.....	2,829,102	-	-	39,648	2,868,750
TOTAL REVENUES.....	73,011,011	921,318	13,533,897	9,963,299	97,429,525
EXPENDITURES:					
Current:					
General government.....	2,958,754	731,174	8,784,635	267,480	12,742,043
Public safety.....	8,457,911	-	407,468	590,242	9,455,621
Education.....	30,814,040	190,144	31,266,844	7,104,962	69,375,990
Public works.....	1,217,776	-	1,584,639	947,788	3,750,203
Health and human services.....	570,767	-	400	92,579	663,746
Culture and recreation.....	849,305	-	78,709	517,061	1,445,075
Pension benefits.....	5,617,186	-	-	-	5,617,186
Pension benefits - Teachers Retirement.....	5,452,809	-	-	-	5,452,809
Property and liability insurance.....	563,208	-	-	-	563,208
Employee benefits.....	7,288,329	-	-	-	7,288,329
State and county charges.....	1,762,062	-	-	-	1,762,062
Debt service:					
Principal.....	4,110,141	-	-	-	4,110,141
Interest.....	2,772,146	-	-	-	2,772,146
TOTAL EXPENDITURES.....	72,434,434	921,318	42,122,695	9,520,112	124,998,559
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	576,577	-	(28,588,798)	443,187	(27,569,034)
OTHER FINANCING SOURCES (USES):					
Transfers in.....	-	-	50,000	-	50,000
Transfers out.....	(1,350,000)	-	-	(50,000)	(1,400,000)
TOTAL OTHER FINANCING SOURCES (USES).....	(1,350,000)	-	50,000	(50,000)	(1,350,000)
NET CHANGE IN FUND BALANCES.....	(773,423)	-	(28,538,798)	393,187	(28,919,034)
FUND BALANCES AT BEGINNING OF YEAR.....	13,890,018	-	57,107,889	4,442,991	75,440,898
FUND BALANCES AT END OF YEAR.....	\$ 13,116,595	\$ -	\$ 28,569,091	\$ 4,836,178	\$ 46,521,864

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2023

Net change in fund balances - total governmental funds.....		\$ (28,919,034)
<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.....	43,258,321	
Depreciation expense.....	<u>(3,071,824)</u>	
Net effect of reporting capital assets.....		40,186,497
<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>		
		419,558
<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>		
Net amortization of premium from issuance of bonds.....	224,847	
Debt service principal payments.....	<u>4,110,141</u>	
Net effect of reporting long-term debt.....		4,334,988
<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.....	274,118	
Net change in accrued interest on long-term debt.....	58,750	
Net change in deferred outflow/(inflow) of resources related to pensions.....	12,172,950	
Net change in net pension liability.....	(11,532,764)	
Net change in deferred outflow/(inflow) of resources related to other postemployment benefits...	(931,568)	
Net change in net other postemployment benefits liability.....	<u>2,627,066</u>	
Net effect of recording long-term liabilities.....		<u>2,668,552</u>
Change in net position of governmental activities.....		\$ <u><u>18,690,561</u></u>

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF NET POSITION

JUNE 30, 2023

	Business-type Activities - Enterprise Funds				
	Water	Sewer	Public Cable Access	Solid Waste	Total
ASSETS					
CURRENT:					
Cash and cash equivalents.....	\$ 2,043,003	\$ 2,241,418	\$ 48,482	\$ 148,894	\$ 4,481,797
Receivables, net of allowance for uncollectibles:					
Liens - user charges.....	84,793	65,313	-	-	150,106
User charges.....	974,745	885,377	-	-	1,860,122
Total current assets.....	<u>3,102,541</u>	<u>3,192,108</u>	<u>48,482</u>	<u>148,894</u>	<u>6,492,025</u>
NONCURRENT:					
Capital assets, non depreciable.....	1,139,864	249,640	-	-	1,389,504
Capital assets, net of accumulated depreciation.....	<u>7,115,084</u>	<u>14,283,715</u>	<u>384,497</u>	<u>-</u>	<u>21,783,296</u>
Total noncurrent assets.....	<u>8,254,948</u>	<u>14,533,355</u>	<u>384,497</u>	<u>-</u>	<u>23,172,800</u>
TOTAL ASSETS.....	<u>11,357,489</u>	<u>17,725,463</u>	<u>432,979</u>	<u>148,894</u>	<u>29,664,825</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows related to pensions.....	166,823	170,149	-	-	336,972
Deferred outflows related to other postemployment benefits.....	<u>38,741</u>	<u>42,070</u>	<u>-</u>	<u>-</u>	<u>80,811</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES.....	<u>205,564</u>	<u>212,219</u>	<u>-</u>	<u>-</u>	<u>417,783</u>
LIABILITIES					
CURRENT:					
Warrants payable.....	58,779	59,717	1,661	128,267	248,424
Accrued payroll.....	6,571	6,724	2,596	-	15,891
Accrued interest.....	5,250	128,556	-	-	133,806
Other liabilities.....	75	-	-	-	75
Notes payable.....	-	250,000	-	-	250,000
Bonds payable.....	<u>615,000</u>	<u>352,490</u>	<u>-</u>	<u>-</u>	<u>967,490</u>
Total current liabilities.....	<u>685,675</u>	<u>797,487</u>	<u>4,257</u>	<u>128,267</u>	<u>1,615,686</u>
NONCURRENT:					
Net pension liability.....	991,945	1,011,725	-	-	2,003,670
Net other postemployment benefits liability.....	918,217	997,120	-	-	1,915,337
Bonds payable.....	<u>2,590,000</u>	<u>6,424,045</u>	<u>-</u>	<u>-</u>	<u>9,014,045</u>
Total noncurrent liabilities.....	<u>4,500,162</u>	<u>8,432,890</u>	<u>-</u>	<u>-</u>	<u>12,933,052</u>
TOTAL LIABILITIES.....	<u>5,185,837</u>	<u>9,230,377</u>	<u>4,257</u>	<u>128,267</u>	<u>14,548,738</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows related to pensions.....	281	287	-	-	568
Deferred inflows related to other postemployment benefits.....	<u>276,955</u>	<u>300,753</u>	<u>-</u>	<u>-</u>	<u>577,708</u>
TOTAL DEFERRED INFLOWS OF RESOURCES.....	<u>277,236</u>	<u>301,040</u>	<u>-</u>	<u>-</u>	<u>578,276</u>
NET POSITION					
Net investment in capital assets.....	6,011,401	8,620,502	384,497	-	15,016,400
Unrestricted.....	<u>88,579</u>	<u>(214,237)</u>	<u>44,225</u>	<u>20,627</u>	<u>(60,806)</u>
TOTAL NET POSITION.....	<u>\$ 6,099,980</u>	<u>\$ 8,406,265</u>	<u>\$ 428,722</u>	<u>\$ 20,627</u>	<u>\$ 14,955,594</u>

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2023

	Business-type Activities - Enterprise Funds				
	Water	Sewer	Public Cable Access	Solid Waste	Total
OPERATING REVENUES:					
Charges for services.....	\$ 4,075,331	\$ 2,802,958	\$ 208,804	173,284	\$ 7,260,377
Liens - charges for services.....	43,037	30,085	-	-	73,122
TOTAL OPERATING REVENUES	4,118,368	2,833,043	208,804	173,284	7,333,499
OPERATING EXPENSES:					
Cost of services and administration.....	999,194	1,351,452	80,095	1,502,289	3,933,030
Salaries and wages.....	373,917	378,563	79,131	-	831,611
MWRA assessment.....	2,558,238	-	-	-	2,558,238
City of Lynn Assessment.....	-	917,458	-	-	917,458
Depreciation.....	226,865	708,316	33,097	-	968,278
TOTAL OPERATING EXPENSES	4,158,214	3,355,789	192,323	1,502,289	9,208,615
OPERATING INCOME (LOSS)	(39,846)	(522,746)	16,481	(1,329,005)	(1,875,116)
NONOPERATING REVENUES (EXPENSES):					
Investment income.....	27,399	40,540	3,402	(368)	70,973
Interest expense.....	(5,250)	(180,284)	-	-	(185,534)
TOTAL NONOPERATING REVENUES (EXPENSES), NET	22,149	(139,744)	3,402	(368)	(114,561)
INCOME (LOSS) BEFORE TRANSFERS	(17,697)	(662,490)	19,883	(1,329,373)	(1,989,677)
TRANSFERS:					
Transfers in.....	-	-	-	1,350,000	1,350,000
CHANGE IN NET POSITION	(17,697)	(662,490)	19,883	20,627	(639,677)
NET POSITION AT BEGINNING OF YEAR	6,117,677	9,068,755	408,839	-	15,595,271
NET POSITION AT END OF YEAR	\$ 6,099,980	\$ 8,406,265	\$ 428,722	\$ 20,627	\$ 14,955,594

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2023

Business-type Activities - Enterprise Funds					
	Water	Sewer	Public Cable Access	Solid Waste	Total
CASH FLOWS FROM OPERATING ACTIVITIES:					
Receipts from customers and users.....	\$ 4,165,365	\$ 2,753,644	\$ 208,804	\$ 173,284	\$ 7,301,097
Payments to vendors.....	(3,538,190)	(2,268,788)	(78,818)	(1,374,022)	(7,259,818)
Payments to employees.....	(358,322)	(362,947)	(77,944)	-	(799,213)
NET CASH FROM OPERATING ACTIVITIES.....	268,853	121,909	52,042	(1,200,738)	(757,934)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Transfers in.....	-	-	-	1,350,000	1,350,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Proceeds from the issuance of bonds and notes.....	1,000,000	250,000	-	-	1,250,000
Acquisition and construction of capital assets.....	-	(771,663)	(199,561)	-	(971,224)
Principal payments on bonds and notes.....	(515,000)	(335,400)	-	-	(850,400)
Interest expense.....	(6,844)	(207,242)	-	-	(214,086)
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES.....	478,156	(1,064,305)	(199,561)	-	(785,710)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Investment income.....	27,399	40,540	3,402	(368)	70,973
NET CHANGE IN CASH AND CASH EQUIVALENTS.....	774,408	(901,856)	(144,117)	148,894	(122,671)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR.....	1,268,595	3,143,274	192,599	-	4,604,468
CASH AND CASH EQUIVALENTS AT END OF YEAR.....	\$ 2,043,003	\$ 2,241,418	\$ 48,482	\$ 148,894	\$ 4,481,797
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH					
FROM OPERATING ACTIVITIES:					
Operating income (loss).....	\$ (39,846)	\$ (522,746)	\$ 16,481	\$ (1,329,005)	\$ (1,875,116)
Adjustments to reconcile operating income to net cash from operating activities:					
Depreciation.....	226,865	708,316	33,097	-	968,278
Deferred (outflows)/inflows related to pensions.....	(326,254)	(332,757)	-	-	(659,011)
Deferred (outflows)/inflows related to other postemployment benefits.....	16,652	15,542	-	-	32,194
Changes in assets and liabilities:					
Liens - user charges.....	(12,909)	(13,762)	-	-	(26,671)
User charges.....	59,906	(65,637)	-	-	(5,731)
Warrants payable.....	57,479	45,138	1,277	128,267	232,161
Accrued payroll.....	(1,057)	74	1,187	-	204
Other liabilities.....	4	-	-	-	4
Net pension liability.....	309,095	315,259	-	-	624,354
Net other postemployment benefits.....	(21,082)	(27,518)	-	-	(48,600)
Total adjustments.....	308,699	644,655	35,561	128,267	1,117,182
NET CASH FROM OPERATING ACTIVITIES.....	\$ 268,853	\$ 121,909	\$ 52,042	\$ (1,200,738)	\$ (757,934)

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2023

	Pension and Other Employee Benefit Trust Funds (1)	Private Purpose Trust Fund
ASSETS		
Cash and cash equivalents.....	\$ 620,615	\$ 156,053
Investments:		
Investments in Pension Reserve Investment Trust.....	54,404,895	-
U.S. treasuries.....	414,306	-
Collective Investment Trust Fund.....	13,439,563	-
Real estate	10,151,351	-
Government sponsored enterprises.....	153,699	-
Corporate bonds.....	374,397	-
Equity securities.....	1,121,033	-
Equity mutual funds.....	488,535	-
Fixed income mutual funds.....	420,092	-
International equity mutual funds.....	363,907	-
Receivables, net of allowance for uncollectibles:		
Departmental and other.....	14,460	-
TOTAL ASSETS.....	81,966,853	156,053
LIABILITIES		
Warrants payable.....	44,725	-
NET POSITION		
Restricted for pensions.....	78,503,506	-
Restricted for other postemployment benefits.....	3,418,622	-
Held in trust for other purposes.....	-	156,053
TOTAL NET POSITION.....	81,922,128	156,053

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

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

YEAR ENDED JUNE 30, 2023

	Pension and Other Employee Benefit Trust Funds (1)	Private Purpose Trust Fund
ADDITIONS:		
Contributions:		
Employer contributions.....	\$ 5,997,725	\$ -
Employer contributions for other postemployment benefit payments.....	3,040,395	-
Member contributions.....	1,441,084	-
Transfers from other systems.....	553,410	-
3(8)c contributions from other systems.....	180,971	-
State COLA reimbursements.....	54,626	-
Private donations.....	-	12,060
Total contributions.....	11,268,211	12,060
Net investment income:		
Investment income.....	(8,436,122)	106
Less: investment expense.....	(476,415)	-
Net investment income (loss).....	(8,912,537)	106
TOTAL ADDITIONS.....	2,355,674	12,166
DEDUCTIONS:		
Administration.....	187,529	-
Retirement benefits - transfers to other systems.....	622,235	-
Retirement benefits - 3(8)c transfer to other systems.....	378,120	-
Retirement benefits and refunds.....	7,629,306	-
Other postemployment benefit payments.....	3,040,395	-
Educational scholarships.....	-	29,500
TOTAL DEDUCTIONS.....	11,857,585	29,500
NET INCREASE (DECREASE) IN NET POSITION.....	(9,501,911)	(17,334)
NET POSITION AT BEGINNING OF YEAR.....	91,424,039	173,387
NET POSITION AT END OF YEAR.....	\$ 81,922,128	\$ 156,053

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

See notes to basic financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The Town of Swampscott is a municipal corporation that is governed by an elected five member Select Board.

For financial reporting purposes, the Town has included all funds, organizations, agencies, boards, commissions and institutions. The Town has also considered all potential component units for which it is financially accountable as well as other organizations for which the nature and significance of their relationship with the Town are such that exclusion would cause the 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 Swampscott Contributory Retirement System (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 is governed by a five-member board comprised of the Town's Finance Director (ex-officio), two elected members and one member appointed by the Select Board and one member appointed by the Board members. The System is a legally separate entity, but the nature and significance of its relationship with the Town warrants inclusion in the basic financial statements. The System does not issue a separately audited financial statement but does issue a publicly available unaudited financial report in accordance with guidelines established by the Commonwealth of Massachusetts' Public Employee Retirement Administration Commission (PERAC). That report may be obtained by contacting the System at 22 Monument Ave, Swampscott, MA 01907.

Joint Ventures – The Town is a member of the Essex North Shore Agricultural and Technical School District that serves the members' students seeking an education in academic, technical and agricultural studies. The members' share in the operations of the Essex North Shore Agricultural and Technical School District and each member is responsible for its proportionate share of the operational and capital cost of the Essex North Shore Agricultural and Technical School District, which are paid in the form of assessments. The Town does not have an equity interest in the Essex North Shore Agricultural and Technical School District and the 2023 assessment was \$630,472. Complete financial information can be obtained by contacting them at 565 Maple Street, Danvers, MA 01923.

B. Government-Wide and Fund Financial Statements***Government-Wide Financial Statements***

The government-wide financial statements (i.e. statement of net position and the statement of changes in net position) 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 operation 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 are not identifiable as program revenues and 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 are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, and certain compensated absences, and claims and judgments are recognized when the obligations are expected to be liquidated with current expendable available resources.

Real estate and personal property taxes 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 available when the cash is received and are recognized as revenue at that time.

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

The following major governmental funds are reported:

The *General Fund* is the primary operating fund is used to account for all financial resources, except those required to be accounted for in another fund.

The *Coronavirus Federal and State Relief* fund is used to account for grants and other formula driven aid, received from the Federal and State governments relating to the COVID-19 pandemic.

The *Capital Projects Fund* is used to account for the financial activities associated with major capital projects that have been authorized by Town Meeting.

The nonmajor governmental funds consist of special revenue and permanent funds that are aggregated and presented in the *nonmajor governmental funds* column on the governmental funds financial statements. The following describe the general use of this fund type:

The *special revenue funds* are 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 *permanent funds* are used to account for and report resources that are restricted to the extent that only earnings, not principal, may be used to purposes that support the government's programs and benefit the government or its citizenry.

Proprietary funds are accounted for 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 enterprise funds are reported:

The *Water* fund is used to account for the Town's water activities.

The *Sewer* fund is used to account for the Town's sewer activities.

The *Solid Waste* fund is used to account for the Town's trash collection and disposal activities.

The *Public Cable Access* fund is used to account activities related to the Town's public access TV station.

Fiduciary funds 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 funds 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 accumulate resources to provide pension and OPEB 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 donor restrictions and trustee policies only allow the trustees to authorize spending of the realized investment earnings. The Town's educational scholarship activity is 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. The fair value of real estate investments is based upon independent appraisals. Investments that do not have an established market are reported at estimated fair values.

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 and Allowance for Uncollectible Accounts

Government-Wide and Fund Financial Statements

The recognition of revenue related to accounts receivable reported in the government-wide financial statements and the proprietary and fiduciary funds financial statements are reported under the accrual basis of accounting. The recognition of revenue related to accounts 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 and personal property taxes are based upon values assessed as of January 1 of every year. Assessed value are established by the Board of Assessor's for 100% of 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 to nine months after the close of the valuation year on delinquent properties and are recorded as receivables in the year they are processed. Real estate receivables that are secured via the tax lien process are considered more likely to be collected.

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

Motor Vehicle and Other Excise Taxes

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 uncollectible accounts is estimated based on historical trends and specific account analysis. Boat excise taxes are assessed annually for each boat registered and are recorded as receivables in the year of the levy. The Commonwealth is responsible for reporting the number of boats registered and the fair value of those boats. The tax calculation is the fair value of the boat multiplied by \$10 per \$1,000 of value.

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

Departmental and Other

Departmental and other receivables are recorded as receivables in the year the revenue is earned. The allowance for uncollectible accounts is estimated based on historical trends and specific account analysis.

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 uncollectible accounts.

Water and Sewer

Water and Sewer user fees are 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.

The allowance for uncollectible accounts has been estimated based on historical trends and is reflected as a reduction to the receivables in the asset section of the financial statements.

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 based financial statements and therefore are not reported.

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

Capital assets, which include land, construction in progress, land improvements, buildings and improvements, machinery and equipment, and infrastructure (e.g., roads, water mains, sewer mains, and similar items), are reported in the applicable governmental, business-type activity and fiduciary column of the government-wide and

fund based 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 and similar items, and capital assets received in a service concession arrangement are reported at acquisition value.

All purchases and construction costs in excess of \$25,000, and with the expected useful lives of greater than one year, are capitalized at the date of acquisition or construction. 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>
Land improvements.....	20 - 30
Buildings and improvements.....	7 - 50
Machinery and equipment.....	3 - 20
Infrastructure.....	20 - 60

I. Deferred Outflows/Inflows of Resources

Government-Wide Financial Statements (Net Position)

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

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

Governmental Fund Financial Statements

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

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. Unavailable revenue is recognized as revenue in the conversion to the government-wide (full accrual) financial statements.

J. Interfund Receivables and Payables

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

Government-Wide Financial Statements

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

Fund Financial Statements

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

K. Interfund Transfers

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

Government-Wide Financial Statements

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

Fund Financial Statements

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

L. Compensated Absences

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

Government-Wide and Proprietary Fund Financial Statements

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

Governmental Fund Financial Statements

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

M. Long-term Debt

Government-Wide and Proprietary Fund Financial Statements

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

Governmental Fund Financial Statements

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

N. Net Position and Fund Equity

Government-Wide Financial Statements (Net Position)

Net position are 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 reported as “net investment in capital assets” includes capital assets, net of accumulated depreciation, less the principal balance of outstanding debt used to acquire capital assets. Unspent proceeds of capital related debt are not considered to be capital assets. Outstanding debt related to landfill monitoring are not considered to be capital related debt.

Net position has been “restricted for” the following:

Permanent Funds - Expendable Trust Funds - represents the amount of realized and unrealized investment earnings of donor restricted trusts. The donor restrictions and trustee policies only allow the trustees to approve spending of the realized investment earnings to support governmental programs.

Permanent Funds - Nonexpendable Trust Funds - represents the endowment portion of donor restricted trusts that support governmental programs.

Gifts and Grants - represents grants and gifts restricted by 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 Balance)

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

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

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

“Assigned” fund balance includes amounts that are constrained by the Town’s intent to be used for specific purposes but are neither restricted nor committed. Town management is authorized by state law the ability to assign fund balance when there is an obligation to purchase goods or services from the current years’ appropriation. The Finance Director is responsible making the assignment. Assignments generally only exist temporarily. Additional action does not have to be taken for the removal of an assignment.

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

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.

O. Investment Income

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

P. Pensions

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

Q. Use of Estimates

Government-Wide and Fund Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the basic financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

R. Fund Deficits

At June 30, 2023, deficits existed in the Town Federal Grants Fund (\$135,363) and the School Federal Grants Fund (\$19,252) and the Town State Grants Fund (\$909). These deficits will be funded with grant receipts and other available funds.

S. Total Columns

Government-Wide Financial Statements

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

Fund Financial Statements

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

NOTE 2 – CASH AND INVESTMENTS

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

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

The Pool meets the criteria of an external investment pool. The Pool is administered by the Massachusetts Municipal Depository Trust (MMDT), which was established by the Treasurer of the Commonwealth who serves as Trustee. The fair value of the position in the Pool is the same as the value of the Pool shares. The Town participates in the MMDT cash portfolio. The cash portfolio had a weighted average maturity of 33 days.

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

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

Custodial Credit Risk – Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Town's policy limits requires that cash deposits are maintained in institutions that maintain a Veribanc green rating with no limit. At year-end, the carrying amount of deposits totaled \$2,774,389 and the bank

balance totaled \$3,718,508. Of the bank balance, \$714,996 was covered by Federal Depository Insurance, \$291,125 was covered by the Depository Insurance Fund and \$2,712,387 was exposed to custodial credit risk because it was uninsured and uncollateralized.

At December 31, 2022, the carrying amount of deposits for the System totaled \$206,241 and the bank balance of \$258,161 was fully covered by Federal Depository Insurance.

Investments

At June 20, 2023, the Town 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. treasury notes.....	\$ 2,356,951	\$ 177,706	\$ 1,597,232	\$ 582,013
Government sponsored enterprises.....	1,024,829	206,254	818,575	-
Corporate bonds.....	<u>1,621,377</u>	<u>268,447</u>	<u>1,037,117</u>	<u>315,813</u>
Total debt securities.....	5,003,157	<u>\$ 652,407</u>	<u>\$ 3,452,924</u>	<u>\$ 897,826</u>
<u>Other investments:</u>				
Equity securities.....	3,442,227			
Equity mutual funds.....	1,650,209			
Fixed income.....	420,092			
International securities.....	363,907			
Money market mutual funds.....	202,251			
MMDT - Cash portfolio.....	<u>55,889,170</u>			
Total investments.....	<u>\$ 66,971,013</u>			

At December 31, 2022, the System had the following investments:

<u>Other investments:</u>	
Collective investment trust fund.....	\$ 13,439,563
Real estate investment trust.....	10,151,351
Money market mutual funds.....	331,721
Pension Reserve Investment Trust (PRIT).....	<u>54,404,895</u>
Total investments.....	<u>\$ 78,327,530</u>

Custodial Credit Risk – Investments

For investments, custodial credit risk is the risk that, in the event of a failure by the counterparty, the government will not be able to recover the value of its investments or collateral security that are in the possession of an outside party. The primary objective of the Town's investment policy for custodial credit risk is to minimize the risk to investment principal through the careful selection of investment custodians. Of the Town's investments, \$2,356,951 in U.S. Treasury Notes, \$1,024,829 in Government Sponsored Enterprises, \$1,621,377 in Corporate Bonds, and \$3,442,227 in Equity Securities are exposed to custodial credit risk because the related securities are uninsured, unregistered, and held by the counterparty. The Town's investment in MMDT and money market mutual funds which totaled \$56,091,421 is not subject to custodial credit risk because they are not evidenced by securities that exist in physical or book entry form.

At December 31, 2022, the System's investments were not subject to custodial credit risk exposure because the investments are not evidenced by securities that exist in physical or book-entry form.

The System has not adopted a formal policy related to custodial credit risk.

Interest Rate Risk

The Town has a formal investment policy limiting investment maturities up to one year as a means of managing its exposure to fair value losses arising from increasing interest rates. The System does not have a formal investment policy related to interest rate risk.

The System does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

The Town has not adopted a formal policy related to Credit Risk. The Town’s investments in MMDT and PRIT are unrated. The System has not adopted a formal policy related to Credit Risk. The Town’s investments were rated as follows:

<u>Quality Rating</u>	<u>Government Sponsored Enterprises</u>	<u>Corporate Bonds</u>
AAA.....	\$ 33,039	\$ 46,925
AA+.....	991,790	-
AA-.....	-	200,119
A+.....	-	48,017
A.....	-	47,298
A-.....	-	285,367
BBB+.....	-	396,681
Total.....	<u>\$ 1,024,829</u>	<u>\$ 1,024,407</u>

The System’s investments are unrated.

Concentration of Credit Risk

The Town restricts investments to no more than 5% in any one issue. The Town did not have more than 5% of its investments in any one individual security.

Interest Rate Risk

The Town and System do not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Fair Value of Investments

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

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

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

Investment Type	June 30, 2023	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments measured at fair value:				
<u>Debt securities:</u>				
U.S. treasury notes.....	\$ 2,356,951	\$ 2,356,951	\$ -	\$ -
Government sponsored enterprises.....	1,024,829	1,024,829	-	-
Corporate bonds.....	1,621,377	-	1,621,377	-
Total debt securities.....	5,003,157	3,381,780	1,621,377	-
<u>Other investments:</u>				
Equity securities.....	3,442,227	3,442,227	-	-
Equity mutual funds.....	1,650,209	1,650,209	-	-
Fixed income.....	420,092	420,092	-	-
International securities.....	363,907	363,907	-	-
Money market mutual funds.....	202,251	202,251	-	-
Total other investments.....	6,078,686	6,078,686	-	-
Total investments measured at fair value.....	11,081,843	\$ 9,460,466	\$ 1,621,377	\$ -
Investments measured at amortized cost:				
MMDT - Cash portfolio.....	55,889,170			
Total investments.....	\$ 66,971,013			

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

MMDT investments are valued at amortized cost. Under the amortized cost method, an investment is valued initially at its cost and adjusted for the amount of interest income accrued each day over the term of the

investment to account for any difference between the initial cost and the amount payable at its maturity. If amortized cost is determined not to approximate fair value, the value of the portfolio securities will be determined under procedures established by the Advisor.

Retirement System

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

The System’s investments as of December 31, 2022 are valued using the net asset value (NAV) method per share or its equivalent is presented in the following table:

Investment Type	December 31, 2022	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Collective investment trust fund.....	\$ 13,439,563	\$ 13,439,563	\$ -	\$ -
Real estate investment trust.....	10,151,351	10,151,351	-	-
Money market mutual funds.....	331,721	331,721	-	-
Pension Reserve Investment Trust (PRIT).....	54,404,895	54,404,895	-	-
Total investments measured at net asset value....	\$ 78,327,530	\$ 78,327,530	\$ -	\$ -

- (1) Pension Reserves Investment Trust – 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 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. PRIT investments are valued using the net asset value method.
- (2) Collective investment trust fund – This type of investment includes a fund with an investment objective to seek capital appreciation by investing a substantial portion of the fund’s assets in equity securities of companies that demonstrate promising growth potential. The values of the investments in this type has been determined using the NAV of the System’s ownership interest in the net assets of the fund.
- (3) Real Estate – This type includes an investment in a partnership that invests primarily in commercial real estate located in the United States. The value of the investment has been determined using the NAV of the System’s ownership interest in partners’ capital. The principal investment is to be only redeemable at the termination of the partnership agreement. Distributions from this partnership will be received as the underlying investments are liquidated. It is expected that the underlying assets will be liquidated over the next 1 to 3 years.

NOTE 3 – RECEIVABLES

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

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
Real estate and personal property taxes.....	\$ 896,307	\$ (72,253)	\$ 824,054
Tax liens.....	1,183,881	-	1,183,881
Motor vehicle and other excise taxes.....	399,109	(179,843)	219,266
Departmental and other.....	312,769	-	312,769
Intergovernmental - other.....	10,971,643	-	10,971,643
Total.....	<u>\$ 13,763,709</u>	<u>\$ (252,096)</u>	<u>\$ 13,511,613</u>

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

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
Water liens - user charges.....	\$ 84,793	\$ -	\$ 84,793
Water user charges.....	974,745	-	974,745
Sewer liens - user charges.....	65,313	-	65,313
Sewer user charges.....	885,377	-	885,377
Total.....	<u>\$ 2,010,228</u>	<u>\$ -</u>	<u>\$ 2,010,228</u>

Unavailable Revenue

Property taxes and other receivables in Governmental Funds that are measurable but not available have been classified as deferred inflows of resources on June 30, 2023, as follows:

	General Fund	Other Governmental Funds	Total
<u>Receivables:</u>			
Real estate and personal property taxes.....	\$ 711,292	\$ -	\$ 711,292
Tax liens.....	1,183,881	-	1,183,881
Motor vehicle and other excise taxes.....	219,266	-	219,266
Departmental and other.....	65,978	205,568	271,546
Intergovernmental - highway improvements.....	-	385,969	385,969
Total.....	<u>\$ 2,180,417</u>	<u>\$ 591,537</u>	<u>\$ 2,771,954</u>

NOTE 4 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund Receivables and Payables

Receivable Fund	Payable Fund	Amount
General fund	Town federal grants fund.....	\$ 134,497
General fund	School federal grants fund.....	13,733
Total Governmental Activities.....		<u>\$ 148,230</u>

The repayment of the advances will occur in 2024 with the receipt of federal grant funds.

Interfund Transfers

Funds are transferred from one fund to support expenditures of other funds in accordance with the authority established for the individual fund per the Annual Town Meeting. Transfers within fund types have been eliminated. An interfund transfer of \$1,350,000 between the General Fund and the Solid Waste Enterprise Fund existed at June 30, 2023. This transfer occurred as of result of Town Meeting voting to appropriate an operating subsidy to the enterprise fund. An interfund transfer of \$50,000 between the Cemetery Perpetual Care Fund and the Capital Projects Fund also existed at June 30, 2023. This transfer occurred as a result of Town Meeting voted to appropriate funds for a pavement improvement capital project.

NOTE 5 – CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 4,420,080	\$ 8,636,617	\$ -	\$ 13,056,697
Construction in progress.....	6,184,880	32,472,174	-	38,657,054
Total capital assets not being depreciated....	<u>10,604,960</u>	<u>41,108,791</u>	<u>-</u>	<u>51,713,751</u>
<u>Capital assets being depreciated:</u>				
Land improvements.....	5,164,744	-	-	5,164,744
Buildings and improvements.....	80,919,889	556,453	-	81,476,342
Machinery and equipment.....	7,495,956	684,035	-	8,179,991
Infrastructure.....	14,237,557	909,042	-	15,146,599
Total capital assets being depreciated.....	<u>107,818,146</u>	<u>2,149,530</u>	<u>-</u>	<u>109,967,676</u>
<u>Less accumulated depreciation for:</u>				
Land improvements.....	(2,225,758)	(152,278)	-	(2,378,036)
Buildings and improvements.....	(33,346,564)	(1,989,373)	-	(35,335,937)
Machinery and equipment.....	(5,896,543)	(572,730)	-	(6,469,273)
Infrastructure.....	(3,443,440)	(357,443)	-	(3,800,883)
Total accumulated depreciation.....	<u>(44,912,305)</u>	<u>(3,071,824)</u>	<u>-</u>	<u>(47,984,129)</u>
Total capital assets being depreciated, net.....	<u>62,905,841</u>	<u>(922,294)</u>	<u>-</u>	<u>61,983,547</u>
Total governmental activities capital assets, net.....	<u>\$ 73,510,801</u>	<u>\$ 40,186,497</u>	<u>\$ -</u>	<u>\$ 113,697,298</u>

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

	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities:				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 252,182	\$ -	\$ -	\$ 252,182
Construction in progress.....	1,137,322	-	-	1,137,322
Total capital assets not being depreciated....	<u>1,389,504</u>	<u>-</u>	<u>-</u>	<u>1,389,504</u>
<u>Capital assets being depreciated:</u>				
Buildings and improvements.....	3,256,170	-	-	3,256,170
Machinery and equipment.....	2,327,400	199,561	-	2,526,961
Infrastructure.....	38,721,923	372,062	-	39,093,985
Total capital assets being depreciated.....	<u>44,305,493</u>	<u>571,623</u>	<u>-</u>	<u>44,877,116</u>
<u>Less accumulated depreciation for:</u>				
Buildings and improvements.....	(2,374,515)	(18,379)	-	(2,392,894)
Machinery and equipment.....	(2,087,413)	(38,801)	-	(2,126,214)
Infrastructure.....	(17,663,614)	(911,098)	-	(18,574,712)
Total accumulated depreciation.....	<u>(22,125,542)</u>	<u>(968,278)</u>	<u>-</u>	<u>(23,093,820)</u>
Total capital assets being depreciated, net.....	<u>22,179,951</u>	<u>(396,655)</u>	<u>-</u>	<u>21,783,296</u>
Total business-type activities capital assets, net....	<u>\$ 23,569,455</u>	<u>\$ (396,655)</u>	<u>\$ -</u>	<u>\$ 23,172,800</u>

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

Governmental Activities:	
General government.....	\$ 159,087
Public safety.....	446,884
Education.....	1,627,735
Public works.....	647,231
Health and human services.....	4,389
Culture and recreation.....	<u>186,498</u>
Total depreciation expense - governmental activities.....	<u>\$ 3,071,824</u>
Business-Type Activities:	
Water.....	\$ 226,865
Sewer.....	708,316
Public Cable Access.....	<u>33,097</u>
Total depreciation expense - business-type activities.....	<u>\$ 968,278</u>

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 anticipation notes (RANS) or tax anticipation notes (TAN).
- Capital project costs and other approved expenditures incurred prior to obtaining permanent financing through issuance of bond anticipation notes (BAN), or grant anticipation notes (GAN).

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 fiscal year is as follows:

Type	Purpose	Rate (%)	Due Date	Balance at June 30, 2022	Renewed/ Issued	Retired/ Redeemed	Balance at June 30, 2023
Governmental Funds:							
BAN	Municipal Purpose.....	2.00%	03/09/23	\$ 2,776,054	\$ -	\$ (2,776,054)	\$ -
BAN	General Obligation	4.00%	10/26/23	-	1,625,000	-	1,625,000
BAN	General Obligation	5.25%	10/26/23	-	7,000,000	-	7,000,000
BAN	General Obligation	4.25%	3/7/24	-	4,439,184	-	4,439,184
Total Governmental Funds.....				<u>\$ 2,776,054</u>	<u>\$ 13,064,184</u>	<u>\$ (2,776,054)</u>	<u>\$ 13,064,184</u>
Sewer Enterprise Fund:							
BAN	General Obligation.....	4.00%	10/26/23	\$ -	\$ 250,000	\$ -	\$ 250,000
Total.....				<u>\$ 2,776,054</u>	<u>\$ 13,314,184</u>	<u>\$ (2,776,054)</u>	<u>\$ 13,314,184</u>

NOTE 7 – LONG-TERM DEBT

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

Details related to the outstanding indebtedness at June 30, 2023 of the governmental activities and the debt service requirements are presented on the following pages.

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2023
General Obligations:				
Municipal Purpose Bonds of 2013.....	8/15/2032	2,966,000	2% - 2.5%	\$ 1,000,000
Municipal Purpose Bonds of 2014.....	1/15/2024	1,348,778	2% - 4%	145,000
Municipal Purpose Bonds of 2016.....	6/16/2031	2,225,000	2% - 4%	869,909
Municipal Purpose Bonds of 2018.....	1/15/2038	2,781,577	3% - 3.5%	1,649,331
General Obligation Refunding.....	4/15/2025	3,390,000	2% - 3%	520,000
Police Station.....	9/15/2028	3,350,000	2% - 4.25%	875,000
School Construction.....	11/1/2029	7,047,346	3% - 4.5%	2,466,576
General Obligation Refunding Series A.....	1/15/2035	6,950,000	2.5% - 4%	4,125,000
General Obligation Refunding Series B.....	5/15/2026	5,915,000	3% - 4.5%	3,440,000
Turf Field Project.....	1/15/2033	800,000	2.75%	516,666
Municipal Purpose Bonds of 2020.....	2/15/2049	3,053,000	3% - 5%	1,906,767
Municipal Purpose Bonds of 2022.....	6/30/2052	63,860,001	3% - 5%	62,345,001
Total Bonds Payable.....				79,859,250
Add: Unamortized premium on bonds.....				2,879,904
Total Bonds Payable, net.....				\$ <u>82,739,154</u>

Governmental activities debt service requirements for principal and interest for future years are as follows:

Year	Principal	Interest	Total
2024.....	\$ 3,869,738	\$ 2,669,662	\$ 6,539,400
2025.....	3,555,988	2,518,276	6,074,264
2026.....	3,172,986	2,379,821	5,552,807
2027.....	3,073,473	2,255,073	5,328,546
2028.....	3,061,930	2,139,002	5,200,932
2029-2033.....	14,291,305	8,836,989	23,128,294
2034-2038.....	11,914,194	6,505,621	18,419,815
2039-2043.....	11,634,087	4,847,259	16,481,346
2044-2048.....	13,426,291	3,006,147	16,432,438
2049-2052.....	11,859,258	891,257	12,750,515
Total.....	\$ <u>79,859,250</u>	\$ <u>36,049,107</u>	\$ <u>115,908,357</u>

Details related to the outstanding indebtedness at June 30, 2023 and the debt service requirements of the business-type activities are as follows:

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2023
From direct borrowings and placements:				
MWCT Loan Pool 07-22 (Sewer).....	7/15/2028	\$ 342,310	2%	\$ 117,005
MWRA (Water).....	5/15/2033	6,050,000	0%	3,100,000
Total from direct borrowings and placements.....				3,217,005
General Obligations:				
Municipal Purpose Bonds of 2016 (Sewer).....	6/23/2031	969,430	2% - 4%	555,091
Municipal Purpose Bonds of 2018 (Sewer).....	1/15/2037	1,963,493	3%	1,438,997
Municipal Purpose Bonds of 2020 (Sewer).....	2/15/2049	2,177,000	2% - 5%	1,953,230
Municipal Purpose Bonds of 2022 (Sewer).....	6/30/2051	2,490,000	3% - 5%	2,435,000
Municipal Purpose Bonds of 2022 (Water).....	6/30/2026	140,000	3% - 5%	105,000
Total from general obligations.....				6,487,318
Add: Unamortized premium on bonds.....				277,212
Total Bonds Payable, net.....				\$ 9,981,535

Business-type activities debt service requirements for principal and interest for future years are as follows:

Year	General Obligations			Direct Borrowings and Placements			Total
	Principal	Interest	Sub-Total	Principal	Interest	Sub-Total	
2024.....	\$ 347,628	\$ 196,843	\$ 544,471	\$ 598,539	\$ 2,155	\$ 600,694	\$ 1,145,165
2025.....	346,380	180,177	526,557	438,913	1,781	440,694	967,251
2026.....	349,382	164,963	514,345	439,296	1,399	440,695	955,040
2027.....	318,883	151,927	470,810	439,685	1,009	440,694	911,504
2028.....	310,437	142,433	452,870	340,083	611	340,694	793,564
2029-2033.....	1,423,437	571,309	1,994,746	960,489	205	960,694	2,955,440
2034-2038.....	1,225,807	387,254	1,613,061	-	-	-	1,613,061
2039-2043.....	850,912	245,544	1,096,456	-	-	-	1,096,456
2043-2048.....	883,710	132,978	1,016,688	-	-	-	1,016,688
2049-2051.....	430,742	23,448	454,190	-	-	-	454,190
Total.....	\$ 6,487,318	\$ 2,196,876	\$ 8,684,194	\$ 3,217,005	\$ 7,160	\$ 3,224,165	\$ 11,908,359

The Town is a member of the Massachusetts Water Resources Authority (MWRA) which offers its members interest free loans for various purposes. The Town has \$3.1 million in loans outstanding at year end. The imputed interest on this loan is immaterial and has not been recognized by the Town.

Authorized and Unissued Debt

Authorized and unissued long-term debt, at June 30, 2023, is as follows:

<u>Purpose</u>	<u>Amount</u>
Equipment (Dump Truck, Sander).....	\$ 247,000
Level/Grade Field at Philips Park.....	150,000
Paving (Non-Chapter 90).....	765,000
Pedestrian Safety Traffic Improvements.....	1,200,000
Seawall Repairs.....	250,000
Clarke Renovation.....	200,000
DPW Yard Improvements & Site Study.....	100,000
Library Entries.....	100,000
Police Station Controls Upgrades.....	50,000
School Network Upgrades.....	70,000
School Phone Improvements.....	100,000
Senior Center Improvements.....	50,000
Town Hall Exterior Restoration.....	300,000
Remove Town Fire Alarm Equipment.....	36,000
High School Upgrades.....	563,935
Cruiser & Cruiser Radio and Laptop Replacement.....	282,513
Firearms Upgrades.....	20,500
Digitization of Departmental Records.....	70,000
Lynn Dispatch.....	50,000
Vinnin Square Planning.....	100,000
Abbott Playground Improvements.....	108,885
Repairs to Town Hall Garage.....	100,000
Recreation Sailboats & Paddleboards.....	17,595
New Elementary School Construction.....	2,909,983
Cleaning Machines.....	3,540
District Network Upgrades.....	36,444
Green Communities Projects.....	150,000
Library Envelope.....	150,000
Middle School Building Projects.....	1,323,387
Police Station Flooring System.....	16,880
Senior Center Commercial Kitchen Upgrade.....	100,000
Town Hall Exterior Restoration.....	30,000
Building Camera Systems Upgrades.....	50,000
Decommission Municipal Wire Alarm System & Replace with Modern Equipment.....	86,526
Fire Station Sprinkler System.....	100,000
Pick-Up Truck.....	45,000
Taser Replacement.....	24,000
Replace Sailboats.....	26,000
Sewer Rehab ABSB.....	248,000
Calgon Station Demolition.....	185,000
METCO Room Improvements.....	5,401
VFW Telehealth/Facility Improvements.....	25,000
New Elementary School Construction.....	34,307,446
Leaf Vacuum - Public Works.....	30,000
Sprinkle System Upgrades - High School.....	35,000
Roof Hatch Upgrades - Police.....	15,000
HVAC Upgrades - Senior Center.....	20,000
Self-Contained Breathing Apparatus - Fire.....	93,900
Rail Trail Design & Engineering.....	420,000
Total.....	<u>\$ 45,367,935</u>

Changes in Long-term Liabilities

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

	Beginning Balance	Bonds Issued	Bonds Redeemed	Other Increases	Other Decreases	Ending Balance	Due Within One Year
Governmental Activities:							
Long-term bonds payable.....	\$ 83,969,391	\$ -	\$ (4,110,141)	\$ -	\$ -	\$ 79,859,250	\$ 3,869,738
Add: Unamortized premium on bonds.....	3,104,751	-	-	-	(224,847)	2,879,904	217,163
Total bonds payable.....	87,074,142	-	(4,110,141)	-	(224,847)	82,739,154	4,086,901
Compensated absences.....	1,310,441	-	-	(143,074)	(131,044)	1,036,323	103,632
Net pension liability.....	25,478,102	-	-	10,904,827	627,937	37,010,866	-
Net other postemployment benefits liability..	97,607,531	-	-	(2,627,066)	-	94,980,465	-
Total governmental activity long-term liabilities.....	\$ 211,470,216	\$ -	\$ (4,110,141)	\$ 8,134,687	\$ 272,046	\$ 215,766,808	\$ 4,190,533
Business-Type Activities:							
Long-term bonds payable.....	\$ 6,839,546	\$ 1,000,000	\$ (832,228)	\$ -	\$ -	\$ 7,007,318	\$ 946,167
Direct borrowings.....	2,715,177	-	(18,172)	-	-	2,697,005	-
Unamortized premium on bonds.....	298,885	-	-	-	(21,673)	277,212	21,323
Total bonds payable.....	9,853,608	1,000,000	(850,400)	-	(21,673)	9,981,535	967,490
Net pension liability.....	1,379,316	-	-	590,360	33,994	2,003,670	-
Net other postemployment benefits liability..	1,963,937	-	-	(48,600)	-	1,915,337	-
Total business-type activity long-term liabilities.....	\$ 13,196,861	\$ 1,000,000	\$ (850,400)	\$ 541,760	\$ 12,321	\$ 13,900,542	\$ 967,490

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

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

In addition to the nonspendable fund balance, spendable fund balances are classified based on a hierarchy of spending constraints.

- **Restricted:** fund balances that are constrained by external parties, constitutional provisions, or enabling legislation.
- **Committed:** fund balances that contain self-imposed constraints of the government from its highest level of decision making authority. The Town’s highest level of decision-making authority is the Town Meeting.
- **Assigned:** fund balances that contain self-imposed constraints of the government to be used for a particular purpose. Management determines the need for an assignment of fund balance. The approval of the Town’s highest level of decision-making authority is not required for the assignment.
- **Unassigned:** fund balance of the general fund that is not constrained for any particular purpose and the deficit fund balances for other funds that would otherwise be restricted, committed, or assigned. The general fund is the only fund that reports a positive unassigned fund balance amount.

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.

The general fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than the general fund, if expenditures incurred for specific purpose exceed the amounts that are restricted, committed, or assigned to those purpose, it may be necessary to report a negative unassigned fund balance in that fund.

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

	General	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Fund Balances:				
Nonspendable:				
Permanent fund principal.....	\$ -	\$ -	\$ 574,221	\$ 574,221
Restricted for:				
Capital projects.....	-	28,569,091	-	28,569,091
School lunch.....	-	-	514,154	514,154
Gifts and Donations - Town.....	-	-	317,651	317,651
Gifts and Donations - School.....	-	-	27,417	27,417
School state grants.....	-	-	963,567	963,567
Other school grants.....	-	-	7,100	7,100
Receipts reserved.....	-	-	731,212	731,212
Revolving funds.....	-	-	1,030,385	1,030,385
Library trust funds.....	-	-	42,222	42,222
Affordable housing trust.....	-	-	621,976	621,976
Other permanent funds.....	-	-	137,171	137,171
Cemetery perpetual care.....	-	-	24,626	24,626
Assigned to:				
Select Board.....	150	-	-	150
Town Administrator.....	3,609	-	-	3,609
Town Accountant.....	7,110	-	-	7,110
Board of Assessors.....	502	-	-	502
Legal and insurance.....	2,142	-	-	2,142
Information technology.....	7,685	-	-	7,685
Town Clerk.....	340	-	-	340
Health department.....	1,060	-	-	1,060
Recreation Department.....	441	-	-	441
Facilities.....	9,482	-	-	9,482
DPW - General.....	32,160	-	-	32,160
Police.....	1,301	-	-	1,301
Fire Department.....	19,677	-	-	19,677
Emergency management.....	1,270	-	-	1,270
Senior Center.....	700	-	-	700
Library.....	13,874	-	-	13,874
Injury on duty.....	14,415	-	-	14,415
Unassigned.....	13,000,677	-	(155,524)	12,845,153
Total Fund Balances.....	\$ 13,116,595	\$ 28,569,091	\$ 4,836,178	\$ 46,521,864

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 \$6.3 million and the balance of the Capital Stabilization Fund totaled \$1.4 million. Both funds have been reported as unassigned fund balance within the General Fund.

NOTE 9 – PENSION PLAN*Plan Description*

The Town is a member of the Swampscott Contributory Retirement System (System), 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 trust fund in the fiduciary fund financial statements.

The Town is a member of the Massachusetts Teachers' Retirement System (MTRS), a cost-sharing multi-employer defined benefit plan. MTRS is managed by the Commonwealth of Massachusetts (Commonwealth) on behalf of municipal teachers and municipal teacher retirees. The Commonwealth is a nonemployer contributor and is responsible for 100% of the contributions and future benefit requirements of the MTRS. The MTRS covers certified teachers in cities (except Boston), towns, regional school districts, charter schools, educational collaboratives and Quincy College. The MTRS is part of the Commonwealth's reporting entity and the audited financial report may be obtained by visiting <https://macomptroller.org/gasb-68-reports/>.

Special Funding Situation

The Commonwealth is a nonemployer contributor and is required by statute to make 100% of all actuarially determined employer contributions on behalf of the Town to the MTRS. Therefore, the Town is considered to be in a special funding situation as defined by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and the Commonwealth is a nonemployer contributor in MTRS. Since the Town does not contribute directly to MTRS, there is no net pension liability to recognize. The total of the Commonwealth provided contributions have been allocated based on each employer's covered payroll to the total covered payroll of employers in MTRS as of the measurement date of June 30, 2022. The Town's portion of the collective pension expense, contributed by the Commonwealth, of \$5.5 million 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 \$66.3 million 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. There were no changes in benefit terms that effected the measurement of the total pension liability at December 31, 2022.

At December 31, 2022, the System's membership consists of the following:

Active members.....	243
Inactive vested members.....	222
Retirees and beneficiaries currently receiving benefits.....	<u>240</u>
Total.....	<u><u>705</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 System a legislatively mandated actuarial determined contribution that is apportioned among the employers based on active current payroll. The total member units' contribution for the year ended December 31, 2022, was \$6 million, or 42.31% of covered payroll. This is an amount that is actuarially determined and, 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 for the year ended December 31, 2022, was \$5.9 million which equaled its actual contribution.

Pension Liabilities

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

Total pension liability.....	\$ 118,783,690
Total pension plan's fiduciary net position.....	<u>(78,503,506)</u>
Total net pension liability.....	<u><u>\$ 40,280,184</u></u>
The pension plan's fiduciary net position as	
a percentage of the total pension liability.....	66.09%

At June 30, 2023, the Town reported a liability of \$39 million, for its proportionate share of the net pension liability. The net pension liability was measured at December 31, 2022 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2023. 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 was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating members. At December 31, 2022, the Town's proportion was 98.61% which is a decrease of 0.11% from its proportion measured at December 31, 2021.

Pension Expense

For the year ended June 30, 2023, the Town recognized pension expense of \$5.4 million. At June 30, 2023, the Town reported deferred outflows of resources related to pensions of \$6.5 million and deferred inflows of resources related to pensions of \$11,057 as detailed below:

Deferred Category	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Differences between expected and actual experience.....	\$ 482,798	\$ -	\$ 482,798
Difference between projected and actual earnings, net.....	4,331,385	-	4,331,385
Changes in assumptions.....	1,681,508	-	1,681,508
Changes in proportion and proportionate share of contributions...	65,670	(11,057)	54,613
Total deferred outflows/(inflows) of resources.....	\$ 6,561,361	\$ (11,057)	\$ 6,550,304

The deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2024.....	\$ 1,269,743
2025.....	901,974
2026.....	1,479,193
2027.....	2,899,394
Total deferred outflows/(inflows) of resources.....	\$ 6,550,304

Changes of Assumptions

The investment return assumption was lowered from 7.125% to 7%

Changes in Plan Provisions

None.

Actuarial Assumptions

The total pension liability in the January 1, 2023, actuarial valuation was determined using the following actuarial assumptions, applied to all periods in the measurement that was rolled back to December 31, 2022, for the Town’s measurement date:

Valuation date.....	January 1, 2023
Actuarial cost method.....	Entry Age Normal Cost Method.
Amortization method.....	Increasing amortization at 5%
Remaining amortization period.....	10 years as of July 1, 2021
Asset valuation method.....	Fair value of assets as reported in the System’s Annual Statement less recognized return in each of the last five years. Unrecognized return is equal to the difference between the actual market value return and the expected market value and the expected market value return and is recognized over a five year period, further adjusted, if necessary to be within 10% of market value.
Investment rate of return.....	7.00%
Discount rate.....	7.00%
Inflation rate.....	3.00%
Projected salary increases.....	Varies by length of service starting at 7.00% for Groups 1 and 2 with an ultimate rate of 3.75%, and starting at 8.00% for Group 4 with an ultimate rate of 4.25%.
Cost of living adjustments.....	3% of the first \$14,000
Mortality rates - Pre-Retirement.....	RP-2014 Blue Collar Employee Mortality Table projected generationally with Scale MP-2018.
Mortality rates - Healthy Retiree.....	RP-2014 Blue Collar Healthy Annuitant Mortality Table projected generationally with Scale MP-2018.
Mortality rates - Disabled Retiree.....	RP-2014 Blue Collar Healthy Annuitant Mortality Table set forward one year and projected generationally with Scale MP-2018.

Investment Policy

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

Asset Class	Long-Term Expected Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity.....	33.00%	6.59%
International developed markets equity..	10.00%	6.87%
International emerging markets equity...	6.00%	8.30%
Core fixed income.....	11.00%	1.53%
High-yield fixed income.....	11.00%	3.54%
Commodities.....	2.00%	4.01%
Private equity.....	5.50%	9.49%
Real estate.....	15.00%	3.44%
Hedge fund, GTAA, risk parity.....	6.50%	3.06%
Total.....	100.00%	

Rate of Return

For the year ended December 31, 2022, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was -10.73%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount Rate

The discount rate used to measure the total pension liability was 7%. 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 System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the net pension liability, calculated using the discount rate of 7%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1 - percentage-point higher than the current rate:

	1% Decrease 6.00%	Current Discount 7.00%	1% Increase 8.00%
The Town's proportionate share of the net pension liability.....	\$ 51,814,239	\$ 39,014,536	\$ 28,833,665
SCRS total net pension liability.....	\$ 52,544,606	\$ 39,564,179	\$ 29,240,101

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description

The Town of Swampscott administers a single-employer defined benefit healthcare plan (“the Plan”). The plan provides lifetime healthcare insurance for eligible retirees and their spouses through the Town’s participation in the Group Insurance Commission of the Commonwealth of Massachusetts (GIC), which covers both active and retired members. Chapter 32B of the MGL assigns authority to establish and amend benefit provisions of the plan. The Plan does not issue a publicly available financial report.

Funding Policy

The contribution requirements of plan members and the Town are established and may be amended by the Town. The required contribution is based on a pay-as-you-go financing requirement. The Town contributes 60% - 73% of the health plan premiums (including Medicare Part B). Actual Town contributions vary depending on the insurance product chosen by the participant. Plan members receiving benefits contribute the remaining balance of the health plan premiums not paid for by the Town. For 2023, the Town’s age-adjusted, pay as you go, contribution to the plan totaled \$3 million. For the year ended June 30, 2023, the Town’s average contribution rate was 8.45% of covered-employee payroll.

The Commonwealth of Massachusetts passed special legislation that has allowed the Town to establish the Other Postemployment Benefits Trust Fund which allows the Town to set aside amounts to begin pre-funding its OPEB liabilities. The balance of the Fund at year end is \$3.4 million, which is reported within the Fiduciary Fund financial statements.

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.

Measurement Date

The net OPEB liability for the Town was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2020. The following disclosures for the Town as a whole as of June 30, 2023.

Plan Membership

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

Active members.....	470
Inactive members entitled to but not currently receiving benefits...	9
Retired, disabled, survivors and beneficiaries receiving benefits....	<u>360</u>
Total.....	<u><u>839</u></u>

Components of OPEB Liability

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

Total OPEB liability.....	\$ 100,314,424
Less: OPEB plan's fiduciary net position.....	<u>(3,418,622)</u>
Net OPEB liability.....	<u>\$ 96,895,802</u>
The OPEB plan's fiduciary net position as a percentage of the total OPEB liability.....	3.41%

Significant Actuarial Methods and Assumptions

The total OPEB liability in the July 1, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified, that was updated to June 30, 2023. The specific methods and assumptions are listed on the following page.

Valuation date.....	July 1, 2022
Actuarial cost method.....	Entry Age Normal Cost Method.
Asset valuation method.....	Fair value.
Investment rate of return.....	3.78%, net of plan investment expense, including inflation.
Discount rate.....	3.78% as of 6/30/2023
Inflation rate.....	2.50%
Projected salary increases.....	3.75% for existing members. 3% for new entrants.
Healthcare cost trend rates:	
Commercial Managed Care Plan.....	7.5% decreasing to an ultimate level of 5% in 2042.
Commercial Indemnity Plan.....	8.40% decreasing to an ultimate level of 5% in 2042.
Medicare Managed Care Plan.....	7.50% decreasing to an ultimate level of 5% in 2042.
Medicare Indemnity Plan.....	6.70% decreasing to an ultimate level of 5% in 2042.
Mortality rates.....	<p>Actives: The PUB-2010 Headcount-weighted Mortality Tables, sex distinct, for Employees projected using generational mortality and scale MP-2021; General (Groups 1&2), Safety (Group 4) and Teachers.</p> <p>Retirees: The PUB-2010 Headcount-weighted Mortality Tables, sex distinct, for Healthy Retirees projected using generational mortality and scale MP-2021; General (Groups 1&2), Safety (Group 4) and Teachers.</p> <p>Disabled: The PUB-2010 Headcount-weighted Mortality Tables, sex distinct, for Healthy Retirees projected using generational mortality and scale MP-2020. Set forward 2 years.</p> <p>Survivors: The PUB-2010 Headcount-weighted Mortality Tables, sex distinct, for Contingent Survivors projected using generational mortality and scale MP-2021.</p>

Rate of Return

For the year ended June 30, 2023, the annual money-weighted rate of return on investments, net of investment expense, was 8.68%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Investment Policy

The Town’s policy in regard to 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.

The long-term expected rate of return on OPEB plan investments was determined using the 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 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. The Plan’s expected future real rate of return is added to the expected inflation to produce the long-term expected nominal rate of return. Best estimates of geometric real rates of return for each major asset class included in the OPEB plan’s target asset allocation as of June 30, 2023, are summarized in the following table:

Asset Class	Long-Term Expected Asset Allocation	Long-Term Expected Real Rate of Return
Large cap equities.....	32.30%	4.00%
Small mid cap equities.....	4.80%	4.44%
International equity - developed markets	4.50%	4.53%
International equity - emerging markets.	2.30%	5.32%
Domestic fixed income.....	34.00%	1.02%
High yield fixed income.....	3.40%	2.45%
International fixed income.....	4.20%	0.03%
Alternatives.....	8.90%	7.22%
Real estate.....	4.60%	3.46%
Cash.....	1.00%	0.00%
Total.....	100.00%	

Discount Rate

The Town’s net other postemployment benefits liability was determined by using a rate consistent with the Trust’s investment strategy (6.00%) for the length of time for which assets would support the OPEB benefit payments for current and projected new employees and based on 20-year Municipal General Obligation bonds as shown in the Bond Buyer 20 Bond Index (3.65% as of June 30, 2023) subsequent to the depletion point. A single rate producing an equivalent present value of benefits is calculated. This is the 3.78% rate used for the Town.

Changes in the Net Other Postemployment Benefit Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at June 30, 2022.....	\$ 102,723,028	\$ 3,151,560	\$ 99,571,468
Changes for the year:			
Service cost.....	3,839,280		3,839,280
Interest.....	3,854,990		3,854,990
Differences between expected and actual experience.....	(5,677,512)		(5,677,512)
Changes in assumptions.....	(1,383,467)		(1,383,467)
Administrative expenses.....		(6,350)	6,350
Benefit payments.....	(3,040,395)	(3,040,395)	-
Contributions - employer.....		3,040,395	(3,040,395)
Net investment income.....		273,412	(273,412)
Net change.....	<u>(2,407,104)</u>	<u>267,062</u>	<u>(2,674,166)</u>
Balances at June 30, 2023.....	<u>\$ 100,315,924</u>	<u>\$ 3,418,622</u>	<u>\$ 96,897,302</u>

Sensitivity of the Net Other Postemployment Liability to Changes in the Discount Rate

The following table presents the net other postemployment benefit liability and service cost, calculated using the discount rate of 3.78%, as well as what the net other postemployment benefit liability and service cost would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
Net OPEB liability.....	\$ <u>113,744,328</u>	\$ <u>96,897,302</u>	\$ <u>83,425,993</u>

Sensitivity of the Net Other Postemployment Liability to Changes in the Healthcare Trend

The following table presents the net other postemployment benefit liability and service cost, calculated using the current healthcare trend rates on the underlying health insurance vehicle as well as what the net other postemployment benefit liability and service cost would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher. Please refer to the section of this footnote entitled *Significant Actuarial Assumptions and Methods* for further detail.

	1% Decrease	Current Trend	1% Increase
Net OPEB liability.....	\$ <u>81,042,961</u>	\$ <u>96,897,302</u>	\$ <u>117,546,558</u>

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

For the year ended June 30, 2023, the Town recognized OPEB expense of \$1.9 million. At June 30, 2023, 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..... \$		\$ (11,335,552)	\$ (11,335,552)
Difference between projected and actual earnings, net.....		(133,795)	(133,795)
Changes in assumptions.....	4,088,280	(17,757,011)	(13,668,731)
Total deferred outflows/(inflows) of resources..... \$	4,088,280	\$ (29,226,358)	\$ (25,138,078)

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

Year ended June 30:

2024.....	\$ (5,043,366)
2025.....	(8,021,475)
2026.....	(7,089,989)
2027.....	(4,019,833)
2028.....	(963,415)
Total deferred outflows/(inflows) of resources.....	\$ (25,138,078)

Changes in Assumptions

The discount rate was increased from 3.67% to 3.78%.

Change in the mortality projection assumption from the PUB-2010 Headcount-weighted Mortality tables projected with MP-2020 to the same tables projected with MP-2021.

Changes in Plan Provisions

None.

NOTE 11 – 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 pages are the individual financial statements for the pension and OPEB plans that are included in the Fiduciary Funds as Pension and Other Employee Benefit Trust Funds.

	Pension Trust Fund (as of December 31, 2022)	Other Postemployment Benefit Trust Fund	Total Pension and Other Employee Benefit Trust Funds
ASSETS			
Cash and cash equivalents.....	\$ 537,962	\$ 82,653	\$ 620,615
Investments:			
Investments in Pension Reserve Investment Trust.....	54,404,895	-	54,404,895
U.S. treasuries.....	-	414,306	414,306
Government sponsored enterprises.....	-	153,699	153,699
Corporate bonds.....	-	374,397	374,397
Equity securities.....	-	1,121,033	1,121,033
Domestic equity mutual funds.....	-	488,535	488,535
Fixed income mutual funds.....	-	420,092	420,092
Collective Investment Trust.....	13,439,563	-	13,439,563
Real Estate.....	10,151,351	-	10,151,351
International equity mutual funds.....	-	363,907	363,907
Receivables, net of allowance for uncollectibles:			
Departmental and other.....	14,460	-	14,460
TOTAL ASSETS.....	78,548,231	3,418,622	81,966,853
LIABILITIES			
Warrants payable.....	44,725	-	44,725
NET POSITION			
Restricted for pensions.....	78,503,506	-	78,503,506
Restricted for other postemployment benefits.....	-	3,418,622	3,418,622
TOTAL NET POSITION.....	\$ 78,503,506	\$ 3,418,622	\$ 81,922,128

	Pension Trust Fund (as of December 31, 2022)	Other Postemployment Benefit Trust Fund	Total Pension and Other Employee Benefit Trust Funds
ADDITIONS:			
Contributions:			
Employer contributions.....	\$ 5,997,725	\$ -	\$ 5,997,725
Employer contributions for other postemployment benefit payments.....	-	3,040,395	3,040,395
Member contributions.....	1,441,084	-	1,441,084
Transfers from other systems.....	553,410	-	553,410
3(8)c contributions from other systems.....	180,971	-	180,971
State COLA reimbursements.....	54,626	-	54,626
Total contributions.....	8,227,816	3,040,395	11,268,211
Net investment income:			
Investment income.....	(8,709,534)	273,412	(8,436,122)
Less: investment expense.....	(476,415)	-	(476,415)
Net investment income (loss).....	(9,185,949)	273,412	(8,912,537)
TOTAL ADDITIONS.....	(958,133)	3,313,807	2,355,674
DEDUCTIONS:			
Administration.....	182,679	4,850	187,529
Transfers to other systems.....	622,235	-	622,235
3(8)c transfer to other systems.....	378,120	-	378,120
Retirement benefits and refunds.....	7,629,306	-	7,629,306
Other postemployment benefit payments.....	-	3,040,395	3,040,395
TOTAL DEDUCTIONS.....	8,812,340	3,045,245	11,857,585
NET INCREASE (DECREASE) IN NET POSITION.....	(9,770,473)	268,562	(9,501,911)
NET POSITION AT BEGINNING OF YEAR.....	88,273,979	3,150,060	91,424,039
NET POSITION AT END OF YEAR.....	\$ 78,503,506	\$ 3,418,622	\$ 81,922,128

NOTE 12 – COMMITMENTS

The Commonwealth of Massachusetts has approved school construction assistance to the Town for the construction of a new elementary school. The assistance program is administered by the Massachusetts School Building Authority (MSBA) and provides resources to fund school construction under a grant program. This is a reimbursement grant program based on a percentage of allowable costs incurred. The total project costs budgeted by the Town is \$98.3 million. Over the life of the project the Town expects to receive total grant funding in the amount of \$34.4 million based on total eligible facilities reimbursable costs of \$70 million. This equates to a 48.90% reimbursement rate of eligible costs. The project is scheduled to be completed in fiscal year 2024.

The Town is party to an inter-municipal contract for sewage treatment and disposal services. The annual cost associated with this agreement is approximately \$900,000.

The Town has entered into a contract for residential solid waste and recycling services. The annual cost associated with this contract is \$1,500,000. The contract expires on June 30, 2026.

The general fund has various pending transactions for goods and services related to articles and encumbrances totaling \$417,554. This amount has been reported an assigned fund balance in the general fund.

NOTE 13 – CONTINGENCIES

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

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

NOTE 14 – RISK FINANCING

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Town carries commercial insurance. The Town provides health insurance and workers' compensation benefits under a premium based insurance plan. The amount of claim settlements has not exceeded insurance coverage in any of the previous three years.

NOTE 15 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 21, 2023, which is the date the financial statements were available to be issued.

NOTE 16 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

During 2023, the following GASB pronouncements were implemented:

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

The following GASB pronouncements will be implemented in the future:

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

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

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Required Supplementary Information

General Fund

The General Fund is used to account for all transactions encompassing the approved current operating budget, the related revenues, expenditures, assets, liabilities and fund balances which are not accounted for in other funds. The budget of the Town is recorded in detail in the general fund by line item within department and, as a result, most of the current operations of the Town are recorded here.

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

YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Actual Budgetary Amounts	Amounts Carried Forward to Next Year	Variance to Final Budget
	Original Budget	Final Budget			
REVENUES:					
Real estate and personal property taxes, net of tax refunds.....	\$ 57,341,013	\$ 53,222,809	\$ 52,875,307	\$ -	\$ (347,502)
Tax liens.....	-	-	47,742	-	47,742
Motor vehicle and other excise taxes.....	2,592,500	2,503,448	2,577,952	-	74,504
Hotel/motel tax.....	25,000	41,139	61,600	-	20,461
Meals tax.....	295,000	374,946	367,666	-	(7,280)
Penalties and interest on taxes.....	218,540	258,014	223,111	-	(34,903)
Fees and rentals.....	165,025	309,886	283,681	-	(26,205)
Licenses and permits.....	51,000	937,279	961,970	-	24,691
Fines and forfeitures.....	75,000	29,377	122,107	-	92,730
Intergovernmental - state aid.....	6,634,515	6,652,816	6,502,244	-	(150,572)
Departmental and other.....	954,000	374,794	695,587	-	320,793
Investment income.....	90,000	1,200,000	2,649,316	-	1,449,316
TOTAL REVENUES.....	68,441,593	65,904,508	67,368,283	-	1,463,775
EXPENDITURES:					
LEGISLATIVE/TOWN MEETING:					
Town Moderator:					
Expenses.....	200	200	130	-	70
Finance Department:					
Personal Services.....	2,510	2,510	2,500	-	10
Expenses.....	500	500	214	-	286
	3,010	3,010	2,714	-	296
Reserve Fund:					
Expenses.....	150,000	150,000	-	-	150,000
TOTAL LEGISLATIVE/TOWN MEETING.....	153,210	153,210	2,844	-	150,366
ADMINISTRATION & FINANCE:					
Select Board:					
Expenses.....	31,338	21,338	19,239	150	1,949
Town Administrator:					
Personal Services.....	269,878	244,378	236,188	-	8,190
Expenses.....	81,350	81,350	59,442	3,609	18,299
	351,228	325,728	295,630	3,609	26,489
Town Accountant:					
Personal Services.....	188,500	189,262	188,369	-	893
Expenses.....	94,229	94,229	73,899	7,110	13,220
	282,729	283,491	262,268	7,110	14,113
Board of Assessors:					
Personal Services.....	93,187	68,687	68,687	-	-
Expenses.....	73,160	82,160	80,208	502	1,450
	166,347	150,847	148,895	502	1,450
Treasurer/Collector:					
Personal Services.....	240,509	245,640	239,457	-	6,183
Expenses.....	127,671	127,671	116,861	-	10,810
	368,180	373,311	356,318	-	16,993
Legal and Insurance:					
Expenses.....	907,461	1,077,461	1,042,056	2,142	33,263
Information Technology:					
Expenses.....	581,583	595,583	571,584	7,685	16,314

(Continued)

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

YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Actual Budgetary Amounts	Amounts Carried Forward to Next Year	Variance to Final Budget
	Original Budget	Final Budget			
Human Resources:					
Personal Services.....	548,044	396,995	390,256	-	6,739
Expenses.....	48,909	28,909	21,779	-	7,130
	<u>596,953</u>	<u>425,904</u>	<u>412,035</u>	<u>-</u>	<u>13,869</u>
Town Clerk:					
Personal Services.....	148,732	130,981	130,503	-	478
Expenses.....	34,794	36,494	36,130	340	24
	<u>183,526</u>	<u>167,475</u>	<u>166,633</u>	<u>340</u>	<u>502</u>
Parking Enforcement:					
Expenses.....	4,791	4,791	2,217	-	2,574
TOTAL ADMINISTRATION & FINANCE.....	<u>3,474,136</u>	<u>3,425,929</u>	<u>3,276,875</u>	<u>21,538</u>	<u>127,516</u>
COMMUNITY DEVELOPMENT:					
Conservation Commission:					
Expenses.....	1,650	1,650	1,072	-	578
Planning Board:					
Personal Services.....	216,754	162,754	162,335	-	419
Expenses.....	9,972	20,722	15,536	-	5,186
	<u>226,726</u>	<u>183,476</u>	<u>177,871</u>	<u>-</u>	<u>5,605</u>
Board of Appeals:					
Expenses.....	10,500	11,341	7,528	-	3,813
Building Department:					
Personal Services.....	238,555	215,053	215,053	-	-
Expenses.....	10,703	30,703	9,554	-	21,149
	<u>249,258</u>	<u>245,756</u>	<u>224,607</u>	<u>-</u>	<u>21,149</u>
Health Department:					
Personal Services.....	150,150	159,766	158,860	-	906
Expenses.....	28,480	28,480	19,705	1,060	7,715
	<u>178,630</u>	<u>188,246</u>	<u>178,565</u>	<u>1,060</u>	<u>8,621</u>
Recreation Department:					
Personal Services.....	25,000	25,784	25,784	-	-
Expenses.....	34,933	34,933	34,446	441	46
	<u>59,933</u>	<u>60,717</u>	<u>60,230</u>	<u>441</u>	<u>46</u>
Historical Commission:					
Expenses.....	4,318	4,318	4,238	-	80
TOTAL COMMUNITY DEVELOPMENT.....	<u>731,015</u>	<u>695,504</u>	<u>654,111</u>	<u>1,501</u>	<u>39,892</u>
PUBLIC SERVICES:					
Facilities:					
Personal Services.....	211,424	162,180	162,180	-	-
Expenses.....	363,123	370,893	354,518	9,482	6,893
	<u>574,547</u>	<u>533,073</u>	<u>516,698</u>	<u>9,482</u>	<u>6,893</u>
Cemetery:					
Personal Services.....	166,777	178,146	162,391	-	15,755
Expenses.....	16,331	16,331	15,971	-	360
	<u>183,108</u>	<u>194,477</u>	<u>178,362</u>	<u>-</u>	<u>16,115</u>
DPW - General:					
Personal Services.....	439,595	460,865	459,652	-	1,213
Expenses.....	615,718	615,718	506,099	32,160	77,459
Snow and ice removal.....	240,000	160,000	156,714	-	3,286
	<u>1,295,313</u>	<u>1,236,583</u>	<u>1,122,465</u>	<u>32,160</u>	<u>81,958</u>

(Continued)

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

YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Actual Budgetary Amounts	Amounts Carried Forward to Next Year	Variance to Final Budget
	Original Budget	Final Budget			
Solid Waste/Recycling:					
Expenses.....	128,106	128,106	128,058	-	48
TOTAL PUBLIC WORKS.....	2,181,074	2,092,239	1,945,583	41,642	105,014
PUBLIC SAFETY:					
Police:					
Personal Services.....	3,766,313	3,972,674	3,969,597	-	3,077
Expenses.....	188,087	192,543	191,242	1,301	-
	<u>3,954,400</u>	<u>4,165,217</u>	<u>4,160,839</u>	<u>1,301</u>	<u>3,077</u>
Constables:					
Personal Services.....	100	100	100	-	-
Fire Department:					
Personal Services.....	3,523,206	3,692,309	3,692,229	-	80
Expenses.....	281,865	271,865	199,584	19,677	52,604
	<u>3,805,071</u>	<u>3,964,174</u>	<u>3,891,813</u>	<u>19,677</u>	<u>52,684</u>
Harbormaster:					
Personal Services.....	20,300	20,675	20,663	-	12
Expenses.....	6,360	10,224	9,937	-	287
	<u>26,660</u>	<u>30,899</u>	<u>30,600</u>	<u>-</u>	<u>299</u>
Emergency Management:					
Personal Services.....	2,000	5,195	5,187	-	8
Expenses.....	2,500	2,500	111	1,270	1,119
	<u>4,500</u>	<u>7,695</u>	<u>5,298</u>	<u>1,270</u>	<u>1,127</u>
TOTAL PUBLIC SAFETY.....	7,790,731	8,168,085	8,088,650	22,248	57,187
HUMAN SERVICES:					
Senior Center:					
Personal Services.....	230,675	230,675	226,843	-	3,832
Expenses.....	34,741	34,741	29,954	700	4,087
	<u>265,416</u>	<u>265,416</u>	<u>256,797</u>	<u>700</u>	<u>7,919</u>
Veterans Services					
Expenses.....	83,200	83,200	75,409	-	7,791
Library:					
Personal Services.....	575,799	554,945	554,812	-	133
Expenses.....	95,777	95,776	89,508	2,814	3,454
Other Expenses.....	131,807	138,400	127,340	11,060	-
	<u>803,383</u>	<u>789,121</u>	<u>771,660</u>	<u>13,874</u>	<u>3,587</u>
TOTAL HUMAN SERVICES.....	1,151,999	1,137,737	1,103,866	14,574	19,297
SWAMPSCOTT PUBLIC SCHOOLS:					
Education.....	30,276,484	30,276,487	30,181,599	-	94,888
Regional Vocational School District.....	598,869	630,472	630,472	-	-
TOTAL SWAMPSCOTT PUBLIC SCHOOLS.....	30,875,353	30,906,959	30,812,071	-	94,888
EMPLOYEE BENEFITS:					
Injury on Duty:					
Expenses.....	115,000	115,000	100,582	14,415	3
Worker's Compensation:					
Expenses.....	290,000	290,000	267,620	-	22,380
Contributory Retirement Contribution:					
Expenses.....	5,603,587	5,603,587	5,603,587	-	-

(Continued)

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

YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Actual Budgetary Amounts	Amounts Carried Forward to Next Year	Variance to Final Budget
	Original Budget	Final Budget			
Unemployment Compensation:					
Expenses.....	22,552	22,552	15,163	-	7,389
Group Health Insurance:					
Expenses.....	6,973,813	6,633,813	6,613,152	-	20,661
Non-Contributory Pensions:					
Expenses.....	13,600	13,600	13,599	-	1
Payroll Taxes					
Expenses.....	588,404	588,404	588,404	-	-
TOTAL EMPLOYEE BENEFITS.....	13,606,956	13,266,956	13,202,107	14,415	50,434
State and County Charges.....	1,832,774	1,832,774	1,762,062	-	70,712
Debt service:					
Principal.....	4,075,139	4,075,139	4,075,139	-	-
Interest.....	2,772,217	2,772,217	2,772,146	-	71
Total debt service.....	6,847,356	6,847,356	6,847,285	-	71
TOTAL EXPENDITURES.....	68,644,604	68,526,749	67,695,454	115,918	715,377
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	(203,011)	(2,622,241)	(327,171)	(115,918)	2,179,152
<u>OTHER FINANCING SOURCES (USES):</u>					
Use of prior year fund balance to fund carryovers.....	417,554	417,554	-	-	(417,554)
Use of free cash.....	-	1,271,533	-	-	(1,271,533)
Transfers in.....	1,135,457	2,283,154	2,283,154	-	-
Transfers out.....	(1,350,000)	(1,350,000)	(1,350,000)	-	-
TOTAL OTHER FINANCING SOURCES (USES).....	203,011	2,622,241	933,154	-	(1,689,087)
NET CHANGE IN FUND BALANCE.....	-	-	605,983	(115,918)	490,065
BUDGETARY FUND BALANCE, Beginning of year.....	5,004,223	5,004,223	5,004,223	-	-
BUDGETARY FUND BALANCE, End of year.....	\$ 5,004,223	\$ 5,004,223	\$ 5,610,206	\$ (115,918)	\$ 490,065

See notes to required supplementary information.

(Concluded)

Pension Plan Schedules – Retirement System

The Pension Plan’s Schedule of Changes in the Net Pension Liability presents multi-year trend information on the 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 Return presents multi-year trend information on the money-weighted investment return on retirement assets, net of investment expense.

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

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

	December 31, 2014	December 31, 2015	December 31, 2016	December 31, 2017	December 31, 2018	December 31, 2019	December 31, 2020	December 31, 2021	December 31, 2022
Total pension liability:									
Service cost.....	\$ 1,486,863	\$ 1,630,367	\$ 1,691,507	\$ 1,856,557	\$ 1,926,178	\$ 2,012,380	\$ 2,072,752	\$ 2,113,084	\$ 2,179,741
Interest.....	6,409,281	6,641,295	7,351,628	7,157,708	7,378,310	7,313,585	7,525,179	7,928,034	8,103,907
Changes in benefit terms.....	-	1,961,264	-	(4,820,732)	(2,572,588)	-	534,837	-	-
Differences between expected and actual experience.....	-	3,786,705	-	4,662,494	69,731	-	1,620,970	-	112,478
Changes in assumptions.....	-	-	-	-	-	-	4,575,064	-	748,593
Benefit payments.....	(5,235,027)	(5,043,935)	(5,359,288)	(5,975,542)	(5,993,059)	(6,203,020)	(6,831,514)	(7,446,413)	(7,840,654)
Net change in total pension liability.....	2,661,117	8,975,696	3,683,847	2,880,485	808,572	3,122,945	9,497,288	2,594,705	3,304,065
Total pension liability - beginning.....	81,246,670	83,907,787	92,883,483	96,567,330	99,447,815	100,256,387	103,379,332	112,876,620	115,471,325
Total pension liability - ending (a).....	\$ <u>83,907,787</u>	\$ <u>92,883,483</u>	\$ <u>96,567,330</u>	\$ <u>99,447,815</u>	\$ <u>100,256,387</u>	\$ <u>103,379,332</u>	\$ <u>112,876,620</u>	\$ <u>115,471,325</u>	\$ <u>118,775,390</u>
Plan fiduciary net position:									
Employer contributions.....	\$ 4,543,164	\$ 4,711,121	\$ 5,012,346	\$ 5,393,055	\$ 5,395,166	\$ 5,557,295	\$ 5,557,294	\$ 5,709,585	\$ 5,997,725
Member contributions.....	1,461,902	1,192,683	1,245,816	1,271,321	1,262,305	1,303,581	1,335,117	1,391,925	1,441,084
Net investment income (loss).....	3,565,866	409,071	2,573,669	8,849,707	(2,392,208)	10,075,823	8,196,359	13,837,852	(9,185,949)
Administrative expenses.....	(178,827)	(141,568)	(160,268)	(185,729)	(149,172)	(260,561)	(157,132)	(182,308)	(182,679)
Retirement benefits and refunds.....	(5,235,027)	(5,043,935)	(5,359,288)	(5,975,542)	(5,993,059)	(6,203,020)	(6,831,514)	(7,446,413)	(7,840,654)
Net increase (decrease) in fiduciary net position.....	4,157,078	1,127,372	3,312,275	9,352,812	(1,876,968)	10,473,118	8,100,124	13,310,641	(9,770,473)
Fiduciary net position - beginning of year.....	40,309,227	44,466,305	45,593,677	48,905,952	58,258,764	56,381,796	66,854,914	74,955,038	88,265,679
Fiduciary net position - end of year (b).....	\$ <u>44,466,305</u>	\$ <u>45,593,677</u>	\$ <u>48,905,952</u>	\$ <u>58,258,764</u>	\$ <u>56,381,796</u>	\$ <u>66,854,914</u>	\$ <u>74,955,038</u>	\$ <u>88,265,679</u>	\$ <u>78,495,206</u>
Net pension liability - ending (a)-(b).....	\$ <u>39,441,482</u>	\$ <u>47,289,806</u>	\$ <u>47,661,378</u>	\$ <u>41,189,051</u>	\$ <u>43,874,591</u>	\$ <u>36,524,418</u>	\$ <u>37,921,582</u>	\$ <u>27,205,646</u>	\$ <u>40,280,184</u>
Plan fiduciary net position as a percentage of the total pension liability.....	52.99%	49.09%	50.64%	58.58%	56.24%	64.67%	66.40%	76.44%	66.09%
Covered payroll.....	\$ 11,965,292	\$ 12,837,003	\$ 13,378,626	\$ 13,698,307	\$ 13,368,456	\$ 13,910,052	\$ 13,226,041	\$ 13,795,615	\$ 14,169,777
Net pension liability as a percentage of covered payroll.....	329.63%	368.39%	356.25%	300.69%	328.19%	262.58%	286.72%	197.21%	284.27%

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 CONTRIBUTIONS
SWAMPSCOTT CONTRIBUTORY RETIREMENT SYSTEM

Year	Actuarially determined contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
December 31, 2022.....	\$ 5,995,064	\$ (5,995,064)	\$ -	\$ 14,169,777	-42.31%
December 31, 2021.....	5,709,585	(5,709,585)	-	13,795,615	-41.39%
December 31, 2020.....	5,557,295	(5,557,295)	-	13,226,041	-42.02%
December 31, 2019.....	5,557,295	(5,557,295)	-	13,910,052	-39.95%
December 31, 2018.....	5,395,166	(5,395,166)	-	13,368,456	-40.36%
December 31, 2017.....	5,393,055	(5,393,055)	-	13,698,307	-39.37%
December 31, 2016.....	5,012,346	(5,012,346)	-	13,378,626	-37.47%
December 31, 2015.....	4,711,121	(4,711,121)	-	12,837,003	-36.70%
December 31, 2014.....	4,543,164	(4,543,164)	-	11,965,292	-37.97%
December 31, 2013.....	4,381,537	(4,381,537)	-	11,089,580	-39.51%

See notes to required supplementary information.

SCHEDULE OF INVESTMENT RETURNS
SWAMPSCOTT CONTRIBUTORY RETIREMENT SYSTEM

<u>Year</u>	<u>Annual money-weighted rate of return, net of investment expense</u>
December 31, 2022.....	-10.73%
December 31, 2021.....	17.96%
December 31, 2020.....	12.17%
December 31, 2019.....	22.60%
December 31, 2018.....	-4.09%
December 31, 2017.....	17.11%
December 31, 2016.....	4.07%
December 31, 2015.....	0.40%
December 31, 2014.....	8.75%

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.

Pension Plan Schedules – Town

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

The Schedule of 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
SWAMPSCOTT CONTRIBUTORY RETIREMENT SYSTEM**

Year	Proportion of the net pension liability (asset)	Proportionate share of the net pension liability (asset)	Covered payroll	Net pension liability as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
December 31, 2022.....	98.61%	\$ 39,014,535	\$ 14,453,173	269.94%	66.09%
December 31, 2021.....	98.72%	26,857,418	14,071,527	190.86%	76.44%
December 30, 2020.....	98.48%	37,345,173	13,025,005	286.72%	66.40%
December 30, 2019.....	98.59%	36,009,425	13,713,920	262.58%	64.67%
December 30, 2018.....	98.67%	43,291,057	13,190,656	328.19%	56.24%
December 30, 2017.....	98.72%	40,661,831	13,522,969	300.69%	58.58%
December 30, 2016.....	98.76%	47,072,369	13,210,906	356.31%	50.64%
December 30, 2015.....	98.87%	46,757,108	12,677,254	368.83%	49.09%
December 30, 2014.....	99.05%	39,066,787	11,861,620	329.35%	52.99%

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
SWAMPSCOTT CONTRIBUTORY RETIREMENT SYSTEM

Year	Actuarially determined contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
June 30, 2023.....	\$ 5,911,733	\$ (5,911,733)	-	\$ 14,071,527	42.01%
June 30, 2022.....	5,636,503	(5,636,503)	-	14,352,958	39.27%
June 30, 2021.....	5,472,824	(5,472,824)	-	13,285,505	41.19%
June 30, 2020.....	5,478,937	(5,478,937)	-	13,988,198	39.17%
June 30, 2019.....	5,323,410	(5,323,410)	-	13,454,469	39.57%
June 30, 2018.....	5,324,024	(5,324,024)	-	13,793,428	38.60%
June 30, 2017.....	4,947,940	(4,947,940)	-	13,475,124	36.72%
June 30, 2016.....	4,655,413	(4,655,413)	-	12,930,799	36.00%
June 30, 2015.....	4,496,769	(4,496,769)	-	12,098,852	37.17%
June 30, 2014.....	4,335,836	(4,335,836)	-	11,410,234	38.00%

See notes to required supplementary information.

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

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

Year	Commonwealth's 100% Share of the Associated Net Pension Liability	Expense and Revenue Recognized for the Commonwealth's Support	Plan Fiduciary Net Position as a Percentage of the Total Liability
2023.....	\$ 66,287,681	\$ 5,452,809	57.75%
2022.....	56,769,628	4,555,526	62.03%
2021.....	72,206,307	8,918,513	50.67%
2020.....	64,409,948	7,810,824	53.95%
2019.....	62,552,692	6,335,770	54.84%
2018.....	61,513,121	6,420,304	54.25%
2017.....	60,255,663	6,146,873	52.73%
2016.....	51,372,339	4,166,754	55.38%
2015.....	42,970,408	2,985,360	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 Benefits Plan Schedules

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

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

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

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

	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022	June 30, 2023
Total OPEB Liability							
Service Cost.....	\$ 3,727,000	\$ 3,866,728	\$ 3,514,357	\$ 3,543,806	\$ 5,209,890	\$ 5,547,879	\$ 3,839,280
Interest.....	4,148,894	4,333,726	4,111,253	3,959,145	3,143,463	2,909,705	3,854,990
Changes of benefit terms.....	-	-	-	-	-	-	-
Differences between expected and actual experience...	-	(21,016,447)	(6,003,574)	-	(12,996,169)	-	(5,677,512)
Changes of assumptions.....	-	2,638,213	3,401,988	19,680,062	1,076,627	(25,841,643)	(1,383,467)
Benefit payments.....	(2,954,000)	(2,922,822)	(3,054,930)	(2,890,565)	(3,000,285)	(2,815,773)	(3,040,395)
Net change in total OPEB liability.....	4,921,894	(13,100,602)	1,969,094	24,292,448	(6,566,474)	(20,199,832)	(2,407,104)
Total OPEB liability - beginning.....	111,405,000	116,326,894	103,226,292	105,195,386	129,487,834	122,921,360	102,721,528
Total OPEB liability - ending (a).....	<u>\$ 116,326,894</u>	<u>\$ 103,226,292</u>	<u>\$ 105,195,386</u>	<u>\$ 129,487,834</u>	<u>\$ 122,921,360</u>	<u>\$ 102,721,528</u>	<u>\$ 100,314,424</u>
Plan fiduciary net position							
Employer contributions.....	\$ 1,517,772	\$ 250,000	\$ 250,000	\$ 100,000	\$ 250,000	\$ 250,000	\$ -
Employer contributions for OPEB payments.....	2,954,084	2,922,822	3,054,930	2,890,565	3,000,285	2,815,773	3,040,395
Net investment income.....	-	16,819	171,424	118,781	459,893	(191,579)	273,412
Benefit payments.....	(2,954,084)	(2,922,822)	(3,054,930)	(2,890,565)	(3,000,285)	(2,815,773)	(3,040,395)
Administrative expense.....	-	(9,400)	(9,600)	(9,600)	(4,800)	(9,650)	(4,850)
Net change in plan fiduciary net position.....	1,517,772	257,419	411,824	209,181	705,093	48,771	268,562
Plan fiduciary net position - beginning of year.....	-	1,517,772	1,775,191	2,187,015	2,396,196	3,101,289	3,150,060
Plan fiduciary net position - end of year (b).....	<u>\$ 1,517,772</u>	<u>\$ 1,775,191</u>	<u>\$ 2,187,015</u>	<u>\$ 2,396,196</u>	<u>\$ 3,101,289</u>	<u>\$ 3,150,060</u>	<u>\$ 3,418,622</u>
Net OPEB liability - ending (a)-(b).....	<u>\$ 114,809,122</u>	<u>\$ 101,451,101</u>	<u>\$ 103,008,371</u>	<u>\$ 127,091,638</u>	<u>\$ 119,820,071</u>	<u>\$ 99,571,468</u>	<u>\$ 96,895,802</u>
Plan fiduciary net position as a percentage of the total OPEB liability.....	1.30%	1.72%	2.08%	1.85%	2.52%	3.07%	3.41%
Covered-employee payroll.....	\$ 30,154,535	\$ 30,927,728	\$ 31,720,747	\$ 32,534,099	\$ 32,345,002	\$ 36,280,882	\$ 39,446,329
Net OPEB liability as a percentage of covered-employee payroll.....	380.74%	328.03%	324.74%	390.64%	370.44%	274.45%	245.64%

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.

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

Year	Statutorily determined contribution	Contributions in relation to the Statutorily determined contribution	Contribution deficiency (excess)	Covered- employee payroll	Contributions as a percentage of covered- employee payroll
June 30, 2023.....	\$ 3,040,395	\$ (3,040,395)	\$ -	39,446,329	7.71%
June 30, 2022.....	2,815,773	(3,065,773)	(250,000)	36,280,882	8.45%
June 30, 2021.....	3,000,285	(3,250,285)	(250,000)	32,345,002	10.05%
June 30, 2020.....	2,890,565	(2,990,565)	(100,000)	32,534,099	9.19%
June 30, 2019.....	3,054,930	(3,304,930)	(250,000)	31,720,747	10.42%
June 30, 2018.....	2,922,822	(3,172,822)	(250,000)	30,927,728	10.26%
June 30, 2017.....	2,954,084	(4,471,856)	(1,517,772)	30,154,535	14.83%

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, 2023.....	8.68%
June 30, 2022.....	-5.93%
June 30, 2021.....	18.52%
June 30, 2020.....	4.84%
June 30, 2019.....	9.01%
June 30, 2018.....	1.51%
June 30, 2017.....	0.00%

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.

NOTE A – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

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

Generally, expenditures may not exceed the legal level of spending (salaries, expenses and capital) authorized for an appropriation account. However, the payment of debt service is statutorily required, regardless of whether such amounts are appropriated. Additionally, expenditures for disasters, natural or otherwise, and final judgments may exceed the level of spending authorized by two-thirds majority vote of the Town Meeting. The Town Accountant’s Office has the responsibility to ensure that budgetary control is maintained. Budgetary control is exercised through the Town’s accounting system.

The Town adopts an annual budget for the general fund in conformity with the guidelines described above. The original of \$70 million was essentially unchanged in the final amended budget.

B. Budgetary - GAAP Reconciliation

For budgetary reporting purposes, the Uniform Municipal Accounting System basis of accounting, which has been established by the Commonwealth of Massachusetts, is followed. This differs from the GAAP basis of accounting. A reconciliation of budgetary-basis to GAAP-basis results for the general fund is as follows:

Net change in fund balance - budgetary basis.....	\$ 605,983
<u>Perspective differences:</u>	
Activity of the stabilization fund recorded in the general fund for GAAP.....	(1,140,214)
<u>Basis of accounting differences:</u>	
Net change in recording accrued revenues.....	(55,397)
Net change in recording accrued expenditures.....	(183,795)
Recognition of revenue for on-behalf payments.....	5,452,809
Recognition of expenditures for on-behalf payments.....	<u>(5,452,809)</u>
Net change in fund balance - GAAP basis.....	<u>\$ (773,423)</u>

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 System's total pension liability, changes in the System's net position, and the ending net pension liability. It also demonstrates the System'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 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. 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**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 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 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".

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 in Assumptions

The investment return assumption was lowered from 7.125% to 7%.

E. Changes in Plan Provisions

None.

NOTE C – OTHER POSTEMPLOYMENT BENEFITS

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

The Other Postemployment Benefit Plan

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

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

B. Schedule of the Town's Contributions

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

Valuation date.....	July 1, 2022
Actuarial cost method.....	Entry Age Normal Cost Method.
Asset valuation method.....	Fair value.
Investment rate of return.....	3.78%, net of plan investment expense, including inflation.
Discount rate.....	3.78% as of 6/30/2023
Inflation rate.....	2.50%
Projected salary increases.....	3.75% for existing members. 3% for new entrants.
Healthcare cost trend rates:	
Commercial Managed Care Plan.....	7.5% decreasing to an ultimate level of 5% in 2042.
Commercial Indemnity Plan.....	8.40% decreasing to an ultimate level of 5% in 2042.
Medicare Managed Care Plan.....	7.50% decreasing to an ultimate level of 5% in 2042.
Medicare Indemnity Plan.....	6.70% decreasing to an ultimate level of 5% in 2042.
Mortality rates.....	<p>Actives: The PUB-2010 Headcount-weighted Mortality Tables, sex distinct, for Employees projected using generational mortality and scale MP-2021; General (Groups 1&2), Safety (Group 4) and Teachers.</p> <p>Retirees: The PUB-2010 Headcount-weighted Mortality Tables, sex distinct, for Healthy Retirees projected using generational mortality and scale MP-2021; General (Groups 1&2), Safety (Group 4) and Teachers.</p> <p>Disabled: The PUB-2010 Headcount-weighted Mortality Tables, sex distinct, for Healthy Retirees projected using generational mortality and scale MP-2020. Set forward 2 years.</p> <p>Survivors: The PUB-2010 Headcount-weighted Mortality Tables, sex distinct, for Contingent Survivors projected using generational mortality and scale MP-2021.</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.

Changes in Assumptions

The discount rate was increased from 3.67% to 3.78%.

Change in the mortality projection assumption from the PUB-2010 Headcount-weighted Mortality tables projected with MP-2020 to the same tables projected with MP-2021.

Changes in Plan Provisions

None.

Other Supplementary Information

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Combining Financial 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 Federal Grants - To account for grants from the Federal Government for various non-education purposes.

School Federal Grants - To account for grants from the Federal Government for various education purposes.

School Lunch - To account for resources available to the Town under the National School Lunch Program.

Gifts and Donations - Town - To account for receipts of various gifts and donations that are to be expended for the non-education purpose designated by the donor or benefactor.

Gifts and Donations - School - To account for receipts of various gifts and donations that are to be expended for the education purpose designated by the donor or benefactor.

School State Grants - To account for grants from the Commonwealth of Massachusetts for various education purposes.

Other School Grants - To account for grants from non-governmental entities for various education purposes.

Town State Grants - To account for grants from the Commonwealth of Massachusetts for various non-education purposes.

Receipts Reserved - To account for activities associated with the Town's sale of general and cemetery land program.

Revolving Funds - To account for revolving funds specifically allowed by the laws of the Commonwealth of Massachusetts. These funds are expended for purposes specified by the enabling state statute or vote of the Town Meeting.

Affordable Housing Trust - To account for contributions received from benefactors for the purposes of increasing the quality of, or quantity of, affordable housing units.

Permanent Funds:

Permanent funds are used to account for and report resources that are restricted to the extent that only earnings, not principal, may be used to purposes that support the government's programs and benefit the government or its citizenry.

Library Trust - To account for resources available to enhance the quality of services offered by the Town.

Other Permanent Funds - To account for permanent fund resources not specifically designated as a library trust or cemetery perpetual care trust.

Cemetery Perpetual Care - To account for contributions received for the sole purpose of maintaining Town owned cemetery in a state of good repair.

**NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET**

JUNE 30, 2023

	Special Revenue Funds						
	Town Federal Grants	School Federal Grants	School Lunch	Gifts and Donations - Town	Gifts and Donations - School	School State Grants	Other School Grants
ASSETS							
Cash and cash equivalents.....	\$ -	\$ -	\$ 514,534	\$ 317,651	\$ 27,992	\$ 979,980	\$ 7,100
Receivables, net of uncollectibles:							
Departmental and other.....	-	-	-	19,295	-	-	-
Intergovernmental - other.....	-	-	-	-	-	-	-
TOTAL ASSETS.....	\$ -	\$ -	\$ 514,534	\$ 336,946	\$ 27,992	\$ 979,980	\$ 7,100
LIABILITIES							
Warrants payable.....	\$ -	\$ 5,519	\$ 380	\$ -	\$ 575	\$ 10,639	\$ -
Accrued payroll.....	866	-	-	-	-	5,774	-
Due to other funds.....	134,497	13,733	-	-	-	-	-
Unearned revenue.....	-	-	-	-	-	-	-
TOTAL LIABILITIES.....	135,363	19,252	380	-	575	16,413	-
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue.....	-	-	-	19,295	-	-	-
FUND BALANCES							
Nonspendable.....	-	-	-	-	-	-	-
Restricted.....	-	-	514,154	317,651	27,417	963,567	7,100
Unassigned.....	(135,363)	(19,252)	-	-	-	-	-
TOTAL FUND BALANCES.....	(135,363)	(19,252)	514,154	317,651	27,417	963,567	7,100
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES.....	\$ -	\$ -	\$ 514,534	\$ 336,946	\$ 27,992	\$ 979,980	\$ 7,100

**NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET**

JUNE 30, 2023

Town State Grants	Receipts Reserved	Revolving Funds	Affordable Housing Trust	Subtotal	Permanent Funds				Total Nonmajor Governmental Funds
					Library Trust	Other Permanent Funds	Cemetery Perpetual Care	Subtotal	
\$ 462,259	\$ 734,679	\$ 1,092,438	\$ 621,976	\$ 4,758,609	\$ 42,222	\$ 137,171	\$ 598,847	\$ 778,240	\$ 5,536,849
-	-	186,273	-	205,568	-	-	-	-	205,568
<u>591,826</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>591,826</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>591,826</u>
<u>\$ 1,054,085</u>	<u>\$ 734,679</u>	<u>\$ 1,278,711</u>	<u>\$ 621,976</u>	<u>\$ 5,556,003</u>	<u>\$ 42,222</u>	<u>\$ 137,171</u>	<u>\$ 598,847</u>	<u>\$ 778,240</u>	<u>\$ 6,334,243</u>
\$ 525,546	\$ 3,467	\$ 23,450	\$ -	\$ 569,576	\$ -	\$ -	\$ -	\$ -	\$ 569,576
471	-	38,603	-	45,714	-	-	-	-	45,714
-	-	-	-	148,230	-	-	-	-	148,230
<u>143,008</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>143,008</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>143,008</u>
<u>669,025</u>	<u>3,467</u>	<u>62,053</u>	<u>-</u>	<u>906,528</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>906,528</u>
<u>385,969</u>	<u>-</u>	<u>186,273</u>	<u>-</u>	<u>591,537</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>591,537</u>
-	-	-	-	-	42,196	65,863	466,162	574,221	574,221
-	731,212	1,030,385	621,976	4,213,462	26	71,308	132,685	204,019	4,417,481
<u>(909)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(155,524)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(155,524)</u>
<u>(909)</u>	<u>731,212</u>	<u>1,030,385</u>	<u>621,976</u>	<u>4,057,938</u>	<u>42,222</u>	<u>137,171</u>	<u>598,847</u>	<u>778,240</u>	<u>4,836,178</u>
<u>\$ 1,054,085</u>	<u>\$ 734,679</u>	<u>\$ 1,278,711</u>	<u>\$ 621,976</u>	<u>\$ 5,556,003</u>	<u>\$ 42,222</u>	<u>\$ 137,171</u>	<u>\$ 598,847</u>	<u>\$ 778,240</u>	<u>\$ 6,334,243</u>

(Concluded)

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

YEAR ENDED JUNE 30, 2023

	Special Revenue Funds						
	Town Federal Grants	School Federal Grants	School Lunch	Gifts and Donations - Town	Gifts and Donations - School	School State Grants	Other School Grants
REVENUES:							
Charges for services.....	\$ -	\$ -	\$ 28,806	\$ -	\$ -	\$ -	\$ -
Intergovernmental - other.....	36,481	1,774,840	781,325	-	-	3,992,196	-
Departmental and other.....	-	-	-	4,500	40,260	-	-
Contributions and donations.....	-	-	-	11,112	14,556	-	-
Investment income.....	-	-	-	56	-	-	-
TOTAL REVENUES.....	36,481	1,774,840	810,131	15,668	54,816	3,992,196	-
EXPENDITURES:							
Current:							
General government.....	-	-	-	1,439	-	-	-
Public safety.....	51,956	-	-	1,733	-	-	-
Education.....	-	1,591,146	644,542	2,164	55,933	3,993,238	-
Public works.....	-	-	-	15,813	-	-	-
Health and human services.....	-	-	-	68	-	-	-
Culture and recreation.....	-	-	-	-	-	-	-
TOTAL EXPENDITURES.....	51,956	1,591,146	644,542	21,217	55,933	3,993,238	-
EXCESS (DEFICIENCY) OF REVENUES							
OVER (UNDER) EXPENDITURES.....	(15,475)	183,694	165,589	(5,549)	(1,117)	(1,042)	-
OTHER FINANCING SOURCES (USES):							
Transfers out.....	-	-	-	-	-	-	-
NET CHANGE IN FUND BALANCES.....	(15,475)	183,694	165,589	(5,549)	(1,117)	(1,042)	-
FUND BALANCES AT BEGINNING OF YEAR.....	(119,888)	(202,946)	348,565	323,200	28,534	964,609	7,100
FUND BALANCES AT END OF YEAR.....	\$ (135,363)	\$ (19,252)	\$ 514,154	\$ 317,651	\$ 27,417	\$ 963,567	\$ 7,100

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

YEAR ENDED JUNE 30, 2023

Town State Grants	Receipts Reserved	Revolving Funds	Affordable Housing Trust	Subtotal	Permanent Funds			Subtotal	Total Nonmajor Governmental Funds
					Library Trust	Other Permanent Funds	Cemetery Perpetual Care		
\$ -	\$ -	\$ 688,435	\$ -	\$ 717,241	\$ -	\$ -	\$ -	\$ -	\$ 717,241
1,275,063	-	-	-	7,859,905	-	-	-	-	7,859,905
-	71,546	1,191,809	-	1,308,115	-	75	-	75	1,308,190
10,500	-	-	-	36,168	-	147	2,000	2,147	38,315
8	-	941	18,870	19,875	26	45	19,702	19,773	39,648
<u>1,285,571</u>	<u>71,546</u>	<u>1,881,185</u>	<u>18,870</u>	<u>9,941,304</u>	<u>26</u>	<u>267</u>	<u>21,702</u>	<u>21,995</u>	<u>9,963,299</u>
195,439	10,258	59,412	-	266,548	-	932	-	932	267,480
7,425	15,126	514,002	-	590,242	-	-	-	-	590,242
12,222	-	805,717	-	7,104,962	-	-	-	-	7,104,962
931,975	-	-	-	947,788	-	-	-	-	947,788
49,739	-	42,772	-	92,579	-	-	-	-	92,579
81,495	-	435,566	-	517,061	-	-	-	-	517,061
<u>1,278,295</u>	<u>25,384</u>	<u>1,857,469</u>	<u>-</u>	<u>9,519,180</u>	<u>-</u>	<u>932</u>	<u>-</u>	<u>932</u>	<u>9,520,112</u>
7,276	46,162	23,716	18,870	422,124	26	(665)	21,702	21,063	443,187
-	-	-	-	-	-	-	(50,000)	(50,000)	(50,000)
7,276	46,162	23,716	18,870	422,124	26	(665)	(28,298)	(28,937)	393,187
(8,185)	685,050	1,006,669	603,106	3,635,814	42,196	137,836	627,145	807,177	4,442,991
<u>\$ (909)</u>	<u>\$ 731,212</u>	<u>\$ 1,030,385</u>	<u>\$ 621,976</u>	<u>\$ 4,057,938</u>	<u>\$ 42,222</u>	<u>\$ 137,171</u>	<u>\$ 598,847</u>	<u>\$ 778,240</u>	<u>\$ 4,836,178</u>

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Statistical Section

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



The American flag flies high over Monument Square

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

Statistical Section

Statistical Section

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

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

SOURCES: Unless otherwise noted, the information in these schedules is derived from the Town's financial statements for the relevant year.

Net Position By Component

Last Ten Years

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental activities										
Net investment in capital assets.....	\$ 40,863,730	\$ 43,082,537	\$ 42,918,711	\$ 43,682,401	\$ 43,546,214	\$ 44,389,371	\$ 44,191,052	\$ 44,379,353	\$ 48,000,809	\$ 49,147,418
Restricted.....	2,746,826	4,213,784	4,671,258	2,431,703	3,468,524	2,023,893	2,244,393	2,419,582	2,023,893	2,343,715
Unrestricted.....	(11,464,275)	(52,283,130)	(55,103,851)	(58,043,080)	(136,132,561)	(140,696,661)	(140,797,080)	(141,279,379)	(142,267,086)	(125,042,956)
Total governmental activities net position.....	\$ 32,146,281	\$ (4,986,809)	\$ (7,513,882)	\$ (11,928,976)	\$ (89,117,823)	\$ (94,283,397)	\$ (94,361,635)	\$ (94,480,444)	\$ (92,242,384)	\$ (73,551,823)
Business-type activities										
Net investment in capital assets.....	\$ 16,328,393	\$ 16,198,374	\$ 15,968,995	\$ 15,889,601	\$ 15,534,062	\$ 15,507,215	\$ 14,966,531	\$ 14,986,766	\$ 15,028,932	\$ 15,016,400
Unrestricted.....	3,254,408	146,289	1,039,237	1,390,835	(210,644)	391,398	655,132	760,838	566,339	(60,806)
Total business-type activities net position.....	\$ 19,582,801	\$ 16,344,663	\$ 17,008,232	\$ 17,280,436	\$ 15,323,418	\$ 15,898,613	\$ 15,621,663	\$ 15,747,604	\$ 15,595,271	\$ 14,955,594
Primary government										
Net investment in capital assets.....	\$ 57,192,123	\$ 59,280,911	\$ 58,887,706	\$ 59,572,002	\$ 59,080,276	\$ 59,896,586	\$ 59,157,583	\$ 59,366,119	\$ 63,029,741	\$ 64,163,818
Restricted.....	2,746,826	4,213,784	4,671,258	2,431,703	3,468,524	2,023,893	2,244,393	2,419,582	2,023,893	2,343,715
Unrestricted.....	(8,209,867)	(52,136,841)	(54,064,614)	(56,652,245)	(136,343,205)	(140,305,263)	(140,141,948)	(140,518,541)	(141,700,747)	(125,103,762)
Total primary government net position.....	\$ 51,729,082	\$ 11,357,854	\$ 9,494,350	\$ 5,351,460	\$ (73,794,405)	\$ (78,384,784)	\$ (78,739,972)	\$ (78,732,840)	\$ (76,647,113)	\$ (58,596,229)

(1) Net position has been revised to reflect the implementation of GASB Statements #68 and #71.

(2) Net position has been revised to reflect the implementation of GASB Statement #75.

**Changes in Net Position
Last Ten Years**

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Expenses										
Governmental activities:										
General government.....	\$ 3,137,788	\$ 2,821,731	\$ 3,961,992	\$ 5,008,662	\$ 4,328,827	\$ 3,917,989	\$ 4,105,336	\$ 5,251,113	\$ 4,181,483	\$ 5,388,679
Public safety.....	11,763,127	11,854,492	13,647,024	14,028,024	13,406,788	13,095,794	12,714,791	13,142,197	11,696,586	13,048,647
Education.....	43,473,831	42,739,111	46,086,324	49,831,594	49,044,417	47,426,155	52,808,806	54,414,247	50,060,053	51,660,798
Public works.....	1,999,373	2,377,145	2,378,186	3,266,237	3,645,293	4,261,594	3,677,606	3,561,387	4,894,343	2,575,834
Health and human services.....	1,718,765	1,814,478	1,837,581	954,052	864,624	873,357	540,951	732,876	670,758	883,728
Culture and recreation.....	1,315,357	1,456,426	1,520,278	1,515,506	1,594,273	1,606,478	1,549,884	1,572,786	1,179,811	1,762,287
Interest.....	1,076,388	1,044,993	814,971	719,010	709,311	836,357	876,046	680,412	2,779,207	2,488,549
Total government activities expenses.....	64,484,629	64,108,376	70,246,356	75,323,085	73,593,533	72,017,724	76,275,420	79,355,018	75,462,241	77,808,522
Business-type activities:										
Water & sewer.....	5,318,143	4,976,442	4,531,402	5,436,066	4,970,599	6,212,015	6,493,380	3,849,887	6,971,986	7,699,537
Solid waste.....	-	-	-	-	-	-	-	-	-	1,502,289
Public Cable Access.....	-	-	-	-	-	-	148,490	136,687	167,550	192,323
Total business-type activities expenses.....	5,318,143	4,976,442	4,531,402	5,436,066	4,970,599	6,212,015	6,641,870	6,986,574	7,139,536	9,394,149
Total primary government expenses.....	\$ 69,802,772	\$ 69,084,818	\$ 74,777,758	\$ 80,759,151	\$ 78,564,132	\$ 78,229,739	\$ 82,917,290	\$ 86,341,592	\$ 82,601,777	\$ 87,202,671
Program Revenues										
Governmental activities:										
General government charges for services.....	\$ 234,150	\$ 341,139	\$ 344,732	\$ 233,710	\$ 296,851	\$ 873,901	\$ 1,110,323	\$ 514,535	\$ 659,944	\$ 773,897
Public safety charges for services.....	1,202,914	951,304	1,297,239	895,549	996,850	1,160,433	1,228,540	1,153,269	1,401,997	1,478,426
Education charges for services.....	3,193,720	2,818,001	2,683,346	2,925,991	3,130,216	3,134,966	2,846,407	2,120,162	2,460,232	2,669,498
Other charges for services.....	450,359	506,856	459,007	488,944	485,284	515,085	473,211	601,774	563,217	944,650
Education operating grants and contributions.....	10,670,967	8,494,700	10,030,692	11,807,056	12,263,367	12,774,939	14,905,286	16,503,279	14,136,675	15,699,981
Other operating grants and contributions.....	228,590	464,148	329,793	606,573	638,502	253,113	965,335	2,810,105	1,063,278	1,638,067
Education capital grant and contributions.....	-	-	-	-	-	-	-	-	-	13,533,897
Public works & other capital grant and contributions.....	496,781	562,496	354,699	734,135	1,112,819	53,938	407,706	337,285	764,669	400,000
Total government activities program revenues.....	16,477,481	14,138,644	15,499,508	17,691,958	18,923,889	18,766,375	21,936,808	24,040,409	21,050,012	37,138,416
Business-type activities:										
Water & sewer charges for services.....	5,888,165	5,130,100	5,916,119	6,439,015	5,509,205	6,979,142	6,271,727	6,884,530	6,795,647	6,951,411
Solid waste.....	-	-	-	-	-	-	-	-	-	173,284
Public Cable Access charges for services.....	-	-	-	-	-	-	196,359	184,039	183,495	208,804
Total business-type activities program revenues.....	5,888,165	5,130,100	5,916,119	6,439,015	5,509,205	6,979,142	6,468,086	7,068,569	6,979,142	7,333,499
Total primary government program revenues.....	\$ 22,365,646	\$ 19,268,744	\$ 21,415,627	\$ 24,130,973	\$ 24,433,094	\$ 25,745,517	\$ 28,404,894	\$ 31,108,978	\$ 28,029,154	\$ 44,471,915
Net (Expense)/Revenue										
Governmental activities.....	\$ (48,007,148)	\$ (49,969,732)	\$ (54,746,848)	\$ (57,631,127)	\$ (54,669,644)	\$ (53,251,349)	\$ (54,338,612)	\$ (55,314,609)	\$ (54,412,229)	\$ (40,670,106)
Business-type activities.....	570,022	153,658	1,384,717	1,002,949	538,606	767,127	(173,784)	81,995	(160,394)	(2,060,650)
Total primary government net expense.....	\$ (47,437,126)	\$ (49,816,074)	\$ (53,362,131)	\$ (56,628,178)	\$ (54,131,038)	\$ (52,484,222)	\$ (54,512,396)	\$ (55,232,614)	\$ (54,572,623)	\$ (42,730,756)
General Revenues and other Changes in Net Position										
Governmental activities:										
Real estate and personal property taxes and tax liens, net of tax refunds payable.....	\$ 44,165,600	\$ 45,750,333	\$ 46,926,722	\$ 48,152,283	\$ 47,603,013	\$ 47,683,067	\$ 49,199,911	\$ 49,817,669	\$ 51,534,295	\$ 53,118,928
Motor vehicle and other excise taxes.....	2,389,223	2,375,441	2,520,154	2,686,913	2,744,298	2,896,666	2,763,506	2,667,530	2,918,256	2,975,333
Penalties and interest on taxes.....	179,895	352,655	551,259	174,207	171,992	187,088	197,319	220,784	313,939	223,111
Nonrestricted grants, contributions, and other.....	1,150,682	1,155,621	1,198,274	1,323,748	1,366,609	1,382,229	1,495,871	1,561,837	1,846,263	1,524,545
Unrestricted investment income.....	18,502	40,961	56,368	117,518	181,936	581,700	529,592	563,210	37,536	2,868,750
Miscellaneous.....	272,441	290,032	223,513	-	20,000	-	-	364,770	-	-
Transfers.....	-	-	-	-	-	-	123,541	-	-	(1,350,000)
Total governmental revenues.....	48,176,343	49,965,043	51,476,290	52,454,669	52,087,848	52,730,750	54,309,740	55,195,800	56,650,289	59,360,667
Business-type activities:										
Unrestricted investment income.....	-	-	-	-	-	32,495	20,375	43,946	8,061	70,973
Transfers.....	-	-	-	-	-	-	(123,541)	-	-	1,350,000
Total business type activities.....	-	-	-	-	-	32,495	(103,166)	43,946	8,061	1,420,973
Total primary government.....	\$ 48,176,343	\$ 49,965,043	\$ 51,476,290	\$ 52,454,669	\$ 52,087,848	\$ 52,763,245	\$ 54,206,574	\$ 55,239,746	\$ 56,658,350	\$ 60,781,640
Changes in Net Position										
Governmental activities.....	\$ 169,195	\$ (4,689)	\$ (3,270,558)	\$ (5,176,458)	\$ (2,581,796)	\$ (520,599)	\$ (28,872)	\$ (118,809)	\$ 2,238,060	\$ 18,690,561
Business-type activities.....	570,022	153,658	1,384,717	1,002,949	538,606	799,622	(276,950)	125,941	(152,333)	(639,677)
Total primary government.....	\$ 739,217	\$ 148,969	\$ (1,885,841)	\$ (4,173,509)	\$ (2,043,190)	\$ 279,023	\$ (305,822)	\$ 7,132	\$ 2,085,727	\$ 18,050,884

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

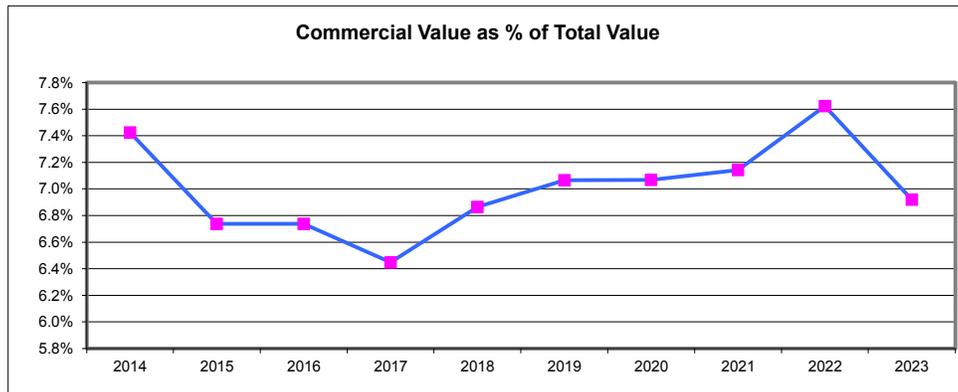
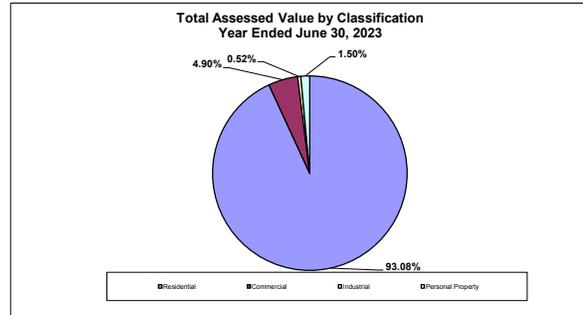
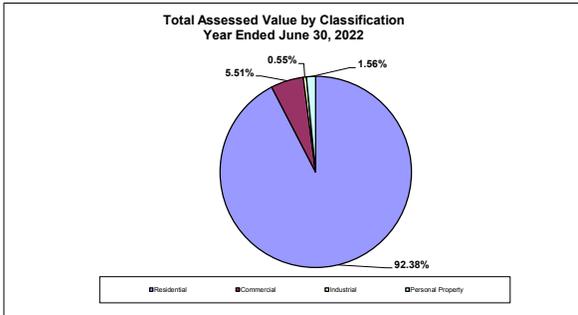
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
General Fund										
Restricted.....	\$ 500,052	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Committed.....	1,400,515	1,075,389	2,503,662	3,746,938	3,014,056	1,832,496	-	-	-	-
Assigned.....	778,638	501,370	293,035	269,424	402,650	603,860	744,319	1,024,427	417,554	115,918
Unassigned.....	<u>4,684,739</u>	<u>7,119,395</u>	<u>8,978,306</u>	<u>8,379,915</u>	<u>9,986,458</u>	<u>10,163,059</u>	<u>13,703,829</u>	<u>14,017,813</u>	<u>13,472,464</u>	<u>13,000,677</u>
Total general fund.....	\$ <u>7,363,944</u>	\$ <u>8,696,154</u>	\$ <u>11,775,003</u>	\$ <u>12,396,277</u>	\$ <u>13,403,164</u>	\$ <u>12,599,415</u>	\$ <u>14,448,148</u>	\$ <u>15,042,240</u>	\$ <u>13,890,018</u>	\$ <u>13,116,595</u>
All Other Governmental Funds										
Nonspendable.....	\$ 439,652	\$ -	\$ -	\$ -	\$ -	\$ 494,462	\$ 472,996	\$ 464,162	\$ 588,249	\$ 574,221
Restricted.....	4,817,533	3,996,637	4,687,927	2,782,552	4,354,926	3,130,490	4,021,554	3,728,755	61,293,654	32,986,572
Unassigned.....	<u>(485,937)</u>	<u>(83,187)</u>	<u>(194,005)</u>	<u>(132,722)</u>	<u>(689,341)</u>	<u>(937,834)</u>	<u>-</u>	<u>(249,693)</u>	<u>(331,023)</u>	<u>(155,524)</u>
Total all other governmental funds.....	\$ <u>4,771,248</u>	\$ <u>3,913,450</u>	\$ <u>4,493,922</u>	\$ <u>2,649,830</u>	\$ <u>3,665,585</u>	\$ <u>2,687,118</u>	\$ <u>4,494,550</u>	\$ <u>3,943,224</u>	\$ <u>61,550,880</u>	\$ <u>33,405,269</u>

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenues:										
Real estate and personal property taxes, net of tax refunds.....	\$ 43,522,582	\$ 45,781,280	\$ 46,786,395	\$ 47,763,141	\$ 47,857,992	\$ 47,184,049	\$ 48,515,499	\$ 50,320,774	\$ 50,963,672	\$ 52,819,910
Tax liens.....	86,284	273,067	786,246	162,699	314,831	129,236	209,585	38,756	175,492	47,742
Motor vehicle and other excise taxes.....	2,367,549	2,397,278	2,508,013	2,642,922	2,731,099	2,830,263	2,642,744	2,806,031	2,909,476	3,007,218
Charges for service.....	1,377,598	1,334,774	1,422,170	1,785,087	1,472,869	1,383,819	1,209,875	1,926,225	854,053	717,241
Penalties and interest on taxes.....	179,895	352,655	551,259	174,207	171,992	187,088	197,319	220,784	313,939	223,111
Licenses and permits.....	869,725	464,636	729,778	426,919	496,062	790,054	702,368	616,970	642,143	961,970
Fines and forfeitures.....	76,585	91,145	74,405	81,001	79,558	78,646	81,195	95,451	29,377	152,635
Intergovernmental.....	11,753,842	10,623,216	11,059,337	13,669,104	13,965,283	15,103,227	17,486,261	20,614,615	18,970,464	34,270,173
Departmental and other.....	3,266,379	3,036,747	2,912,322	3,172,576	3,334,057	3,354,962	3,576,306	1,960,460	1,897,067	2,322,460
Contributions and donations.....	266,511	282,948	593,265	31,224	321,062	76,279	256,883	289,307	524,797	38,315
Investment income.....	25,154	54,902	79,040	143,989	215,450	581,699	528,601	563,210	37,536	2,868,750
Total Revenue.....	63,792,104	64,692,648	67,502,230	70,052,869	70,960,255	71,699,322	75,406,636	79,452,583	77,318,016	97,429,525
Expenditures:										
General government.....	2,263,474	2,410,201	2,725,509	3,575,550	3,101,509	4,021,555	3,258,864	4,226,811	3,709,163	12,742,043
Public safety.....	8,027,970	7,837,308	8,067,319	8,485,608	8,320,937	9,302,233	8,306,072	8,927,018	9,463,817	9,455,621
Education.....	30,323,768	29,836,196	31,495,756	32,787,366	32,434,810	33,412,729	33,923,768	35,722,025	43,484,273	69,375,990
Public works.....	2,172,399	2,817,554	2,663,434	4,461,289	4,300,034	4,187,527	4,463,174	3,483,873	5,601,334	3,750,203
Health and human services.....	1,305,397	1,341,550	1,298,246	407,401	368,962	384,343	368,925	537,106	550,662	663,746
Culture and recreation.....	927,637	1,033,967	984,880	1,032,961	1,107,505	1,087,019	1,032,573	1,095,514	1,335,280	1,445,075
Pension benefits.....	9,259,694	7,224,499	8,620,863	10,835,360	11,491,175	11,404,836	13,025,401	14,142,632	9,916,152	11,069,995
Employee benefits.....	5,233,611	5,403,206	5,757,918	7,496,742	6,420,181	6,357,004	6,183,172	6,841,488	7,242,328	7,288,329
Property and Liability Insurance.....	444,740	501,951	561,363	558,831	586,098	448,888	361,369	396,625	432,491	563,208
Claims and Judgments.....	-	340,000	-	-	-	-	-	-	-	-
State and county charges.....	550,919	560,469	662,917	683,482	825,701	874,031	1,106,875	1,285,431	1,672,962	1,762,062
Debt service:										
Principal.....	3,596,927	2,571,447	3,368,426	3,427,797	2,481,761	2,495,866	2,315,865	2,680,026	2,595,141	4,110,141
Interest.....	1,089,162	1,018,568	887,529	829,148	745,110	813,876	772,804	788,207	738,957	2,772,146
Total Expenditures.....	65,195,698	62,896,916	67,094,160	74,581,535	72,183,783	74,789,907	75,118,862	80,126,756	86,742,560	124,998,559
Excess of revenues over (under) expenditures.....	(1,403,594)	1,795,732	408,070	(4,528,666)	(1,223,528)	(3,090,585)	287,774	(674,173)	(9,424,544)	(27,569,034)
Other Financing Sources (Uses)										
Issuance of bonds and notes.....	-	-	2,649,400	1,300,907	2,280,600	-	3,053,000	-	63,860,001	-
Issuance of refunding bonds.....	1,603,858	13,128,556	-	-	-	-	-	-	-	-
Premium from issuance of refunding bonds.....	43,112	257,607	-	-	-	-	-	-	-	-
Premium from issuance of bonds.....	-	109,220	139,048	-	261,237	-	191,850	-	2,514,150	-
Payments to escrow agent.....	(1,831,750)	(14,124,600)	-	-	-	-	-	-	-	-
Sale of Capital Assets.....	1,762,536	-	-	10,000	-	-	-	-	-	-
Transfers in.....	852,000	820,000	1,633,722	1,383,243	1,011,797	1,478,388	483,924	240,000	93,333	50,000
Transfers out.....	(562,190)	(48,676)	(907,107)	(637,879)	(299,164)	(655,981)	(360,383)	(240,000)	(93,333)	(1,400,000)
Total other financing sources (uses).....	1,867,566	142,107	3,515,063	2,056,271	3,254,470	822,407	3,368,391	-	66,374,151	(1,350,000)
Net change in fund balance.....	\$ 463,972	\$ 1,937,839	\$ 3,923,133	\$ (2,472,395)	\$ 2,030,942	\$ (2,268,178)	\$ 3,656,165	\$ (674,173)	\$ 56,949,607	\$ (28,919,034)
Debt service as a percentage of noncapital expenditures.....	7.37%	5.85%	6.53%	5.93%	4.64%	4.60%	4.23%	4.45%	4.25%	8.42%

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

Year	Assessed and Actual Values and Tax Rates										
	Residential Value	Residential Tax Rate	Residential % of Total Value	Commercial Value	Industrial Value	Personal Property	Total Commercial Value	Commercial Tax Rate	Commercial % of Total Value	Total Direct Rate (1)	Total Town Value
2014	\$2,057,750,774	\$18.70	92.58%	\$120,256,551	\$10,931,900	\$33,849,520	\$165,037,971	\$34.79	7.42%	\$19.89	\$2,222,788,745
2015	\$2,347,019,493	\$17.15	93.26%	\$124,326,233	\$11,331,300	\$33,914,490	\$169,572,023	\$31.73	6.74%	\$18.13	\$2,516,591,516
2016	\$2,388,163,338	\$17.33	93.26%	\$125,027,888	\$11,336,700	\$36,142,200	\$172,506,788	\$32.07	6.74%	\$18.32	\$2,560,670,126
2017	\$2,447,445,742	\$17.45	93.55%	\$123,980,284	\$11,429,600	\$33,291,050	\$168,700,934	\$32.20	6.45%	\$18.40	\$2,616,146,676
2018	\$2,651,648,719	\$16.00	93.14%	\$140,489,144	\$13,001,200	\$41,940,440	\$195,430,784	\$28.83	6.86%	\$16.88	\$2,847,079,503
2019	\$2,802,887,168	\$15.20	92.93%	\$155,460,066	\$14,445,800	\$43,214,220	\$213,120,086	\$27.45	7.07%	\$16.07	\$3,016,007,254
2020	\$3,003,363,431	\$14.30	92.93%	\$164,620,403	\$17,089,100	\$46,692,900	\$228,402,403	\$25.85	7.07%	\$15.12	\$3,231,765,834
2021	\$3,166,165,714	\$13.80	92.86%	\$178,243,129	\$17,922,700	\$47,332,180	\$243,498,009	\$24.90	7.14%	\$14.59	\$3,409,663,723
2022	\$3,485,764,995	\$12.83	92.38%	\$208,068,025	\$20,710,800	\$58,884,660	\$287,663,485	\$23.20	7.62%	\$13.62	\$3,773,428,480
2023	\$4,013,446,301	\$11.74	93.08%	\$211,258,862	\$22,414,700	\$64,728,320	\$298,401,882	\$21.04	6.92%	\$12.38	\$4,311,848,183



(1) Weighted average direct tax rate, calculated as weighted average of residential, commercial and personal property tax rates.
Source: Assessor's Department, Town of Swampscott
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 year as determined by the State Commissioner of Revenue by more than 2 1/2 percent, subject to an exception for property added to the tax rolls and for certain substantial valuation increases other than as part of a general revaluation. The secondary limit may be exceeded in any year by a majority vote of the voters, however it cannot exceed the primary limitation.

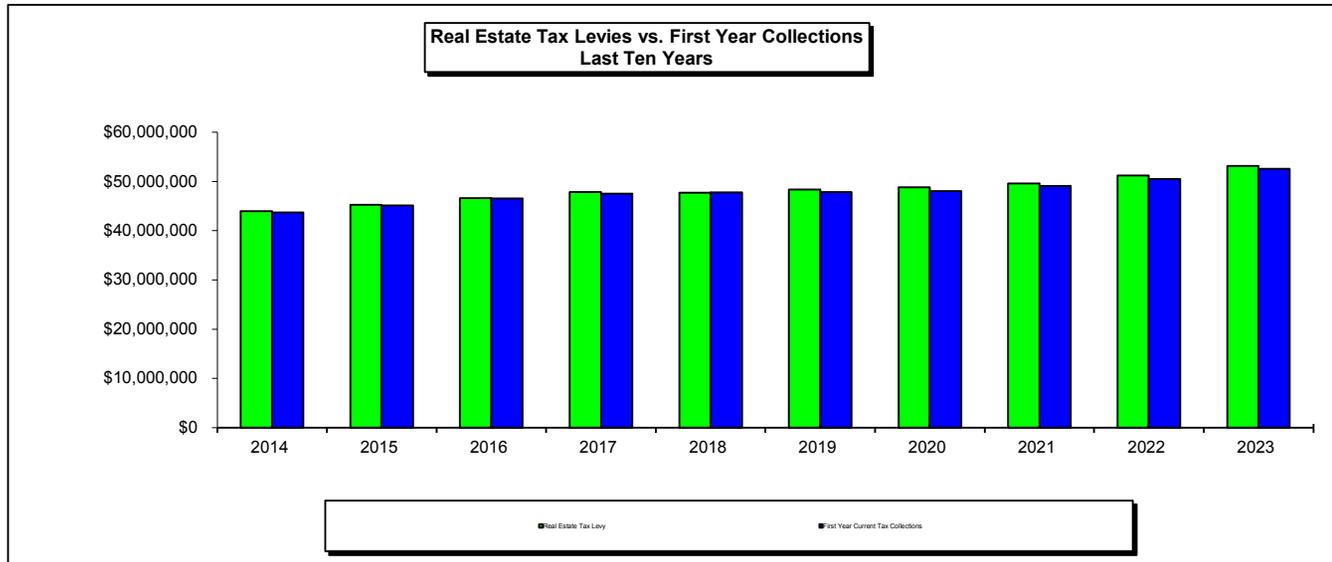
**Principal Taxpayers
Current Year and Nine Years Ago**

Name	Nature of Business	2023			2014		
		Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value	Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value
SCRS Vinnin Square LLC	Luxury Residential Apartments	\$ 66,479,400	1	1.54%	-	-	-
Ryan, LLC	Luxury Residential Apartments	27,358,300	2	0.63%	13,594,100	2	0.61%
Keyspan	Utility	23,877,950	3	0.55%	-	-	-
CC Swampscott Lot B5 Limited	Shopping Center	23,572,600	4	0.55%	13,876,500	1	0.62%
New Creek II LLC	Shopping Center	19,089,300	5	0.44%	11,141,300	3	0.50%
ARC Hr5ssma002 LLC	Shopping Center	18,805,000	6	0.44%	-	-	-
National Grid	Utility	17,531,800	7	0.41%	-	-	-
Dhanda Investments LLC	Shopping Center	16,789,750	8	0.39%	-	-	-
Lynn Sand & Stone Co.	Quarry	15,336,000	9	0.36%	8,038,500	5	0.36%
Bostsini-Paradise Road LLC	Shopping Center	14,952,600	10	0.35%	6,690,400	7	0.30%
Equity One (Boston Portfolio)	Shopping Center	-	-	-	7,173,700	6	0.32%
Prima II LLC	Shopping Center	-	-	-	-	-	-
Inland American Swampscott LLC	Shopping Center	-	-	-	10,279,600	4	0.46%
AIMCO Vantage Pointe	Garden Apartments	-	-	-	-	-	-
CRP/THC Vinnin Square Venture LLC	Shopping Center	-	-	-	4,894,200	7	0.22%
Anthony's Hawthorne	Restaurant	-	-	-	4,206,400	9	0.19%
Individual Taxpayer	Private Residence	-	-	-	-	-	-
Five Hundred Paradise Road	Shopping Center	-	-	-	3,823,200	10	0.17%
Totals		<u>\$ 243,792,700</u>		<u>5.65%</u>	<u>\$ 83,717,900</u>		<u>3.77%</u>

Source: Debt Offering Statements

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

Year	Total Tax Levy	Less Estimated Abatements & Exemptions	Net Tax Levy	Net as % of Total	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
2014	\$44,221,610	\$241,273	\$43,980,337	99.45%	\$43,705,238	99.37%	\$273,067	\$43,980,337	100.00%
2015	\$45,631,905	\$337,536	\$45,294,369	99.26%	\$45,115,835	99.61%	\$178,534	\$45,294,369	100.00%
2016	\$46,919,163	\$282,042	\$46,637,121	99.40%	\$46,547,422	99.81%	\$88,080	\$46,637,121	100.00%
2017	\$48,140,098	\$275,968	\$47,864,130	99.43%	\$47,548,394	99.34%	\$314,831	\$47,864,130	100.00%
2018	\$48,031,755	\$323,734	\$47,708,021	99.33%	\$47,817,131	100.23%	\$129,236	\$47,708,021	100.00%
2019	\$48,420,103	\$26,804	\$48,393,299	99.94%	\$47,829,518	98.84%	\$280,114	\$48,109,632	99.41%
2020	\$48,813,196	\$4,691	\$48,808,505	99.99%	\$48,046,551	98.44%	\$703,992	\$48,750,543	99.88%
2021	\$49,731,152	\$134,929	\$49,596,223	99.73%	\$49,107,835	99.02%	\$47,580	\$49,155,415	99.11%
2022	\$51,396,158	\$162,162	\$51,233,996	99.68%	\$50,508,103	98.58%	\$314,098	\$50,822,201	99.20%
2023	\$53,396,235	\$212,071	\$53,184,164	99.60%	\$52,561,683	98.83%	\$0	\$52,561,683	98.83%



Source: Massachusetts Department of Revenue Municipal Databank, Debt Offering Statements, Town Finance Records

**Ratios of Outstanding Debt by Type
Last Ten Years**

Year	<u>Governmental Activities</u>	<u>Business - Type</u>		Total Debt Outstanding	Percentage of Personal Income	U. S. Census Population	Debt Per Capita
	General Obligation Bonds (1)	General Obligation Bonds (1)	Direct Borrowings				
2014	\$33,757,856	\$788,880	\$3,400,768	\$37,947,504	4.73%	13,826	\$ 2,745
2015	\$30,190,365	\$559,004	\$2,864,122	\$33,613,491	4.19%	13,826	\$ 2,431
2016	\$29,471,339	\$1,436,695	\$2,383,189	\$33,291,223	3.94%	14,563	\$ 2,286
2017	\$27,344,449	\$1,230,235	\$2,969,964	\$31,544,648	3.74%	14,563	\$ 2,166
2018	\$27,143,288	\$2,990,123	\$2,488,441	\$32,621,852	3.86%	14,563	\$ 2,240
2019	\$24,647,422	\$2,743,622	\$3,174,612	\$30,565,656	4.03%	14,563	\$ 2,099
2020	\$26,131,562	\$4,950,525	\$2,650,444	\$33,732,531	4.39%	14,755	\$ 2,286
2021	\$23,371,692	\$4,673,354	\$3,237,899	\$31,282,945	3.98%	15,002	\$ 2,085
2022	\$87,074,142	\$7,138,431	\$2,715,177	\$96,927,750	10.90%	15,155	\$ 6,396
2023	\$82,739,154	\$6,487,318	\$3,217,005	\$92,443,477	9.51%	15,280	\$ 6,050

(1) Presented net of original issuance discounts and premiums.

Source: Debt Offering Statements, Town Finance Records, 2014 - 2023 Audited Financial Statements.

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

Year	General Obligation Bonds (1)	Assessed Value	U. S. Census Population	Per Capita	Percentage of Assessed Value
2014	\$34,546,736	\$2,222,788,745	13,826	\$2,499	1.55%
2015	\$30,749,369	\$2,516,591,516	13,826	\$2,224	1.22%
2016	\$30,908,034	\$2,560,670,126	14,563	\$2,122	1.21%
2017	\$28,574,684	\$2,616,146,676	14,563	\$1,962	1.09%
2018	\$30,133,411	\$2,847,079,503	14,563	\$2,069	1.06%
2019	\$27,391,044	\$3,016,007,254	14,563	\$1,881	0.91%
2020	\$31,082,087	\$3,231,765,834	14,755	\$2,107	0.96%
2021	\$28,045,046	\$3,409,663,723	15,002	\$1,869	0.82%
2022	\$94,212,573	\$3,773,428,480	15,155	\$6,217	2.50%
2023	\$89,226,472	\$4,311,848,183	15,280	\$5,839	2.07%

(1) This is the general bonded debt of the governmental activities, net of original issuance discounts and premiums.

Source: Debt Offering Statements, Town Finance Records, 2014 - 2023 Audited Financial Statements.

Direct and Overlapping Governmental Activities Debt

As of June 30, 2023

<u>Town of Swampscott, Massachusetts</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes:			
Essex North Shore Regional Technical School District.....	\$ 25,230,000	2.02%	\$ 509,646
Total direct debt.....			<u>82,739,154</u>
Total direct and overlapping debt.....			<u>\$ 83,248,800</u>

Source: Audited Financial Statements, Debt Offering Statements

Note: Overlapping governments are those that coincide, at least in part, with geographic boundaries of the Town. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the taxpayers of Town. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the property taxpayers should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Equalized Valuation.....	\$ 2,380,319,800	\$ 2,380,319,800	\$ 2,701,749,700	\$ 2,701,749,700	\$ 3,001,502,900	\$ 3,001,502,900	\$ 3,428,507,500	\$ 3,428,507,500	\$ 4,007,032,500	\$ 4,007,032,500
Debt Limit - 5% of Equalized Valuation.....	\$ 119,015,990	\$ 119,015,990	\$ 135,087,485	\$ 135,087,485	\$ 150,075,145	\$ 150,075,145	\$ 171,425,375	\$ 171,425,375	\$ 200,351,625	\$ 200,351,625
Less:										
Outstanding debt applicable to limit.....	34,229,486	30,190,365	30,754,551	28,514,684	30,103,411	27,391,040	30,118,673	27,176,305	90,808,937	86,346,568
Authorized and unissued debt.....	1,123,012	5,664,297	3,300,907	6,275,600	5,532,270	1,912,170	6,876,650	4,748,400	43,432,685	45,367,935
Legal debt margin.....	\$ 83,663,492	\$ 83,161,328	\$ 101,032,027	\$ 100,297,201	\$ 114,439,464	\$ 120,771,935	\$ 134,430,052	\$ 139,500,670	\$ 66,110,003	\$ 68,637,122
Total debt applicable to the limit as a percentage of debt limit.....	29.70%	30.13%	25.21%	25.75%	23.75%	19.53%	21.58%	18.62%	67.00%	65.74%

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

**Demographic and Economic Statistics
Last Ten Years**

Year	Population Estimates (1)	Personal Income	Per Capita Personal Income (2)	School Enrollment (3)	Unemployment Rate (4)
2014	13,826	\$ 801,548,524	\$ 57,974	2,293	4.50%
2015	13,826	\$ 801,548,524	\$ 57,974	2,250	4.00%
2016	14,563	\$ 844,275,362	\$ 57,974	2,249	3.20%
2017	14,563	\$ 844,275,362	\$ 57,974	2,231	3.40%
2018	14,563	\$ 844,275,362	\$ 57,974	2,207	3.30%
2019	14,563	\$ 757,712,890	\$ 52,030	2,212	2.50%
2020	14,755	\$ 767,702,650	\$ 52,030	2,218	12.60%
2021	15,002	\$ 785,729,750	\$ 52,375	2,225	4.20%
2022	15,155	\$ 889,052,920	\$ 58,664	2,041	3.00%
2023	15,280	\$ 971,731,600	\$ 63,595	2,036	2.80%

Sources: (1) Massachusetts Department of Revenue Municipal Databank.
(2) United States Census Bureau
(3) Massachusetts Department of Elementary and Secondary Education
(4) Massachusetts Department of Unemployment Assistance

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

Employer	Nature of Business	2023			2014		
		Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
Paradiso Ristorante	Restaurant	250	1	2.86%	-	-	-
Abbott House	Assisted Living	110	2	1.26%	-	-	-
Whole Foods Market	Grocery Store	100	3	1.14%	210	2	2.62%
Bertucci's	Restaurant	80	4	0.91%	84	3	1.05%
Congregation Shirat Hayam	Synagogue	75	5	0.86%	-	-	-
Gap	Retail Store	72	6	0.82%	-	-	-
CVS	Pharmacy	-	-	-	30	8	0.37%
Anthony's Pier 4 Café	Restaurant	-	-	-	40	7	0.50%
Beach Club	Restaurant	-	-	-	27	9	0.34%
Cut Rate Tree	Landscaping/Tree Removal	-	-	-	25	10	0.31%
Hawthorne-By-The-Sea	Restaurant	70	7	0.80%	-	-	-
Marshall's	Retail Store	65	8	0.74%	50	5	0.62%
Sagan Harborside Sotheby's	Realtor	63	9	0.72%	-	-	-
North Shore Medical Center	Women's Center	60	10	0.69%	-	-	-
Uno Chicago Grill	Restaurant	-	-	-	48	6	0.60%
TJ Maxx	Retail Store	-	-	-	58	4	0.72%
Stop and Shop	Grocery Store	-	-	-	225	1	2.80%
		<u>945</u>		<u>10.81%</u>	<u>797</u>		<u>9.93%</u>

Information on the 10th largest employer for 2013 was unavailable.
Source: Debt Offering Statements, Massachusetts Workplace Development Agency.

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

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
<u>Function</u>										
General government.....	15	13	13	17	17	17	16	15	23	21
Public safety.....	71	73	74	71	71	71	71	71	67	74
Public education.....	180	186	189	194	191	185	185	185	190	196
Public works.....	22	21	21	21	21	21	21	21	21	15
Human services.....	5	4	4	4	6	6	6	8	8	6
Culture and recreation.....	11	12	12	11	11	11	11	15	11	11
Total.....	<u>303</u>	<u>309</u>	<u>312</u>	<u>319</u>	<u>318</u>	<u>312</u>	<u>311</u>	<u>315</u>	<u>320</u>	<u>323</u>

Source: Town Personnel Records, Department of Elementary and Secondary Education

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

<u>Function/Program</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
General Government										
Birth recordings.....	133	148	157	141	144	147	150	169	110	N/A
Death recordings.....	26	27	46	33	47	37	155	116	126	N/A
Building Department										
Building permits issued.....	664	642	578	542	647	658	698	846	711	N/A
Police										
Number of arrests.....	201	148	165	176	121	116	131	137	115	N/A
Education										
Number of students.....	2,293	2,250	2,249	2,231	2,207	2,212	2,218	2,225	2,041	2,036
Number of middle schools.....	1	1	1	1	1	1	1	1	1	1
Number of high schools.....	1	1	1	1	1	1	1	1	1	1
Public Works										
Streets to maintain (miles).....	46	46	46	46	46	46	46	46	46	46
Library										
Volumes in circulation.....	85,000	85,000	85,000	85,000	85,000	85,000	85,000	85,000	85,000	85,000
Recreation										
Facilities.....	17	17	17	17	17	17	17	17	17	17
Miles of public beach front.....	5	5	5	5	5	5	5	5	5	5
Public beaches.....	6	6	6	6	6	6	6	6	6	6

Source: Annual Town Reports
 Massachusetts Executive Office of Public Safety Crime Statistics
 Massachusetts Office of Vital Statistics
 Department records
 N/A - not available

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

<u>Function/Program</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
General Government										
Number of buildings.....	1	1	1	1	1	1	1	1	1	1
Police										
Number of stations.....	1	1	1	1	1	1	1	1	1	1
Fire										
Number of stations.....	1	1	1	1	1	1	1	1	1	1
Education										
Number of elementary schools.....	3	3	3	3	3	3	3	3	3	3
Number of middle schools.....	1	1	1	1	1	1	1	1	1	1
Number of high schools.....	1	1	1	1	1	1	1	1	1	1
Public Works										
Streets to maintain (miles).....	46	46	46	46	46	46	46	46	46	46
Culture and recreation										
Buildings.....	1	1	1	1	1	1	1	1	1	1
Miles of public beach front.....	5	5	5	5	5	5	5	5	5	5
Public beaches.....	6	6	6	6	6	6	6	6	6	6

Source: Various Town Departments

Free Cash and Stabilization Fund Balances

Last Ten Years

<u>Year</u>	<u>Free Cash</u>	<u>General Stabilization Fund</u>	<u>Capital Stabilization Fund</u>
2023.....	\$ 3,709,832	\$ 6,267,052	\$ 1,396,168
2022.....	\$ 3,630,509	\$ 7,125,102	\$ 1,678,332
2021.....	\$ 3,630,048	\$ 7,185,169	\$ 1,281,189
2020.....	\$ 4,716,580	\$ 6,750,956	\$ 976,908
2019.....	\$ 4,430,176	\$ 5,905,117	\$ 866,286
2018.....	\$ 3,161,170	\$ 5,058,310	\$ 609,980
2017.....	\$ 4,038,376	\$ 3,529,485	\$ 355,290
2016.....	\$ 6,392,330	\$ 2,066,031	\$ 403,662
2015.....	\$ 5,105,677	\$ 1,084,187	\$ 301,667
2014.....	\$ 3,065,575	\$ 1,296,515	\$ 200,515

Source: Massachusetts Department of Revenue / Town Financial Records