

TOWN OF DRACUT, MASSACHUSETTS

Annual Comprehensive Financial Report



For the Fiscal Year Ended June 30, 2021

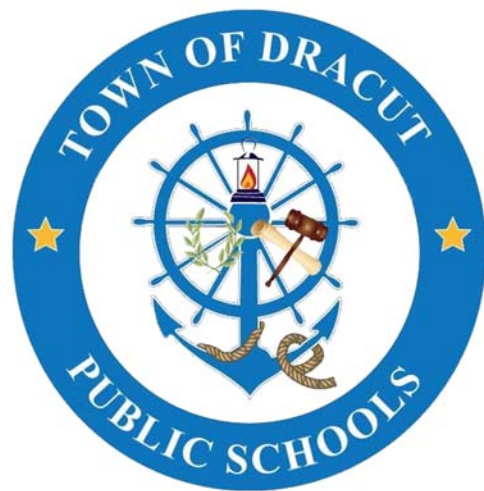
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Town of Dracut, Massachusetts

Annual Comprehensive Financial Report

For the Fiscal Year Ended June 30, 2021

Ann M. Vandal, Town Manager



Prepared by the Finance Director's Office

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TOWN OF DRACUT, MASSACHUSETTS
Annual Comprehensive Financial Report
For the Fiscal Year Ended June 30, 2021

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INTRODUCTORY SECTION



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January 28, 2022

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

At the close of each fiscal year, State Law requires the Town of Dracut (the Town) to publish a complete set of financial statements presented in conformance with Generally Accepted Accounting Principles (GAAP), and in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to the requirement, we hereby issue the Annual Comprehensive Financial Report (ACFR) of the Town of Dracut, Massachusetts, for the fiscal year ending June 30, 2021 for your review.

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

Because the cost of internal controls should not outweigh their benefits, the Town of Dracut's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements for the fiscal year ending June 30, 2021, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

The Town of Dracut's financial statements have been audited by Melanson, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town of Dracut for fiscal year ending June 30, 2021, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, the Town's financial statements for fiscal year ending June 30, 2021, are fairly presented in conformity with GAAP.

The independent audit of the financial statements of the Town of Dracut was part of a broader, federally mandated “Single Audit” designed to meet the special needs of the federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government’s internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements of federal awards. These reports are available on the Town of Dracut’s separately issued Single Audit Report.

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

Profile of the Town of Dracut

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

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

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

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

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

The School Committee comprises a five-member elected board. Each member serves a staggered three-year term. The School Committee has the authority to appoint the Superintendent and establish educational goals. The Town is also a member of the Greater Lowell Regional School District which provides vocational education to residents. Dracut has been fortunate to have been able to complete the construction of a new Junior High School and Dracut Senior High School over the past 15 years.

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

Factors Affecting Economic Conditions

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

Local Economy

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

The Town's household incomes are strong compared with national medians. The 2017 median household effective buying income was 118% of the U. S. level, which the per-capita effective buying income is 115% of the national level. Unemployment in the community was 3.9% in 2019, down from 6.6% in 2013. Due to the coronavirus, the Town has experienced an increase in our unemployment rate; it is approximately 6.5%.

As a result of the hard work of the administration, the Town will recognize \$365K in new growth for Fiscal Year 2022. During FY2021 we saw construction and occupancy of many commercial spaces throughout the community; zoning changes to combine lots to provide achievable business opportunities and extensive construction of single-family homes and the permitting of four retail cannabis establishments, one of which has opened to the public. We will soon see several major projects underway, all of which could result in new growth revenue, the most important piece of our economic stability. The Town has and continues to budget revenues cautiously and departments have responded well to our call for even more conservancy with

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

Going forward the Town will closely monitor the economy and make necessary adjustments to its budget lines and estimated revenues. Calendar year 2021 has been a challenging one in many areas, our finances are no exception. Fortunately, the Federal Government recognizes these struggles that all municipalities are having, and they provided us a resource to help cover increased expenditures related to the coronavirus pandemic.

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

Long-Term Financial Planning

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

The Town currently manages \$75M in long-term and short-term debt. As a benchmark, the Town strives to limit the total annual debt payments to an amount that is no more than ten percent of the General Fund Budget. The ratio in Fiscal Year 2022 is approximately 6.5%. Both enterprise funds and the Community Preservation Fund appropriate annual debt service in their respective budgets.

The Town's main source of revenue is property taxes which is capped by Proposition 2 ½ and can be overridden only by a majority vote at a Town election. The tax rate has averaged \$13.38/\$1,000 of assessed value over the past five years. The tax rate for Fiscal Year 2022 has been certified at \$12.29/\$1,000. State Aid is an important part of Town revenues, it represents approximately 27% of the Town's revenue budget. State Aid has continuously had a slight decline for the past several fiscal years, primarily due to the impact the Charter School assessments have had. The Town has and continues to be conservative with estimating local revenues. Local revenues are economically driven, if the overall economy is good, the Town will recognize higher collections in excise tax, permitting fees, meals taxes and other areas of the revenue budget.

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

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

Annual Budget Process

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

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

Relevant Financial Policies

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

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

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

The Treasurer is responsible for transferring funds into various depository accounts at bank institutions. Short-term funds are transferred to various banks and financial institutions to obtain

the highest competitive return. The Treasurer maintains adequate cash on hand to pay invoices and fund payroll on a weekly basis.

Cash flow requirements are continuously evaluated to determine the amount of money that can be invested for a longer term and thus, yield a higher return on investments. Maturities on various investments vary based on cash flow projections. With the increase in free cash the Town is able to begin to be slightly more aggressive and flexible with the terms of its investments.

Major Initiatives and Accomplishments

The Town has partnered with Commonground, a subsidiary of CTI, to construct an elderly housing 60-unit housing complex at the Richardson property, 144 Greenmont Ave. This project is a group effort bringing CTI, Department of Housing and Urban Development, the Community Preservation Committee, and the taxpayers of the Town of Dracut together. Commonground is getting closer to final approvals; we expect to see significant activity over the next year. We successfully secured a \$650K Mass Works grant to assist us with infrastructure improvements for that area.

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

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

Grant Name	Purpose	Expended
Cares Act Fund	COVID-19 Expenses	\$2,152,747
American Rescue Plan (Federal)	Infrastructure	\$1,655,542
Shared Streets/Spaces	Hypine/Lakeview	\$400,000
LED Green Communities	LED Street Lights	\$168,685
Housing Choice	Dracut Centre School	\$107,153
911 Grant	Regional Dispatch	\$67,894
Council on Aging	COA Roof/HVAC Earmark	\$59,410
Elder Affairs Grant	Council on Aging	\$58,209
Municipal Vulnerability	Stormwater Management	\$41,375
MAPC Covid-19	Board of Health	\$19,078
American Disabilities Grand (ADA)	Study Buildings	\$18,500
Firefighter Safety Equipment	Fire Dept.	\$14,980
Emergency Operations	Fire Dept.	\$8,500
Fire SAFE	Fire Personnel	\$6,065

Dracut Arts Council	Art Council	\$5,832
Extra Polling Hours	Elections	\$5,312
Trail Blazing Signs	Economic Development	\$4,750
COA Cultural Council	Council on Aging	\$2,996
Greater Lowell Sr. Trust	Council on Aging	\$2,048
Firefighter's COVID-19 Assistance	Fire Personnel	\$2,043
Economic Dev. Initiatives	Economic Development	\$1,975

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

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

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

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

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

This Master Plan effort took a comprehensive look at how Dracut is changing and aims to gather updated factual information for all master plan chapters in order to ultimately be able to make

recommendations on where the town should be going. The plan is not intended to provide a detailed blueprint for the future, rather it is intended to provide strategic direction for those who will make decisions about the new development, both new construction and redevelopment of existing structures within Dracut.

This Master Plan will consider all master plan chapters as designated in MGL, Chapter 41, Section 81. These chapters include: goals and objectives; housing and their neighborhoods, land use, economic development, transportation and circulation; open space and recreation; historic and cultural resources; natural resources; municipal facilities- including services and infrastructure; and an action plan for the governance of development and municipal policies.

For FY2022 the Town appropriated funding from Free Cash to re-write both the Zoning Bylaw and the General Bylaw. Both documents take considerable time to draft, this project could take up to two years. The goal is to update both documents in line with the Master Plan.

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

Financial Reporting Awards

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

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

Acknowledgements

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

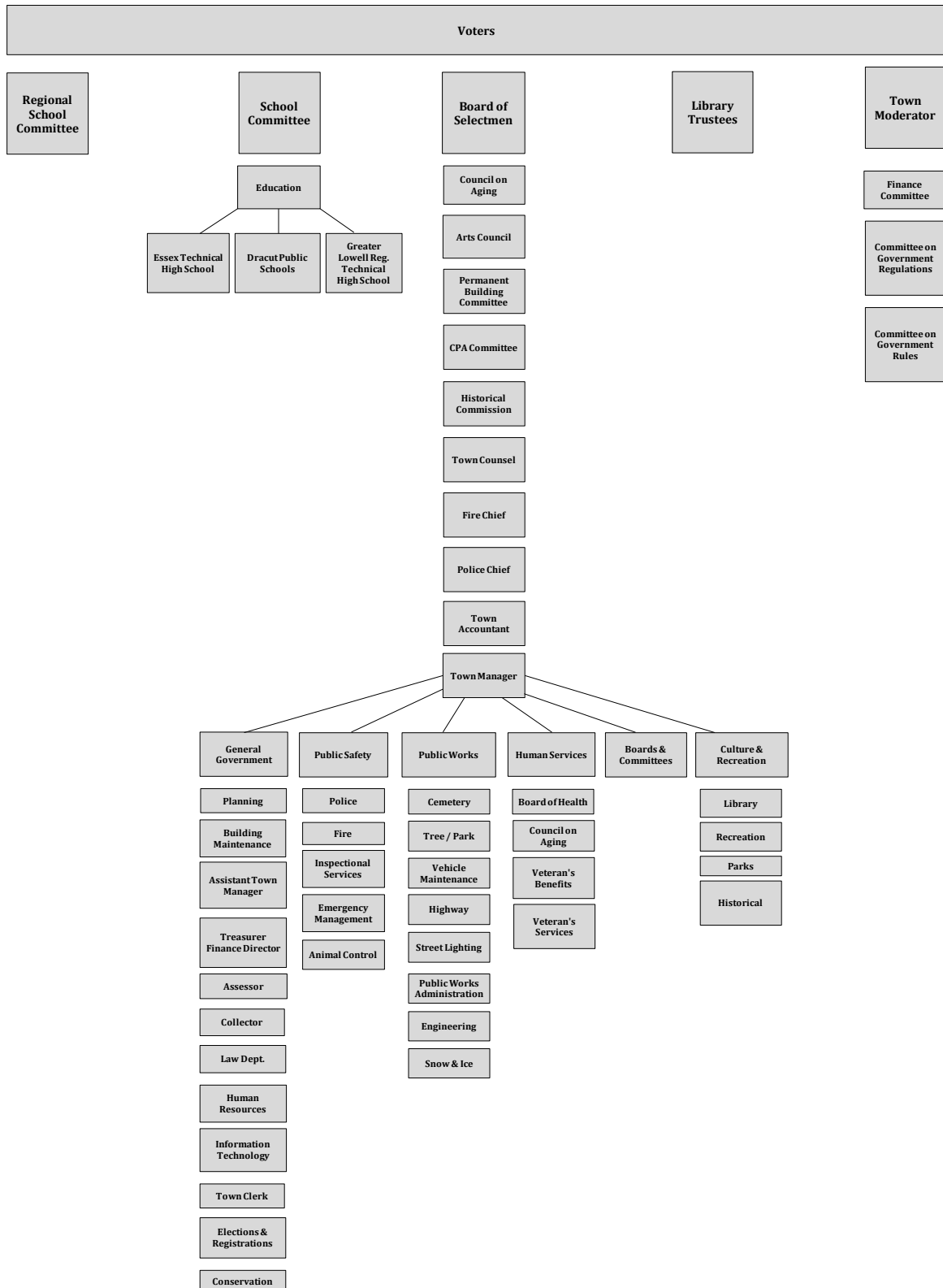
Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ann Vandal". The signature is fluid and cursive, with the first name "Ann" and last name "Vandal" clearly distinguishable.

Ann M. Vandal
Town Manager

Town of Dracut, Massachusetts

Organizational Chart



Town of Dracut, Massachusetts

Principal Town Officials

Board/Title	Name	Term
Elected Officials		
Board of Selectmen	Tony Archinski	2022
Board of Selectmen	Joseph DiRocco, Jr.	2021
Board of Selectmen	Alison Genest	2023
Board of Selectmen	Jesse Forcier	2022
Board of Selectmen	Heather Santiago-Hutchings	2023
School Committee	Joseph Wilkie	2024
School Committee	Rebecca Duda	2024
School Committee	Linda Trouville	2022
School Committee	Allison Volpe	2022
School Committee	Renee Young	2023
Principal Executive Officers		
Town Manager	Ann Vandal	Indefinite
Superintendent of Schools	Steven Stone	Indefinite
Town Counsel	James A. Hall	Indefinite
Assistant Town Manager	Victor Garofalo	Indefinite
Police Chief	Peter Bartlett	Indefinite
Fire Chief	Rich Patterson	Indefinite
Public Works Director	Edward Patenaude	Indefinite
Town Clerk	Jayne Boissonneault	Indefinite
Finance Director/Town Accountant	Victor Garofalo	Indefinite
Chief Assessor	Karen Golden	2022
Tax Collector	Colleen Merrill	Indefinite
Human Resource Director	Vacant	Indefinite
Conservation/Recreation Director	Lori Cahill	Indefinite
Planning/Community Development	Alisson Manugian	Indefinite
Building Inspector	Daniel McLaughlin	Indefinite
Town Engineer	Mark Hamel	Indefinite
Sewer/Water Superintendent	Jay Reynolds	Indefinite
Health Agent	David Oullette	Indefinite
Council on Aging Director	Bethany Loveless	Indefinite
Veteran's Agent	Jeffrey Hollett	Indefinite
Library Director	Christine Muir	Indefinite



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Town of Dracut
Massachusetts**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morill

Executive Director/CEO

Town of Dracut, Massachusetts

Geographic Location



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FINANCIAL SECTION





INDEPENDENT AUDITORS' REPORT

To the Board of Selectmen
Town of Dracut, Massachusetts

Report on the Financial Statements

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 Dracut, Massachusetts (the Town), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

The Town's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the

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

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circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

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 Dracut, Massachusetts, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 26 to the financial statements, in 2021 the Town adopted Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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



Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The combining and individual nonmajor fund financial statements and schedules appearing on pages 108 through 116 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated in all material respects in relation to the financial statements as a whole.

The introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 28, 2022 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

Andover, Massachusetts
January 28, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Town of Dracut, Massachusetts (the Town), we offer readers this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2021.

A. Overview of the Financial Statements

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

Government-Wide Financial Statements

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

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

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

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

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 financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating 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 funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town maintains eleven individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the general fund and the community preservation fund. Information from all other governmental funds is combined into a single, aggregated, presentation as nonmajor governmental funds. Individual fund information for nonmajor governmental funds is provided in the form of combining statements that can be located on page 108 – 111 of this report.

An annual appropriated budget is adopted for the General Fund and the Community Preservation Fund. Budgetary comparison statements have been provided for the General Fund and Community Preservation Fund to demonstrate compliance with these budgets, that can be found in the Required Supplementary Information section of this report on pages.

Proprietary Funds

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

Enterprise funds are used to report activity for which a fee is charged to external users, and must be used when one of the following criteria are met: (1) activity is financed with debt that is secured solely by a pledge of the net revenues from fees and charges, (2) laws or regulations require the activity's costs of providing services be recovered with fees and charges, and (3) the pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs such as depreciation or debt service. The primary focus on these criteria is on fees charged to external users. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial

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

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

Fiduciary Funds

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

Notes to the Financial Statements

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

Required/Other Supplementary Information

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

B. Financial Highlights

- As of the close of the current fiscal year, net position in governmental activities was \$(79,049,302), a change of \$(1,332,371), and net position in business-type activities was \$47,310,661, a change of \$2,883,381, as further discussed in Section C.
- As of the close of the current fiscal year, governmental funds reported combined ending fund balances of \$32,668,664, a change of \$12,184,859 in comparison to the prior year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$11,414,635, a change of \$(1,089,256) in comparison to the prior year.

C. Government-Wide Financial Analysis

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

	NET POSITION					
	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Assets						
Current and other assets	\$ 45,010,960	\$ 38,909,512	\$ 7,886,506	\$ 6,007,649	\$ 52,897,466	\$ 44,917,161
Capital assets	<u>160,716,981</u>	<u>155,359,175</u>	<u>74,384,962</u>	<u>76,736,974</u>	<u>235,101,943</u>	<u>232,096,149</u>
Total assets	205,727,941	194,268,687	82,271,468	82,744,623	287,999,409	277,013,310
Deferred outflows of resources:						
Related to pensions	5,002,680	8,242,286	72,061	118,727	5,074,741	8,361,013
Related to OPEB	<u>9,988,501</u>	<u>13,379,784</u>	<u>61,992</u>	<u>83,040</u>	<u>10,050,493</u>	<u>13,462,824</u>
Total deferred outflows of resources	14,991,181	21,622,070	134,053	201,767	15,125,234	21,823,837
Liabilities						
Current liabilities	14,835,487	20,871,530	3,913,661	4,050,360	18,749,148	24,921,890
Noncurrent liabilities	<u>269,760,569</u>	<u>262,751,557</u>	<u>30,971,450</u>	<u>34,293,064</u>	<u>300,732,019</u>	<u>297,044,621</u>
Total liabilities	284,596,056	283,623,087	34,885,111	38,343,424	319,481,167	321,966,511
Deferred inflows of resources:						
Related to pensions	4,035,713	2,614,158	58,133	37,656	4,093,846	2,651,814
Related to OPEB	<u>11,136,655</u>	<u>7,470,533</u>	<u>69,117</u>	<u>46,364</u>	<u>11,205,772</u>	<u>7,516,897</u>
Other	-	-	82,499	91,666	82,499	91,666
Total deferred inflows of resources	15,172,368	10,084,691	209,749	175,686	15,382,117	10,260,377
Net Position						
Net investment in capital assets	118,824,926	119,728,978	41,968,162	41,070,831	160,793,088	160,799,809
Restricted	15,204,954	17,861,610	-	-	15,204,954	17,861,610
Unrestricted	<u>(213,079,182)</u>	<u>(215,407,609)</u>	<u>5,342,499</u>	<u>3,356,449</u>	<u>(207,736,683)</u>	<u>(212,051,160)</u>
Total net position	\$ <u>(79,049,302)</u>	\$ <u>(77,817,021)</u>	\$ <u>47,310,661</u>	\$ <u>44,427,280</u>	\$ <u>(31,738,641)</u>	\$ <u>(33,389,741)</u>

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At the close of the most recent fiscal year, total net position was \$(31,738,641), a change of \$1,551,010 in comparison to the prior year.

The largest portion of net position, \$160,793,088, reflects our investment in capital assets (e.g., land, buildings, machinery, equipment, and infrastructure); less any related debt used to acquire those assets that is still outstanding. These capital assets are used to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of net position, \$15,204,954, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position reflects a deficit of \$(207,736,683) primarily resulting from unfunded pension and OPEB liabilities.

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

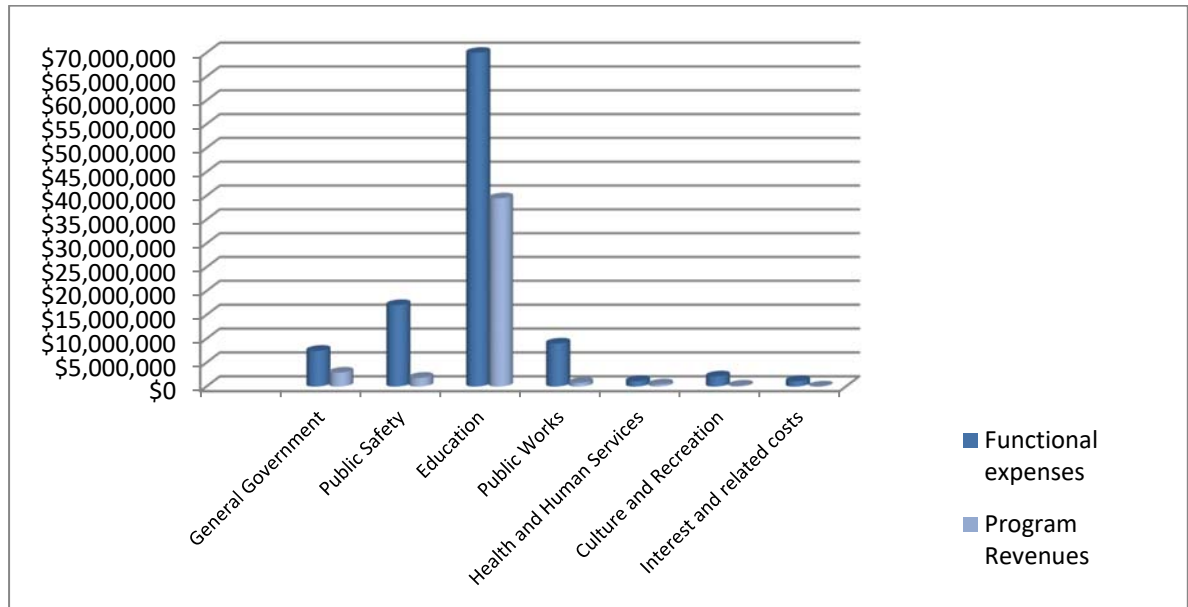
CHANGES IN NET POSITION						
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Revenues						
Program revenues:						
Charges for services	\$ 2,599,498	\$ 3,015,866	\$ 9,193,501	\$ 8,895,520	\$ 11,792,999	\$ 11,911,386
Operating grants and contributions	42,991,257	32,670,699	-	-	42,991,257	32,670,699
Capital grants and contributions	-	895,983	75,481	108,636	75,481	1,004,619
General revenues:						
Property taxes	54,510,606	53,000,404	-	-	54,510,606	53,000,404
Excises	5,055,269	4,467,649	-	-	5,055,269	4,467,649
Penalties, interest, and other taxes	1,267,225	709,114	-	-	1,267,225	709,114
Grants and contributions not restricted to specific programs	3,805,725	3,868,208	-	-	3,805,725	3,868,208
Investment income	54,738	799,858	35,344	32,294	90,082	832,152
Miscellaneous	483,564	403,651	-	-	483,564	403,651
Total revenues	110,767,882	99,831,432	9,304,326	9,036,450	120,072,208	108,867,882
Expenses						
General government	7,462,669	5,948,019	-	-	7,462,669	5,948,019
Public safety	17,045,845	16,565,706	-	-	17,045,845	16,565,706
Education	73,758,408	67,843,640	-	-	73,758,408	67,843,640
Public works	8,996,083	8,909,488	-	-	8,996,083	8,909,488
Health and human services	1,112,298	1,169,219	-	-	1,112,298	1,169,219
Culture and recreation	2,106,395	1,987,329	-	-	2,106,395	1,987,329
Debt service interest	1,118,277	1,822,506	-	-	1,118,277	1,822,506
Sewer services	-	-	4,891,386	5,627,388	4,891,386	5,627,388
Water services	-	-	1,570,966	1,331,166	1,570,966	1,331,166
Stormwater services	-	-	458,871	238,325	458,871	238,325
Total expenses	111,599,975	104,245,907	6,921,223	7,196,879	118,521,198	111,442,786
Change in net position before transfers	(832,093)	(4,414,475)	2,383,103	1,839,571	1,551,010	(2,574,904)
Transfers in (out)	(500,278)	(1,000,000)	500,278	1,000,000	-	-
Change in net position	(1,332,371)	(5,414,475)	2,883,381	2,839,571	1,551,010	(2,574,904)
Net position - beginning of year, as restated	(77,716,931)	(72,402,546)	44,427,280	41,587,709	(33,289,651)	(30,814,837)
Net position - end of year	\$ (79,049,302)	\$ (77,817,021)	\$ 47,310,661	\$ 44,427,280	\$ (31,738,641)	\$ (33,389,741)

Governmental Activities

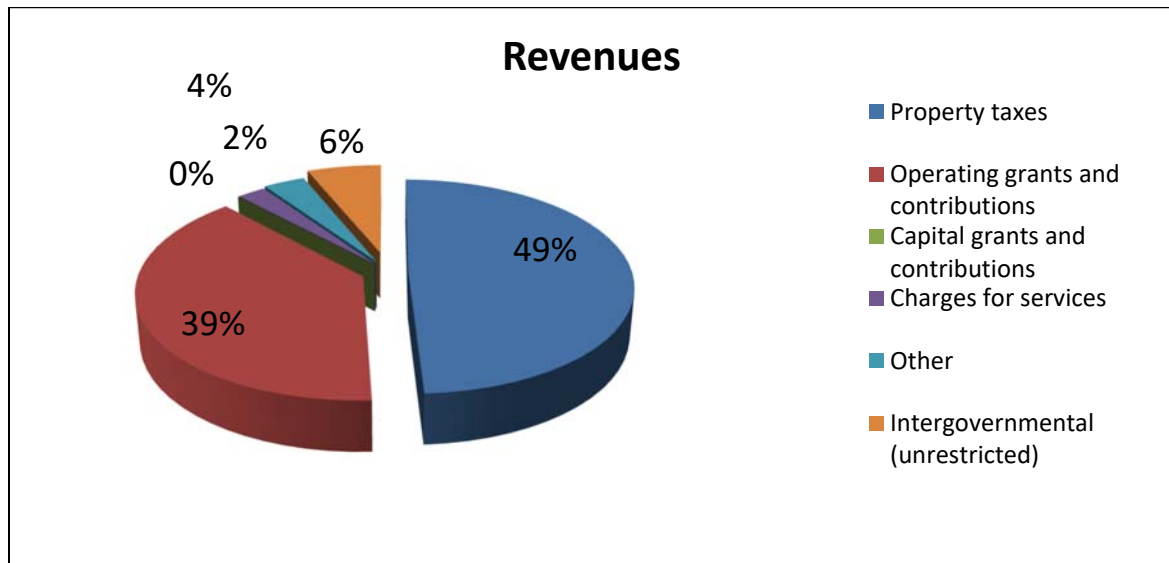
Governmental activities for the year resulted in a change in net position of \$(1,332,371). Key elements of this change are as follows:

General Fund revenues in excess of expenditures	\$ 4,402,354
Community Preservation Fund revenues in excess of expenditures	1,127,309
Increase in net pension liability, net of related deferrals	(2,386,431)
Increase in net OPEB liability, net of related deferrals	(4,692,672)
Other	<u>217,069</u>
Total	<u><u>\$ (1,332,371)</u></u>

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

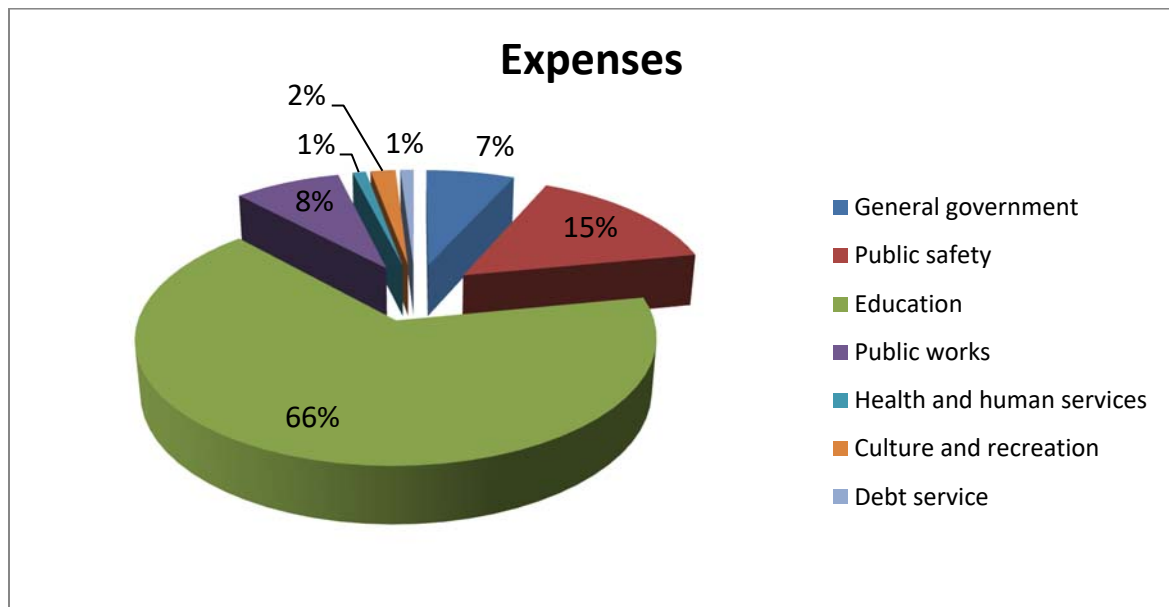


Significant sources of governmental activities revenues consist of:



- (1) *Property taxes* – represented approximately 49.21% of total fiscal year 2021 governmental activity revenues, an increase of \$1,510,202 over the prior year as a result of new growth in the tax base and Proposition 2½ limitations.
- (2) *Operating grants and contributions* – represented approximately 38.81% of the total fiscal year 2021 governmental activity revenues, an increase of \$10,320,558 compared to the prior year. This increase is mainly attributable to COVID-19 funding.

Significant expenses in governmental activities expenses consist of:

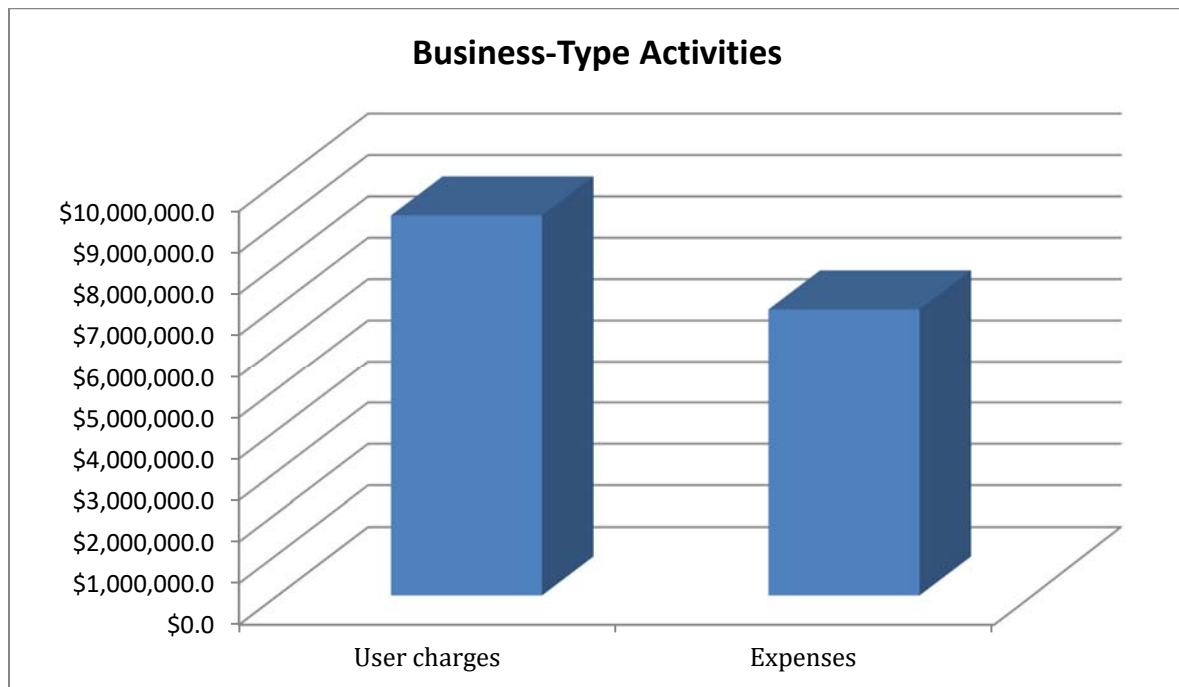


- (1) *Education* – the continued education and development of the Town’s youth continues to be an area in which the Town devotes substantial resources. Costs in this critical area represent the area of largest distribution for the Town, as approximately 66.09% of total fiscal year expenses related to education. Education expenses increased from the prior year due to costs incurred in reopening schools during the pandemic.
- (2) *Public safety* – the safety and well-being of the Town’s residents continues to be a critical funding area; public safety expenses increased by \$480,139 and represents 15.27% of the Town’s governmental expenses in fiscal year 2021.

Business-Type Activities

Business-type activities for the year resulted in a change in net position of \$2,883,381. Key elements of the change are as follows:

	<u>Revenues</u>	<u>Expenses</u>	<u>Transfers In (Out)</u>	<u>Change in Net Position</u>
Sewer fund	\$ 7,558,711	\$ 4,891,386	\$ -	\$ 2,667,325
Water fund	1,743,074	1,570,966	-	172,108
Stormwater fund	<u>2,541</u>	<u>458,871</u>	<u>500,278</u>	<u>43,948</u>
Total	\$ <u>9,304,326</u>	\$ <u>6,921,223</u>	\$ <u>500,278</u>	\$ <u>2,883,381</u>



Net position of the sewer fund and nonmajor enterprise funds changed by approximately 6% and 10%, respectively. This is primarily driven by planned budgetary increases to user fees in the sewer fund and water revenues coming in higher than originally anticipated.

D. Financial Analysis of the Town's Funds

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

Governmental Funds

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

As of the end of the current fiscal year, governmental funds reported combined ending fund balances of \$32,668,664, a change of \$12,184,859 in comparison to the prior year. The change primarily results from permanently financing our capital projects.

General Fund

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$11,414,635, while total fund balance was \$15,792,640. The unassigned fund balance decreased approximately \$1.1 million primarily from the increased use of encumbrances in fiscal year 2021. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total General Fund expenditures, as illustrated in the table below:

<u>General Fund</u>	<u>6/30/21</u>	<u>6/30/20</u>	<u>Change</u>	<u>% of Total General Fund Expenditures*</u>
Unassigned fund balance ¹	\$ 11,414,635	\$ 12,503,891	\$ (1,089,256)	13.80%
Total fund balance ²	\$ 15,792,640	\$ 14,544,325	\$ 1,248,315	19.09%

¹ Includes general stabilization account

² Includes all stabilization accounts

*Expenditure amounts used to calculate the above percentages have been adjusted to exclude the on-behalf payment from the Commonwealth to the Massachusetts Teachers Retirement System of \$3,977,681.

The total fund balance of the General Fund changed by \$1,248,315 during the current fiscal year. Key factors in this change are as follows:

Use of prior bond premiums restricted for debt service	\$ (398,447)
Use of fund balance as a funding source	(2,625,400)
Revenues greater than budget	1,883,236
Expenditures less than budget	1,628,342
Current year encumbrances in excess of expenditures of prior year encumbrances	1,319,485
Other	<u>(558,901)</u>
Total	<u>\$ 1,248,315</u>

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

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

	<u>6/30/21</u>	<u>6/30/20</u>	<u>Change</u>	<u>Fund Balance Classification</u>
General stabilization	\$ 1,011,604	\$ 1,182,313	\$ (170,709)	Unassigned
Town Hall stabilization	1,110,984	1,190,107	(79,123)	Committed
Tip Fee stabilization	131,808	131,292	516	Committed
Technology stabilization	106,753	106,011	742	Committed
Equipment stabilization	250,000	-	250,000	Committed
Special Education stabilization	<u>201,238</u>	<u>-</u>	<u>201,238</u>	Committed
Total	<u>\$ 2,812,387</u>	<u>\$ 2,609,723</u>	<u>\$ 202,664</u>	

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

Community Preservation Fund

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

Nonmajor Governmental Funds

The nonmajor funds balance changed by \$10,117,735 primarily from timing differences between the receipt and disbursement of grants and permanent financing of capital projects.

Proprietary Funds

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

Unrestricted net position of the enterprise funds at the end of the year amounted to \$5,342,499, a change of \$1,986,050 in comparison to the prior year as illustrated in the below table:

<u>Fund</u>	<u>6/30/21</u>	<u>6/30/20</u>	<u>Change</u>
Sewer	\$ 3,873,999	\$ 2,211,226	\$ 1,662,773
Water	869,228	627,824	241,404
Stormwater	<u>599,272</u>	<u>517,399</u>	<u>81,873</u>
Total	\$ <u>5,342,499</u>	\$ <u>3,356,449</u>	\$ <u>1,986,050</u>

The increase in Sewer Unrestricted net position results from a rate increase to provide funding for increased debt service.

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

E. General Fund Budgetary Highlights

The original budget increased by \$2,429,300 during fiscal year 2021. This increase was mainly attributable to the use of "Free Cash" for capital projects.

The budget versus actual had an overall favorable variance of \$850,272. This was attributable to excess intergovernmental revenues driving a favorable revenue variance of \$1.8 million as well as strict budgetary controls and reserve funds that were not needed creating a positive expenditure variance of \$1.6 million. These were softened by the use of "Free Cash" or fund balance for capital and stabilization purposes. See detailed budget versus actual schedule in the Required Supplementary Information section of this report.

F. Capital Asset and Debt Administration

Capital Assets

Total investment in capital assets for governmental and business-type activities at year-end amounted to \$235,101,943 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery, equipment and furnishings, construction in progress, and infrastructure.

Major capital asset activity included:

Governmental

\$	3,800,882	School roof repairs
\$	3,779,256	Fire station construction
\$	994,862	Public safety vehicles and equipment
\$	816,215	Daoulos education complex construction
\$	767,018	IT equipment
\$	377,568	Various road improvements

Long-Term Debt

At the end of the current fiscal year, total bonded debt outstanding was \$74,577,960, all of which was backed by the full faith and credit of the government.

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

Additional information on capital assets and long-term debt can be found in Notes 10 and 18, respectively, of the notes to the financial statements.

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

The Town continues to move forward with its commitment to improve our commercial/industrial tax base. We are pleased to report that we once again have closed the year with an increase in our reserve. Our Free Cash was certified at just under \$10.4M, the highest level we have ever reached. Now that we have reached and exceeded our goal it's time to consider reviewing our "Free Cash" policy and consider being more aggressive with its use. If we are to introduce free cash use into the budget, we must do so responsibly and strategically develop a plan that coincides with the revenue estimates. To date we have not included any revenues associated with cannabis sales in the budget, we will include about \$800K in FY22.

In an effort to attract businesses we have consciously targeted areas of town that would be viable locations for commercial/industrial businesses. In doing so Town Meeting has approved numerous zoning changes to close the gap on split zones, combining those types of lots to provide opportunity for consistency and attraction of larger competitive markets.

We hired an Economic Development Director who has made great strides with attracting businesses into Town. We have very few storefronts available. We are attempting to re-brand the community to change things up a bit in hopes of attracting viable businesses. Town businesses have been fortunate to have weathered their way through this pandemic, we lost very few businesses as a result of it.

The Board of Health has been instrumental in providing safe and healthy advice and guidance for restaurants, convenience stores and many other types of businesses. They worked hand in hand to keep many businesses afloat.

From a budgeting perspective the Town had a very positive year during FY21. We continue to be conservative on both sides of the general ledger. We have made a practice of not relying on one-time revenues to support the budget while at the same time economically driven revenues are estimated to the best of our knowledge and is not overestimated.

At the close of FY21 the Town closed out approximately \$1M to unreserved (Free Cash). It is important to understand that the administration makes every effort to curb its spending throughout the year while at the same time meet the needs of the community and provide the services our taxpayers/residents expect. The increased revenues were the result of better-than-expected excise tax collections, meal tax collections and other economically driven revenues.

For FY21 the Town's Free Cash was certified at \$10.4M, new growth came in at just under \$400K, and we continue to monitor our economically driven revenues which continue to exceed our expectations.

Investing in Education, Public Safety and Public Works continues to be a priority. As the community grows so does the need to provide the necessary funding to support the impact each is experiencing. For FY22 the budget is increasing approximately 2% overall; it funds the Storm Water Management program for the third year; it meets all known contractual obligations, provides funding to automate many areas within town government, increases the number of sworn officers in both Police and Fire divisions, increases training funding; substantially increases the Town's commitment to education (\$1.2M), recognizes savings in fuel/utility costs and absorbs all personnel costs (i.e., Insurance, Retirement, etc.).

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

With the infusion of funding from the Federal Government we will be working on several capital projects that have been lingering. The Town is on track to invest just under \$10M in infrastructure improvements. Some of these projects include milling and paving, culvert replacement and equipment purchases, to name a few.

Although the pandemic turned many of our life's upside down, we have seen some positives that will change us forever. We were forced to make decisions that we never thought of, resulting in the creation of working teams. As an example, the Board of Health partnered up with many communities to get vaccine clinics and other services up and running. Town Manager's met weekly to discuss how our communities were managing town services and

Lowell General Hospital worked with us to keep everyone safe and assure the vaccines and testing were available to all. We will feel the impacts of this virus for many years to come.

Requests for Information

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

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

BASIC FINANCIAL STATEMENTS

TOWN OF DRACUT, MASSACHUSETTS

Statement of Net Position

June 30, 2021

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets			
Current:			
Cash and short-term investments	\$ 34,633,420	\$ 7,200,963	\$ 41,834,383
Investments	7,209,569	-	7,209,569
Receivables, net of allowance for uncollectibles:			
Property taxes	463,305	-	463,305
Excises	467,043	-	467,043
User fees	-	623,720	623,720
Intergovernmental	1,455,509	-	1,455,509
Betterments	29,061	4,981	34,042
Other	82,345	-	82,345
Total Current Assets	44,340,252	7,829,664	52,169,916
Noncurrent:			
Receivables, net of allowance for uncollectibles:			
Property taxes	562,925	-	562,925
Betterments	107,783	56,842	164,625
Capital assets, depreciable, net of accumulated depreciation	141,557,514	74,326,712	215,884,226
Capital assets, non-depreciable	19,159,467	58,250	19,217,717
Total Noncurrent Assets	161,387,689	74,441,804	235,829,493
Total Assets	205,727,941	82,271,468	287,999,409
Deferred Outflows of Resources			
Related to pensions	5,002,680	72,061	5,074,741
Related to OPEB	9,988,501	61,992	10,050,493
Total Deferred Outflows of Resources	14,991,181	134,053	15,125,234

(continued)

TOWN OF DRACUT, MASSACHUSETTS

Statement of Net Position
June 30, 2021

(continued)

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Liabilities			
Current:			
Warrants and accounts payable	2,777,952	308,283	3,086,235
Accrued payroll	3,482,224	-	3,482,224
Accrued liabilities	333,021	305,458	638,479
Unearned revenues	1,655,542	-	1,655,542
Escrow deposits	1,410,044	-	1,410,044
Notes payable	900,000	-	900,000
Other current liabilities	475,216	2,025	477,241
Current portion of long-term liabilities:			
Bonds and loans payable	3,619,595	3,297,895	6,917,490
Estimated landfill closure and postclosure care costs	45,000	-	45,000
Accrued employee benefits	136,893	-	136,893
Total Current Liabilities	14,835,487	3,913,661	18,749,148
Noncurrent:			
Bonds and loans payable, net of current portion	38,624,064	29,036,406	67,660,470
Net pension liability	65,634,673	945,437	66,580,110
Net OPEB liability	159,451,641	989,607	160,441,248
Estimated landfill closure and postclosure care costs, net of current portion	1,624,000	-	1,624,000
Accrued employee benefits, net of current portion	4,426,191	-	4,426,191
Total Noncurrent Liabilities	269,760,569	30,971,450	300,732,019
Total Liabilities	284,596,056	34,885,111	319,481,167
Deferred Inflows of Resources			
Related to pensions	4,035,713	58,133	4,093,846
Related to OPEB	11,136,655	69,117	11,205,772
Other	-	82,499	82,499
Total Deferred Inflows of Resources	15,172,368	209,749	15,382,117
Net Position			
Net investment in capital assets	118,824,926	41,968,162	160,793,088
Restricted for:			
Grants and other statutory contributions	14,850,677	-	14,850,677
Permanent funds:			
Nonexpendable	259,720	-	259,720
Expendable	94,557	-	94,557
Unrestricted	(213,079,182)	5,342,499	(207,736,683)
Total Net Position	\$ (79,049,302)	\$ 47,310,661	\$ (31,738,641)

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

TOWN OF DRACUT, MASSACHUSETTS

Statement of Activities For the Year Ended June 30, 2021

		Program Revenues			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Net (Expenses) Revenues</u>
Governmental Activities					
General government	\$ 7,462,669	\$ 268,426	\$ 2,637,477	\$ -	\$ (4,556,766)
Public safety	17,045,845	1,608,790	207,630	-	(15,229,425)
Education	73,758,408	511,017	38,946,583	-	(34,300,808)
Public works	8,996,083	33,532	743,921	-	(8,218,630)
Health and human services	1,112,298	47,246	400,654	-	(664,398)
Culture and recreation	2,106,395	130,487	54,992	-	(1,920,916)
Debt service interest	1,118,277	-	-	-	(1,118,277)
Total Governmental Activities	111,599,975	2,599,498	42,991,257	-	(66,009,220)
Business-Type Activities					
Sewer services	4,891,386	7,462,294	-	75,481	2,646,389
Water services	1,570,966	1,731,107	-	-	160,141
Stormwater services	458,871	100	-	-	(458,771)
Total Business-Type Activities	6,921,223	9,193,501	-	75,481	2,347,759
Total	\$ <u>118,521,198</u>	\$ <u>11,792,999</u>	\$ <u>42,991,257</u>	\$ <u>75,481</u>	

(continued)

TOWN OF DRACUT, MASSACHUSETTS

Statement of Activities For the Year Ended June 30, 2021

(continued)

	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
Change in net (expenses) revenues from previous page	\$ (66,009,220)	\$ 2,347,759	\$ (63,661,461)
General Revenues:			
Property taxes	54,510,606	-	54,510,606
Excises	5,055,269	-	5,055,269
Penalties, interest, and other taxes	1,267,225	-	1,267,225
Grants and contributions not restricted to specific programs	3,805,725	-	3,805,725
Investment income	54,738	35,344	90,082
Other	483,564	-	483,564
Transfers, net	<u>(500,278)</u>	<u>500,278</u>	<u>-</u>
Total General Revenues and Transfers	<u>64,676,849</u>	<u>535,622</u>	<u>65,212,471</u>
Change in Net Position	(1,332,371)	2,883,381	1,551,010
Net Position			
Beginning of year, as restated	<u>(77,716,931)</u>	<u>44,427,280</u>	<u>(33,289,651)</u>
End of year	<u>\$ (79,049,302)</u>	<u>\$ 47,310,661</u>	<u>\$ (31,738,641)</u>

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

TOWN OF DRACUT, MASSACHUSETTS

Governmental Funds

Balance Sheet

June 30, 2021

	<u>General Fund</u>	<u>Community Preservation Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets				
Cash and short-term investments	\$ 16,036,799	\$ 5,673,816	\$ 12,922,805	\$ 34,633,420
Investments	6,492,501	717,068	-	7,209,569
Receivables:				
Property taxes	1,146,285	7,130	-	1,153,415
Excises	702,804	-	-	702,804
Intergovernmental	95,388	-	1,360,121	1,455,509
Betterments	136,844	-	-	136,844
Due from other funds	287,559	-	-	287,559
Departmental and other	-	-	82,345	82,345
Total Assets	<u>\$ 24,898,180</u>	<u>\$ 6,398,014</u>	<u>\$ 14,365,271</u>	<u>\$ 45,661,465</u>
Liabilities				
Warrants and accounts payable	\$ 1,823,266	\$ 1,305	\$ 953,381	\$ 2,777,952
Accrued payroll	3,482,224	-	-	3,482,224
Unearned revenue	-	-	1,655,542	1,655,542
Due to other funds	-	-	287,559	287,559
Escrow deposits	1,410,044	-	-	1,410,044
Notes payable	-	-	900,000	900,000
Other liabilities	<u>475,216</u>	<u>-</u>	<u>-</u>	<u>475,216</u>
Total Liabilities	7,190,750	1,305	3,796,482	10,988,537
Deferred Inflows of Resources				
Unavailable revenues	1,914,790	7,129	82,345	2,004,264
Fund Balances				
Nonspendable	-	-	259,720	259,720
Restricted	-	6,389,580	8,555,654	14,945,234
Committed	3,054,620	-	2,921,535	5,976,155
Assigned	1,323,385	-	-	1,323,385
Unassigned	<u>11,414,635</u>	<u>-</u>	<u>(1,250,465)</u>	<u>10,164,170</u>
Total Fund Balances	<u>15,792,640</u>	<u>6,389,580</u>	<u>10,486,444</u>	<u>32,668,664</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 24,898,180</u>	<u>\$ 6,398,014</u>	<u>\$ 14,365,271</u>	<u>\$ 45,661,465</u>

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

TOWN OF DRACUT, MASSACHUSETTS

Reconciliation of Total Governmental Fund Balances
to Net Position of Governmental Activities
in the Statement of Net Position
June 30, 2021

Total governmental fund balances	\$ 32,668,664
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	160,716,981
Deferred outflows of resources to be recognized as an increase to pension and OPEB expense in future periods:	
Related to pensions	5,002,680
Related to OPEB	9,988,501
Revenues are reported on the accrual basis of accounting and are not deferred until collection.	1,641,318
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds:	
Bonds payable, including unamortized premium	(42,243,659)
Net pension liability	(65,634,673)
Net OPEB liability	(159,451,641)
Landfill closure and postclosure care costs	(1,669,000)
Accrued employee benefits	(4,563,084)
Deferred inflows of resources to be recognized as a decrease to pension and OPEB expense in future periods:	
Related to pensions	(4,035,713)
Related to OPEB	(11,136,655)
In the Statement of Activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.	<u>(333,021)</u>
Net position of governmental activities	\$ <u>(79,049,302)</u>

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

TOWN OF DRACUT, MASSACHUSETTS

Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2021

	<u>General Fund</u>	<u>Community Preservation Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues				
Property taxes	\$ 53,554,190	\$ 1,029,510	\$ -	\$ 54,583,700
Excises	4,926,551	-	-	4,926,551
Penalties, interest, and other taxes	1,263,783	3,442	-	1,267,225
Charges for services	480,883	-	1,534,737	2,015,620
Intergovernmental	30,137,316	290,606	11,318,931	41,746,853
Licenses and permits	583,878	-	-	583,878
Investment income	5,201	45,340	4,197	54,738
Miscellaneous	<u>162,839</u>	<u>500</u>	<u>320,225</u>	<u>483,564</u>
Total Revenues	91,114,641	1,369,398	13,178,090	105,662,129
Expenditures				
Current:				
General government	2,971,036	61,518	2,941,829	5,974,383
Public safety	9,514,751	-	5,564,268	15,079,019
Education	43,003,348	-	10,638,452	53,641,800
Public works	5,427,615	-	1,189,334	6,616,949
Health and human services	679,796	-	157,665	837,461
Culture and recreation	865,194	-	247,714	1,112,908
Employee benefits	16,584,675	-	-	16,584,675
Debt service:				
Principal	2,451,500	34,000	-	2,485,500
Interest	1,348,056	146,571	-	1,494,627
Intergovernmental	<u>3,866,316</u>	<u>-</u>	<u>-</u>	<u>3,866,316</u>
Total Expenditures	<u>86,712,287</u>	<u>242,089</u>	<u>20,739,262</u>	<u>107,693,638</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	4,402,354	1,127,309	(7,561,172)	(2,031,509)
Other Financing Sources (Uses)				
Issuance of bonds	-	-	12,985,000	12,985,000
Premium on bonds	-	-	1,950,702	1,950,702
Proceeds of refunding bonds	15,370,500	-	-	15,370,500
Premium on refunding bonds	3,975,905	-	123,637	4,099,542
Payment to refunded escrow agent	(19,689,098)	-	-	(19,689,098)
Transfers in	36,686	-	2,656,254	2,692,940
Transfers out	<u>(2,848,032)</u>	<u>(308,500)</u>	<u>(36,686)</u>	<u>(3,193,218)</u>
Total Other Financing Sources (Uses)	<u>(3,154,039)</u>	<u>(308,500)</u>	<u>17,678,907</u>	<u>14,216,368</u>
Net Change in Fund Balances	1,248,315	818,809	10,117,735	12,184,859
Fund Balances at Beginning of Year, as reclassified/restated	<u>14,544,325</u>	<u>5,570,771</u>	<u>368,709</u>	<u>20,483,805</u>
Fund Balances at End of Year	\$ <u>15,792,640</u>	\$ <u>6,389,580</u>	\$ <u>10,486,444</u>	\$ <u>32,668,664</u>

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

TOWN OF DRACUT, MASSACHUSETTS

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities For the Year Ended June 30, 2021

Net change in fund balances - total governmental funds	\$ 12,184,859
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Capital outlay	11,762,393
Loss on disposal of assets	(9,530)
Depreciation	(6,395,057)

Revenues in the Statement of Activities that do not provide current financial resources are fully deferred in the Statement of Revenues, Expenditures, and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable (i.e., real estate and personal property, motor vehicle excise, etc.) differ between the two statements. This amount represents the net change in unavailable revenue, net of change in allowance for doubtful accounts.

55,624

The issuance of long-term debt (e.g., bonds and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net position:

Repayments of general obligation and refunding bonds	21,768,500
Issuance of general obligation bonds	(12,985,000)
Premium on issuance of general obligation bonds	(1,950,702)
Issuance of refunding bonds	(15,370,500)
Premium on issuance of refunding bonds	(4,099,542)
Repayments of capital leases	154,140

In the Statement of Activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due. This amount reflects the change in accrued interest.

708,387

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds:

Amortization of bond premiums	74,061
Change in net pension liability and related deferred outflows and inflows	(2,386,431)
Change in net OPEB liability and related deferred outflows and inflows	(4,692,672)
Change in landfill liability	45,000
Change in accrued employee benefits	(195,901)

Change in net position of governmental activities	\$ <u>(1,332,371)</u>
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The accompanying notes are an integral part of these financial statements.

TOWN OF DRACUT, MASSACHUSETTS

Proprietary Funds
Statement of Net Position
June 30, 2021

	<u>Business-Type Activities</u>		
	<u>Sewer Fund</u>	<u>Nonmajor Funds</u>	<u>Total Enterprise Funds</u>
Assets			
Current:			
Cash and short-term investments	\$ 5,332,672	\$ 1,868,291	\$ 7,200,963
User fees, net of allowance for uncollectibles	493,229	130,491	623,720
Betterments	<u>4,981</u>	<u>-</u>	<u>4,981</u>
Total Current Assets	5,830,882	1,998,782	7,829,664
Noncurrent:			
Betterments	56,842	-	56,842
Capital assets, depreciable, net of accumulated depreciation	73,435,301	891,411	74,326,712
Capital assets, not being depreciated	<u>58,250</u>	<u>-</u>	<u>58,250</u>
Total Noncurrent Assets	<u>73,550,393</u>	<u>891,411</u>	<u>74,441,804</u>
Total Assets	79,381,275	2,890,193	82,271,468
Deferred Outflows of Resources			
Related to pensions	64,449	7,612	72,061
Related to OPEB	<u>50,123</u>	<u>11,869</u>	<u>61,992</u>
Total Deferred Outflows of Resources	114,572	19,481	134,053
Liabilities			
Current:			
Warrants and accounts payable	67,237	241,046	308,283
Accrued liabilities	305,458	-	305,458
Other current liabilities	2,025	-	2,025
Current portion of long-term liabilities:			
Bonds payable	<u>3,297,895</u>	<u>-</u>	<u>3,297,895</u>
Total Current Liabilities	3,672,615	241,046	3,913,661
Noncurrent:			
Bonds payable, net of current portion	29,036,406	-	29,036,406
Net pension liability	845,567	99,870	945,437
Net OPEB liability	<u>800,134</u>	<u>189,473</u>	<u>989,607</u>
Total Noncurrent Liabilities	<u>30,682,107</u>	<u>289,343</u>	<u>30,971,450</u>
Total Liabilities	34,354,722	530,389	34,885,111
Deferred Inflows of Resources			
Related to pensions	51,992	6,141	58,133
Related to OPEB	55,884	13,233	69,117
Other	<u>82,499</u>	<u>-</u>	<u>82,499</u>
Total Deferred Inflows of Resources	190,375	19,374	209,749
Net Position			
Net investment in capital assets	41,076,751	891,411	41,968,162
Unrestricted	<u>3,873,999</u>	<u>1,468,500</u>	<u>5,342,499</u>
Total Net Position	<u>\$ 44,950,750</u>	<u>\$ 2,359,911</u>	<u>\$ 47,310,661</u>

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

TOWN OF DRACUT, MASSACHUSETTS

Proprietary Funds

Statement of Revenues, Expenses, and Changes in Fund Net Position
For the Year Ended June 30, 2021

	Business-Type Activities		
	Sewer Fund	Nonmajor Funds	Total Enterprise Funds
Operating Revenues			
Charges for services	\$ 7,462,294	\$ 1,731,207	\$ 9,193,501
Total Operating Revenues	7,462,294	1,731,207	9,193,501
Operating Expenses			
Salaries and benefits	398,844	305,870	704,714
Other operating expenses	1,813,561	1,616,746	3,430,307
Depreciation	2,303,041	107,221	2,410,262
Total Operating Expenses	4,515,446	2,029,837	6,545,283
Operating Income (Loss)	2,946,848	(298,630)	2,648,218
Nonoperating Revenues (Expenses)			
Investment income	20,936	14,408	35,344
Interest expense	(375,940)	-	(375,940)
Total Nonoperating Revenues (Expenses), Net	(355,004)	14,408	(340,596)
Income (Loss) Before Transfers and Capital Contributions	2,591,844	(284,222)	2,307,622
Capital Contributions and Transfers			
Capital contributions	75,481	-	75,481
Transfers in	-	500,278	500,278
Change in Net Position	2,667,325	216,056	2,883,381
Net Position, Beginning of Year	42,283,425	2,143,855	44,427,280
Net Position, End of Year	\$ 44,950,750	\$ 2,359,911	\$ 47,310,661

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

TOWN OF DRACUT, MASSACHUSETTS

Proprietary Funds
Statement of Cash Flows
For the Year Ended June 30, 2021

	<u>Business-Type Activities</u>		
	<u>Sewer Fund</u>	<u>Nonmajor Funds</u>	<u>Total Enterprise Funds</u>
Cash Flows From Operating Activities			
Receipts from customers and users	\$ 7,587,138	\$ 1,733,430	\$ 9,320,568
Payments to employees for salaries and benefits	(353,718)	(296,662)	(650,380)
Payments to suppliers and service providers	<u>(1,765,277)</u>	<u>(1,411,488)</u>	<u>(3,176,765)</u>
Net Cash Provided By Operating Activities	5,468,143	25,280	5,493,423
Cash Flows From Noncapital Financing Activities			
Transfers in	<u>-</u>	<u>500,278</u>	<u>500,278</u>
Net Cash Provided By Noncapital Financing Activities	-	500,278	500,278
Cash Flows From Capital and Related Financing Activities			
Acquisition and construction of capital assets	(58,250)	-	(58,250)
Payments on bonds	(3,258,059)	-	(3,258,059)
Payments on refunding bonds	(852,000)	-	(852,000)
Proceeds from refunding bonds	694,500	-	694,500
Premium from refunding bonds	181,224	-	181,224
Capital contributions	80,462	-	80,462
Interest expense	<u>(806,017)</u>	<u>-</u>	<u>(806,017)</u>
Net Cash (Used For) Capital and Related Financing Activities	(4,018,140)	-	(4,018,140)
Cash Flows From Investing Activities			
Investment income	<u>20,936</u>	<u>14,408</u>	<u>35,344</u>
Net Cash Provided By Investing Activities	<u>20,936</u>	<u>14,408</u>	<u>35,344</u>
Net Change in Cash and Short-Term Investments	1,470,939	539,966	2,010,905
Cash and Short-Term Investments, Beginning of Year	<u>3,861,733</u>	<u>1,328,325</u>	<u>5,190,058</u>
Cash and Short-Term Investments, End of Year	\$ <u>5,332,672</u>	\$ <u>1,868,291</u>	\$ <u>7,200,963</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided By Operating Activities			
Operating income (loss)	\$ 2,946,848	\$ (298,630)	\$ 2,648,218
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	2,303,041	107,221	2,410,262
Changes in assets, liabilities, and deferred outflows/inflows:			
User fees	124,844	2,223	127,067
Deferred outflows - related to pensions	41,736	4,930	46,666
Deferred outflows - related to OPEB	17,018	4,030	21,048
Warrants and accounts payable	48,284	205,258	253,542
Net pension liability	(29,306)	(3,461)	(32,767)
Net OPEB liability	(11,866)	(2,810)	(14,676)
Deferred inflows - related to pensions	18,314	2,163	20,477
Deferred inflows - related to OPEB	18,397	4,356	22,753
Deferred inflows - other	<u>(9,167)</u>	<u>-</u>	<u>(9,167)</u>
Net Cash Provided By Operating Activities	\$ <u>5,468,143</u>	\$ <u>25,280</u>	\$ <u>5,493,423</u>

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

TOWN OF DRACUT, MASSACHUSETTS

Fiduciary Funds
Statement of Fiduciary Net Position
June 30, 2021

	Other Post Employment Benefits <u>Trust Fund</u>
Assets	
Cash and short-term investments	\$ 5,894
Investments:	
External investment pool (PRIT)	<u>808,896</u>
Total Assets	814,790
Net Position	
Restricted for OPEB	<u>814,790</u>
Total Net Position	<u>\$ 814,790</u>

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

TOWN OF DRACUT, MASSACHUSETTS

Fiduciary Funds
Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2021

	Other Post Employment Benefits Trust Fund
Additions	
Employer contributions	\$ 3,867,206
Investment income	<u>183,802</u>
Total Additions	4,051,008
Deductions	
Benefit payments	<u>3,867,206</u>
Total Deductions	<u>3,867,206</u>
Net Change	183,802
Net position restricted for OPEB	
Beginning of year	<u>630,988</u>
End of year	<u><u>\$ 814,790</u></u>

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

TOWN OF DRACUT, MASSACHUSETTS

Notes to the Financial Statements

1. Summary of Significant Accounting Policies

The accounting policies of the Town of Dracut (the Town) conform to generally accepted accounting principles (GAAP) as applicable to governmental units. The following is a summary of the significant policies:

A. Reporting Entity

The Town is a municipal corporation governed by an elected Board of Selectmen. As required by GAAP, these financial statements present the Town and applicable component units for which the Town is considered to be financially accountable. In fiscal year 2021, it was determined that no entities met the required GASB 14 (as amended) criteria of component units.

The Town has entered into joint ventures with other municipalities to pool resources and share the costs, risks, and rewards of providing goods or services to venture participants directly, or for the benefit of the general public or specified service recipients. The following is a list of the Town's joint ventures, their purpose, the address where the joint venture financial statements are available, and the annual assessment paid by the Town in 2021:

<u>Joint venture and address</u>	<u>Purpose</u>	<u>Annual Assessment</u>
Greater Lowell Technical High School 250 Pawtucket Boulevard Tyngsboro, Massachusetts 01879	To provide education services	\$ 5,070,929
Essex Technical High School 565 Maple Street Hathorne, Massachusetts 01937	To provide education services	\$ 20,030

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

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

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Fund Financial Statements

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

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

Government-Wide Financial Statements

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

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

Fund Financial Statements

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers property tax revenues to be available if they are collected within 60 days of the end of the current fiscal period. Revenues from grants, entitlements, and donations are recognized when all eligibility requirements have been satisfied and they are measurable and available. All other revenue items are considered to be measurable and available only when cash is received by the Town. Expenditures

generally are recorded when a liability is incurred, as under accrual accounting. However, certain expenditures such as debt service, claims and judgments, compensated absences, OPEB, and pension are recorded only when payment is due.

The Town reports the following major governmental funds:

- The *General Fund* is the Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The *Community Preservation Fund* is used to account for projects financed with revenues from our Community Preservation Act (CPA) fund.

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

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

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

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

The Town reports the following fiduciary funds:

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

D. Cash and Investments

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

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

For purpose of the statement of cash flows, the proprietary funds consider investments with original maturities of three months or less to be cash equivalents.

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

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

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

E. Property Tax Limitations

Legislation known as "Proposition 2½" has limited the amount of revenue that can be derived from property taxes. The prior fiscal year's tax levy limit is used as a base and cannot increase by more than 2.5% (excluding new growth); unless an override is voted. The actual fiscal year 2021 tax levy reflected an excess capacity of \$34,442. Certain provisions of Proposition 2½ can be overridden by a referendum.

F. Inventories

Inventories are valued at cost using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when purchased

rather than when consumed. No significant inventory balances were on hand in governmental funds.

G. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

<u>Assets</u>	<u>Years</u>
Buildings and improvements	20 - 40
Machinery, equipment, and furnishings	5 - 10
Infrastructure	30 - 75

H. Compensated Absences

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

I. Long-Term Obligations

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

J. Fund Equity

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

Fund Balance

Generally, fund balance represents the difference between the current assets/deferred outflows of resources and current liabilities/ deferred inflows of resources. The Town reserves those portions of fund balance that are legally segregated for a specific future use or which do not represent available, spendable resources and, therefore, are not available for appropriation or expenditure. Unassigned fund balance indicates the portion of fund balance that is available for appropriation in future periods. The General Fund is the only fund that reports a positive unassigned fund balance.

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

Net Position

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

K. Use of Estimates

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

2. Stewardship, Compliance, and Accountability

A. Budgetary Information

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

“Unforeseen” includes expenses which are not foreseen as of the time of the annual meeting when appropriations are voted.

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

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

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

B. Deficit Fund Equity

Certain individual funds reflected deficit balances as of June 30, 2021.

It is anticipated that the deficits in these funds will be eliminated through future departmental or intergovernmental revenues, bond proceeds, and transfers from other funds.

C. Excess of Expenditures Over Appropriations

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

<u>Function</u>	<u>Amount</u>
General Fund:	
Greater Lowell Regional Technical High School Education Assessment	\$ (32,155)
Community Preservation Major Fund:	
General Government	(11,318)
Debt Service	(4,393)

While the General Fund general government and snow and ice expenditures appear to be overspent, the Town Manager has full autonomy over Town (exclusive of School) appropriations as voted. The Town presented the budget, located on the budget and actual page in the required supplementary information, in greater detail in order to promote a better comparison between the budget and actual schedule and the statement of revenues, expenditures, and changes in fund balances.

3. Deposits and Investments

Town (Excluding OPEB Trust Fund)

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

Custodial Credit Risk – Deposits

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

As of June 30, 2021, \$1,045,830, of the Town's bank balances of \$42,223,767, was subject to custodial credit risk as uninsured and/or uncollateralized. Additionally, \$42,188 was invested in a state pool, which is not subject to this disclosure.

Investment Summary

The following is a summary of the Town's investments as of June 30, 2021:

<u>Investment Type</u>	<u>Amount</u>
Fixed income mutual funds	\$ <u>7,209,569</u>
Total investments	\$ <u><u>7,209,569</u></u>

Custodial Credit Risk - Investments

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, the Town will not be able to recover the value of its investment or collateral securities that are in possession of another party. The Town does not have formal investment policies related to custodial credit risk. Investments in open-ended mutual funds are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form.

Credit Risk – Investments of Debt Securities

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

As of June 30, 2021, the credit quality ratings, as rated by Moody's Investors Service, Inc., of the Town's debt securities are as follows:

<u>Investment Type</u>	<u>Amount</u>	<u>Rating as of Year End</u>	
		<u>AAA</u>	<u>Unrated</u>
Fixed income mutual funds	\$ <u>7,209,569</u>	\$ <u>7,209,569</u>	\$ <u>-</u>
Total	\$ <u>7,209,569</u>	\$ <u>7,209,569</u>	\$ <u>-</u>

Concentration of Credit Risk - Investments

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

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

Interest Rate Risk – Investments of Debt Securities

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Town's policy on interest rate risk is to structure the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity, and by investing operating funds primarily in shorter-term securities. The Town's fixed income mutual funds have an effective average duration of 4.45 years.

Foreign Currency Risk - Investments

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

Fair Value

The Town categorizes its fair value measurements within the fair value hierarchy established by Governmental Accounting Standards Board Statement No. 72 *Fair Value Measurement and Application* (GASB 72).

The hierarchy is based on the valuation inputs used to measure the fair value of the asset and give the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The hierarchy categorizes the inputs to valuation techniques used for fair value measurement into three levels as follows:

- Level 1 – inputs that reflect quoted prices (unadjusted) in active markets for identical assets or liabilities that the fund has the ability to access at the measurement date.
- Level 2 – inputs other than quoted prices that are observable for an asset or liability either directly or indirectly, including inputs in markets that are not considered to be active. Because they must often be priced on the basis of transactions involving similar but not identical securities or do not trade with sufficient frequency, certain directly held securities are categorized as level 2.
- Level 3 – unobservable inputs based on the best information available, using assumptions in determining the fair value of investments and derivative instruments.

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

The Town has the following fair value measurements as of June 30, 2021:

		Fair Value Measurements Using:		
		Quoted prices in active markets for identical assets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<u>Investment Type</u>	<u>Amount</u>			
Investments by fair value level:				
Fixed income mutual funds	\$ 7,209,569	\$ -	\$ 7,209,569	\$ -
Total	\$ 7,209,569	\$ -	\$ 7,209,569	\$ -

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

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

4. Investments – OPEB Trust Fund

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

The following is a summary of the OPEB Trust Fund's investments as of June 30, 2021:

<u>Investment Type</u>	<u>Amount</u>
External investment pool (PRIT)	\$ 808,896

Custodial Credit Risk

As of June 30, 2021, the OPEB Trust Fund did not have any investments exposed to custodial credit risk disclosure as investments in external investment pools are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form.

Credit Risk – Investments of Debt Securities

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

<u>Investment Type</u>	<u>Amount</u>	<u>Unrated</u>
External investment pool (PRIT)	\$ 808,896	\$ 808,896

Concentration of Credit Risk

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

Fair Value

The OPEB Trust Fund has the following fair value measurements as of June 30, 2021:

<u>Investment Type</u>	<u>Amount</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency (If currently eligible)</u>	<u>Redemption Notice Period</u>
Investments measured at the net asset value (NAV):				
External investment pool (PRIT)	\$ 808,896	\$ -	Monthly	30 Days

Fair value is the same as the value of the pool share. The Pension Reserves Investment Trust (PRIT) was created under Massachusetts general law, Chapter 32, Section 22, in December 1983. The PRIT is operated under contract with a private investment advisor,

approved by the Pension Reserves Investment Management Board. The Pension Reserves Investment Management Board shall choose an investment advisor by requesting proposals from advisors and reviewing such proposals based on criteria adopted under Massachusetts general law, Chapter 30B.

5. Property Taxes and Excises Receivable

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

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

Based on the Town's experience, most property taxes are collected during the year in which they are assessed. Liening of properties on which taxes remain unpaid generally occurs annually. The Town ultimately has the right to foreclose on all properties where the taxes remain unpaid.

A statewide property tax limitation known as "Proposition 2 ½" limits the amount of increase in the property tax levy in any fiscal year. Generally, Proposition 2 ½ limits the total levy to an amount not greater than 2 ½% of the total assessed value of all taxable property within the Town. Secondly, the tax levy cannot increase by more than 2 ½% of the prior year's levy plus the taxes on property newly added to the tax rolls.

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

Boat excise taxes are assessed annually for all water vessels, including documented boats and ships, used or capable of being used for transportation on water. A boat excise is assessed by the community where the vessel is moored. July 1 is the assessing date for all vessels, and the boat excise due is calculated using a fixed rate of \$10 per \$1,000 of value.

Property taxes and excise receivables at June 30, 2021 consist of the following:

	Gross Amount (fund basis)	Allowance for Doubtful Accounts	Current Portion	Long- Term Portion
Real estate taxes	\$ 496,302	\$ (49,630)	\$ 446,672	\$ -
Personal property taxes	24,511	(14,295)	10,216	-
Community preservation act	7,130	(713)	6,417	-
Tax liens	<u>625,472</u>	<u>(62,547)</u>	<u>-</u>	<u>562,925</u>
Total property taxes	<u>\$ 1,153,415</u>	<u>\$ (127,185)</u>	<u>\$ 463,305</u>	<u>\$ 562,925</u>
Motor vehicle excise	\$ 700,666	\$ (235,761)	\$ 464,905	
Boat excise	<u>2,138</u>	<u>-</u>	<u>2,138</u>	
Total excises	<u>\$ 702,804</u>	<u>\$ (235,761)</u>	<u>\$ 467,043</u>	

6. User Fees Receivable

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

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

Receivables for sewer and water user charges at June 30, 2021 consist of the following:

	Gross Amount	Allowance for Doubtful Accounts	Net Amount
Sewer user charges	\$ 552,195	\$ (58,966)	\$ 493,229
Water user charges	<u>146,629</u>	<u>(16,138)</u>	<u>130,491</u>
Total	<u>\$ 698,824</u>	<u>\$ (75,104)</u>	<u>\$ 623,720</u>

7. Intergovernmental Receivables

This balance represents reimbursements requested from Federal and State agencies for expenditures incurred in fiscal year 2021.

8. Betterments

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

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

9. Interfund Accounts

Receivables/Payables

Although self-balancing funds are maintained, most transactions flow through the general fund. In order to obtain accountability for each fund, interfund receivable and payable accounts must be utilized. All remaining balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. The following is an analysis of the June 30, 2021 balances of interfund receivable and payable accounts:

<u>Fund</u>	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General fund	\$ 287,559	\$ -
Nonmajor Governmental funds:		
Special revenue funds:		
Chapter 90	<u>-</u>	<u>287,559</u>
Total	<u>\$ 287,559</u>	<u>\$ 287,559</u>

Transfers

The Town reports interfund transfers between various funds. Most transfers result from budgetary or statutory actions, whereby funds are moved to accomplish various expenditure purposes. The following is an analysis of major interfund transfers:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental Funds		
General fund	\$ 36,686	\$ 2,848,032
Community Preservation fund	-	308,500
Nonmajor Governmental Funds:		
Revolving	292	1,650
Receipts reserved	10,188	5,000
Capital project funds	2,645,774	-
Other special revenue	-	30,036
Total Governmental Funds	<u>2,692,940</u>	<u>3,193,218</u>
Proprietary Funds		
Nonmajor Enterprise Funds:		
Stormwater management	<u>500,278</u>	<u>-</u>
Total Proprietary Funds	<u>500,278</u>	<u>-</u>
Total	\$ <u>3,193,218</u>	\$ <u>3,193,218</u>

The transfers into the general fund represents annual recurring amounts appropriated at Town Meeting. Transfers out of the general fund include \$500,278 to provide working capital to the stormwater management enterprise funds and our practice of funding capital projects with available revenues. Funds transferred out of the Community Preservation Fund are for related capital projects.

10. Capital Assets

Capital asset activity for the year ended June 30, 2021 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital assets, depreciable:				
Buildings and improvements	\$ 142,629,579	\$ 16,752,744	\$ (12,000)	\$ 159,370,323
Machinery, equipment, and furnishings	17,215,159	2,004,316	(148,535)	19,070,940
Infrastructure	54,134,729	377,568	(8,000)	54,504,297
Total capital assets, depreciable	213,979,467	19,134,628	(168,535)	232,945,560
Less accumulated depreciation for:				
Buildings and improvements	(48,154,217)	(3,579,501)	32,300	(51,701,418)
Machinery, equipment, and furnishings	(13,817,504)	(1,282,188)	125,397	(14,974,295)
Infrastructure	(23,186,965)	(1,533,368)	8,000	(24,712,333)
Total accumulated depreciation	(85,158,686)	(6,395,057)	165,697	(91,388,046)
Total capital assets, depreciable, net	128,820,781	12,739,571	(2,838)	141,557,514
Capital assets, not being depreciated:				
Land	18,524,721	-	(6,692)	18,518,029
Construction in progress	8,013,673	424,438	(7,796,673)	641,438
Total capital assets, non-depreciable	26,538,394	424,438	(7,803,365)	19,159,467
Governmental activities capital assets, net	\$ 155,359,175	\$ 13,164,009	\$ (7,806,203)	\$ 160,716,981
Business-Type Activities				
Capital assets, depreciable:				
Buildings and improvements	\$ 745,000	\$ -	\$ -	\$ 745,000
Machinery, equipment, and furnishings	1,151,722	-	(9,248)	1,142,474
Infrastructure	101,090,269	-	-	101,090,269
Total capital assets, depreciable	102,986,991	-	(9,248)	102,977,743
Less accumulated depreciation for:				
Buildings and improvements	(577,740)	(11,427)	-	(589,167)
Machinery, equipment, and furnishings	(703,865)	(60,800)	9,248	(755,417)
Infrastructure	(24,968,412)	(2,338,035)	-	(27,306,447)
Total accumulated depreciation	(26,250,017)	(2,410,262)	9,248	(28,651,031)
Total capital assets, depreciable, net	76,736,974	(2,410,262)	-	74,326,712
Capital assets, not being depreciated:				
Construction in progress	-	58,250	-	58,250
Total capital assets, not being depreciated	-	58,250	-	58,250
Business-type activities capital assets, net	\$ 76,736,974	\$ (2,352,012)	\$ -	\$ 74,384,962

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

Governmental Activities	
General government	\$ 578,123
Public safety	665,710
Education	2,910,793
Public works	1,683,792
Health and human services	22,120
Culture and recreation	<u>534,519</u>
Total governmental activities	<u>\$ 6,395,057</u>
Business-type Activities	
Sewer	\$ 2,303,041
Water	69,296
Stormwater	<u>37,925</u>
Total business-type activities	<u>\$ 2,410,262</u>

11. Deferred Outflows of Resources

Deferred outflows of resources represent the consumption of net position by the Town that is applicable to future reporting periods. Deferred outflows of resources have a positive effect on net position, similar to assets. Deferred outflows of resources related to pensions and OPEB, in accordance with GASB Statement No. 68 and 75 are more fully discussed in the corresponding pension and OPEB notes.

12. Warrants and Accounts Payable

Warrants and accounts payable represent fiscal year 2021 expenses/expenditures paid after June 30, 2021.

13. Accrued Payroll

This balance represents fiscal year 2021 payroll related expenses/expenditures due to employees at year-end.

14. Accrued Liabilities

The balance of accrued liabilities represents interest accrued on bonds outstanding as of June 30, 2021.

15. Unearned Revenues

This balance represents grant revenues received in fiscal year 2021 for services that had not been performed as of June 30, 2021.

16. Escrow Deposits

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

17. Notes Payable

The following summarizes activity in notes payable during fiscal year 2021:

<u>Purpose</u>	<u>Interest Rate</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Balance Beginning of Year</u>	<u>New Issues</u>	<u>Maturities</u>	<u>Balance End of Year</u>
Governmental Activities							
Fire Construction	1.57%	10/16/19	10/16/20	\$ 300,000	\$ -	\$ (300,000)	\$ -
Fields	1.57%	10/16/19	10/16/20	736,048	-	(736,048)	-
Fields (CPA)	1.57%	10/16/19	10/16/20	832,952	-	(832,952)	-
Fire Station	1.65%	03/30/20	10/16/20	1,069,000	-	(1,069,000)	-
Fields (CPA)	1.65%	03/30/20	10/16/20	3,631,000	-	(3,631,000)	-
School Design	1.65%	03/30/20	10/16/20	300,000	-	(300,000)	-
School Security	2.00%	06/19/20	10/16/20	800,000	-	(800,000)	-
Fire Station	2.00%	06/19/20	10/16/20	500,000	-	(500,000)	-
School Equipment	2.00%	06/19/20	10/16/20	400,000	-	(400,000)	-
LED Streetlights	2.00%	06/19/20	10/16/20	100,000	-	(100,000)	-
Fire Station	0.55%	06/25/21	06/24/22	-	900,000	-	900,000
Total governmental activities				\$ 8,669,000	\$ 900,000	\$ (8,669,000)	\$ 900,000

18. Long-Term Debt

General Obligation Bonds and Loans

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

	Serial	Interest	Amount
	Maturities	Rate(s) %	Outstanding
<u>Governmental Activities</u>	<u>Through</u>		<u>as of</u>
<u>General Obligation Bonds</u>			<u>6/30/21</u>
Public offerings:			
Canney Farm land acquisition	07/15/21	2.00 - 5.00	\$ 4,000
Salt shed	07/15/21	2.00 - 5.00	10,000
Town hall construction	07/15/21	2.00 - 5.00	368,000
High school construction	07/15/21	2.00 - 5.00	1,150,000
LED lights	09/15/22	5.00	240,000
School security equipment	10/15/23	5.00	313,000
Police station refunding	01/15/24	3.00	74,000
Library refunding	01/15/24	3.00	489,000
Library refunding	06/15/25	2.00 - 5.00	252,000
Salt shed refunding	06/15/25	2.00 - 5.00	8,000
Harmony hall refunding	06/15/26	2.00 - 5.00	173,000
Police station refunding	06/15/26	2.00 - 5.00	1,629,000
Canney Farm land refunding	07/15/26	5.00	16,250
Fields	10/15/30	3.00 - 5.00	3,697,000
High school refunding	07/15/33	5.00	10,955,500
Salt shed refunding	07/15/33	5.00	97,750
Town hall refunding	07/15/33	5.00	4,301,000
Fields	10/15/34	2.00 - 5.00	315,000
Town hall construction	08/15/35	2.00 - 3.50	975,000
Public safety communications	08/15/35	2.00 - 3.50	180,000
Fields	10/15/35	2.00 - 5.00	100,000
High school construction	09/15/38	3.00 - 5.00	1,882,000
Fire Station Construction	10/15/40	2.00 - 5.00	5,600,000
School design	10/15/40	2.00 - 5.00	300,000
Englesby school roof	10/15/40	2.00 - 5.00	1,180,000
Brookside school roof	10/15/40	2.00 - 5.00	1,480,000
Total governmental activities			<u>\$ 35,789,500</u>

	Serial	Interest	Amount
	Maturities	Rate(s) %	Outstanding
<u>Business-Type Activities</u>	<u>Through</u>		<u>as of</u>
<u>General Obligation Bonds</u>			<u>6/30/21</u>
Public offerings:			
Sewer	07/15/21	2.00 - 5.00	\$ 73,000
Sewer	08/15/22	2.00 - 4.00	117,000
Sewer	08/15/22	2.00 - 4.00	86,000
Sewer	08/15/22	2.00 - 4.00	17,000
Sewer	08/15/22	2.00 - 4.00	459,000
Sewer	08/15/22	2.00 - 4.00	146,000
Sewer refunding	01/15/25	3.00	653,000
Sewer refunding	01/15/25	3.00	1,184,000
Sewer refunding	06/15/27	2.00 - 5.00	522,000
Sewer refunding	06/15/27	2.00 - 5.00	186,000
Sewer refunding	09/15/30	3.00 - 5.00	1,320,000
Sewer refunding	07/15/33	5.00	694,500
Sewer	08/15/35	2.00 - 3.50	550,000
Sewer	09/15/38	3.00 - 5.00	<u>43,000</u>
Total public offerings			6,050,500
<u>Loans - Direct Borrowings</u>			
MWPAT	07/25/26	2.00	561,196
MWPAT	07/15/27	2.00	95,603
MWPAT	07/15/28	2.00	1,212,239
MWPAT	01/15/30	2.00	12,937
MWPAT	07/15/30	2.00	4,704,760
MWPAT	07/15/30	2.00	2,366,187
MWPAT	07/15/30	2.00	1,129,569
MWPAT	07/15/32	2.00	2,288,616
MWPAT	01/15/33	2.00	184,014
MWPAT	01/15/33	2.00	2,794,867
MWPAT	01/15/35	2.00	6,846,441
MWPAT	01/15/36	2.00	3,702,111
MWPAT	01/15/37	2.00	<u>151,473</u>
Total loans - direct borrowings			<u>26,050,013</u>
Total business-type activities			<u>\$ 32,100,513</u>

A. Future Debt Service

The annual payments to retire all general obligation long-term debt outstanding as of June 30, 2021 are as follows:

Bonds - Public Offerings			
<u>Governmental</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 3,448,000	\$ 1,289,290	\$ 4,737,290
2023	3,125,500	1,337,523	4,463,023
2024	2,998,000	1,190,144	4,188,144
2025	2,718,000	1,053,263	3,771,263
2026	2,538,000	928,115	3,466,115
2027	2,292,000	808,022	3,100,022
2028	2,292,000	696,192	2,988,192
2029	2,298,000	585,242	2,883,242
2030	2,313,000	473,727	2,786,727
2031	2,303,000	370,006	2,673,006
2032 - 2036	7,070,000	735,817	7,805,817
2037 - 2041	2,394,000	118,915	2,512,915
Total	<u>\$ 35,789,500</u>	<u>\$ 9,586,256</u>	<u>\$ 45,375,756</u>

Bonds - Public Offerings			
<u>Business-type</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 1,267,000	\$ 197,505	\$ 1,464,505
2023	1,219,500	162,979	1,382,479
2024	817,000	126,381	943,381
2025	782,000	97,131	879,131
2026	352,000	69,936	421,936
2027	343,000	55,591	398,591
2028	233,000	42,721	275,721
2029	232,000	34,546	266,546
2030	227,000	26,461	253,461
2031	222,000	18,532	240,532
2032 - 2036	350,000	29,025	379,025
2037 - 2039	6,000	294	6,294
Total	<u>\$ 6,050,500</u>	<u>\$ 861,102</u>	<u>\$ 6,911,602</u>

The Town has issued direct borrowings from the Massachusetts Pollution Abatement Trust (MWPAT), a state revolving loan fund (SRF) of the Massachusetts Clean Water Trust (MCWT), a component unit of the Commonwealth of Massachusetts. MCWT issues special obligation bonds under its SRF programs to provide low-cost financing

to Cities, Towns, and other eligible borrowers primarily for the construction and improvement of drinking water and wastewater infrastructure. There were no unused lines of credit or assets pledged as collateral for debt. The Town certified that rates and charges in the Sewer Enterprise Fund have been set at a sufficient level to cover estimated operating expenses and debt service related to the Sewer Enterprise Fund, including the debt service related to direct borrowings. In addition, the Town as an “obligated person” with respect Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, agrees with MCWT to provide an annual report, not later than 270 days after the close of each fiscal year, that incorporates the most recently available audited financial statements to meet continuing disclosure requirements.

The annual payments to retire the state revolving loans direct borrowings as of June 30, 2021 are as follows:

<u>Business-type</u>	<u>Loans - Direct Borrowings</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 2,025,054	\$ 509,392	\$ 2,534,446
2023	2,067,423	468,656	2,536,079
2024	2,110,673	427,070	2,537,743
2025	2,154,831	384,610	2,539,441
2026	2,199,814	341,262	2,541,076
2027	2,245,943	296,954	2,542,897
2028	2,192,677	252,836	2,445,513
2029	2,223,877	208,782	2,432,659
2030	2,104,837	165,815	2,270,652
2031	2,147,557	123,493	2,271,050
2032 - 2036	4,566,258	222,388	4,788,646
2037	<u>11,069</u>	<u>220</u>	<u>11,289</u>
Total	<u>\$ 26,050,013</u>	<u>\$ 3,401,478</u>	<u>\$ 29,451,491</u>

B. Changes in General Long-Term Liabilities

During the year ended June 30, 2021, the following changes occurred in long-term liabilities:

	Beginning Balance	Additions	Reductions	Ending Balance	Less: Current Portion	Equals Long-term Portion
Governmental Activities						
Bonds payable:						
Public offerings	\$ 29,202,500	\$ 28,355,500	\$ (21,768,500)	\$ 35,789,500	\$ (3,448,000)	\$ 32,341,500
Unamortized bond premium	477,976	6,050,244	(74,061)	6,454,159	(171,595)	6,282,564
Total bonds payable	29,680,476	34,405,744	(21,842,561)	42,243,659	(3,619,595)	38,624,064
Net pension liability	67,909,403	-	(2,274,730)	65,634,673	-	65,634,673
Net OPEB liability	161,816,374	-	(2,364,733)	159,451,641	-	159,451,641
Landfill liabilities	1,714,000	-	(45,000)	1,669,000	(45,000)	1,624,000
Accrued employee benefits	4,367,183	327,219	(131,318)	4,563,084	(136,893)	4,426,191
Capital leases	154,140	-	(154,140)	-	-	-
Subtotal	235,961,100	327,219	(4,969,921)	231,318,398	(181,893)	231,136,505
Total governmental activities	\$ 265,641,576	\$ 34,732,963	\$ (26,812,482)	\$ 273,562,057	\$ (3,801,488)	\$ 269,760,569
Business-type Activities						
Sewer						
Bonds payable:						
Public offerings	\$ 7,482,500	\$ 694,500	\$ (2,126,500)	\$ 6,050,500	\$ (1,267,000)	\$ 4,783,500
State revolving loans (direct borrowings)	28,033,572	-	(1,983,559)	26,050,013	(2,025,054)	24,024,959
Unamortized bond premium	58,405	181,224	(5,841)	233,788	(5,841)	227,947
Total bonds payable	35,574,477	875,724	(4,115,900)	32,334,301	(3,297,895)	29,036,406
Net pension liability	874,873	-	(29,306)	845,567	-	845,567
Net OPEB liability	812,000	-	(11,866)	800,134	-	800,134
Total sewer	37,261,350	875,724	(4,157,072)	33,980,002	(3,297,895)	30,682,107
Water						
Net pension liability	103,331	-	(3,461)	99,870	-	99,870
Net OPEB liability	192,283	-	(2,810)	189,473	-	189,473
Total water	295,614	-	(6,271)	289,343	-	289,343
Total business-type activities	\$ 37,556,964	\$ 875,724	\$ (4,163,343)	\$ 34,269,345	\$ (3,297,895)	\$ 30,971,450

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

General obligation bonds and state revolving loans, issued by the Town for various municipal projects, are approved by Town Meeting and repaid with revenues recorded in the general fund and user fees recorded in enterprise funds. All other long-term liabilities are repaid from the funds that the costs relate to, primarily the general fund and enterprise funds.

D. Advance and Current Refundings*Current Year*

On April 22, 2021, the Town issued general obligation bonds in the amount of \$16,065,000 with a 5% interest rate to advance refund \$20,135,000 of term bonds with an interest rate ranging from 4 – 5%. The term bonds mature on 7/15/2033 and are callable on July 15, 2021. The general obligation bonds were issued at 1.03% and, after paying issuance costs of \$121,418, the net proceeds were \$20,374,086. The net proceeds from the issuance of the general obligation bonds were used to purchase U.S. government securities and those securities were deposited in an irrevocable trust with an escrow agent to provide debt service payments until the term bonds are called.

on July 15, 2021. The advance refunding met the requirements of an in-substance debt defeasance and the term bonds were removed from the Town's financial statements.

As a result of the advance refunding, the Town reduced its total debt service cash flow requirements by \$4,318,730, which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$3,978,256.

Defeased debt still outstanding at June 30, 2021 is \$20,135,000.

E. Bond Authorizations

Long-term debt authorizations which have not been issued or rescinded as of June 30, 2021 are as follows:

<u>Date Authorized</u>	<u>Purpose</u>	<u>Amount</u>
June 1998	Landfill	\$ 1,500,000
June 2008	Land acquisition	1,420,000
June 2015	Senior housing complex	3,000,000
November 2016	School equipment	192,976
June 2018	School equipment	150,000
June 2019	Fields	195,202
November 2019	Fire station construction	900,000
June 2020	Englesby Elementary School	1,626,808
June 2020	Brookside Elementary School	2,046,207
June 2021	School complex improvements	<u>1,100,000</u>
	Total	<u>\$ 12,131,193</u>

19. Landfill Closure and Post-Closure Care Costs

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

The \$1,669,000 reported as landfill post-closure care liability at June 30, 2021 represents the remaining estimated post-closure maintenance costs. These amounts are based on what it would cost to perform all post-closure care in fiscal year 2021. Actual cost may differ due to inflation, changes in technology, or changes in regulations.

20. Deferred Inflows of Resources

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

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

Deferred inflows of resources related to pension and OPEB will be recognized as decreases to expenses in future years as more fully described in the corresponding pension and OPEB notes.

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

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

21. Governmental Funds – Balances

Fund balances are segregated to account for resources that are either not available for expenditure in the future or are legally set aside for a specific future use.

The Town implemented *GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54), which enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying existing governmental fund type definitions.

The following types of fund balances are reported at June 30, 2021:

Nonspendable

Represents amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. This fund balance classification includes nonmajor governmental fund reserves for the principal portion of permanent trust funds.

Restricted

Represents amounts that are restricted to specific purposes by constraints imposed by creditors, grantors, contributors, or laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation. This fund balance classification includes community preservation fund amounts restricted for specific use, nonmajor fund capital projects funded by bond issuances, various special revenue funds, and the income portion of permanent trust funds.

Committed

Represents amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Town's highest level of decision-making authority. This fund balance classification includes specific purpose stabilization accounts set aside by Town Meeting vote (now reported as part of the general fund per GASB 54), and various capital projects for non-lapsing appropriations approved at Town Meeting. A similar action is needed to modify or rescind a commitment.

Assigned

Represents amounts that are constrained by the Town's intent to use these resources for a specific purpose. This fund balance classification includes general fund encumbrances that have been established by various Town departments for the expenditure of current year budgetary financial resources upon vendor performance in the subsequent budgetary period. The Town follows an informal policy that permits management to assign fund balance amounts to a specific purpose.

Unassigned

Represents amounts that are available to be spent in future periods, the Town's general stabilization account, and deficit balances in nonmajor governmental funds.

Stabilization Arrangements

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

Following is a breakdown of the Town's fund balances at June 30, 2021:

	General <u>Fund</u>	Community Preservation <u>Fund</u>	Nonmajor Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
Nonspendable				
Permanent funds	\$ -	\$ -	\$ 259,720	\$ 259,720
Total nonspendable	-	-	259,720	259,720
Restricted				
Community preservation	-	6,389,580	-	6,389,580
School general purpose (School Choice)	-	-	1,004,491	1,004,491
Circuit breaker (special education)	-	-	866,419	866,419
Other school grants	-	-	290,023	290,023
Town grants	-	-	351,231	351,231
School lunch fund	-	-	123,537	123,537
Revolving funds	-	-	1,310,974	1,310,974
Receipts reserved for appropriation	-	-	598,231	598,231
Other special revenue funds	-	-	768,945	768,945
Capital project funds	-	-	3,147,246	3,147,246
Permanent funds	-	-	94,557	94,557
Total restricted	-	6,389,580	8,555,654	14,945,234
Committed				
Town Hall stabilization	1,110,984	-	-	1,110,984
Equipment stabilization	250,000	-	-	250,000
Special education stabilization	201,238	-	-	201,238
Other stabilization	238,561	-	-	238,561
Special education	138,837	-	-	138,837
For snow and ice	230,000	-	-	230,000
Capital projects	885,000	-	2,921,535	3,806,535
Total committed	3,054,620	-	2,921,535	5,976,155
Assigned				
For encumbrances:				
Education	483,785	-	-	483,785
Public works	343,882	-	-	343,882
Information technology	143,592	-	-	143,592
Police department	111,451	-	-	111,451
Fire department	37,103	-	-	37,103
Building maintenance	59,185	-	-	59,185
Legal	20,000	-	-	20,000
Assessor appraisals	60,186	-	-	60,186
Council on aging	17,050	-	-	17,050
Recreation	22,259	-	-	22,259
Other	24,892	-	-	24,892
Total assigned	1,323,385	-	-	1,323,385
Unassigned				
General fund	10,403,031	-	-	10,403,031
General stabilization fund	1,011,604	-	-	1,011,604
Deficit balances	-	-	(1,250,465)	(1,250,465)
Total unassigned	11,414,635	-	(1,250,465)	10,164,170
Total Fund Balances	\$ 15,792,640	\$ 6,389,580	\$ 10,486,444	\$ 32,668,664

22. Retirement System

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

A. Plan Description

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

Participants Contributions

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

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

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

Participant Retirement Benefits

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

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

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

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

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

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

Methods of Payment

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

- Option A – Total annual allowance, payable in monthly installments, commencing at retirement and terminating at the member's death.

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

Participant Refunds

Employees who resign from service and who are not eligible to receive a retirement allowance are entitled to request a refund of their accumulated total deductions. Members voluntarily withdrawing with at least 10 years of service or involuntarily withdrawing, receive 100% of the regular interest that has accrued on those accumulated total deductions. Members voluntarily withdrawing with less than 10 years of service get credited interest each year at a rate of 3.00%.

Employer Contributions

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

The Town’s contribution to the System for the year ended June 30, 2021 was \$5,727,860, which was equal to its annual required contribution.

B. Summary of Significant Accounting Policies

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

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

At June 30, 2021, the Town reported a liability of \$66,580,110 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2020. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At December 31, 2020, the Town's proportion was 4.348534%, which was an increase of 0.043209% from its proportion measured as of December 31, 2019.

For the year ended June 30, 2021, the Town recognized pension expense of \$8,148,669. In addition, the Town reported deferred outflows of resources and deferred (inflows) of resources related to pensions from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred (Inflows) of <u>Resources</u>
Differences between expected and actual experience	\$ 1,217,726	\$ (78,790)
Changes of assumptions	2,541,610	-
Net difference between projected and actual investment earnings on pension plan investments	-	(3,774,329)
Changes in proportion and differences between employer contributions and proportionate share of contributions	<u>1,315,405</u>	<u>(240,727)</u>
Total	<u>\$ 5,074,741</u>	<u>\$ (4,093,846)</u>

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

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

<u>Year ended June 30:</u>	
2022	\$ 1,015,509
2023	779,136
2024	(270,627)
2025	<u>(543,123)</u>
Total	\$ <u>980,895</u>

D. Actuarial Assumptions

The total pension liability in the January 1, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	Not explicitly stated
Projected salary increases	Varies by length of service with ultimate rates of 4.00% for Group 1, 4.25% for Group 2, and 4.50% for Group 4
Discount rate/investment rate of return	7.30%, net of pension plan investment expense, including inflation
Cost of living adjustments	3.00% of first \$16,000 of retirement income

Mortality rates were based on the following:

- Pre-retirement – The RP-2014 Blue Collar Employee Mortality Table projected generationally with Scale MP-2017.
- Healthy participants – The RP-2014 Blue Collar Healthy Annuitant Mortality Table projected generationally with Scale MP-2017.
- Disabled retirees – The RP-2014 Blue Collar Healthy Annuitant Mortality Table set forward one year and projected generationally with Scale MP-2017.

Significant assumptions are reevaluated as follows:

- Investment rate of return and inflation – annually
- Projected salary increases – biennially

- Mortality rates – to the extent the new mortality tables are available, but the numbers of expected death, terminations, disabilities, and retirements are compared to the actual numbers biennially.

The actuarial assumptions used in the January 1, 2020 valuation were based on the results of the most recent actuarial experience study, which was for the period January 1, 2018 – December 31, 2019.

E. Target Allocations

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Domestic equity	22.00%	6.28%
International developed markets equity	12.00%	7.00%
International emerging markets equity	5.00%	8.82%
Core fixed income	15.00%	0.38%
High-yield fixed income	8.00%	2.97%
Real estate	10.00%	3.50%
Timber	4.00%	3.45%
Hedge funds, GTAA, risk parity	10.00%	2.35%
Private equity	14.00%	10.11%
Total	<u>100.00%</u>	

F. Discount Rate

The discount rate used to measure the total pension liability was 7.30%. The projection of cash flows used to determine the discount rate assumed that the plan member contributions will be made at the current contribution rate and that employer contributions will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments to current active and inactive plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.30%, as well as what the Town's proportionate share of the net pension liability would be if it was calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current rate:

1% Decrease (6.30%)	Current Discount Rate (7.30%)	1% Increase (8.30%)
\$ 82,965,987	\$ 66,580,110	\$ 52,794,356

H. Pension Plan Fiduciary Net Position

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

23. Massachusetts Teachers' Retirement System (MTRS)

A. Plan Description

The Massachusetts Teachers' Retirement System (MTRS) is a public employee retirement system (PERS) that administers a cost-sharing multi-employer defined benefit plan, as defined in GASB Statement No. 67, *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25* (GASB 67). MTRS is managed by the Commonwealth on behalf of municipal teachers and municipal teacher retirees. The Commonwealth is a nonemployer contributor and is responsible for all contributions and future benefit requirements of the MTRS. The MTRS covers certified teachers in cities (except Boston), towns, regional school districts, charter schools, educational collaboratives, and Quincy College. The MTRS is part of the Commonwealth's reporting entity and does not issue a stand-alone audited financial report.

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

B. Benefits Provided

MTRS provides retirement, disability, survivor, and death benefits to members and their beneficiaries. Massachusetts General Laws (MGL) establishes uniform benefit and contribution requirements for all contributory PERS. These requirements provide for superannuation retirement allowance benefits up to a maximum of 80% of a member's highest 3-year average annual rate of regular compensation. For employees

hired after April 1, 2012, retirement allowances are calculated on the basis of the last 5 years or any 5 consecutive years, whichever is greater in terms of compensation. Benefit payments are based upon a member's age, length of creditable service, and group creditable service, and group classification. The authority for amending these provisions rests with the Legislature.

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

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

C. Contributions

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

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

D. Actuarial Assumptions

The total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of January 1, 2020 rolled forward to June 30, 2020. The valuation used the following assumptions:

- (a) 7.15% (changed from 7.25%) investment rate of return, (b) 3.50% interest rate credited to the annuity savings fund and (c) 3.00% cost of living increase on the first \$13,000 per year.
- Salary increases are based on analyses of past experience but range from 4.00% to 7.50% depending on length of service.

- Experience study is dated July 21, 2014 and encompasses the period January 1, 2006 to December 31, 2011, updated to reflect post-retirement mortality through January 1, 2017.
- Mortality rates were as follows:
 - Pre-retirement – reflects Pub-2010 Teachers Employees mortality table (headcount weighted) projected generationally with Scale MP-2018 (gender distinct).
 - Post-retirement – reflects Pub-2010 Teachers Retirees mortality table (headcount weighted) projected generationally with Scale MP-2018 (gender distinct).
 - Disability – assumed to be in accordance with the Pub-2010 Teachers Retirees mortality table (headcount weighted) projected generationally with Scale MP-2018 (gender distinct).

E. Target Allocations

Investment assets of the MTRS are with the Pension Reserves Investment Trust (PRIT) Fund. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage. Best estimates of geometric rates of return for each major asset class included in the PRIT Fund's target asset allocation as of June 30, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global equity	39.00%	4.80%
Core fixed income	15.00%	0.70%
Private equity	13.00%	8.20%
Portfolio completion strategies	11.00%	3.20%
Real estate	10.00%	3.50%
Value added fixed income	8.00%	4.20%
Timber/natural resources	4.00%	4.10%
Total	<u>100.00%</u>	

F. Discount Rate

The discount rate used to measure the total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the Commonwealth's contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rates. Based on those assumptions, the net position was projected to be available to make all projected

future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

G. Sensitivity Analysis

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

1% Decrease <u>(6.15%)</u>	Current Discount Rate <u>(7.15%)</u>	1% Increase <u>(8.15%)</u>
\$ 35,411,955	\$ 28,544,844	\$ 22,908,510

H. Special Funding Situation

The Commonwealth is a nonemployer contributor and is required by statute to make all actuarial determined employer contributions on behalf of the member employers. Therefore, these employers are considered to be in a special funding situation as defined by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* (GASB 68) and the Commonwealth is a non-employer contributing entity in MTRS. Since the employers do not contribute directly to MTRS, there is no net pension liability to recognize for each employer.

I. Town Proportions

In fiscal year 2020 (the most recent measurement period), the Town's proportionate share of the MTRS' collective net pension liability was approximately \$73,091,195 based on a proportionate share of 0.256057%. As required by GASB 68, the Town has recognized its portion of the Commonwealth's contribution of approximately \$3,977,681 as both a revenue and expenditure in the general fund, and its portion of the collective pension expense of approximately \$9,027,810 as both a revenue and expense in the governmental activities.

24. Other Post-Employment Benefits (GASB 74 and GASB 75)

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB)*, replaces the requirements of *GASB Statement No. 43, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. This applies if a trust fund has been established to fund future OPEB costs. In fiscal year 2014, the Town established a single employer defined benefit OPEB Trust Fund to provide funding for future employee health care costs. The OPEB plan does not issue a stand-alone financial report.

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

All the following OPEB disclosures are based on a measurement date of June 30, 2021.

A. General Information about the OPEB Plan

Plan Description

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

Benefits Provided

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

Funding Policy

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

Plan Membership

At June 30, 2021, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries	
currently receiving benefit payments	687
Active employees	<u>443</u>
Total	<u><u>1,130</u></u>

B. Investments

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

for defraying the reasonable expenses of the Trust in accordance with the Trust agreement.

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

Rate of return. For the year ended June 30, 2021, the annual money-weighted rate of return on investments, net of investment expense, was not available. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

C. Actuarial Assumptions

The net OPEB liability was determined by an actuarial valuation as of December 31, 2020 using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation date	December 31, 2020
Actuarial cost method	Entry age normal - level percentage of payroll
Inflation	3.00%
Salary increases:	
Group 1	6.00% decreasing to 4.00%
Group 2	6.00% decreasing to 4.25%
Group 4	7.00% decreasing to 4.50%
Teachers	7.50% decreasing to 4.00%
Investment rate of return	7.00%, net of OPEB plan investment expense
Discount rate	2.16% as of June 30, 2021 (2.21% as of June 30, 2020)
Healthcare cost trend rates	Medical and Prescription Drug: 7.0% decreasing by 0.25% for 10 years to an ultimate level of 4.50%. Dental: 4.0%
Retirees' share of benefit-related costs	20% of medical and life insurance premiums and 50% of dental premiums
Participation rate	For future retirees hired before 1986 and current retirees under age 65, 95% are assumed to enroll in a Medicare plan upon reaching age 65, and 5% are assumed to be ineligible for Medicare; 80% of future retirees with medical coverage are assumed to have life insurance coverage; all others are assumed to be 100%

Mortality rates were based on the following:

Mortality Rates:

Pre-retirement:

Non-teachers	RP-2014 Blue Collar Employee Mortality Table projected generationally using Scale MP-2017
Teachers	Pub-2010 Teachers Employees Mortality Table (headcount weighted) projected generationally with Scale MP-2018

Post-retirement:

Healthy (non-teachers)	RP-2014 Blue Collar Healthy Annuitant Mortality Table projected generationally using Scale MP-2017
Disabled (non-teachers)	RP-2014 Blue Collar Healthy Annuitant Mortality Table set forward one year projected generationally using Scale MP-2017
Healthy (teachers)	Pub-2010 Teacher Retiree Mortality Table (headcount weighted) projected generationally with Scale MP-2018
Disabled (teachers)	Pub-2010 Teacher Retiree Mortality Table (headcount weighted) projected generationally with Scale MP-2018

D. Target Allocations

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2021 are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Domestic equity	22.00%	6.28%
International developed markets equity	12.00%	7.00%
International emerging markets equity	5.00%	8.82%
Core fixed income	15.00%	0.38%
High-yield fixed income	8.00%	2.97%
Real estate	10.00%	3.50%
Commodities	4.00%	3.45%
Hedge fund, GTAA, risk parity	10.00%	2.35%
Private equity	14.00%	10.11%
Total	<u>100.00%</u>	

E. Contributions

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

F. Discount Rate

The discount rate used to measure the net OPEB liability was 2.16%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate.

Based on those assumptions, the OPEB plan fiduciary net position was not projected to be available to make all projected future benefit payments of current plan members. As a result, a blended discount rate of 2.16% was used based on a combination of the investment rate of return and municipal bond rate (based on index provided by the Bond Buyer 20-Bond General Obligation Index on 20-year municipal bond rate as of June 30, 2021).

G. Net OPEB Liability

The components of the net OPEB liability, measured as of June 30, 2021, were as follows:

Total OPEB liability	\$ 161,256,038
Plan fiduciary net position	<u>814,790</u>
Net OPEB liability	<u>\$ 160,441,248</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.51%

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

H. Changes in the Net OPEB Liability

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

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances, beginning of year	\$ 163,451,645	\$ 630,988	\$ 162,820,657
Changes for the year:			
Service cost	6,131,844	-	6,131,844
Interest	3,705,296	-	3,705,296
Contributions - employer	-	3,867,206	(3,867,206)
Net investment income	-	183,802	(183,802)
Differences between expected and actual experience	(3,202,642)	-	(3,202,642)
Changes of assumptions	(4,962,899)	-	(4,962,899)
Benefit payments	<u>(3,867,206)</u>	<u>(3,867,206)</u>	<u>-</u>
Net Changes	<u>(2,195,607)</u>	<u>183,802</u>	<u>(2,379,409)</u>
Balances, end of year	\$ <u>161,256,038</u>	\$ <u>814,790</u>	\$ <u>160,441,248</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 2.21% in fiscal year 2020 to 2.16% in fiscal year 2021, and a change in the investment rate of return on assets from 7.25% in fiscal year 2020 to 7.00% in fiscal year 2021. In addition, the per capita health costs were updated to reflect current experience and the trend rates were updated to better reflect anticipated future experience. Finally, the mortality and salary increase assumptions were updated to match the most current actuarial valuations available.

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

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

1% Decrease (1.16%)	Current Discount Rate (2.16%)	1% Increase (3.16%)
\$ 191,153,851	\$ 160,441,248	\$ 136,397,489

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

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

<u>1% Decrease</u>	<u>Current Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
\$ 134,077,512	\$ 160,441,248	\$ 194,912,927

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

For the year ended June 30, 2021, the Town recognized an OPEB expense of \$8,589,002. At June 30, 2021, the Town reported deferred outflows and (inflows) of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred (Inflows) of Resources</u>
Differences between expected and actual experience	\$ 144,310	\$ (2,579,560)
Changes of assumptions	9,906,183	(8,541,489)
Net difference between projected and actual investment earnings on OPEB plan investments	<u>-</u>	<u>(84,723)</u>
Total	\$ <u>10,050,493</u>	\$ <u>(11,205,772)</u>

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

<u>Year Ended June 30:</u>	
2022	\$ (1,202,394)
2023	193,378
2024	1,692,381
2025	(1,616,238)
2026	<u>(222,406)</u>
Total	\$ <u>(1,155,279)</u>

25. Deferred Compensation

The Town also offers its employees one deferred compensation plan in accordance with Internal Revenue Code Section 457(b) through the International City/County Management Association's (ICMA) Retirement Corporation. The plans permit full-time employees to defer a portion of their salary until future years. Deferred compensation is not available to employees until termination, retirement, or death. The Town has no liability for losses under the plans, but does have the duty of due care that would be required of an ordinary prudent investor for safeguarding purposes only. The investments are self-directed by employees. There were no employer contributions to the 457 Plans for the fiscal year ending June 30, 2021.

26. Change in Accounting Principle

During 2021, the Town adopted Governmental Accounting Standards Board (GASB) Statement No. 84, Fiduciary Activities. This required moving certain items previously recorded in the Agency Fund to the General Fund and Special Revenue Funds. Beginning net position/fund balance was required to be restated in Governmental Activities and Nonmajor Governmental Funds.

27. Commitments and Contingencies

COVID-19

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

Outstanding Legal Issues

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

Grants

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

Abatements

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

Encumbrances

At year-end the Town's general fund has \$1,323,385 in encumbrances that will be honored in the next fiscal year.

28. Tax Abatements

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

Property tax revenues were reduced by \$145,180 under agreements entered into the Town during fiscal year 2021.

29. Beginning Fund Balance Reclassification/Restatement

The beginning (July 1, 2020) fund balance/net position of the Town of Dracut has been reclassified/restated as follows:

Government-Wide Financial Statements:

	Governmental Activities
As previously reported	\$ (77,817,021)
Implementation of GASB 84	<u>100,090</u>
As restated	<u><u>\$ (77,716,931)</u></u>

Fund Basis Financial Statements:

	Capital Improvement Fund	Community Preservation Capital Fund	Community Preservation Fund	Nonmajor Governmental Funds
As previously reported	\$ (2,592,763)	\$ (2,196,325)	\$ -	\$ 10,628,478
Reclassification of major governmental funds	2,592,763	2,196,325	5,570,771	(10,359,859)
Implementation of GASB 84	<u>-</u>	<u>-</u>	<u>-</u>	<u>100,090</u>
As reclassified/restated	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 5,570,771</u></u>	<u><u>\$ 368,709</u></u>

30. Subsequent Events

Management has evaluated subsequent events through January 28, 2022, which is the date the financial statements were available to be issued.

Use of Free Cash

The Town voted to use \$1,173,000 of free cash at the November 1, 2021 Town Meeting for the following purposes:

<u>Amount</u>	<u>Purpose</u>
\$ 33,000	Library sidewalk repair
160,000	DPW office renovations
340,000	School capital improvements
<u>640,000</u>	Playground installations
<u><u>\$ 1,173,000</u></u>	Total

31. New Pronouncements

The Governmental Accounting Standards Board (GASB) has issued Statement No. 87, *Leases*, effective for the Town beginning with its fiscal year ending June 30, 2022. This statement establishes new reporting and disclosure requirements, including the recording of various operating leases in the financial statements. Management is in the process of evaluating the effect this standard will have on the financial statements.

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REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF DRACUT, MASSACHUSETTS

Required Supplementary Information
General Fund

Schedule of Revenues, Expenditures and Other Financing Sources (Uses) – Budget and Actual
For the Year Ended June 30, 2021

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	
Revenues				
Property taxes	\$ 53,677,951	\$ 53,677,951	\$ 53,554,190	\$ (123,761)
Excise	4,825,000	4,825,000	4,926,551	101,551
Penalties, interest, and other taxes	761,333	761,333	1,263,783	502,450
Charges for services	444,000	444,000	480,883	36,883
Intergovernmental	25,142,339	25,142,339	26,159,635	1,017,296
Licenses and permits	746,000	746,000	583,878	(162,122)
Investment income	259,500	259,500	668,790	409,290
Miscellaneous	61,190	61,190	162,839	101,649
Total Revenues	<u>85,917,313</u>	<u>85,917,313</u>	<u>87,800,549</u>	<u>1,883,236</u>
Expenditures				
Town Manager:				
General government	3,424,699	3,424,699	3,573,891	(149,192)
Public safety	10,198,994	10,198,994	9,663,305	535,689
Public works	5,056,793	5,060,693	4,982,883	77,810
Snow and ice	563,000	563,000	788,614	(225,614)
Health and human services	765,769	765,769	696,846	68,923
Culture and recreation	1,021,795	1,021,795	887,453	134,342
Debt service	4,148,868	4,148,868	4,030,117	118,751
Employee benefits	17,352,491	17,352,491	16,584,675	767,816
Intergovernmental	4,118,494	4,118,494	3,866,316	252,178
School Department:				
Operations	31,685,000	31,650,000	31,650,000	-
Transportation	2,700,000	2,700,000	2,651,963	48,037
Greater Lowell Regional Technical High School Education Assessments	4,825,000	4,650,000	4,682,155	(32,155)
Greater Lowell Regional Technical High School Transportation Assessment	-	175,000	158,213	16,787
Essex North Shore Agricultural and Technical High School Assessment	-	20,000	17,530	2,470
Essex North Shore Agricultural and Technical High School Transportation	-	15,000	2,500	12,500
Total Expenditures	<u>85,860,903</u>	<u>85,864,803</u>	<u>84,236,461</u>	<u>1,628,342</u>
Excess (deficiency) of revenues over (under) expenditures	56,410	52,510	3,564,088	3,511,578
Other Financing Sources (Uses)				
Transfers in	388,114	388,114	418,442	30,328
Transfers out	(700,278)	(3,125,678)	(3,136,158)	(10,480)
Use of free cash:				
Capital budget	-	2,425,400	-	(2,425,400)
Stabilization	200,000	200,000	-	(200,000)
Other source(s)	-	3,900	3,900	-
Use of restricted fund balance	55,754	55,754	-	(55,754)
Total Other Financing Sources (Uses)	<u>(56,410)</u>	<u>(52,510)</u>	<u>(2,713,816)</u>	<u>(2,661,306)</u>
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	\$ <u>-</u>	\$ <u>-</u>	\$ <u>850,272</u>	\$ <u>850,272</u>

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

TOWN OF DRACUT, MASSACHUSETTS

Required Supplementary Information
Community Preservation Fund

Schedule of Revenues, Expenditures and Other Financing Sources (Uses) – Budget and Actual
For the Year Ended June 30, 2021

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	
Revenues				
Property taxes	\$ 1,019,211	\$ 1,019,211	\$ 1,029,510	\$ 10,299
Penalties, interest, and other taxes	-	-	3,442	3,442
Intergovernmental	290,000	290,000	290,606	606
Investment income	70,000	70,000	45,340	(24,660)
Miscellaneous	-	-	500	500
Total Revenues	<u>1,379,211</u>	<u>1,379,211</u>	<u>1,369,398</u>	<u>(9,813)</u>
Expenditures				
Town Manager:				
General government	50,200	50,200	61,518	(11,318)
Debt service	176,178	176,178	180,571	(4,393)
Capital Outlay	<u>1,000,000</u>	<u>1,000,000</u>	<u>-</u>	<u>1,000,000</u>
Total Expenditures	<u>1,226,378</u>	<u>1,226,378</u>	<u>242,089</u>	<u>984,289</u>
Excess (deficiency) of revenues over (under) expenditures	152,833	152,833	1,127,309	974,476
Other Financing Sources (Uses)				
Transfers out	(148,500)	(308,500)	(308,500)	-
Other use(s)	(152,833)	(152,833)	-	152,833
Use of reserved fund balance	<u>148,500</u>	<u>308,500</u>	<u>-</u>	<u>(308,500)</u>
Total Other Financing Sources (Uses)	<u>(152,833)</u>	<u>(152,833)</u>	<u>(308,500)</u>	<u>(155,667)</u>
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 818,809</u>	<u>\$ 818,809</u>

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

**Notes to the Required Supplementary Information
for General Fund and Community Preservation Fund Budgets**

Budgetary Basis

The General Fund and Community Preservation Fund final appropriation appearing on the previous pages represent the final amended budgets after all reserve fund transfers and supplemental appropriations.

Budget/GAAP Reconciliation

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

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

<u>General Fund</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Other Financing Sources (Uses)</u>
GAAP Basis	\$ 91,114,641	\$ 86,712,287	\$ (3,154,039)
Reverse fair value adjustments	664,882	-	-
Add previous year carryforwards as a financing source	-	-	3,900
To book current year appropriation carryforwards	-	1,323,385	-
Reclass indirect cost reimbursements to respective enterprise funds	-	295,000	295,000
To reverse the effect of non-budgeted State contributions for teachers retirement	(3,977,681)	(3,977,681)	-
To eliminate non-budgeted stabilization fund activity	(1,293)	-	(201,370)
Other	<u>-</u>	<u>(116,530)</u>	<u>342,693</u>
Budgetary Basis	<u>\$ 87,800,549</u>	<u>\$ 84,236,461</u>	<u>\$ (2,713,816)</u>

TOWN OF DRACUT, MASSACHUSETTS

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

Middlesex County Retirement System						
Fiscal Year	Measurement Date	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Liability	Covered Payroll	Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position Percentage of the Total Pension Liability
June 30, 2021	December 31, 2020	4.348534%	\$66,580,110	\$ 17,454,816	381.44%	53.42%
June 30, 2020	December 31, 2019	4.305325%	\$68,887,607	\$ 16,709,878	412.26%	49.45%
June 30, 2019	December 31, 2018	4.206681%	\$65,601,775	\$ 15,326,864	428.02%	46.40%
June 30, 2018	December 31, 2017	4.235256%	\$60,106,114	\$ 14,681,016	409.41%	49.27%
June 30, 2017	December 31, 2016	3.977461%	\$57,818,789	\$ 14,484,571	399.18%	45.49%
June 30, 2016	December 31, 2015	4.059516%	\$52,368,527	\$ 14,583,214	359.10%	46.13%
June 30, 2015	December 31, 2014	4.054044%	\$48,701,871	\$ 14,022,321	347.32%	47.65%

Massachusetts Teachers' Retirement System								
Fiscal Year	Measurement Date	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Liability	Commonwealth of Massachusetts' Total Proportionate Share of the Net Pension Liability Associated with the Town	Total Net Pension Liability Associated with the Town	Covered Payroll	Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position Percentage of the Total Pension Liability
June 30, 2021	June 30, 2020	0.256057%	\$ -	\$ 73,091,195	\$ 73,091,195	\$ 19,400,842	0.00%	50.67%
June 30, 2020	June 30, 2019	0.262408%	\$ -	\$ 66,163,672	\$ 66,163,672	\$ 19,095,819	0.00%	53.95%
June 30, 2019	June 30, 2018	0.266360%	\$ -	\$ 63,157,309	\$ 63,157,309	\$ 18,706,106	0.00%	54.84%
June 30, 2018	June 30, 2017	0.255865%	\$ -	\$ 58,555,783	\$ 58,555,783	\$ 17,374,431	0.00%	54.25%
June 30, 2017	June 30, 2016	0.278479%	\$ -	\$ 62,262,091	\$ 62,262,091	\$ 18,317,388	0.00%	52.73%
June 30, 2016	June 30, 2015	0.277686%	\$ -	\$ 56,896,967	\$ 56,896,967	\$ 17,602,205	0.00%	55.38%
June 30, 2015	June 30, 2014	0.278634%	\$ -	\$ 44,292,663	\$ 44,292,663	\$ 17,084,427	0.00%	61.64%

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

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

See Independent Auditors' Report.

TOWN OF DRACUT, MASSACHUSETTS

Required Supplementary Information
Schedule of Pension Contributions
(Unaudited)

Middlesex County Retirement System

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to the Contractually Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
June 30, 2021	December 31, 2020	\$ 5,727,860	\$ 5,727,860	\$ -	\$ 20,145,638	28.43%
June 30, 2020	December 31, 2019	\$ 5,348,633	\$ 5,348,633	\$ -	\$ 17,044,076	31.38%
June 30, 2019	December 31, 2018	\$ 4,804,354	\$ 4,804,354	\$ -	\$ 15,645,763	30.71%
June 30, 2018	December 31, 2017	\$ 4,506,526	\$ 4,506,526	\$ -	\$ 14,752,046	30.55%
June 30, 2017	December 31, 2016	\$ 4,233,672	\$ 4,233,672	\$ -	\$ 14,451,278	29.30%
June 30, 2016	December 31, 2015	\$ 3,970,321	\$ 3,970,321	\$ -	\$ 14,485,679	27.41%
June 30, 2015	December 31, 2014	\$ 3,864,705	\$ 3,864,705	\$ -	\$ 14,010,594	27.58%

Massachusetts Teachers' Retirement System

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

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

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

See Independent Auditors' Report.

TOWN OF DRACUT, MASSACHUSETTS

Required Supplementary Information
Other Post-Employment Benefits (OPEB)
Schedule of Changes in the Net OPEB Liability
(Unaudited)

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

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

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

See Independent Auditors' Report.

TOWN OF DRACUT, MASSACHUSETTS

Required Supplementary Information
Other Post-Employment Benefits (OPEB)
Schedules of Net OPEB Liability, Contributions, and Investment Returns

(Unaudited)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Schedule of Net OPEB Liability				
Total OPEB liability	\$ 161,256,038	\$ 163,451,645	\$ 146,861,032	\$ 148,619,556
Plan fiduciary net position	<u>814,790</u>	<u>630,988</u>	<u>618,909</u>	<u>456,097</u>
Net OPEB liability	<u>\$ 160,441,248</u>	<u>\$ 162,820,657</u>	<u>\$ 146,242,123</u>	<u>\$ 148,163,459</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.51%	0.39%	0.42%	0.31%
Covered-employee payroll ⁽¹⁾	\$ 39,616,804	\$ 14,696,246	\$ 13,716,674	\$ 34,748,100
Participating employer net OPEB liability as a percentage of covered employee payroll	404.98%	1107.91%	1066.16%	426.39%
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Schedule of Contributions				
Actuarially determined contribution	\$ 6,162,361	\$ 6,631,296	\$ 6,356,960	\$ 6,121,928
Contributions in relation to the actuarially determined contribution	<u>3,867,206</u>	<u>4,119,273</u>	<u>4,832,074</u>	<u>4,447,562</u>
Contribution deficiency	<u>\$ 2,295,155</u>	<u>\$ 2,512,023</u>	<u>\$ 1,524,886</u>	<u>\$ 1,674,366</u>
Covered-employee payroll ⁽¹⁾	\$ 39,616,804	\$ 14,696,246	\$ 13,716,674	\$ 34,748,100
Contributions as a percentage of covered employee payroll	9.76%	28.03%	35.23%	12.80%
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Schedule of Investment Returns				
Annual money weighted rate of return, net of investment expense	Not provided	Not provided	Not provided	Not provided

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

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

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

See Independent Auditors' Report.

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

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NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

Special Revenue Funds are established for the following purposes:

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

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

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

Town Grants: To account for various Town grant programs other than Chapter 90.

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

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

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

CAPITAL PROJECT FUNDS

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

PERMANENT FUNDS

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

TOWN OF DRACUT, MASSACHUSETTS

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2021

	Special Revenue Funds					
	<u>Revolving Funds</u>	<u>Receipts Reserved</u>	<u>School Grants</u>	<u>Town Grants</u>	<u>School Lunch</u>	<u>Chapter 90</u>
Assets						
Cash and short-term investments	\$ 1,426,607	\$ 663,192	\$ 2,128,595	\$ 1,307,802	\$ 127,645	\$ -
Receivables:						
Intergovernmental	-	-	-	1,050,819	-	309,302
Departmental and other	-	-	-	-	-	-
Total Assets	<u>\$ 1,426,607</u>	<u>\$ 663,192</u>	<u>\$ 2,128,595</u>	<u>\$ 2,358,621</u>	<u>\$ 127,645</u>	<u>\$ 309,302</u>
Liabilities						
Warrants payable	\$ 115,633	\$ 64,961	\$ 37,176	\$ 366,828	\$ 4,108	\$ 218,720
Unearned revenue	-	-	-	1,655,542	-	-
Due to other funds	-	-	-	-	-	287,559
Notes payable	-	-	-	-	-	-
Total Liabilities	115,633	64,961	37,176	2,022,370	4,108	506,279
Deferred Inflows of Resources						
Unavailable revenues	-	-	-	-	-	-
Fund Balances						
Nonspendable	-	-	-	-	-	-
Restricted	1,310,974	598,231	2,160,933	351,231	123,537	-
Committed	-	-	-	-	-	-
Unassigned	-	-	(69,514)	(14,980)	-	(196,977)
Total Fund Balances	<u>1,310,974</u>	<u>598,231</u>	<u>2,091,419</u>	<u>336,251</u>	<u>123,537</u>	<u>(196,977)</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 1,426,607</u>	<u>\$ 663,192</u>	<u>\$ 2,128,595</u>	<u>\$ 2,358,621</u>	<u>\$ 127,645</u>	<u>\$ 309,302</u>

<u>Special Revenue Funds</u>				
<u>Other</u>	<u>Subtotal</u>	<u>Capital Project Funds</u>	<u>Permanent Funds</u>	<u>Total Nonmajor Governmental Funds</u>
\$ 725,056	\$ 6,378,897	\$ 6,189,631	\$ 354,277	\$ 12,922,805
-	1,360,121	-	-	1,360,121
82,345	82,345	-	-	82,345
<u>\$ 807,401</u>	<u>\$ 7,821,363</u>	<u>\$ 6,189,631</u>	<u>\$ 354,277</u>	<u>\$ 14,365,271</u>
\$ 41,416	\$ 848,842	\$ 104,539	\$ -	\$ 953,381
-	1,655,542	-	-	1,655,542
-	287,559	-	-	287,559
-	-	900,000	-	900,000
41,416	2,791,943	1,004,539	-	3,796,482
82,345	82,345	-	-	82,345
-	-	-	259,720	259,720
768,945	5,313,851	3,147,246	94,557	8,555,654
-	-	2,921,535	-	2,921,535
(85,305)	(366,776)	(883,689)	-	(1,250,465)
<u>683,640</u>	<u>4,947,075</u>	<u>5,185,092</u>	<u>354,277</u>	<u>10,486,444</u>
<u>\$ 807,401</u>	<u>\$ 7,821,363</u>	<u>\$ 6,189,631</u>	<u>\$ 354,277</u>	<u>\$ 14,365,271</u>

TOWN OF DRACUT, MASSACHUSETTS

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2021

	Special Revenue Funds					
	Revolving Funds	Receipts Reserved	School Grants	Town Grants	School Lunch	Chapter 90
Revenues						
Charges for services	\$ 599,896	\$ 14,938	\$ -	\$ -	\$ 55,678	\$ -
Intergovernmental	-	54,992	4,325,475	3,185,168	1,247,654	324,121
Investment income	-	-	-	92	-	-
Miscellaneous	5,359	65,751	-	-	-	-
Total Revenues	605,255	135,681	4,325,475	3,185,260	1,303,332	324,121
Expenditures						
Current:						
General government	1,920	223,549	-	2,283,262	-	-
Public safety	5,360	1,026	-	111,278	-	-
Education	346,001	-	3,852,543	158,089	1,383,287	-
Public works	-	6,778	-	441,375	-	521,098
Health and human services	3,344	-	-	75,442	-	-
Culture and recreation	106,419	6,686	-	5,832	-	-
Total Expenditures	463,044	238,039	3,852,543	3,075,278	1,383,287	521,098
Excess (Deficiency) of Revenues Over (Under) Expenditures	142,211	(102,358)	472,932	109,982	(79,955)	(196,977)
Other Financing Sources (Uses)						
Issuance of bonds	-	-	-	-	-	-
Premium on bonds	-	110,702	-	50,000	-	-
Premium on refunding bonds	-	123,637	-	-	-	-
Transfers in	292	10,188	-	48,425	-	-
Transfers out	(1,650)	(220,000)	-	(6,210)	-	-
Total Other Financing Sources (Uses)	(1,358)	24,527	-	92,215	-	-
Net Change in Fund Balances	140,853	(77,831)	472,932	202,197	(79,955)	(196,977)
Fund Balances at Beginning of Year, as reclassified/restated	1,170,121	676,062	1,618,487	134,054	203,492	-
Fund Balances at End of Year	\$ 1,310,974	\$ 598,231	\$ 2,091,419	\$ 336,251	\$ 123,537	\$ (196,977)

<u>Special Revenue Funds</u>					
<u>Other</u>	<u>Subtotal</u>	<u>Capital Project Funds</u>	<u>Permanent Funds</u>	<u>Interfund Activity</u>	<u>Total Nonmajor Governmental Funds</u>
\$ 849,645	\$ 1,520,157	\$ -	\$ 14,580	\$ -	\$ 1,534,737
100,000	9,237,410	2,081,521	-	-	11,318,931
1,790	1,882	-	2,315	-	4,197
<u>249,100</u>	<u>320,210</u>	<u>-</u>	<u>15</u>	<u>-</u>	<u>320,225</u>
1,200,535	11,079,659	2,081,521	16,910	-	13,178,090
30,760	2,539,491	402,338	-	-	2,941,829
873,742	991,406	4,571,922	940	-	5,564,268
70,263	5,810,183	4,828,269	-	-	10,638,452
-	969,251	220,083	-	-	1,189,334
66,072	144,858	12,807	-	-	157,665
<u>-</u>	<u>118,937</u>	<u>128,777</u>	<u>-</u>	<u>-</u>	<u>247,714</u>
<u>1,040,837</u>	<u>10,574,126</u>	<u>10,164,196</u>	<u>940</u>	<u>-</u>	<u>20,739,262</u>
159,698	505,533	(8,082,675)	15,970	-	(7,561,172)
-	-	12,985,000	-	-	12,985,000
-	160,702	1,790,000	-	-	1,950,702
-	123,637	-	-	-	123,637
6,210	65,115	2,860,774	-	(269,635)	2,656,254
<u>(53,436)</u>	<u>(281,296)</u>	<u>(25,025)</u>	<u>-</u>	<u>269,635</u>	<u>(36,686)</u>
<u>(47,226)</u>	<u>68,158</u>	<u>17,610,749</u>	<u>-</u>	<u>-</u>	<u>17,678,907</u>
112,472	573,691	9,528,074	15,970	-	10,117,735
<u>571,168</u>	<u>4,373,384</u>	<u>(4,342,982)</u>	<u>338,307</u>	<u>-</u>	<u>368,709</u>
<u>\$ 683,640</u>	<u>\$ 4,947,075</u>	<u>\$ 5,185,092</u>	<u>\$ 354,277</u>	<u>\$ -</u>	<u>\$ 10,486,444</u>

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PROPRIETARY FUNDS

NONMAJOR ENTERPRISE FUNDS

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

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

TOWN OF DRACUT, MASSACHUSETTS

Combining Statement of Net Position

Nonmajor Enterprise Funds

June 30, 2021

	<u>Business-Type Activities</u>		
	<u>Stormwater Fund</u>	<u>Water Fund</u>	<u>Total Nonmajor Enterprise Funds</u>
Assets			
Current:			
Cash and short-term investments	\$ 622,922	\$ 1,245,369	\$ 1,868,291
User fees, net of allowance for uncollectibles	<u>-</u>	<u>130,491</u>	<u>130,491</u>
Total Current Assets	622,922	1,375,860	1,998,782
Noncurrent:			
Capital assets, depreciable, net	<u>281,480</u>	<u>609,931</u>	<u>891,411</u>
Total Noncurrent Assets	<u>281,480</u>	<u>609,931</u>	<u>891,411</u>
Total Assets	904,402	1,985,791	2,890,193
Deferred Outflows of Resources			
Related to pensions	-	7,612	7,612
Related to OPEB	<u>-</u>	<u>11,869</u>	<u>11,869</u>
Total Deferred Outflows of Resources	-	19,481	19,481
Liabilities			
Current:			
Warrants and accounts payable	<u>23,650</u>	<u>217,396</u>	<u>241,046</u>
Total Current Liabilities	23,650	217,396	241,046
Noncurrent:			
Net pension liability	-	99,870	99,870
Net OPEB liability	<u>-</u>	<u>189,473</u>	<u>189,473</u>
Total Noncurrent Liabilities	<u>-</u>	<u>289,343</u>	<u>289,343</u>
Total Liabilities	23,650	506,739	530,389
Deferred Inflows of Resources			
Related to pensions	-	6,141	6,141
Related to OPEB	<u>-</u>	<u>13,233</u>	<u>13,233</u>
Total Deferred Inflows of Resources	-	19,374	19,374
Net Position			
Net investment in capital assets	281,480	609,931	891,411
Unrestricted	<u>599,272</u>	<u>869,228</u>	<u>1,468,500</u>
Total Net Position	\$ <u>880,752</u>	\$ <u>1,479,159</u>	\$ <u>2,359,911</u>

TOWN OF DRACUT, MASSACHUSETTS

Combining Statement of Revenues, Expenses, and Changes in Fund Net Position Nonmajor Enterprise Funds For the Year Ended June 30, 2021

	Business-Type Activities		
	Stormwater Fund	Water Fund	Total Nonmajor Enterprise Funds
Operating Revenues			
Charges for services	\$ 100	\$ 1,731,107	\$ 1,731,207
Total Operating Revenues	100	1,731,107	1,731,207
Operating Expenses			
Salaries and benefits	153,374	152,496	305,870
Other operating expenses	267,572	1,349,174	1,616,746
Depreciation	37,925	69,296	107,221
Total Operating Expenses	458,871	1,570,966	2,029,837
Operating Income (Loss)	(458,771)	160,141	(298,630)
Nonoperating Revenues (Expenses)			
Investment income	2,441	11,967	14,408
Total Nonoperating Revenues (Expenses), Net	2,441	11,967	14,408
Income (Loss) Before Transfers	(456,330)	172,108	(284,222)
Transfers			
Transfers in	500,278	-	500,278
Change in Net Position	43,948	172,108	216,056
Net Position at Beginning of Year	836,804	1,307,051	2,143,855
Net Position at End of Year	\$ 880,752	\$ 1,479,159	\$ 2,359,911

TOWN OF DRACUT, MASSACHUSETTS

Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended June 30, 2021

	Business-Type Activities		
	Stormwater Fund	Water Fund	Total Nonmajor Enterprise Funds
Cash Flows From Operating Activities			
Receipts from customers and users	\$ 100	\$ 1,733,330	\$ 1,733,430
Payments to employees for salaries and benefits	(153,374)	(143,288)	(296,662)
Payments to suppliers and service providers	<u>(261,629)</u>	<u>(1,149,859)</u>	<u>(1,411,488)</u>
Net Cash Provided By (Used For) Operating Activities	(414,903)	440,183	25,280
Cash Flows From Noncapital Financing Activities			
Transfers in	<u>500,278</u>	-	<u>500,278</u>
Net Cash Provided By Noncapital Financing Activities	500,278	-	500,278
Cash Flows From Investing Activities			
Investment income	<u>2,441</u>	<u>11,967</u>	<u>14,408</u>
Net Cash Provided By Investing Activities	<u>2,441</u>	<u>11,967</u>	<u>14,408</u>
Net Change in Cash and Short-Term Investments	87,816	452,150	539,966
Cash and Short-Term Investments, Beginning of Year	<u>535,106</u>	<u>793,219</u>	<u>1,328,325</u>
Cash and Short-Term Investments, End of Year	<u>\$ 622,922</u>	<u>\$ 1,245,369</u>	<u>\$ 1,868,291</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used For) Operating Activities			
Operating income (loss)	\$ (458,771)	\$ 160,141	\$ (298,630)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	37,925	69,296	107,221
Changes in assets, liabilities, and deferred outflows/inflows:			
User fees	-	2,223	2,223
Deferred outflows - related to pensions	-	4,930	4,930
Deferred outflows - related to OPEB	-	4,030	4,030
Warrants payable	5,943	199,315	205,258
Net pension liability	-	(3,461)	(3,461)
Net OPEB liability	-	(2,810)	(2,810)
Deferred inflows - related to pensions	-	2,163	2,163
Deferred inflows - related to OPEB	<u>-</u>	<u>4,356</u>	<u>4,356</u>
Net Cash Provided By (Used For) Operating Activities	<u>\$ (414,903)</u>	<u>\$ 440,183</u>	<u>\$ 25,280</u>

STATISTICAL SECTION



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TOWN OF DRACUT, MASSACHUSETTS

STATISTICAL SECTION

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

Financial Trends:

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

Revenue Capacity:

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

Debt Capacity:

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

Demographic and Economic Information:

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

Operating Information:

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

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

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental Activities										
Net investment in capital assets	\$ 67,751,281	\$ 81,448,291	\$ 96,239,149	\$ 106,969,364	\$ 112,722,291	\$ 114,411,779	\$ 117,564,229	\$ 119,200,653	\$ 119,728,978	\$ 118,824,926
Restricted	11,441,674	9,854,298	10,536,164	12,505,071	9,017,772	9,240,722	10,508,842	11,111,992	17,861,610	15,204,954
Unrestricted	<u>(21,722,740)</u>	<u>(26,368,171)</u>	<u>(24,365,052)</u>	<u>(79,322,424)</u>	<u>(82,654,052)</u>	<u>(84,823,856)</u>	<u>(198,634,704)</u>	<u>(202,755,925)</u>	<u>(215,407,609)</u>	<u>(213,079,182)</u>
Total governmental activities net position	<u>\$ 57,470,215</u>	<u>\$ 64,934,418</u>	<u>\$ 82,410,261</u>	<u>\$ 40,152,011</u>	<u>\$ 39,086,011</u>	<u>\$ 38,828,645</u>	<u>\$ (70,561,633)</u>	<u>\$ (72,443,280)</u>	<u>\$ (77,817,021)</u>	<u>\$ (79,049,302)</u>
Business-type activities										
Net investment in capital assets	\$ 25,104,930	\$ 26,792,899	\$ 28,984,420	\$ 32,043,858	\$ 34,539,513	\$ 36,184,287	\$ 37,881,164	\$ 39,644,196	\$ 41,070,831	\$ 41,968,162
Unrestricted	<u>2,975,040</u>	<u>3,027,436</u>	<u>3,440,508</u>	<u>1,746,127</u>	<u>1,208,000</u>	<u>1,465,578</u>	<u>1,466,169</u>	<u>1,943,513</u>	<u>3,356,449</u>	<u>5,342,499</u>
Total business-type activities net position	<u>\$ 28,079,970</u>	<u>\$ 29,820,335</u>	<u>\$ 32,424,928</u>	<u>\$ 33,789,985</u>	<u>\$ 35,747,513</u>	<u>\$ 37,649,865</u>	<u>\$ 39,347,333</u>	<u>\$ 41,587,709</u>	<u>\$ 44,427,280</u>	<u>\$ 47,310,661</u>
Primary Government										
Net investment in capital assets	\$ 92,856,211	\$ 108,241,190	\$ 125,223,569	\$ 139,013,222	\$ 147,261,804	\$ 150,596,066	\$ 155,445,393	\$ 158,844,849	\$ 160,799,809	\$ 160,793,088
Restricted	11,441,674	9,854,298	10,536,164	12,505,071	9,017,772	9,240,722	10,508,842	11,111,992	17,861,610	15,204,954
Unrestricted	<u>(18,747,700)</u>	<u>(23,340,735)</u>	<u>(20,924,544)</u>	<u>(77,576,297)</u>	<u>(81,446,052)</u>	<u>(83,358,278)</u>	<u>(197,168,535)</u>	<u>(200,812,412)</u>	<u>(212,051,160)</u>	<u>(207,736,683)</u>
Total primary government net position	<u>\$ 85,550,185</u>	<u>\$ 94,754,753</u>	<u>\$ 114,835,189</u>	<u>\$ 73,941,996</u>	<u>\$ 74,833,524</u>	<u>\$ 76,478,510</u>	<u>\$ (31,214,300)</u>	<u>\$ (30,855,571)</u>	<u>\$ (33,389,741)</u>	<u>\$ (31,738,641)</u>

Data source: Audited financial statements

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

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenses										
Governmental activities:										
General government	\$ 2,318,798	\$ 2,774,862	\$ 2,441,181	\$ 3,077,451	\$ 3,090,034	\$ 4,414,502	\$ 4,787,438	\$ 5,329,771	\$ 5,948,019	\$ 7,462,669
Public safety	7,008,841	7,327,794	7,942,564	7,899,057	8,264,665	13,750,592	14,329,564	14,849,687	16,565,706	17,045,845
Education	45,445,250	44,583,275	44,655,884	41,582,139	46,025,529	64,712,563	66,370,490	66,343,840	67,843,640	73,758,408
Public works	5,876,143	6,007,787	6,442,294	6,585,729	6,072,740	8,075,388	8,524,111	8,692,961	8,909,488	8,996,083
Health and human services	771,488	796,761	804,198	807,609	669,960	1,084,658	1,060,569	1,078,598	1,169,219	1,112,298
Culture and recreation	1,233,710	1,547,632	1,495,251	1,397,793	1,200,579	2,020,338	1,842,607	2,075,991	1,987,329	2,106,395
Debt service interest	1,216,255	1,248,822	1,663,592	2,188,729	2,104,586	1,586,643	1,431,038	1,486,361	1,822,506	1,118,277
Employee benefits ⁽¹⁾	19,137,332	19,468,820	17,430,797	18,581,433	19,879,501	-	-	-	-	-
Intergovernmental ⁽¹⁾	783,362	1,184,332	1,612,825	1,943,863	2,503,854	-	-	-	-	-
Total governmental activities expenses	83,791,179	84,940,085	84,488,586	84,063,803	89,811,448	95,644,684	98,345,817	99,857,209	104,245,907	111,599,975
Business-type activities:										
Sewer operations	3,915,720	4,165,078	4,009,714	4,369,098	4,908,601	5,920,102	5,547,041	5,524,716	5,627,388	4,891,386
Water operations	1,112,585	1,094,772	1,051,104	1,156,503	1,173,437	1,228,571	1,245,987	1,304,258	1,331,166	1,570,966
Stormwater operations	-	-	-	-	-	-	-	77,007	238,325	458,871
Total business-type activities expenses	5,028,305	5,259,850	5,060,818	5,525,601	6,082,038	7,148,673	6,793,028	6,905,981	7,196,879	6,921,223
Total primary government expenses	\$ 88,819,484	\$ 90,199,935	\$ 89,549,404	\$ 89,589,404	\$ 95,893,486	\$ 102,793,357	\$ 105,138,845	\$ 106,763,190	\$ 111,442,786	\$ 118,521,198
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 400,625	\$ 350,756	\$ 333,389	\$ 409,079	\$ 420,356	\$ 374,968	\$ 417,812	\$ 396,821	\$ 339,135	\$ 268,426
Public safety	505,599	478,787	532,212	715,061	1,000,247	971,705	958,298	1,090,282	858,013	1,608,790
Education	1,161,805	1,116,713	1,113,243	1,203,061	1,560,316	1,531,270	1,683,954	1,638,567	1,343,911	511,017
Public works	29,905	29,386	28,132	124,817	32,232	33,949	22,561	32,031	187,464	33,532
Health and human services	39,442	52,007	45,093	45,296	42,840	99,157	99,157	192,540	77,049	47,246
Culture and recreation	267,755	240,964	210,543	253,488	231,867	254,387	204,532	231,501	210,294	130,487
Operating grants and contributions	30,415,537	30,077,882	31,212,977	26,832,728	28,859,340	32,165,092	30,702,061	30,506,736	32,670,699	42,991,257
Capital grants and contributions	4,517,510	13,336,476	2,950,386	6,639,406	2,050,357	3,590,381	3,020,529	2,376,483	895,983	-
Total governmental activities program revenues	37,338,178	45,682,971	36,425,975	36,222,936	34,197,555	38,964,172	37,108,904	36,464,961	36,582,548	45,590,755
Business-type activities:										
Charges for services:										
Sewer operations	6,071,742	6,203,961	6,510,032	6,543,801	6,661,452	7,656,667	7,759,864	7,315,790	7,376,730	7,462,294
Water operations	924,776	953,779	1,006,534	951,825	1,129,299	1,156,412	1,301,300	1,468,386	1,518,790	1,731,107
Stormwater operations	-	-	-	-	-	-	-	-	-	100
Capital grants and contributions	-	-	-	-	242,901	229,650	211,402	196,311	108,636	75,481
Total business-type activities revenues	6,996,518	7,157,740	7,516,566	7,495,626	8,033,652	9,042,729	9,272,566	8,980,487	9,004,156	9,268,982
Total primary government revenues	\$ 44,334,696	\$ 52,840,711	\$ 43,942,541	\$ 43,718,562	\$ 42,231,207	\$ 48,006,901	\$ 46,381,470	\$ 45,445,448	\$ 45,586,704	\$ 54,859,737
Net (Expense)/Revenue										
Governmental activities	\$ (46,453,001)	\$ (39,257,114)	\$ (48,062,611)	\$ (47,840,867)	\$ (55,613,893)	\$ (56,680,512)	\$ (61,236,913)	\$ (63,392,248)	\$ (67,663,359)	\$ (66,009,220)
Business-type activities	1,968,213	1,897,890	2,455,748	1,970,025	1,951,614	1,894,056	2,479,538	2,074,506	1,807,277	2,347,759
Total primary government net (expense)	\$ (44,484,788)	\$ (37,359,224)	\$ (45,606,863)	\$ (45,870,842)	\$ (53,662,279)	\$ (54,786,456)	\$ (58,757,375)	\$ (61,317,742)	\$ (65,856,082)	\$ (63,661,461)

(continued)

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

(continued)

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes	\$ 37,222,801	\$ 38,998,569	\$ 40,554,245	\$ 43,791,357	\$ 45,240,037	\$ 46,872,382	\$ 48,791,851	\$ 51,136,038	\$ 53,000,404	\$ 54,510,606
Excises	3,305,194	3,604,200	3,929,184	4,511,203	4,591,787	4,723,234	4,890,142	4,955,160	4,467,649	5,055,269
Penalties, interest, and other taxes	564,242	192,446	452,328	199,927	996,411	935,135	1,103,160	815,856	709,114	1,267,225
Grants and contributions not restricted to specific programs	3,353,359	3,328,882	18,914,258	3,359,579	3,393,080	3,497,078	3,920,627	3,959,829	3,868,208	3,805,725
Investment income	379,261	55,707	137,593	187,538	121,342	81,753	15,426	386,011	799,858	54,738
Miscellaneous	284,353	372,513	1,371,846	670,524	205,236	313,564	230,894	405,907	403,651	483,564
Transfers	150,000	169,000	179,000	179,000	-	-	200,000	(148,200)	(1,000,000)	(500,278)
Total governmental activities	45,259,210	46,721,317	65,538,454	52,899,128	54,547,893	56,423,146	59,152,100	61,510,601	62,248,884	64,676,849
Business-type activities:										
Investment income	48,477	11,475	10,508	7,605	6,301	7,909	16,366	17,247	32,294	35,344
Miscellaneous	-	-	317,337	248,000	-	-	-	423	-	-
Transfers	(150,000)	(169,000)	(179,000)	(179,000)	-	-	(200,000)	148,200	1,000,000	500,278
Total business-type activities	(101,523)	(157,525)	148,845	76,605	6,301	7,909	(183,634)	165,870	1,032,294	535,622
Total primary government	\$ 45,157,687	\$ 46,563,792	\$ 65,687,299	\$ 52,975,733	\$ 54,554,194	\$ 56,431,055	\$ 58,968,466	\$ 61,676,471	\$ 63,281,178	\$ 65,212,471
Changes in Net Position										
Governmental activities	\$ (1,193,791)	\$ 7,464,203	\$ 17,475,843	\$ 5,058,261	\$ (1,066,000)	\$ (257,366)	\$ (2,084,813)	\$ (1,881,647)	\$ (5,414,475)	\$ (1,332,371)
Business-type activities	1,866,690	1,740,365	2,604,593	2,046,630	1,957,915	1,901,965	2,295,904	2,240,376	2,839,571	2,883,381
Total primary government changes in net position	\$ 672,899	\$ 9,204,568	\$ 20,080,436	\$ 7,104,891	\$ 891,915	\$ 1,644,599	\$ 211,091	\$ 358,729	\$ (2,574,904)	\$ 1,551,010

Data source: Audited financial statements

(concluded)

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

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

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Fund										
Restricted	\$ -	\$ -	\$ -	\$ 1,016,859	\$ 837,418	\$ 757,008	\$ 523,893	\$ 469,684	\$ 409,124	\$ -
Committed	2,632,616	1,340,638	1,876,357	1,801,283	1,725,966	2,451,071	2,486,864	2,603,945	1,627,410	3,054,620
Assigned	158,375	176,780	51,168	70,602	89,324	108,842	112,848	50,634	3,900	1,323,385
Unassigned	<u>1,765,393</u>	<u>3,515,321</u>	<u>4,722,033</u>	<u>5,443,001</u>	<u>7,765,255</u>	<u>7,873,139</u>	<u>9,089,153</u>	<u>11,152,058</u>	<u>12,503,891</u>	<u>11,414,635</u>
Total general fund	4,556,384	5,032,739	6,649,558	8,331,745	10,417,963	11,190,060	12,212,758	14,276,321	14,544,325	15,792,640
All Other Governmental Funds										
Nonspendable	214,882	230,047	241,132	250,412	261,770	249,718	249,720	249,720	259,720	259,720
Restricted	11,226,792	9,865,639	14,269,719	11,237,800	7,918,584	8,991,003	10,259,124	10,878,433	12,174,688	14,945,234
Committed	-	-	-	-	643,223	403,526	692,653	456,625	1,514,690	2,921,535
Unassigned	<u>(2,201,090)</u>	<u>(13,902,850)</u>	<u>(148,757)</u>	<u>(4,238,331)</u>	<u>(3,760,488)</u>	<u>(4,074,474)</u>	<u>(2,647,572)</u>	<u>(768,045)</u>	<u>(8,109,708)</u>	<u>(1,250,465)</u>
Total all other governmental funds	<u>9,240,584</u>	<u>(3,807,164)</u>	<u>14,362,094</u>	<u>7,249,881</u>	<u>5,063,089</u>	<u>5,569,773</u>	<u>8,553,925</u>	<u>10,816,733</u>	<u>5,839,390</u>	<u>16,876,024</u>
Total fund Balances	<u>\$ 13,796,968</u>	<u>\$ 1,225,575</u>	<u>\$ 21,011,652</u>	<u>\$ 15,581,626</u>	<u>\$ 15,481,052</u>	<u>\$ 16,759,833</u>	<u>\$ 20,766,683</u>	<u>\$ 25,093,054</u>	<u>\$ 20,383,715</u>	<u>\$ 32,668,664</u>

Data Source: Audited Financial statements

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

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues										
Property taxes	\$ 37,341,245	\$ 38,742,756	\$ 40,576,039	\$ 43,845,679	\$ 45,413,604	\$ 46,831,492	\$ 48,869,713	\$ 50,787,280	\$ 52,953,777	\$ 54,583,700
Excises	3,290,950	3,460,227	4,012,303	4,465,906	4,568,760	4,704,280	4,895,598	4,949,207	4,832,128	4,926,551
Penalties, interest, and other taxes	348,840	413,176	422,589	482,321	761,033	782,056	1,138,018	876,132	709,114	1,267,225
Charges for services	2,059,363	1,928,263	1,879,546	2,285,369	2,558,818	2,564,334	2,545,843	2,723,183	2,255,545	2,015,620
Intergovernmental	38,240,550	46,211,712	52,722,881	32,969,458	29,648,991	37,461,799	36,304,975	33,894,861	33,199,810	41,746,853
Licenses and permits	345,768	340,350	383,066	445,851	735,224	635,689	862,545	858,559	760,321	583,878
Investment income	464,494	147,015	137,202	187,419	121,145	81,507	15,085	385,535	799,858	54,738
Contributions	64,432	44,375	34,288	48,011	60,752	90,500	75,205	81,315	-	-
Miscellaneous	284,353	372,513	237,039	512,175	205,239	247,836	230,769	380,115	403,651	483,564
Total Revenue	82,439,995	91,660,387	100,404,953	85,242,189	84,073,566	93,399,493	94,937,751	94,936,187	95,914,204	105,662,129
Expenditures										
General government	2,704,784	4,359,807	8,785,079	5,488,910	6,724,280	2,970,088	4,203,028	4,930,059	3,819,542	5,974,383
Public safety	6,922,495	7,132,510	7,368,182	8,078,666	8,689,124	8,453,704	8,611,693	9,621,745	11,600,309	15,079,019
Education	47,294,397	66,008,861	68,313,907	46,519,488	39,748,122	47,530,084	45,181,850	46,200,829	50,138,002	53,641,800
Public works	5,807,748	5,330,697	6,597,206	6,304,540	5,652,282	8,185,305	8,058,665	6,659,434	6,539,498	6,616,949
Health and human services	690,184	736,289	730,652	748,783	739,059	770,933	766,390	754,496	860,811	837,461
Culture and recreation	1,195,914	1,264,699	1,206,683	1,169,587	1,161,235	1,159,381	1,230,520	1,260,817	2,948,902	1,112,908
Employee benefits	12,677,991	14,193,534	14,271,011	13,989,965	14,667,957	14,964,780	15,168,063	15,255,284	15,798,246	16,584,675
Debt service:										
Principal	3,102,200	3,062,437	3,037,631	4,379,630	4,318,630	3,559,630	3,462,000	3,306,631	2,980,686	2,485,500
Interest	1,252,446	1,127,614	1,259,707	2,245,122	1,834,419	1,685,611	1,540,795	1,567,298	1,398,450	1,494,627
Intergovernmental	783,362	1,184,332	1,612,825	1,943,863	2,503,854	2,841,196	3,388,192	3,788,612	3,579,831	3,866,316
Total Expenditures	82,431,521	104,400,780	113,182,883	90,868,554	86,038,962	92,120,712	91,611,196	93,345,205	99,664,277	107,693,638
Excess (deficiency) of revenues over (under) expenditures	8,474	(12,740,393)	(12,777,930)	(5,626,365)	(1,965,396)	1,278,781	3,326,555	1,590,982	(3,750,073)	(2,031,509)
Other Financing Sources (Uses)										
Issuance of bonds	-	-	31,250,000	-	-	-	-	2,578,186	-	12,985,000
Premiums on bonds	-	-	1,134,807	-	-	-	-	111,062	-	1,950,702
Issuance of refunding bonds	-	12,965,000	-	1,793,000	6,594,000	-	-	-	-	15,370,500
Premium on refunding bonds	-	892,476	-	109,539	708,176	-	-	-	-	4,099,542
Payments to refunded bond escrow agent	-	(13,857,476)	-	(1,885,000)	(5,596,281)	-	-	-	-	(19,689,098)
Lease proceeds	-	-	-	-	158,927	-	480,295	-	-	-
Transfers in	396,731	802,936	1,883,284	3,183,916	4,647,114	1,766,956	1,823,533	1,306,368	2,679,075	2,692,940
Transfers out	(246,731)	(633,936)	(1,704,284)	(3,004,916)	(4,647,114)	(1,766,956)	(1,623,533)	(1,260,227)	(3,679,075)	(3,193,218)
Total other financing sources (uses)	150,000	169,000	32,563,807	196,539	1,864,822	-	680,295	2,735,389	(1,000,000)	14,216,368
Net change in fund balances	\$ 158,474	\$ (12,571,393)	\$ 19,785,877	\$ (5,429,826)	\$ (100,574)	\$ 1,278,781	\$ 4,006,850	\$ 4,326,371	\$ (4,750,073)	\$ 12,184,859
⁽¹⁾ Debt service as a percentage of noncapital expenditures	5.60%	5.31%	5.35%	8.59%	7.77%	5.99%	5.78%	5.51%	4.82%	4.15%

Data Source: Audited Financial statements

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

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

Fiscal Year	Assessed Value						Total Town Value
	Residential Value	Residential Tax Rate ⁽²⁾	Commercial Value	Industrial Value	Personal Property		
2012	\$ 2,599,243,865	\$ 12.93	\$ 143,470,035	\$ 49,723,500	\$ 81,498,686	\$	2,873,936,086
2013	\$ 2,517,610,845	\$ 13.79	\$ 142,641,165	\$ 49,471,890	\$ 82,816,425	\$	2,792,540,325
2014	\$ 2,504,925,425	\$ 14.49	\$ 142,870,485	\$ 50,039,590	\$ 80,555,623	\$	2,778,391,123
2015	\$ 2,618,892,738	\$ 14.93	\$ 149,859,082	\$ 51,572,280	\$ 84,420,993	\$	2,904,745,093
2016	\$ 2,734,559,948	\$ 14.84	\$ 149,405,272	\$ 51,287,880	\$ 88,978,256	\$	3,024,231,356
2017	\$ 2,903,842,448	\$ 14.50	\$ 156,368,552	\$ 54,767,500	\$ 91,218,146	\$	3,206,196,646
2018	\$ 3,108,442,458	\$ 14.14	\$ 168,362,562	\$ 54,644,030	\$ 87,935,860	\$	3,419,384,910
2019	\$ 3,310,539,041	\$ 13.75	\$ 190,306,311	\$ 57,480,505	\$ 99,973,547	\$	3,658,299,404
2020	\$ 3,552,308,629	\$ 13.35	\$ 189,939,661	\$ 57,436,705	\$ 93,790,010	\$	3,893,475,005
2021	\$ 3,774,910,916	\$ 13.01	\$ 194,374,287	\$ 55,885,960	\$ 103,586,249	\$	4,128,757,412

Source: Board of Assessors, Town of Dracut

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

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

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

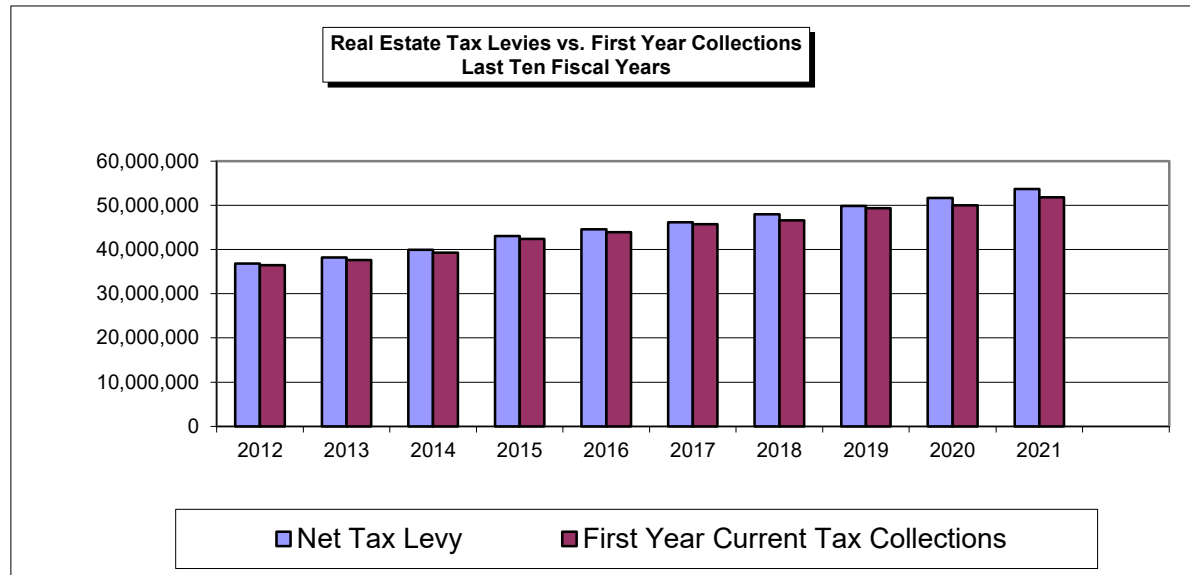
Name	Nature of Business	2021		Percentage of Total Taxable Assessed Value	2012		Percentage of Total Taxable Assessed Value
		Assessed Valuation	Rank		Assessed Valuation	Rank	
Massachusetts Electric, Co.	Utility	\$ 19,791,720	1	0.48%	\$ 16,433,405	1	0.57%
Corcoran Skyline LLC	Real Estate	18,784,000	2	0.45%	15,500,600	3	0.54%
Colonial Gas	Utility	18,460,102	3	0.45%	11,891,752	4	0.41%
New England Power, Co.	Utility	18,314,775	4	0.44%	7,384,979	8	0.26%
Princeton Dracut, LLC	Real Estate	13,689,600	5	0.33%	8,994,900	5	0.31%
Robbins Avenue LLC	Real Estate	11,526,400	6	0.28%	7,031,500	9	0.24%
Maritimes & Northeast Pipeline	Utility	11,318,800	7	0.27%	15,875,200	2	0.55%
Brox Industries	Real Estate	10,461,900	8	0.25%	8,629,400	6	0.30%
Dracut Real Estate	Real Estate	9,413,800	9	0.23%	8,074,600	7	0.28%
Grassfield Commons	Real Estate	8,920,000	10	0.22%	N/A	N/A	N/A
Antonio Katsikas	Real Estate	N/A	N/A	N/A	6,937,600	10	0.24%
		<u>\$ 140,681,097</u>		<u>3.40%</u>	<u>\$ 106,753,936</u>		<u>3.70%</u>

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

2012 Total Assessed Value \$ 2,873,936,086
2021 Total Assessed Value \$ 4,128,757,412

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

Fiscal Year	Total Tax Levy	Overlay Reserve for Abatements	Net Tax Levy (Less Overlay)	First Year Current Tax Collections	Percent of Net Levy Collected at FY End	Percent of Net Collected at 6/30/21
2012	\$ 37,159,994	\$ 333,945	\$ 36,826,049	\$ 36,464,731	99.02%	100.00%
2013	\$ 38,509,131	\$ 313,458	\$ 38,195,673	\$ 37,601,720	98.44%	100.00%
2014	\$ 40,258,887	\$ 343,380	\$ 39,915,507	\$ 39,274,346	98.39%	100.00%
2015	\$ 43,367,844	\$ 348,741	\$ 43,019,103	\$ 42,386,044	98.53%	100.00%
2016	\$ 44,879,592	\$ 345,824	\$ 44,533,768	\$ 43,900,709	98.58%	100.00%
2017	\$ 46,489,851	\$ 388,970	\$ 46,100,881	\$ 45,689,498	99.11%	99.79%
2018	\$ 48,377,471	\$ 433,320	\$ 47,944,151	\$ 46,538,209	97.07%	99.50%
2019	\$ 50,121,349	\$ 309,759	\$ 49,811,590	\$ 49,345,250	99.06%	99.06%
2020	\$ 51,977,891	\$ 374,394	\$ 51,603,497	\$ 49,992,483	96.88%	97.55%
2021	\$ 53,715,134	\$ 37,183	\$ 53,677,951	\$ 51,795,216	96.49%	96.49%



Source: Town Accountant - Year-end Combined Activity Report

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

Governmental Activities Debt											
Fiscal Year	Population	Personal Income	Assessed Valuation	General Obligation Bonds	Capital Leases	Total Debt	Per Capita	Percentage of Personal Income	Percentage of Assessed Value		
2012	29,415	\$ 843,125,000	\$ 2,873,936,086	\$ 21,142,412	\$ -	\$ 21,142,412	\$ 719	2.51%	0.74%		
2013	29,457	\$ 824,673,000	\$ 2,792,540,325	\$ 17,955,782	\$ -	\$ 17,955,782	\$ 610	2.18%	0.64%		
2014	29,894	\$ 852,608,000	\$ 2,778,391,123	\$ 46,548,151	\$ -	\$ 46,548,151	\$ 1,557	5.46%	1.68%		
2015	30,220	\$ 867,915,000	\$ 2,904,745,093	\$ 42,510,521	\$ -	\$ 42,510,521	\$ 1,407	4.90%	1.46%		
2016	30,687	\$ 896,546,000	\$ 3,024,231,356	\$ 40,578,687	\$ 158,927	\$ 40,737,614	\$ 1,328	4.54%	1.35%		
2017	30,900	\$ 927,556,000	\$ 3,206,196,646	\$ 36,954,677	\$ 88,602	\$ 37,043,279	\$ 1,199	3.99%	1.16%		
2018	31,400	\$ 976,073,000	\$ 3,419,384,910	\$ 33,426,667	\$ 505,403	\$ 33,932,070	\$ 1,081	3.48%	0.99%		
2019	31,700	\$ 1,032,315,000	\$ 3,658,299,404	\$ 32,735,223	\$ 303,980	\$ 33,039,203	\$ 1,042	3.20%	0.90%		
2020	32,500	\$ 1,061,254,000	\$ 3,893,475,005	\$ 29,680,476	\$ 154,140	\$ 29,834,616	\$ 918	2.81%	0.77%		
2021	32,617	\$ unavailable	\$ 4,128,757,412	\$ 42,243,659	\$ -	\$ 42,243,659	\$ 1,295	unavailable	1.02%		

Fiscal Year	Business - Type Activities Debt			Total Primary Government			
	Water Fund	Sewer Fund	CPC Fund	Total Debt Outstanding	Per Capita	Percentage of Personal Income	Percentage of Assessed Value
2012	\$ 421,000	\$ 43,576,233	\$ 1,790,000	\$ 66,929,645	\$ 2,275	7.94%	2.33%
2013	\$ 407,973	\$ 40,887,885	\$ 1,360,000	\$ 60,611,640	\$ 2,058	7.35%	2.17%
2014	\$ 343,958	\$ 43,811,787	\$ 980,000	\$ 91,683,896	\$ 3,067	10.75%	3.30%
2015	\$ 282,023	\$ 49,658,594	\$ 546,000	\$ 92,997,138	\$ 3,077	10.72%	3.20%
2016	\$ 222,168	\$ 51,270,394	\$ 389,000	\$ 92,619,176	\$ 3,018	10.33%	3.06%
2017	\$ 105,000	\$ 47,006,806	\$ -	\$ 84,155,085	\$ 2,723	9.07%	2.62%
2018	\$ 55,000	\$ 43,016,296	\$ -	\$ 77,003,366	\$ 2,452	7.89%	2.25%
2019	\$ 5,000	\$ 39,007,549	\$ -	\$ 72,051,752	\$ 2,273	6.98%	1.97%
2020	\$ -	\$ 35,574,477	\$ -	\$ 65,409,093	\$ 2,013	6.16%	1.68%
2021	\$ -	\$ 32,334,301	\$ -	\$ 74,577,960	\$ 2,286	unavailable	1.81%

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

Data source: Audited financial statements

TOWN OF DRACUT, MASSACHUSETTS
Direct and Overlapping Governmental Activities Debt
As of June 30, 2021

	Debt Outstanding	Estimated Percentage Applicable ⁽¹⁾	Estimated Share of Overlapping Debt ⁽²⁾
Debt repaid with property taxes Greater Lowell Technical High School	\$ 13,720,000	31.50%	\$ 4,321,800
Subtotal, overlapping debt			4,321,800
Town direct debt			42,243,659
Total direct and overlapping debt			\$ 46,565,459

Data source: Multiple entities including Town Treasurer

⁽¹⁾Estimated share based on debt service only

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

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

	Fiscal year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Equalized Valuation ⁽¹⁾	\$ 3,175,898,800	\$ 3,175,898,800	\$ 3,018,060,600	\$ 3,018,060,600	\$ 2,920,269,000	\$ 3,215,541,900	\$ 3,647,155,100	\$ 3,647,155,100	\$ 4,153,988,500	\$ 4,153,988,500
Debt Limit - 5% of Equalized Valuation	158,794,940	158,794,940	150,903,030	150,903,030	146,013,450	160,777,095	182,357,755	182,357,755	207,699,425	207,699,425
Less:										
Total debt applicable to limitation ⁽²⁾	(70,721,961)	(76,367,970)	(64,635,338)	(91,339,938)	(91,205,285)	(83,487,066)	(75,982,927)	(70,675,218)	(73,387,572)	(67,890,013)
Legal debt margin	\$ 88,072,979	\$ 82,426,970	\$ 86,267,692	\$ 59,563,092	\$ 54,808,165	\$ 77,290,029	\$ 106,374,828	\$ 111,682,537	\$ 134,311,853	\$ 139,809,412
Total debt applicable to the limit as a percentage of debt limit	44.54%	48.09%	42.83%	60.53%	62.46%	51.93%	41.67%	38.76%	35.33%	32.69%

Data source:

⁽¹⁾MA Bureau of Local Services (DataBank)

⁽²⁾Town of Dracut

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

Calendar Year	Population * Estimates	Per Capita Personal ** Income	School *** Enrollment	Unemployment Rate
2012	29,415	\$ 29,216	3,953	6.8%
2013	29,457	\$ 30,226	3,872	6.6%
2014	29,894	\$ 31,392	3,816	5.7%
2015	30,220	\$ 33,856	3,688	4.6%
2016	30,687	\$ 32,690	3,499	4.0%
2017	30,900	\$ 32,927	3,551	3.4%
2018	31,400	\$ 33,155	3,839	3.6%
2019	31,700	\$ 35,662	3,582	3.9%
2020	32,500	\$ 38,365	3,677	6.5%
2021	32,617	\$ unavailable	3,659	unavailable

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

** Source: Official Statements

***Source: Massachusetts Department of Education

Data source: Massachusetts Division of Career Services
Town of Dracut Census Data

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

Employer	Type of Business	2021			2012		
		Number of Employees	Rank	Percentage of Total Town Employment	Number of Employees	Rank	Percentage of Total Town Employment
GeorgeBrox, Inc.	Contractor/Construction	184	1	1.07 %	181	2	1.19 %
Hannaford	Supermarket	150	2	0.87 %	225	1	1.48 %
Verizon New England, Inc.	Communications	131	3	0.76 %	125	4	0.82 %
Old Dominion	Trucking	119	4	0.69 %	64	5	0.42 %
Dakota	Manufacturer	116	5	0.67 %	60	8	0.39 %
Dunkin Donuts	Franchise	98	6	0.57 %	155	3	1.02 %
Severance	Trucking	75	7	0.44 %			
The Arbors	Assisted Living	74	8	0.43 %			
Poland Springs	Warehouse	64	9	0.37 %	64	6	0.42 %
Lenzi Catering	Restaurant/Functions	55	10	0.32 %	60	7	0.39 %
Majilite	Manufacturer	unknown	unknown	unknown %	52	9	0.34 %
Toupin Rigging	Construction	unknown	unknown	unknown %	unknown	unknown	unknown
Total Principal Employers		1,066		6.20 %	986		6.47 %
Total Town Employment ⁽¹⁾		<u>17,207</u>			<u>15,229</u>		

Data Source:
Employers

Notes:

⁽¹⁾ MA Bureau of Local Services (DataBank)

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

Function	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Government	22	22	22	22	23	23	23	24	25	34
Public Safety										
Police	43	44	44	43	46	46	47	47	47	41
Fire	33	36	37	42	38	45	47	47	47	43
Total	76	80	81	85	84	91	94	94	94	84
Education	429	395	403	411	406	410	434	434	434	463
Public Works										
Tax Supported	21	22	22	22	21	22	22	22	22	28
Water/Sewer Division	5	5	5	5	5	4	4	4	4	5
Total	26	27	27	27	26	26	26	26	26	33
Planning and Human Services										
Planning & Natural Resources*	4	4	4	4	4	4	4	4	4	5
Inspections	4	4	4	4	4	4	4	4	4	3
Health	2	2	2	2	2	2	2	2	2	3
Recreation	1	1	1	1	1	1	1	1	1	2
Senior & Social Services	8	9	9	8	8	6	6	6	6	10
Total	19	20	20	19	19	17	17	17	17	23
Library	10	10	10	10	10	6	8	8	8	14
Total	582	554	563	574	568	573	602	603	604	651

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

Function	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Vitals										
Births	279	298	287	298	292	298	212	243	230	239
Deaths	189	237	244	192	233	256	247	276	261	253
Marriages	101	99	118	118	123	112	106	128	131	133
Finance										
Registered voters	19,285	20,293	20,575	20,304	21,883	22,026	21,955	22,124	22,603	22,979
Taxable property parcels assessed	11,955	11,930	11,952	11,982	12,323	12,052	12,090	12,058	12,087	12,082
Motor vehicles registered	33,623	34,531	34,595	35,666	32,554	37,250	37,790	37,849	36,752	37,939
Enrollments										
Dracut Public Schools	3,953	3,872	3,816	3,688	3,600	3,499	35,551	3,582	3,666	3,659
Greater Lowell Regional High School**	438	441	447	467	453	439	473	462	441	443
Police ⁽¹⁾										
Physical arrests	72	249	333	187	209	198	143	221	116	138
Traffic violations	6,795	5,315	5,217	5,747	4,578	2,530	4,346	3,863	1,597	558
Fire and Rescue ⁽¹⁾										
Total Emergency Responses	3,215	3,605	3,445	3,460	3,626	3,895	4,121	3,771	3,745	3,916
Emergency Responses excluding EMS	1,208	1,281	1,134	1,198	1,195	1,249	1,604	1,476	1,449	1,407
Fires extinguished	99	82	83	78	66	72	45	56	55	56
Emergency medical responses (EMS)	2,007	2,324	2,228	2,184	2,365	2,574	2,472	2,300	2,296	2,509
Code Administration										
Building permits	853	877	981	1,279	1,109	1,110	1,106	1,082	1,122	1,317
Estimated construction value in millions (\$)	16,195,115	27,277,537	21,372,192	26,223,161	58,930,289	58,795,431	51,190,550	63,696,103	59,820,454	46,298,724
Public Works										
Refuse collected (tons)	10,871	10,787	9,433	9,377	9,341	9,780	9,787	9,092	10,300	10,623
Recycling (tons)	2,172	1,878	2,378	2,759	2,802	2,988	3,012	3,122	2,945	3,101
Public Library										
Circulation	261,185	239,350	221,999	205,959	211,522	183,694	177,340	182,774	73,612	105,025
Patrons	154,726	145,644	139,500	129,601	126,765	124,277	111,358	149,093	132,607	37,545
Council on Aging										
Meals on Wheels Delivered	20,279	21,000	20,279	29,970	22,168	23,080	22,306	21,668	27,395	34,758
Rides Provided	6,531	5,967	6,376	6,238	7,546	8,830	8,573	9,405	690	5,757
Tax Work Program Participants	40	39	45	48	45	48	49	50	54	46
Recreation										
# of Participants	2,750	2,629	2,762	2,476	2,384	3,070	2,600	2,885	1,847	1,614
# of Programs	15	13	16	12	11	17	20	20	14	13

Data source: Various Town departments

**Dracut Students Only

Notes:

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

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

Function	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Police										
Number of stations	1	1	1	1	1	1	1	1	1	1
Fire and Rescue										
Number of stations	3	3	3	3	3	3	3	3	3	3
Number of ladder trucks (cross-staffed with ambulance)	1	1	1	1	1	1	1	1	1	1
Number of pumpers (front-line structural)	3	3	3	3	3	3	3	3	3	3
Public Works										
Miles of streets	153	153	153	154	154	155	157	160	162	162
Miles of storm drains	74	75	75	76	76	76	78	81	82	82
Recreation										
Athletic field acreage	45	45	46	46	46	46	46	46	46	46
Number of parks	6	6	6	6	6	6	7	8	8	8
Park acreage	53	53	57	57	57	57	59	62	62	62
Ball Fields	15	15	16	16	16	16	16	17	17	17
Tennis Courts	1	1	1	1	1	1	1	1	1	1
Water System										
Miles of water mains	27	30	35	35	35	35	40	44	46	46
Number of service connections	1,788	1,788	1,817	1,819	1,870	1,920	1,867	2,068	2,075	2,105
Number of fire hydrants	260	267	267	267	267	267	280	295	295	295
Sewage System										
Miles of sanitary sewers	112	117	117	123	126	126	140	160	168	168
Number of service connections	7,736	8,011	8,327	8,816	8,912	9,020	9,183	9,285	9,302	9,303

Data Source:
Various Town departments