

# TOWN OF MARBLEHEAD, MASSACHUSETTS



## ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR  
JULY 1, 2024 - JUNE 30, 2025



On the cover: Boats on the Harbor

Courtesy: Jennifer Smith



**Above:** Marblehead in the summer.

**TOWN OF MARBLEHEAD,  
MASSACHUSETTS**

**ANNUAL COMPREHENSIVE FINANCIAL REPORT**

For the Fiscal Year Ended June 30, 2025

Thatcher Kezer, Town Administrator



*Prepared by the Finance Department  
Aleesha Nunley Benjamin, Finance Director/CFO*

**TOWN OF MARBLEHEAD, MASSACHUSETTS  
ANNUAL COMPREHENSIVE FINANCIAL REPORT  
YEAR ENDED JUNE 30, 2025**

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# INTRODUCTORY SECTION



1

Above: Fire Department employees.



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## TOWN OF MARBLEHEAD

### FINANCIAL SERVICES

[www.marblehead.org/finance](http://www.marblehead.org/finance)

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#### **Letter of Transmittal**

June 11, 2026

Honorable Members of the Select Board and Citizens of the Town of Marblehead, Massachusetts:

It is with great pleasure that the Annual Comprehensive Financial Report of the Town of Marblehead, Massachusetts, for the fiscal year ended June 30, 2025, is presented. The financial statements are presented in conformity with accounting principles generally accepted in the United States of America (GAAP) that are audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. This report also complies with the financial reporting model developed by the Governmental Accounting Standards Board (GASB) Statement 34.

In addition to the fund financial information traditionally presented in the Town's financial statements, this report also includes government-wide financial statements. The government-wide financial statements include a Statement of Net Position that provides the total net position of the Town including all capital assets (as well as infrastructure) and the Statement of Activities that shows the cost of providing government services.

The report is designed to be used by the elected and appointed officials of the Town and others who are concerned with the Town's management and progress such as bond analysts, banking institutions and credit raters, as well as residents and taxpayers of the Town of Marblehead.

This report consists of management's representations concerning the finances of the Town of Marblehead. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making those representations, management has established an internal control framework that is designed to both protect the assets of the Town from loss, theft or misuse and to allow for the compiling of sufficient reliable information for the preparation of the Town's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the Town's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. To the best of management's knowledge and belief, this financial report is complete and reliable in all material respects.

Roselli, Clark, & Associates, CPAs, a firm of licensed certified public accountants completed the Town's annual independent audit. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town of Marblehead, for the fiscal year ended June 30, 2025, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion and that the Town of Marblehead's financial statements for the fiscal year ended June 30, 2025, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the Town of Marblehead was part of a broader, federally-mandated “Single Audit” designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government’s internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the Town of Marblehead’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 Management’s Discussion and Analysis (MD&A). This letter of transmittal is designed to compliment MD&A and should be read in conjunction with it. The Town of Marblehead’s MD&A can be found immediately following the report of the independent auditors.

## **PROFILE OF THE TOWN**

The Town of Marblehead, originally incorporated in 1649, is a picturesque seacoast town steeped in history. In its early years, fishing and the shoe industry were its two main sources of income. While Marblehead has been known through the years as the “Birthplace of the American Navy,” in recent times the Town has also been known as one of the yachting capitals of the world. Pleasure boating is a popular pastime of its residents. Visitors come from all over the world to view the original of the famous painting “The Spirit of ’76,” which is housed in Abbot Hall in the office of the Select Board, as well as to see the beautiful harbor crowded with sailing, fishing, lobster, and pleasure boats. Another major attraction for visitors is the Town’s historic district, the largest in the State, and the narrow-crooked streets lined with Colonial and Victorian buildings, many of which have been placed on the National Register.

With a population of 20,576, Marblehead is located in the Greater Boston Area, 18 miles northeast of Boston, with a land area of 4.53 square miles. Marblehead is situated in eastern Massachusetts, bordered by Swampscott on the south, Salem on the southwest, and the Atlantic Ocean on the west, north, and east. Commuter rail service to North Station in Boston is convenient from the Salem or Swampscott stations and Marblehead is a member of the Massachusetts Bay Transportation Authority, which provides bus service to Swampscott, Lynn, and Boston.

The Town operates under a Select Board/Open Town Meeting/Town Administrator form of government. The five-member Select Board, elected annually, makes policy decisions. The Town Administrator is responsible for carrying out the policies and direction of the Select Board and for managing the day-to-day operations of the Town.

## **THE REPORTING ENTITY AND ITS SERVICES**

The financial reporting entity (“the Town”) of the primary government includes all funds and activities considered a part of the Town of Marblehead. Specifically excluded are the Marblehead Housing Authority and the Essex North Shore Agricultural and Technical School since they have substantial autonomy and separate governmental entity characteristics.

The Town includes the Marblehead Contributory Retirement System (the System) in its financial reporting since the Town represents approximately 98% of the members of the System. The System was established to provide retirement benefits to its members, including employees and beneficiaries of the Town of Marblehead and the Marblehead Housing Authority.

The Town provides a range of municipal services normally associated with municipal government including education, public safety (police, fire and emergency medical services), recreation and parks, elder services (Council on Aging), street construction and maintenance, solid waste collection and disposal, library, cemetery, building inspection and general administrative services. The Town also operates electric, water and sewer utilities, and harbor and waterfront services as enterprises.

## **FACTORS AFFECTING ECONOMIC CONDITION**

Given its proximity and accessibility to Boston, The Town of Marblehead real estate market continues to experience a strong period of revitalization, both in terms of value and new construction. Still, at a fundamental level, the Town enjoys a healthy and stable local economy. New growth in fiscal year 2025 was \$324,437. In addition, the median family income has remained significantly higher than state averages and the unemployment rate mirrors the state average. The Town remains a very desirable community given its close proximity to Boston and for its tourism, history, boating, and the quality of services provided.

Marblehead has 14 miles of seacoast of varying topography. The housing stock is also varied. There are 6,241 single family dwellings as of January 1, 2025. There are 2,059 Colonial style homes, constituting 33% of the single-family housing stock. Old Style construction (typically pre-1920) represents 21% with 1,282 properties. Cape, Ranch, Contemporary, Split level, and Antique style properties comprise 38% of the single-family inventory. The balance consists of conventional (non-specific architectural style) Bungalows, Split Entries, Row House (attached by common wall), and Mansions. Additionally, there are over 1,000 condominiums, 297+ two-family properties, and 143 properties with three or more units. A total of 53% of the single family housing stock was built prior to 1950 and Marblehead has one of largest inventories of homes built prior to 1800, including 229 properties built before 1750. The vast majority of early construction is located in the area of town referred to as “Old Town” and designated as the Historic District. The Historic District is a high density, homogeneous, and distinct area. Antique architecture is predominant and lots rarely exceed 5,000 square feet with some lots mirroring only the foundation of the dwelling. The Historic District has a more rigorous building standard than the standard zoning by-laws with regard to permit work involving the exterior.

Residential properties comprise 95% of the tax levy. In fiscal year 2025, single family dwellings had an average assessment of \$1,217,640, representing an increase of \$14,709 from fiscal year 2024. The average tax bill of \$11,020 is based on a single tax rate of \$9.05.

Commercial properties are typically one and two-story structures located along Atlantic Avenue, Pleasant Street, and in the Historic District. The predominant composition of the commercial properties is small retail, clothing boutiques, restaurants, banks, and office space, with many mixed use properties located in the Historic District. Notable exceptions are three small strip centers located on Pleasant Street and a 15,000 square foot supermarket with attached residential improvements located in the Historic District. Commercial vacancies remain at historic lows and higher rental rates reflect the strong demand for space. Building permits continue to be issued at an unprecedented rate and reflect the ongoing revitalization of properties approaching the end of their economic life.

The Town continues to be in the revitalization stage of the real estate cycle as demonstrated by the continued number of “tear downs” and the redevelopment of new dwellings. All relevant data from multiple sources, particularly sales data and assessment analysis, indicate a very strong real estate market with an aggregate increase of 5.0% for Marblehead in FISCAL YEAR 2025. Average marketing time for properties is 18-20 days, with many properties selling in less than 20 days if priced properly. Demand continues to outweigh supply (as of today there are 21 single family homes for sale) resulting in a seller’s market and an upward trend in values, and several properties selling above asking price.

Based on market demand, current and proposed development, and increasing sale prices indications are a strong real estate market remains in place. This will result in a continued increase in market values for fiscal year 2025 and similarly, a corresponding increase in assessments. It is expected that for fiscal year 2025 the aggregate value of the community will continue to rise.

## **FINANCIAL AND MANAGEMENT POLICIES**

### **Ongoing Long-Term Financial Planning**

The Town manages its financial matters in a prudent manner, which has been affirmed by its ability to maintain its AAA bond rating for fifteen consecutive years. The Town's financial actions are generally guided by multi-year planning tools, pay-as-you-go financing strategies for certain capital investments, long-term planning for liabilities such as employee health insurance costs and pension obligations, and establishment of reserves to alleviate volatility in departmental budgets.

The Town of Marblehead has also enhanced its revenue flexibility by establishing self-sufficient enterprise funds for sewer, water, electric and harbor operations. All costs related to the enterprises are funded through user fees and each enterprise pays the Town for its share of general government services.

### **Minimal Formal Changes to fiscal year 2025 Approved Operating Budget**

The Town's Finance Committee is responsible for reviewing departmental budget requests and submits to Town Meeting an operating budget for the proposed expenditures and other financing uses for the next fiscal year. The budget, as enacted by Town Meeting, also establishes that certain appropriations are to be funded by particular revenues. The original budget can be amended during the fiscal year at special town meetings or at the next annual town meeting held prior to the end of the fiscal year. In fiscal year 2025, the original budget was amended with year-end transfers in the amount of \$1,325,752 for various departments.

### **Property Tax Collection Rates Remain Consistently High**

The Town has consistently had a collection rate for net property taxes due in excess of 97% in the year of the levy. The collection rate was approximately 97.18% in fiscal year 2025. Property tax revenue represents approximately 78% of the Town's revenue base.

### **Funding of Energy and Utility to Manage Cost Volatility**

In response to volatile energy costs, the Town established that each department accurately budgets for their utility costs versus relying on the energy reserve. This change allowed the Town to do analysis and better track utility costs by department. Departments with energy costs are allowed to request from the Select Board and the Finance Committee a FinCom reserve transfer after they exhaust their entire departmental budget for various forms of energy (heating, electricity, and motor vehicle fuel).

The new methodology allowed the sustainability coordinator with the necessary data for improving our energy and utility consumption. The sustainability coordinator could then look at energy saving and credit programs. In addition, the ability to work with departments to find efficiencies and possible grant opportunities to update their facilities.

## **SIGNIFICANT EVENTS**

### **COVID-19 Pandemic**

While winding down significantly, the COVID-19 pandemic and its impact continue to be a challenge for the Town. The supply chain issues that began during the pandemic which caused severe inflation have yet to normalize costs as inflation is still a challenge. Thankfully, with many utilizing vaccinations, COVID-19 has now become manageable with many wearing masks when ill to protect others so the safety aspects of COVID-19 are finally under control.

## **Town's AAA Bond Rating Affirmed for 16<sup>TH</sup> Consecutive Year**

In September of 2022, the Town issued Bonds for various capital projects. In the process of preparing for these financings, the Town was reviewed by the independent rating agency of Standard and Poor's (S&P). After careful review of the Town's finances and management practices, S&P affirmed the Town's Bond rating at AAA, their highest municipal rating. This represents the 16th consecutive year that S&P has set the Town's bond rating at AAA.

## **Significant Capital Improvement Projects**

The Town completed and started several major capital projects in fiscal year 2025. In the 2024 annual Town Meeting funds were approved for the following: Fire Department records management software, Fire Department Public Safety boat replacement of two outboard motors, Police Department crosswalk rapid flashing beacons, Building Department four head min-split a/c – heat units, Building Department Ford Escape for inspections, Health Department Ford Escape for inspections, Waste Department lease of John Deere wheel loader and backhoe, Police Department lease of two Ford Explorers with upfitting, Ford Interceptor, and cruiser replacement, Fire Department lease of training vehicle, Department of Public Works lease of plow truck, tree chipper truck, and Ford F-550 dump truck with plow and alter, School Department lease of pick-up truck with plow, Blue Bird 65 passenger school bus with lift, and large school bus, Recreation & Parks Department lease of Ford F-450 dump truck and wide area mower. Building Department improvements to public buildings entries and exits. School Department Village School fire panel upgrade, Glover School HVAC system, and Veterans School support beam structural repair. Annual Town meeting also approved funds for Stormwater Drainage Construction and improvements to walls and fences.

## **AWARDS AND ACKNOWLEDGMENTS**

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Marblehead for its annual comprehensive financial report (ACFR) for the fiscal year ended June 30, 2024. This was the nineteenth consecutive year that the Town submitted an ACFR to the GFOA. The Town has been awarded this Certificate for all years of submissions. In order to receive this prestigious award, a government must publish an easily readable and efficiently organized ACFR that satisfies both generally accepted accounting principles and applicable legal requirements.

In addition, the Town of Marblehead has received the GFOA's Distinguished Budget Presentation Award for the second year in a row for its fiscal year 2024 budget. In fiscal year 2024 only 44 municipalities in Massachusetts received this recognition. We are very proud of this accomplishment achieved through a collaborative effort and leadership from the Select Board and Finance Committee.

The preparation of this report on a timely basis could not be accomplished without the diligent and dedicated staff of the Finance Department, which includes the Treasurer Collector, Accounting, Payroll, and Retirement offices. I would like to express my sincere appreciation to all members of the Town's Finance Department who assisted and contributed to the preparation of this report. I would also like to thank the Town Administrator, the Select Board, the Board of Assessors, and the Finance Committee for their ongoing support in conducting the financial operations of the Town in a responsible and efficient manner.

Respectfully submitted,



Aleesha Nunley Benjamin  
Finance Director/CFO



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Town of Marblehead  
Massachusetts**

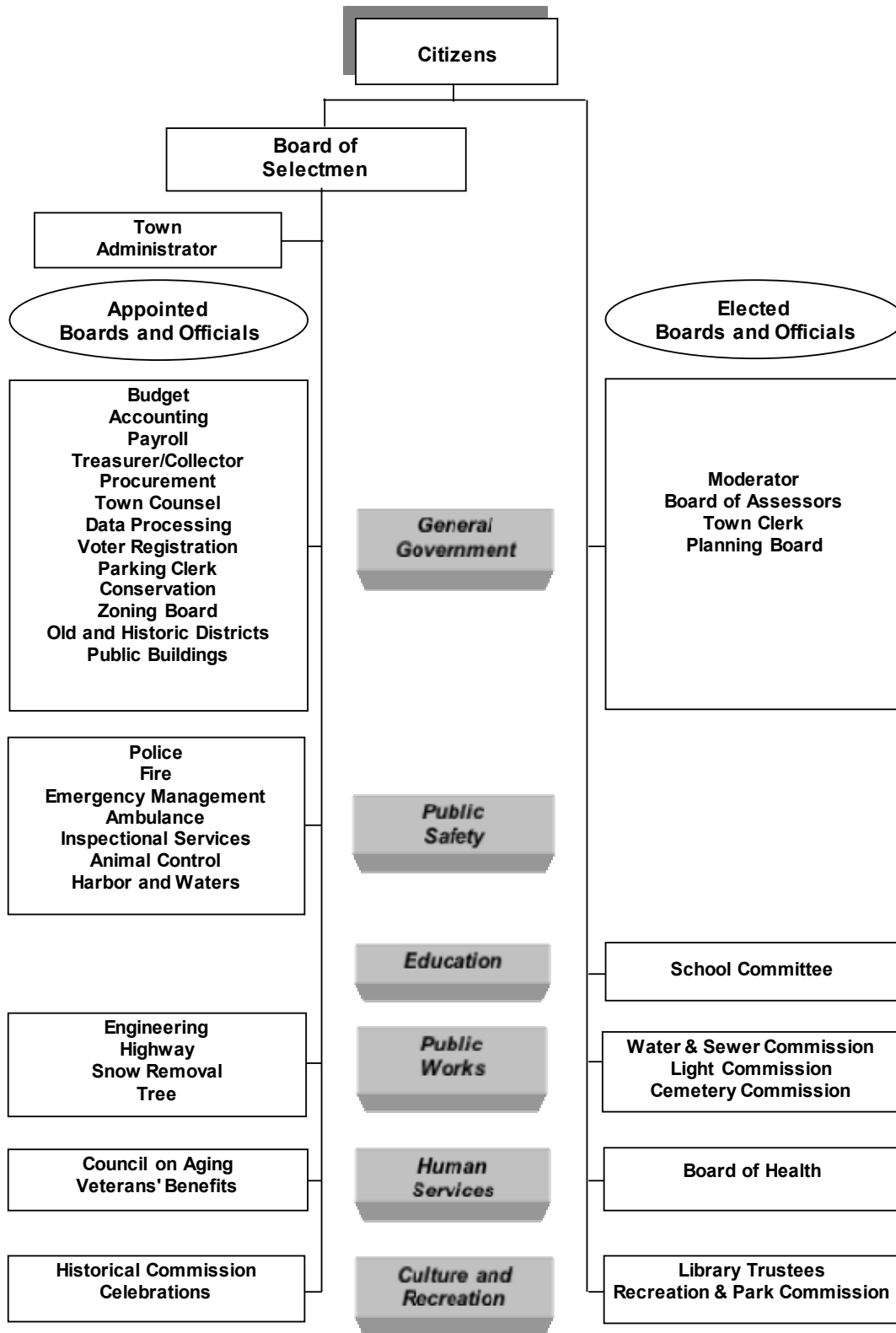
For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2024

*Christopher P. Morill*

Executive Director/CEO

# Town of Marblehead, Massachusetts Organization Chart



**PRINCIPAL TOWN OFFICIALS**  
**As of June 30, 2025**

Elected Officials

Select Board	Alexa J. Singer, Chair M.C. Moses Grader Dan Fox Erin M. Noonan James Zisson
Town Clerk	Robin A. Michaud
School Committee	Al Williams - Chair Kate Schmeckpeper - Vice Chair Henry Gwazda Jennifer Schaeffner Melissa Clucas

Appointed Officials

Finance Committee	Alec Goolsby - Chair Molly Teets - Vice Chair Pat Franklin - Vice Chair Timothy Shotmeyer Ramon Garcia Michael O'Neil Eric Knight Michael Janko Lindsay Dube
Town Administrator	Thatcher Kezer
Superintendent of Schools	John Robidoux
Finance Director/CFO	Aleesha Nunley Benjamin
Assistant Superintendent of Finance	Michael Pfifferling
Town Accountant	Christopher Holak
Town Treasurer	Cami Iannarelli

# FINANCIAL SECTION



**Above:** Jack Attridge, the Town Moderator, directing action at a Town Meeting.



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## INDEPENDENT AUDITOR'S REPORT

Honorable Select Board  
Town of Marblehead, Massachusetts

### Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Marblehead, Massachusetts, (the "Town") as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents, (except for the Marblehead Contributory Retirement System (the "System") and the Marblehead Municipal Light Department (the "Light Department") or ("Municipal Light"), which are as of December 31, 2024). We did not audit the financial statements of the Light Department. The Light Department represents 43.6%, 35.8% and 57.2% respectively of the assets, net position, and operating revenues of the Town's business-type activities. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Light Department, is based solely on the report of the other auditors.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Town as of June 30, 2025, (except for the Marblehead Contributory Retirement System and the Marblehead Municipal Light Department, which are as of December 31, 2024) and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinions

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

### Responsibilities of Management for the Financial Statements

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

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

## **Auditors' Responsibilities for the Audit of the Financial Statements**

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

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

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

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

## **Required Supplementary Information**

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

## Supplementary Information

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

## Other Information

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

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

## Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 11, 2026 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, contract, 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.

*Roselli Clark & Associates*

Roselli, Clark & Associates  
Certified Public Accountants  
Woburn, Massachusetts  
June 11, 2026



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## **Management's Discussion and Analysis**

## MANAGEMENT'S DISCUSSION AND ANALYSIS

As the management of the Town, we offer readers of the accompanying financial statements this narrative overview and analysis of the financial activities of the Town and its component unit for the fiscal year ended June 30, 2025.

### **Financial Highlights**

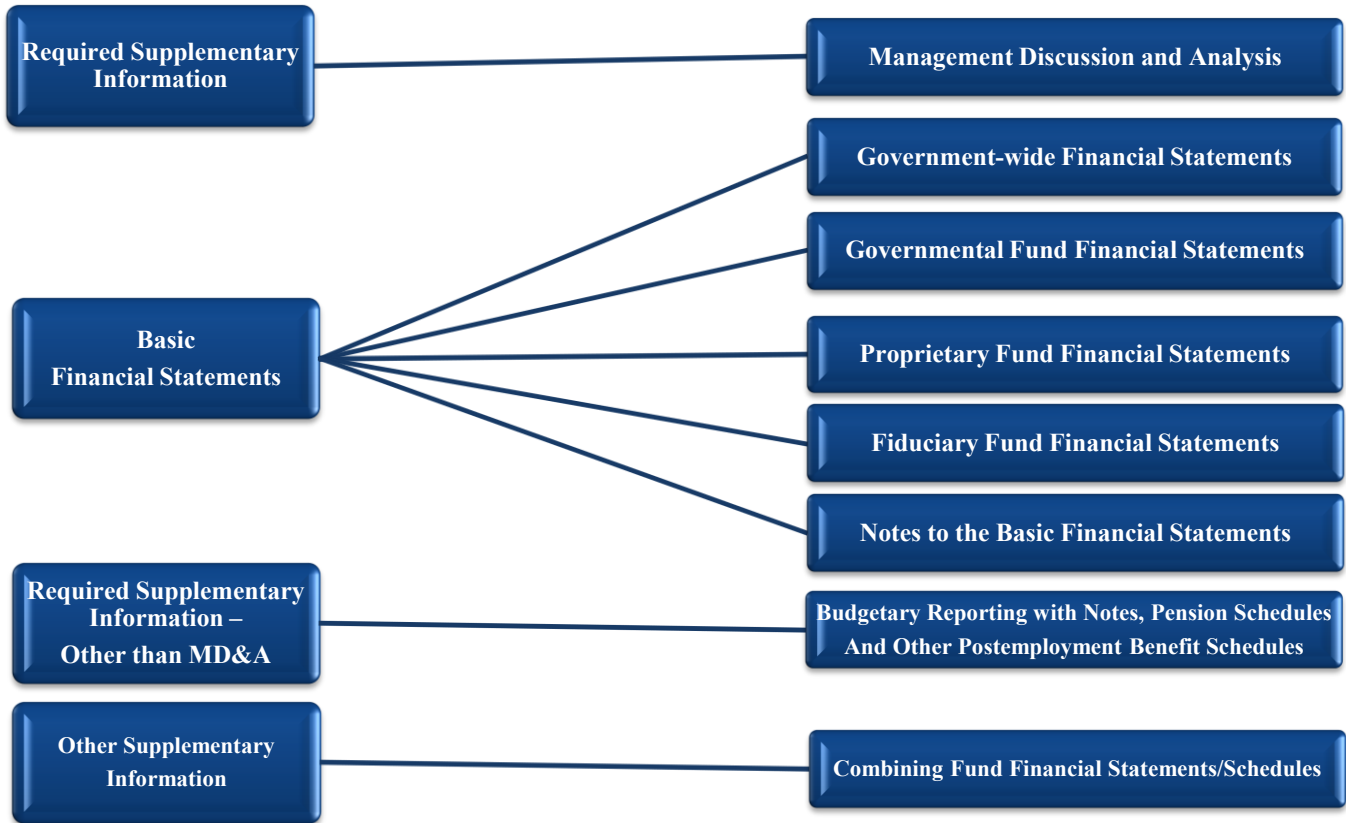
- The Town's liabilities and deferred inflows of financial resources exceeded its assets and deferred outflows of financial resources at the close of the most recent fiscal year resulting in a net deficit of approximately \$10.3 million (*total net deficit*).
- The government's total net position increased by approximately \$28.2 million. This consisted mainly of an increase in governmental activities' net position by nearly \$19.4 million as the business-type activities increased by nearly \$8.8 million.
- The Town's Unassigned Fund Balance reported in the General Fund was nearly \$9.9 million (9.0% of General Fund expenditures). Total Fund Balance in the General Fund was nearly \$21.2 million (19.1% of General Fund expenditures).
- The Town ended the year with nearly \$100.9 million in long-term outstanding debt of its governmental activities and over \$6.5 million in long-term outstanding debt of its business-type activities. These outstanding balances include unamortized bond premiums.
- The Town ended the year with over \$4.9 million in short-term outstanding debt of its governmental activities.
- The Town's total debt decreased by over \$9.1 million; detail of this increase is discussed under the *capital asset and debt administration* caption of this MD&A.
- The Town's cash equivalents and investments in aggregate decreased to over \$94.1 million from \$96.0 million in the prior year. This was primarily related to the timing of revenues and expenses.
- The Marblehead Contributory Retirement System is a legally separate entity blended as a fiduciary fund because it services almost entirely the Town and its omission would be misleading.

### **Overview of the Financial Statements**

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

The layout and relationship of the financial statements and supplementary information is visually presented in *Illustration 1*.

**Illustration 1 – Relationship of Financial Statement information**



**Government-wide Financial Statements** – The *government-wide financial statements* are designed to provide readers with a broad overview of the Town’s finances, in a manner similar to a private-sector business. The *statement of position* presents information on all of the Town’s assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating. The *statement of activities* presents information showing how the government’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.)

The government-wide financial statements consist of three classifications; (1) those whose activities are principally supported by taxes and intergovernmental revenue (*governmental activities*); (2) those whose activities are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*), and (3) a *component unit*.

The governmental activities of the Town include general government, public safety, highways and streets, sanitation, education, debt service, fringe benefits and culture and recreation. The business-type activities of the Town are comprised completely of four enterprise funds; water, sewer, harbor and municipal light.

**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. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related

legal requirements. All of the funds of the Town can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Accounting guidelines distinguish fund balance between amounts that are considered nonspendable, such as fund balance associated with inventories, and other amounts that are classified based on the relative strength of the constraints that control the purposes for which specific amounts can be spent. Beginning with the most binding constraints, fund balance amounts will be reported in the following classifications:

- Restricted — amounts constrained by external parties, constitutional provision, or enabling legislation
- Committed — amounts constrained by a government using its highest level of decision-making authority
- Assigned — amounts a government intends to use for a particular purpose
- Unassigned — amounts that are not constrained at all will be reported in the general fund or in other major funds if negative

**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.

The Town maintains numerous individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Public Funds, Federal Grant Funds, and Capital Projects Fund which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these Nonmajor governmental funds is provided in the form of combining statements.

The Town adopts an annual appropriated budget for its general fund and its enterprise funds. A budgetary comparison schedule has been provided for the general fund to demonstrate compliance with this budget and is included in this report as required supplementary information.

**Proprietary funds** – The Town maintains two types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Town uses enterprise funds to account for all the business-type activities previously discussed.

*Internal service funds* are used to report activities that service all other Town Departments. The Town uses an internal service fund to account for its workers compensation claims.

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

The Town’s fiduciary funds consist of the Marblehead Contributory Retirement System, the Other Postemployment Benefit Trust and the Private Purpose Trust 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.

**Other Information** - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Town and Municipal Light’s Pension and Other Postemployment Benefit Plans as well as the Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund and notes to this schedule.

**Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. For the year ended June 30, 2024, total net position was a deficit of over \$37.8 million.

Condensed net position data is presented as follows:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	June 30,		June 30,		June 30,	
	2025	2024	2025	2024	2025	2024
<b><u>Assets</u></b>						
Current and other assets	\$ 76,566,181	\$ 72,933,028	\$ 46,440,825	\$ 41,441,158	\$ 123,007,006	\$ 114,374,186
Capital assets, net	182,321,688	184,040,138	57,473,037	52,618,595	239,794,725	236,658,733
<b>Total assets</b>	<b>258,887,869</b>	<b>256,973,166</b>	<b>103,913,862</b>	<b>94,059,753</b>	<b>362,801,731</b>	<b>351,032,919</b>
<b>Deferred outflows of resources</b>	<b>19,318,570</b>	<b>28,349,399</b>	<b>3,234,543</b>	<b>3,851,995</b>	<b>22,553,113</b>	<b>32,201,394</b>
<b><u>Liabilities</u></b>						
Long-term liabilities	283,621,392	298,823,767	26,088,050	27,391,467	309,709,442	326,215,234
Other liabilities	14,780,638	11,379,495	4,687,969	2,143,427	19,468,607	13,522,922
<b>Total liabilities</b>	<b>298,402,030</b>	<b>310,203,262</b>	<b>30,776,019</b>	<b>29,534,894</b>	<b>329,178,049</b>	<b>339,738,156</b>
<b>Deferred inflows of resources</b>	<b>56,245,874</b>	<b>70,947,858</b>	<b>10,256,095</b>	<b>10,375,317</b>	<b>66,501,969</b>	<b>81,323,175</b>
<b><u>Net Position</u></b>						
Net investment in capital assets	90,712,005	85,367,145	51,411,883	46,103,666	142,123,888	131,470,811
Restricted	18,993,480	18,499,666	7,095,396	7,107,473	26,088,876	25,607,139
Unrestricted	(186,146,950)	(199,695,366)	7,609,012	4,790,398	(178,537,938)	(194,904,968)
<b>Total Net Position</b>	<b>\$ (76,441,465)</b>	<b>\$ (95,828,555)</b>	<b>\$ 66,116,291</b>	<b>\$ 58,001,537</b>	<b>\$ (10,325,174)</b>	<b>\$ (37,827,018)</b>

By far, the largest portion (over \$142.1 million) of the Town’s net position reflects its investment in capital assets (e.g. land, buildings, infrastructure, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town’s investment in its capital assets is reported net of related debt, 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 (approximately \$26.1 million) of the Town’s net position represents resources that are subject to external restrictions on how they may be used.

*Unrestricted net position* is reported as a deficit of over \$178.5 million. A deficit of over \$186.1 million is reported in governmental activities which is offset by a surplus of nearly \$7.6 million as reported in the Business-type activities. The recognition of the liabilities associated with GASB 68 and GASB 75 related to net pension and net OPEB liabilities are the primary contributors to this deficit as these liabilities are significant. These deficits are expected to increase in the future until the Town adopts more aggressive funding schedules.

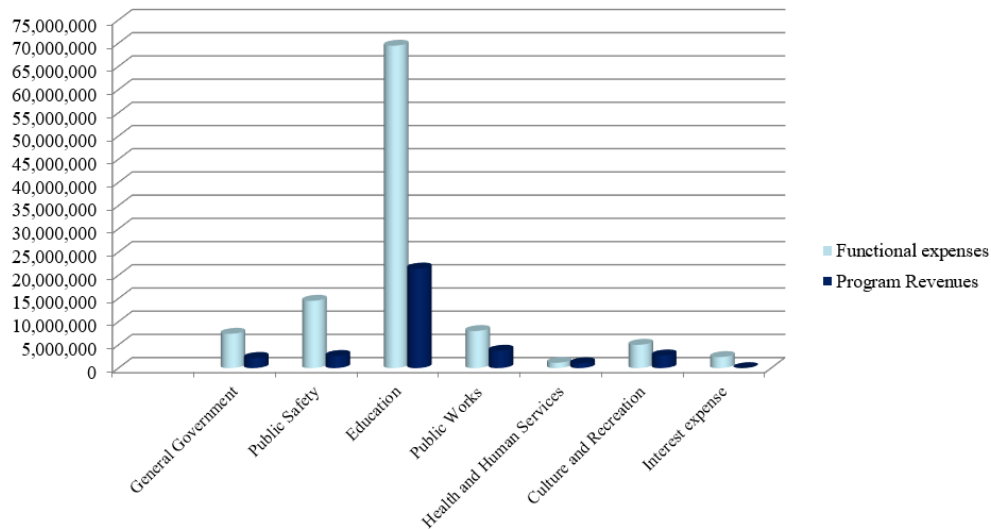
Condensed changes in net position are presented as follows:

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>June 30,</b>		<b>June 30,</b>		<b>June 30,</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 8,577,608	\$ 9,038,261	\$ 37,307,160	\$ 35,644,745	\$ 45,884,768	\$ 44,683,006
Operating grants and contributions	22,357,052	21,151,824	203,964	52,563	22,561,016	21,204,387
Capital grants and contributions	2,862,535	3,645,223	394,303	-	3,256,838	3,645,223
General revenues:						
Property taxes and tax liens	84,114,332	81,456,520	-	-	84,114,332	81,456,520
Unrestricted grants and contributions	1,402,160	1,361,321	-	-	1,402,160	1,361,321
Other	7,727,292	7,603,602	1,822,485	1,119,830	9,549,777	8,723,432
<b>Total Revenues</b>	<b>127,040,979</b>	<b>124,256,751</b>	<b>39,727,912</b>	<b>36,817,138</b>	<b>166,768,891</b>	<b>161,073,889</b>
<b>Expenses</b>						
General government	7,398,188	5,834,369	-	-	7,398,188	5,834,369
Public safety	14,507,280	15,031,565	-	-	14,507,280	15,031,565
Education	69,460,961	69,602,227	-	-	69,460,961	69,602,227
Public works	7,999,080	8,258,032	-	-	7,999,080	8,258,032
Health and human services	1,152,567	1,309,550	-	-	1,152,567	1,309,550
Culture and recreation	5,021,446	4,000,404	-	-	5,021,446	4,000,404
Debt service	2,382,238	2,696,417	-	-	2,382,238	2,696,417
Water	-	-	5,438,576	5,390,870	5,438,576	5,390,870
Sewer	-	-	4,787,728	5,253,764	4,787,728	5,253,764
Harbor	-	-	1,146,088	1,125,387	1,146,088	1,125,387
Municipal light	-	-	19,323,234	19,470,807	19,323,234	19,470,807
<b>Total Expenses</b>	<b>107,921,760</b>	<b>106,732,564</b>	<b>30,695,626</b>	<b>31,240,828</b>	<b>138,617,386</b>	<b>137,973,392</b>
Change in net position before transfers	19,119,219	17,524,187	9,032,286	5,576,310	28,151,505	23,100,497
<b>Transfers</b>	<b>267,871</b>	<b>127,129</b>	<b>(267,871)</b>	<b>(127,129)</b>	<b>-</b>	<b>-</b>
Change in net position	19,387,090	17,651,316	8,764,415	5,449,181	28,151,505	23,100,497
Net position, beginning of year	(95,828,555)	(113,479,871)	58,001,537	52,552,356	(37,827,018)	(60,927,515)
Change in OPEB measurement date	-	-	(649,661)	-	(649,661)	-
Net position, beginning of year, as restated	(95,828,555)	(113,479,871)	57,351,876	52,552,356	(38,476,679)	(60,927,515)
Net position, end of year	<u>\$ (76,441,465)</u>	<u>\$ (95,828,555)</u>	<u>\$ 66,116,291</u>	<u>\$ 58,001,537</u>	<u>\$ (10,325,174)</u>	<u>\$ (37,827,018)</u>

**Governmental Activities** – Governmental activities increased net position by nearly \$19.4 million as compared to an increase in the prior year of nearly \$17.5 million. Operations were fairly consistent with the prior year which resulted in this small increase.

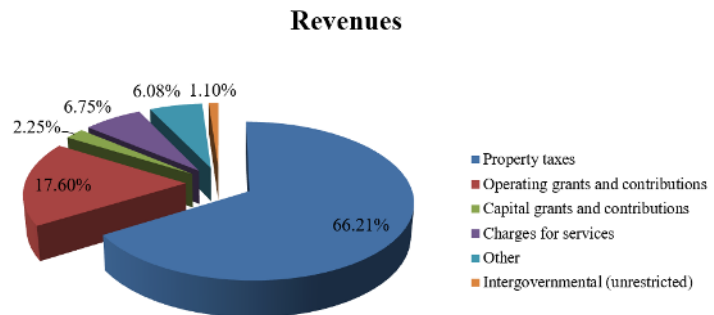
The fluctuations are discussed below.

Fiscal year 2025 Expenses and Program Revenues – governmental activities are graphically presented as follows:



**Major revenue sources of governmental activities consist of revenue from:**

(1) Operating grants which comprised approximately 17.6% of the total governmental activity revenues; amounts increased over the prior year by nearly \$1.2 million. The Town teachers participate in the Massachusetts Teacher’s Retirement System. The State makes contributions to this system on behalf of the Town for its’ teachers under a special funding situation. This amount decreased over the prior year by about \$1.4 million. However, the remainder was due to aggressive grant activity related to Federal stimulus, education, and public works grants which each increased over the prior year.



(2) Property taxes which represented 66.2% of total revenues increased by nearly \$2.7 million over the prior year; under Massachusetts General Laws, communities are allowed to assess taxes at 2 ½% of the prior year plus any new growth plus any exclusions authorized by the voters in excess of the statutory limit. The Town assessed taxpayers this limit and the robust economy in the region supported the collection of these taxes.

All other revenue sources were individually less than 10% of total revenues and fluctuations were not material.

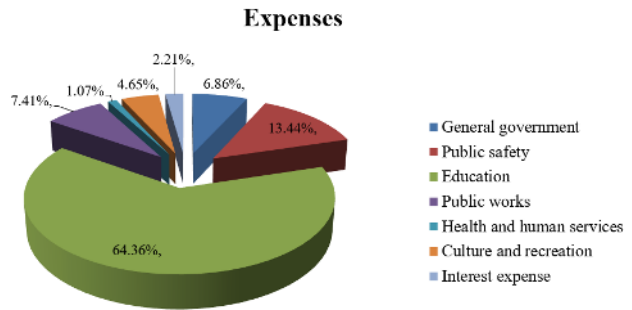
**Major expense outlays of governmental activities consist of expenses from:**

(1) Education costs represented the Town’s largest expense category as education continues to be an area in which the Town devotes substantial resources. Approximately 64.4% of total disbursements related to education. Amounts were consistent with the prior year. Decreases related to the special funding situation described above were offset by increases in spending related to education grants.

(2) Public Safety expenses represented about 13.4% of total expenses; the dollar amounts were approximately \$0.5 million less than the prior year. The decrease was due police detail which spiked in the prior year begin to normalize.

All other expenses were less than 10% of total expenses and their individual increases were isolated to benefit allocations, as well as general cost of living factors.

**Business-type Activities** – The net position of the business-type activity funds increased by nearly \$8.8 million as compared to nearly \$5.5 million in the prior year. This was primarily caused by an increase in water and sewer usage rates by 10% in addition to increased capital grant activity.



**Fund-wide Financial Analysis of the Government’s Funds**

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

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

As of the close of the current fiscal year, the Town’s governmental funds balance sheet reported a combined ending fund balance of over \$59.3 million; this increased slightly over the prior year and can be summarized in these highlights:

1. Operations of the general fund were consistent as revenues and expenditures approximated each other. Robust revenue trends in the current economy were offset by planned increases in expenditures to support cost of living increases.

The Town’s Unassigned Fund Balance reported in the General Fund was approximately \$9.9 million (8.9% of General Fund expenditures). Total Fund Balance in the General Fund was nearly \$21.2 million (19.1% of General Fund expenditures).

2. The Public Funds experienced an increase in investment income and contributions which resulted in an overall increase to the fund of \$1.1 million. These funds are classified as restricted.
3. The Federal Grant Funds had consistent revenue and expenditure activity which resulted in an aggregate decrease of less than \$0.2 million. These funds are classified as restricted.

4. The capital projects fund balance decreased over \$1.4 million; this was primarily due to timing of construction expenditures exceeding bond proceeds and other financing sources.

A portion of the fund balance (nearly \$1.2 million) in the capital projects fund was in deficit due to expenditures funded from short-term borrowings. This has been recorded as unassigned. The remainder (over \$10.4 million) is recorded as restricted.

5. The nonmajor funds activity increased by over \$1.8 million. These funds are designed such that revenues and expenditures typically offset. Any increase or decrease is due to the timing of expenditures and revenues.

The majority of the fund balance, about \$20.0 million, is restricted. There are also trivial amounts included as part of nonspendable.

**Proprietary funds** – The Town’s proprietary funds are made up of the Water, Sewer, Harbor and Municipal Light which provides the same type of information found in the government-wide financial statements under business-type activities, but in more detail.

As previously discussed, the operations were positive as compared to the prior year due to increases in user rates.

**Fiduciary Fund** – The Town’s fiduciary fund is comprised primarily of the Town’s Retirement System whose net position is approximately \$133.2 million. These assets are used strictly to pay retiree pensions and annuities and may not be used for Town operating purposes. For the year ended December 31, 2024 the net position increased by over \$9.2 million due primarily to favorable market conditions during that calendar year.

The Town also includes a smaller amount (over \$7.7 million) in Other Postemployment Benefits that is combined with the Retirement System in the fiduciary funds.

### **General Fund Budgetary Highlights**

Differences between the original budget and the final amended budget were not significant. The Town exceeded the revenue forecasts used in its budget by over \$4.1 million. The majority of this was reflected in investment income and excise which outpaced forecasts by nearly \$1.0 and \$1.1 million respectively. The remainder was spread ratably across multiple revenue categories.

Expenditures beat forecasts across many categories by approximately \$2.3 million in aggregate with the largest in education at nearly \$0.6 million favorable. The Town continues to be budget conscious and uses effective cost controls including strong procurement.

Further detail of budget to actual comparisons may be reviewed as part of the Required Supplementary Information following the footnotes to this report.

### **Capital Asset and Debt Administration**

**Capital Assets** – The Town’s investment in capital and right to use assets for its governmental and business type activities as of June 30, 2025 amounts to nearly \$239.8 million (net of accumulated depreciation/amortization), an increase from the previous year’s balance of approximately \$3.1 million as additions outpaced depreciation/amortization. This investment in capital assets includes land, buildings

and improvements, infrastructure, machinery, equipment, and software. Additional information on the Town’s capital assets can be found in Note D. to the financial statements.

**Long-term Debt** – At the end of the current fiscal year, the Town had total long-term debt outstanding of approximately \$107.4 million. The entire amount comprises debt backed by the full faith and credit of the government. The Town’s total debt decreased over \$9.1 million during the fiscal year summarized as follows:

Regular scheduled maturities:	
Governmental Activities	\$ (7,780,740)
Business-Type Activities	(838,489)
Issuance of debt:	
Governmental Activities	390,624
Business-Type Activities	198,750
Amortization of premiums	
Governmental Activities	<u>(1,079,144)</u>
	<u>\$ (9,108,999)</u>

The Town also maintains bond anticipation notes outstanding at year-end at over \$4.9 million.

The Town’s most recent credit evaluation resulted in maintaining an “AAA” rating – stable outlook from Standard and Poor’s Investment Services for general obligation debt.

State statutes limit the amount of general obligation debt a governmental entity may issue to 5.0 % of its total assessed valuation. The current debt limitation for the Town is approximately \$475.2 million, which is significantly in excess of the Town’s outstanding general obligation debt classified inside the debt limit.

The Town also holds a proportionate share of debt of other governmental units that provide services within the Town’s boundaries. The debt service from such arrangements is assessed annually to the Town.

Additional information on the Town’s short-term and long-term debt can be found in Notes E. and F. to the financial statements.

**Economic Factors and Next Year’s Budget and Rates**

- Unemployment rates across the Commonwealth while beginning to increase are still tracking near historic lows.
- The Town’s real estate tax base is made up predominantly of residential taxes, which comprise nearly 95.5% of the Town’s real estate tax base. In addition, Chapter 580 of the Acts of 1980, more commonly referred to as Proposition 2 ½, limits the Town’s ability to increase taxes in any one year by more than two and one-half percent (2 ½%) of the previous year tax levy.

- The Town's housing market has been very strong for the past several years. This has been bolstered by mortgage rates at historic lows. Recent economic conditions have caused mortgage rates to begin to increase. Such trends may have an adverse effect on the housing market, and the Town is monitoring this.
- While inflation has stabilized from historic highs, the costs to run a municipality continue to increase. This has been experienced in wage, benefits, energy, construction, supplies and services. The Town continues to monitor this situation

All of the above items were considered when the Town developed its budget for fiscal year 2026. The budget was adopted in May of 2025 and the Town's tax rate was certified in December 2025.

### **Requests for Information**

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Chief Financial Officer, 7 Widger Road, Marblehead, Massachusetts 01945.

The System does not issue separate audited financial statements however it does prepare a statutorily required annual financial report. This report may be obtained by contacting the System at 7 Widger Road, Marblehead, Massachusetts 01945.



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## **Basic Financial Statements**

TOWN OF MARBLEHEAD, MASSACHUSETTS

STATEMENT OF NET POSITION  
JUNE 30, 2025

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 62,101,095	\$ 22,412,140	\$ 84,513,235
Investments	9,603,301	-	9,603,301
Receivables, net:			
Property taxes	1,498,969	-	1,498,969
Tax liens	468,302	-	468,302
User fees	-	7,405,664	7,405,664
Departmental and other	693,653	42,962	736,615
Leases	377,574	-	377,574
Intergovernmental	1,561,171	-	1,561,171
Tax foreclosures	16,067	-	16,067
Inventory	21,096	266,947	288,043
Other assets	224,953	1,632,704	1,857,657
Purchased power advance deposits	-	1,646,709	1,646,709
Funds on deposit with Town Treasurer	-	10,971,713	10,971,713
Investment in joint venture	-	2,061,986	2,061,986
Capital assets not being depreciated	10,483,509	8,801,648	19,285,157
Capital assets, net of accumulated depreciation	171,838,179	48,671,389	220,509,568
<b>Total Assets</b>	<b>258,887,869</b>	<b>103,913,862</b>	<b>362,801,731</b>
<b>Deferred Outflows of Resources</b>			
Related to net pension liability	1,891,347	1,940,750	3,832,097
Related to net other postemployment benefits liability	17,427,223	1,293,793	18,721,016
<b>Total Deferred Outflows of Resources</b>	<b>19,318,570</b>	<b>3,234,543</b>	<b>22,553,113</b>
<b>Liabilities</b>			
Warrants and accounts payable	5,581,869	4,372,662	9,954,531
Accrued payroll and withholdings	740,684	69,758	810,442
Retainage payable	-	-	-
Tax refunds payable	-	-	-
Accrued interest	1,578,165	-	1,578,165
Customer deposits	-	240,181	240,181
Unearned revenue	1,879,921	-	1,879,921
Other liabilities	77,401	5,368	82,769
Bond anticipation notes payable	4,922,598	-	4,922,598
Noncurrent liabilities:			
Due within one year	9,736,600	1,203,549	10,940,149
Due in more than one year	273,884,792	24,884,501	298,769,293
<b>Total Liabilities</b>	<b>298,402,030</b>	<b>30,776,019</b>	<b>329,178,049</b>
<b>Deferred Inflows of Resources</b>			
Contributions in aid of construction	-	200,582	200,582
Rate stabilization reserve	-	3,899,748	3,899,748
Related to leased assets	377,574	-	377,574
Related to net pension liability	1,244,230	482,860	1,727,090
Related to net other postemployment benefits liability	54,624,070	5,672,905	60,296,975
<b>Total Deferred Inflows of Resources</b>	<b>56,245,874</b>	<b>10,256,095</b>	<b>66,501,969</b>
<b>Net Position</b>			
Net investment in capital assets	90,712,005	51,411,883	142,123,888
Restricted for:			
Nonexpendable permanent funds	3,855,862	-	3,855,862
Expendable permanent funds	5,008,886	-	5,008,886
Depreciation	-	7,095,396	7,095,396
Gifts and grants	10,128,732	-	10,128,732
Unrestricted	(186,146,950)	7,609,012	(178,537,938)
<b>Total Net Position</b>	<b>\$ (76,441,465)</b>	<b>\$ 66,116,291</b>	<b>\$ (10,325,174)</b>

See accompanying notes to basic financial statements.

TOWN OF MARBLEHEAD, MASSACHUSETTS

STATEMENT OF ACTIVITIES  
FISCAL YEAR ENDED JUNE 30, 2025

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Primary government:</b>							
<b>Governmental activities:</b>							
General government	\$ 7,398,188	\$ 774,735	\$ 1,420,796	\$ -	\$ (5,202,657)		\$ (5,202,657)
Public safety	14,507,280	2,280,559	298,905	42,887	(11,884,929)		(11,884,929)
Education	69,460,961	2,146,485	18,401,091	915,723	(47,997,662)		(47,997,662)
Public works	7,999,080	1,750,917	90,654	1,903,925	(4,253,584)		(4,253,584)
Health and human services	1,152,567	241,612	798,312	-	(112,643)		(112,643)
Culture and recreation	5,021,446	1,383,300	1,347,294	-	(2,290,852)		(2,290,852)
Interest expense	2,382,238	-	-	-	(2,382,238)		(2,382,238)
<b>Total governmental activities</b>	<b>107,921,760</b>	<b>8,577,608</b>	<b>22,357,052</b>	<b>2,862,535</b>	<b>(74,124,565)</b>		<b>(74,124,565)</b>
<b>Business-type activities:</b>							
Water	5,438,576	7,491,489	-	66,250		\$ 2,119,163	2,119,163
Sewer	4,787,728	7,351,771	-	-		2,564,043	2,564,043
Harbor	1,146,088	1,106,151	42,500	328,053		330,616	330,616
Municipal light (as of December 31, 2024)	19,323,234	21,357,749	161,464	-		2,195,979	2,195,979
<b>Total business-type activities</b>	<b>30,695,626</b>	<b>37,307,160</b>	<b>203,964</b>	<b>394,303</b>		<b>7,209,801</b>	<b>7,209,801</b>
<b>Total Primary Government</b>	<b>\$ 138,617,386</b>	<b>\$ 45,884,768</b>	<b>\$ 22,561,016</b>	<b>\$ 3,256,838</b>	<b>(74,124,565)</b>	<b>7,209,801</b>	<b>(66,914,764)</b>
<b>General Revenues:</b>							
Property taxes					84,114,332	-	84,114,332
Motor vehicle and other excise					4,949,139	135,129	5,084,268
Payments in lieu of taxes					12,796	-	12,796
Grants and contributions not restricted to specific programs					1,402,160	-	1,402,160
Penalties and interest on taxes					488,909	-	488,909
Unrestricted investment income					2,276,448	1,687,356	3,963,804
<b>Transfers (net)</b>					<b>267,871</b>	<b>(267,871)</b>	<b>-</b>
<b>Total general revenues and transfers</b>					<b>93,511,655</b>	<b>1,554,614</b>	<b>95,066,269</b>
<b>Change in Net Position</b>					<b>19,387,090</b>	<b>8,764,415</b>	<b>28,151,505</b>
<b>Net Position:</b>							
Beginning of year, as previously reported					(95,828,555)	58,001,537	(37,827,018)
Change in OPEB measurement date					-	(649,661)	(649,661)
Beginning of year, as restated (see Note IV)					(95,828,555)	57,351,876	(38,476,679)
<b>End of year</b>					<b>\$ (76,441,465)</b>	<b>\$ 66,116,291</b>	<b>\$ (10,325,174)</b>

See accompanying notes to basic financial statements.

TOWN OF MARBLEHEAD, MASSACHUSETTS

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2025

	General Fund	Public Funds	Federal Grant Fund	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>						
Cash and cash equivalents	\$ 25,077,297	\$ 3,900,493	\$ 1,960,030	\$ 14,356,295	\$ 15,435,278	\$ 60,729,393
Investments	-	4,964,255	-	-	4,639,046	9,603,301
Receivables, net of allowance for uncollectibles:						
Property taxes	1,498,969	-	-	-	-	1,498,969
Tax liens and deferrals	468,302	-	-	-	-	468,302
Motor vehicle and other excise	601,319	-	-	-	-	601,319
Intergovernmental	-	-	536,197	-	1,024,974	1,561,171
Departmental and other	6,375	-	-	-	85,959	92,334
Leases	377,574	-	-	-	-	377,574
Tax foreclosures	16,067	-	-	-	-	16,067
Inventory	-	-	-	-	21,096	21,096
Other assets	224,953	-	-	-	-	224,953
Due from other funds	111,080	-	-	-	-	111,080
<b>Total Assets</b>	<b>28,381,936</b>	<b>8,864,748</b>	<b>2,496,227</b>	<b>14,356,295</b>	<b>21,206,353</b>	<b>75,305,559</b>
<b>Deferred Outflows of Resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 28,381,936</b>	<b>\$ 8,864,748</b>	<b>\$ 2,496,227</b>	<b>\$ 14,356,295</b>	<b>\$ 21,206,353</b>	<b>\$ 75,305,559</b>
<b>Liabilities</b>						
Warrants and accounts payable	\$ 3,935,477	\$ -	\$ 554,007	\$ 167,736	\$ 888,095	\$ 5,545,315
Accrued payroll and withholdings	620,077	-	2,236	-	118,371	740,684
Unearned revenue	-	-	1,879,921	-	-	1,879,921
Other liabilities	48,472	-	-	-	28,929	77,401
Due to other funds	-	-	-	-	111,080	111,080
Bond anticipation notes payable	-	-	-	4,922,598	-	4,922,598
<b>Total Liabilities</b>	<b>4,604,026</b>	<b>-</b>	<b>2,436,164</b>	<b>5,090,334</b>	<b>1,146,475</b>	<b>13,276,999</b>
<b>Deferred Inflows of Resources</b>						
Unavailable revenues - property taxes	1,608,775	-	-	-	-	1,608,775
Unavailable revenues - excise taxes	601,319	-	-	-	-	601,319
Unavailable revenues - leases	377,574	-	-	-	-	377,574
Unavailable revenues - other	6,375	-	-	-	85,959	92,334
<b>Total Deferred Inflows of Resources</b>	<b>2,594,043</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>85,959</b>	<b>2,680,002</b>
<b>Fund Balances</b>						
Nonspendable	-	3,855,862	-	-	21,096	3,876,958
Restricted	-	5,008,886	60,063	10,416,664	19,952,823	35,438,436
Committed	2,014,886	-	-	-	-	2,014,886
Assigned	9,292,877	-	-	-	-	9,292,877
Unassigned	9,876,104	-	-	(1,150,703)	-	8,725,401
<b>Total Fund Balances</b>	<b>21,183,867</b>	<b>8,864,748</b>	<b>60,063</b>	<b>9,265,961</b>	<b>19,973,919</b>	<b>59,348,558</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 28,381,936</b>	<b>\$ 8,864,748</b>	<b>\$ 2,496,227</b>	<b>\$ 14,356,295</b>	<b>\$ 21,206,353</b>	<b>\$ 75,305,559</b>

See accompanying notes to basic financial statements.

**TOWN OF MARBLEHEAD, MASSACHUSETTS**

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

**JUNE 30, 2025**

<b>Total Governmental Fund Balances</b>	<b>\$ 59,348,558</b>
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	182,321,688
Other long-term assets that are unavailable to pay current-period expenditures	2,302,428
Deferred outflows and inflows of resources to be recognized in future fiscal years are not available resources and, therefore, are not reported in the funds:	
Deferred outflows related to net pension liability	1,891,347
Deferred outflows related to net other postemployment benefits liability	17,427,223
Deferred inflows related to net pension liability	(1,244,230)
Deferred inflows related to other net postemployment benefits liability	<u>(54,624,070)</u>
Net effect of reporting deferred outflows and inflows of resources	(36,549,730)
Assets, deferred outflows of resources and liabilities and deferred inflows of resources of the Town's internal service funds are included in the Statement of Net Position, but are not reported in the governmental funds.	(31,893)
In the Statement of Activities, interest is accrued on outstanding long-term debt whereas in the governmental funds interest is not reported until due.	(1,578,165)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the government funds:	
Bonds and notes payable	(94,224,231)
Unamortized premiums on bonds	(6,651,413)
Landfill closure	(2,177,400)
Compensated absences	(2,797,573)
Net pension liability	(40,112,618)
Net other postemployment benefits liability	<u>(136,291,116)</u>
Net effect of reporting long-term liabilities	<u>(282,254,351)</u>
<b>Net Position of Governmental Activities</b>	<b><u>\$ (76,441,465)</u></b>

See accompanying notes to basic financial statements.

TOWN OF MARBLEHEAD, MASSACHUSETTS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FISCAL YEAR ENDED JUNE 30, 2025

	General Fund	Public Funds	Federal Grant Fund	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues:</b>						
Property taxes	\$ 84,790,982	\$ -	\$ -	\$ -	\$ -	\$ 84,790,982
Intergovernmental	15,341,942	-	3,689,850	-	5,848,848	24,880,640
Motor vehicle and other excises	4,799,752	-	-	-	-	4,799,752
Licenses and permits	1,312,518	-	-	-	-	1,312,518
Penalties and interest on taxes	488,909	-	-	-	-	488,909
Payments in lieu of taxes	12,796	-	-	-	-	12,796
Fines and forfeitures	70,277	-	-	-	-	70,277
Charges for services	1,685,228	-	-	-	3,511,885	5,197,113
Departmental and other revenue	-	-	-	-	2,049,889	2,049,889
Investment income	1,628,312	273,036	-	-	363,041	2,264,389
Contributions and donations	-	895,990	-	-	845,117	1,741,107
<b>Total Revenues</b>	<b>110,130,716</b>	<b>1,169,026</b>	<b>3,689,850</b>	<b>-</b>	<b>12,618,780</b>	<b>127,608,372</b>
<b>Expenditures:</b>						
<b>Current:</b>						
General government	4,904,084	-	1,184,133	154,166	405,378	6,647,761
Public safety	11,204,832	-	73,554	414,890	1,235,339	12,928,615
Education	46,890,431	-	1,273,398	248,506	5,980,939	54,393,274
Public works	5,869,155	-	1,268,031	867,933	1,385,454	9,390,573
Health and human services	871,869	192	-	6,870	479,738	1,358,669
Culture and recreation	2,341,101	18,728	-	104,209	1,182,750	3,646,788
Pension benefits	11,402,956	-	-	-	-	11,402,956
Employee benefits	13,674,853	-	-	-	-	13,674,853
State and county assessments	2,290,868	-	-	-	-	2,290,868
<b>Debt service:</b>						
Principal	7,773,648	-	-	-	7,092	7,780,740
Interest	3,479,378	-	-	-	-	3,479,378
<b>Total Expenditures</b>	<b>110,703,175</b>	<b>18,920</b>	<b>3,799,116</b>	<b>1,796,574</b>	<b>10,676,690</b>	<b>126,994,475</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(572,459)	1,150,106	(109,266)	(1,796,574)	1,942,090	613,897
<b>Other Financing Sources (Uses):</b>						
Issuance of debt	-	-	-	390,624	-	390,624
Transfers in	619,444	-	-	-	92,365	711,809
Transfers out	(154,494)	(26,000)	(56,721)	-	(206,723)	(443,938)
<b>Total Other Financing Sources (Uses)</b>	<b>464,950</b>	<b>(26,000)</b>	<b>(56,721)</b>	<b>390,624</b>	<b>(114,358)</b>	<b>658,495</b>
<b>Net Change in Fund Balances</b>	<b>(107,509)</b>	<b>1,124,106</b>	<b>(165,987)</b>	<b>(1,405,950)</b>	<b>1,827,732</b>	<b>1,272,392</b>
FUND BALANCES - Beginning of year	21,291,376	7,740,642	226,050	10,671,911	18,146,187	58,076,166
FUND BALANCES - End of year	\$ 21,183,867	\$ 8,864,748	\$ 60,063	\$ 9,265,961	\$ 19,973,919	\$ 59,348,558

See accompanying notes to basic financial statements.

TOWN OF MARBLEHEAD, MASSACHUSETTS

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FISCAL YEAR ENDED JUNE 30, 2025**

**Net Change in Fund Balances - Total Governmental Fund Balances** **\$ 1,272,392**

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. The net amounts are reflected here as reconciling items:

Capital outlays	6,972,037
Disposal of capital assets	(558,077)
Depreciation expense	<u>(8,132,410)</u>

Net effect of reporting capital assets (1,718,450)

In the Statement of Activities, Internal Service Funds established to administer the Town's health insurance and worker's compensation activities are included within the Statement of activities whereas these activities are not presented in the Statement of Revenues, Expenditures and Changes in Fund Balances.

(94,433)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither has any effect on net position. Also governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are amortized in the Statement of Activities. The net amounts are reflected here as reconciling items:

Issuance of debt	(390,624)
Amortization of premiums on bonds and notes payable	1,079,144
Repayments of debt	<u>7,780,740</u>

Net effect of reporting long-term debt 8,469,260

Revenues in the Statement of Activities that do not provide current financial resources are unavailable in the Statement of Revenues, Expenditures and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable differ between the two statements. The amount presented represents the difference in unavailable revenue.

(579,452)

In the Statement of Activities, interest is accrued on outstanding long-term debt; whereas in governmental funds interest is not reported until due. The net amount presented here as a reconciling item represents the difference in accruals between this year and the prior year.

17,996

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

Landfill closure	114,600
Compensated absences	(968,517)
Pension benefits	2,066,190
Other postemployment benefits	<u>10,807,504</u>

Net effect of reporting long-term liabilities 12,019,777

**Change in Net Position of Governmental Activities** **\$ 19,387,090**

See accompanying notes to basic financial statements.

TOWN OF MARBLEHEAD, MASSACHUSETTS

STATEMENT OF NET POSITION  
 PROPRIETARY FUNDS  
 JUNE 30, 2025

	Business-Type Activities				Total Enterprise Funds	Governmental
	Water	Sewer	Harbor	Municipal Light (December 31, 2024)		Internal Service Funds
<b>Assets</b>						
<b>Current assets:</b>						
Cash and cash equivalents	\$ 5,392,784	\$ 7,434,260	\$ 1,426,505	\$ 8,158,591	\$ 22,412,140	\$ 1,371,702
Investments	-	-	-	-	-	-
Receivables (net):						
Boat excise taxes	-	-	42,962	-	42,962	-
User charges	2,173,330	2,330,765	-	2,901,569	7,405,664	-
Inventory	-	-	-	266,947	266,947	-
Other assets	-	-	-	232,810	232,810	-
Purchased power advanced deposits	-	-	-	1,646,709	1,646,709	-
<b>Total current assets</b>	<b>7,566,114</b>	<b>9,765,025</b>	<b>1,469,467</b>	<b>13,206,626</b>	<b>32,007,232</b>	<b>1,371,702</b>
<b>Noncurrent assets:</b>						
Funds on deposit with Town Treasurer	-	-	-	10,971,713	10,971,713	-
Other assets	-	-	-	1,399,894	1,399,894	-
Investment in joint venture	-	2,061,986	-	-	2,061,986	-
Capital assets not being depreciated	49,426	115,466	2,044,077	6,592,679	8,801,648	-
Capital assets, net of accumulated depreciation	20,218,993	13,599,039	1,721,817	13,131,540	48,671,389	-
<b>Total noncurrent assets</b>	<b>20,268,419</b>	<b>15,776,491</b>	<b>3,765,894</b>	<b>32,095,826</b>	<b>71,906,630</b>	<b>-</b>
<b>Total Assets</b>	<b>27,834,533</b>	<b>25,541,516</b>	<b>5,235,361</b>	<b>45,302,452</b>	<b>103,913,862</b>	<b>1,371,702</b>
<b>Deferred Outflows of Resources</b>						
Related to net pension liability	51,497	61,268	31,346	1,796,639	1,940,750	-
Related to net other postemployment benefit liability	266,731	286,791	182,169	558,102	1,293,793	-
<b>Total Deferred Outflows of Resources</b>	<b>318,228</b>	<b>348,059</b>	<b>213,515</b>	<b>2,354,741</b>	<b>3,234,543</b>	<b>-</b>
<b>Liabilities</b>						
<b>Current liabilities:</b>						
Warrants and accounts payable	1,740,768	615,035	48,905	1,967,954	4,372,662	36,554
Accrued payroll and withholdings	26,855	27,717	15,186	-	69,758	-
Customer deposits	-	-	-	240,181	240,181	-
Other liabilities	5,368	-	-	-	5,368	-
Compensated absences	80,928	90,616	36,590	126,782	334,916	-
Workers' compensation	-	-	-	-	-	341,760
Bonds and notes payable	545,815	-	-	322,818	868,633	-
<b>Total current liabilities</b>	<b>2,399,734</b>	<b>733,368</b>	<b>100,681</b>	<b>2,657,735</b>	<b>5,891,518</b>	<b>378,314</b>
<b>Noncurrent liabilities:</b>						
Workers' compensation	-	-	-	-	-	1,025,281
Net other postemployment benefit liability	2,085,991	2,242,877	1,424,667	3,340,487	9,094,022	-
Net pension liability	1,092,175	1,299,386	664,803	7,079,400	10,135,764	-
Bonds and notes payable	2,588,575	-	-	3,066,140	5,654,715	-
<b>Total noncurrent liabilities</b>	<b>5,766,741</b>	<b>3,542,263</b>	<b>2,089,470</b>	<b>13,486,027</b>	<b>24,884,501</b>	<b>1,025,281</b>
<b>Total Liabilities</b>	<b>8,166,475</b>	<b>4,275,631</b>	<b>2,190,151</b>	<b>16,143,762</b>	<b>30,776,019</b>	<b>1,403,595</b>
<b>Deferred Inflows of Resources</b>						
Contributions in aid of construction	-	-	-	200,582	200,582	-
Rate stabilization reserve	-	-	-	3,899,748	3,899,748	-
Related to net pension liability	33,878	40,305	20,621	388,056	482,860	-
Related to net other postemployment benefit liability	836,044	898,922	570,992	3,366,947	5,672,905	-
<b>Total Deferred Inflows of Resources</b>	<b>869,922</b>	<b>939,227</b>	<b>591,613</b>	<b>7,855,333</b>	<b>10,256,095</b>	<b>-</b>
<b>Net Position</b>						
Net investment in capital assets	17,134,029	13,714,505	3,765,894	16,797,455	51,411,883	-
Restricted for:						
Depreciation	-	-	-	7,095,396	7,095,396	-
Unrestricted	1,982,335	6,960,212	(1,098,782)	(234,753)	7,609,012	(31,893)
<b>Total Net Position</b>	<b>\$ 19,116,364</b>	<b>\$ 20,674,717</b>	<b>\$ 2,667,112</b>	<b>\$ 23,658,098</b>	<b>\$ 66,116,291</b>	<b>\$ (31,893)</b>

See accompanying notes to basic financial statements.

**TOWN OF MARBLEHEAD, MASSACHUSETTS**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
**FISCAL YEAR ENDED JUNE 30, 2025**

	Business-Type Activities				Total Enterprise Funds	Governmental Activities
	Water	Sewer	Harbor	Municipal Light (December 31, 2024)		Internal Service Funds
Operating Revenues:						
Charges for services	\$ 7,491,489	\$ 7,351,771	\$ 1,106,151	\$ 21,357,749	\$ 37,307,160	\$ -
Employer contributions	-	-	-	-	-	398,000
<b>Total Operating Revenues</b>	<b>7,491,489</b>	<b>7,351,771</b>	<b>1,106,151</b>	<b>21,357,749</b>	<b>37,307,160</b>	<b>398,000</b>
Operating Expenses:						
Cost of services and administration	1,712,761	1,586,654	994,697	17,081,117	21,375,229	-
Operating assessments	3,043,998	2,677,972	-	-	5,721,970	-
Depreciation	681,817	523,102	151,391	2,126,907	3,483,217	-
Employee benefits	-	-	-	-	-	504,492
<b>Total Operating Expenses</b>	<b>5,438,576</b>	<b>4,787,728</b>	<b>1,146,088</b>	<b>19,208,024</b>	<b>30,580,416</b>	<b>504,492</b>
Operating Income (Loss)	2,052,913	2,564,043	(39,937)	2,149,725	6,726,744	(106,492)
Nonoperating Revenues (Expenses):						
Boat excise taxes	-	-	135,129	-	135,129	-
Intergovernmental	-	-	42,500	161,464	203,964	-
Investment income	275,710	412,934	86,144	912,568	1,687,356	12,059
Interest expense	-	-	-	(115,210)	(115,210)	-
<b>Total Nonoperating Revenues (Expenses)</b>	<b>275,710</b>	<b>412,934</b>	<b>263,773</b>	<b>958,822</b>	<b>1,911,239</b>	<b>12,059</b>
Income Before Capital Contributions and Transfers	2,328,623	2,976,977	223,836	3,108,547	8,637,983	(94,433)
Capital contributions	66,250	-	328,053	-	394,303	-
Transfers in	-	62,129	-	-	62,129	-
Transfers out	-	-	-	(330,000)	(330,000)	-
<b>Total Capital Contributions and Transfers</b>	<b>66,250</b>	<b>62,129</b>	<b>328,053</b>	<b>(330,000)</b>	<b>126,432</b>	<b>-</b>
Change in Net Position	2,394,873	3,039,106	551,889	2,778,547	8,764,415	(94,433)
Total Net Position - As previously reported	16,721,491	17,635,611	2,115,223	21,529,212	58,001,537	62,540
Change in OPEB measurement date	-	-	-	(649,661)	(649,661)	-
Total Net Position - As restated (see Note IV)	16,721,491	17,635,611	2,115,223	20,879,551	57,351,876	62,540
<b>Total Net Position - End of the Year</b>	<b>\$ 19,116,364</b>	<b>\$ 20,674,717</b>	<b>\$ 2,667,112</b>	<b>\$ 23,658,098</b>	<b>\$ 66,116,291</b>	<b>\$ (31,893)</b>

See accompanying notes to basic financial statements.

TOWN OF MARBLEHEAD, MASSACHUSETTS

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 FISCAL YEAR ENDED JUNE 30, 2025

	Business-Type Activities				Total Enterprise Funds	Governmental
	Water	Sewer	Harbor	Municipal Light December 31, 2024		Internal Service Funds
Cash Flows from Operating Activities:						
Receipts from users	\$ 7,375,977	\$ 7,163,433	\$ 1,106,151	\$ 21,403,308	\$ 37,048,869	\$ -
Receipts from interfund services provided	-	-	-	-	-	398,000
Payments to employees	(925,370)	(993,368)	(444,158)	(2,459,038)	(4,821,934)	-
Payments to vendors	(2,289,896)	(3,397,953)	(659,155)	(14,677,561)	(21,024,565)	-
Payments for interfund services used	-	-	-	-	-	(529,184)
Net Cash Provided by (Used in) Operating Activities	4,160,711	2,772,112	2,838	4,266,709	11,202,370	(131,184)
Cash Flows from Noncapital Financing Activities:						
Boat excise taxes	-	-	129,467	-	129,467	-
Intergovernmental grants	-	-	42,500	161,464	203,964	-
Transfers in	-	62,129	-	-	62,129	-
Transfers out	-	-	-	(330,000)	(330,000)	-
Net Cash Provided by Noncapital Financing Activities	-	62,129	171,967	(168,536)	65,560	-
Cash Flows from Capital and Related Financing Activities:						
Proceeds from capital contributions	66,250	-	328,053	-	394,303	-
Proceeds from the issuance of bonds and notes	198,750	-	-	-	198,750	-
Acquisition and construction of capital assets	(4,174,178)	(1,311,889)	(431,455)	(2,495,599)	(8,413,121)	-
Principal payments on bonds and notes	(525,940)	-	-	(312,549)	(838,489)	-
Interest payments on bonds and notes	-	-	-	(115,210)	(115,210)	-
Net transfers from depreciation fund	-	-	-	357,772	357,772	-
Net Cash Used in Capital and Related Financing Activities	(4,435,118)	(1,311,889)	(103,402)	(2,565,586)	(8,415,995)	-
Cash Flows from Investing Activities:						
Investment income	275,710	412,934	86,144	486,408	1,261,196	12,059
Net transfers to rate stabilization fund	-	-	-	(1,500,000)	(1,500,000)	-
Net Cash Provided by (Used in) Investing Activities	275,710	412,934	86,144	(1,013,592)	(238,804)	12,059
Net Change in Cash and Cash Equivalents	1,303	1,935,286	157,547	518,995	2,613,131	(119,125)
Cash and Cash Equivalents:						
Beginning of the year	5,391,481	5,498,974	1,268,958	7,639,596	19,799,009	1,490,827
End of the year	\$ 5,392,784	\$ 7,434,260	\$ 1,426,505	\$ 8,158,591	\$ 22,412,140	\$ 1,371,702
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:						
Operating Income (Loss)	\$ 2,052,913	\$ 2,564,043	\$ (39,937)	\$ 2,149,725	\$ 6,726,744	\$ (106,492)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation	681,817	523,102	151,391	2,126,907	3,483,217	-
Loss on disposal of capital assets	62,540	-	-	-	62,540	-
Rate stabilization reserve	-	-	-	823,807	823,807	-
Pension expense	-	-	-	670,759	670,759	-
Other postemployment benefits expense	-	-	-	(796,115)	(796,115)	-
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources:						
Receivables	(115,512)	(188,338)	-	47,459	(256,391)	-
Inventory	-	-	-	(8,191)	(8,191)	-
Other assets	-	-	-	23,226	23,226	-
Investment in joint venture	-	(472,567)	-	-	(472,567)	-
Deferred outflows of resources	162,538	180,360	102,793	(803,483)	(357,792)	-
Warrants payable	1,694,859	567,112	25,170	241,864	2,529,005	27,950
Accrued payroll and related expenses	2,027	21,071	5,750	-	28,848	-
Customer deposits	-	-	-	(1,900)	(1,900)	-
Other liabilities	2,900	-	-	-	2,900	-
Workers' compensation	-	-	-	-	-	(52,642)
Net other postemployment liability	(73,559)	(79,091)	(50,238)	(207,349)	(410,237)	-
Net pension liability	(74,287)	(88,380)	(45,217)	-	(207,884)	-
Deferred inflows of resources	(235,525)	(255,200)	(146,874)	-	(637,599)	-
Net Cash Provided by (Used in) Operating Activities	\$ 4,160,711	\$ 2,772,112	\$ 2,838	\$ 4,266,709	\$ 11,202,370	\$ (131,184)

See accompanying notes to basic financial statements.

**TOWN OF MARBLEHEAD, MASSACHUSETTS**

**STATEMENT OF FIDUCIARY NET POSITION**

**JUNE 30, 2025**

	Pension and Other Benefits Trust Funds	Private Purpose Trust Funds
<b>Assets</b>		
Cash and cash equivalents	\$ 415,590	\$ 1,214,258
Investments:		
U.S. government obligations	652,704	1,016,476
Corporate fixed income	455,886	1,524,714
Common stock	2,122,223	1,089,082
Equity mutual funds	1,141,716	-
Fixed income mutual funds	370,857	-
Pension Reserve Investment Trust	135,804,686	-
Other receivables	6,267	-
Capital assets not being depreciated	-	2,045
Capital assets, net of accumulated depreciation	-	75,008
	<b>Total Assets</b>	<b>4,921,583</b>
<b>Liabilities</b>		
Warrants payable	3,244	107,052
	<b>Total Liabilities</b>	<b>107,052</b>
<b>Net Position</b>		
Restricted for pensions	133,223,002	-
Restricted for other postemployment benefits	7,743,683	-
Restricted for private purposes	-	4,814,531
	<b>Total Net Position</b>	<b>4,814,531</b>
	<b>\$ 140,966,685</b>	<b>\$ 4,814,531</b>

See accompanying notes to basic financial statements.

**TOWN OF MARBLEHEAD, MASSACHUSETTS**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FISCAL YEAR ENDED JUNE 30, 2025**

	Pension and Other Benefits Trust Funds	Private Purpose Trust Funds
<b>Additions</b>		
Contributions:		
Employer	\$ 13,041,982	\$ -
Employee	2,518,896	-
Other	882,134	91,286
Total contributions	<u>16,443,012</u>	<u>91,286</u>
Investment income:		
Interest and dividends	3,470,772	202,147
Net appreciation in fair value of investments	8,996,480	-
Less - investment management fees	(639,324)	-
Net investment earnings	<u>11,827,928</u>	<u>202,147</u>
Other income	<u>9,593</u>	<u>-</u>
<b>Total Additions</b>	<u>28,280,533</u>	<u>293,433</u>
<b>Deductions</b>		
Retiree benefits	17,744,590	-
Member refunds	390,150	-
Transfers and reimbursements to other systems	725,081	-
Payroll expenses of the System	130,078	-
Other administrative expenses	62,273	17,279
Educational scholarships	-	117,000
Depreciation	-	10,038
<b>Total Deductions</b>	<u>19,052,172</u>	<u>144,317</u>
CHANGE IN NET POSITION	9,228,361	149,116
NET POSITION - As previously reported	131,738,324	4,665,415
Error correction	-	-
NET POSITION - As restated (see Note IV)	<u>131,738,324</u>	<u>4,665,415</u>
<b>NET POSITION AT END OF YEAR</b>	<u>\$ 140,966,685</u>	<u>\$ 4,814,531</u>

See accompanying notes to basic financial statements.

## TOWN OF MARBLEHEAD, MASSACHUSETTS

### NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2025

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#### **I. Summary of Significant Accounting Policies**

The accompanying basic financial statements of the Town have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to state and local governments. GAAP is prescribed by the Governmental Accounting Standards Board (GASB), which is the primary standard-setting body for state and local government entities. The following is a summary of the more significant policies and practices used by the Town:

##### **A. Reporting Entity**

The Town is located in Essex County, sixteen miles northeast of Boston and was incorporated as a Town in 1649. An elected five-member Select Board (“the Board”) governs the Town and an appointed Town Administrator oversees the Town’s daily executive and administrative duties. The Town follows the open town meeting form of government. The Town provides governmental services for the territory within its boundaries, including police and fire protection, disposal of garbage and rubbish, public education in grades K-12, water and sewer services, harbor management, street maintenance, parks and recreational facilities.

Component units, while separate entities, are in substance part of the governmental operations if the significance of their operations and/or financial relationship with the Town meet certain criteria. Pursuant to these criteria there are no component units required to be included in the financial statements.

The South Essex Sewerage District (“the District”) is a joint venture of five area communities for the operation of a septage disposal facility. The members share in overseeing the operations of the District. Each member is responsible for its proportionate share of the operational costs of the District, which are paid in the form of assessments. As of June 30, 2025, the Town’s equity interest in the operations of the District is approximately \$2.1 million, which is recorded in the Sewer Enterprise Fund. Complete audited financial statements can be obtained directly from their administrative offices located at 50 Fort Avenue, Salem, Massachusetts 01970.

The Town is a member community of the Essex North Shore Agricultural and Technical School District that provides educational services to seventeen area communities. This joint venture assesses each community its share of operational and debt service costs based on student population and other factors. In fiscal year 2025, the Town’s share of the operating and debt service expenses was \$468,057. There is no equity interest reported in these financial statements. Complete audited financial statements can be obtained directly from the District’s administrative office located at 565 Maple Street, Danvers, Massachusetts 01923.

*Availability of Financial Information of Certain Town Enterprise Funds* – The Marblehead Municipal Light Department issues separate stand-alone financial statements which may be obtained by contacting the Light Department at 7 Widger Road, Marblehead, MA 01945.

## B. Government-Wide and Fund 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 non-fiduciary activities of the primary government and its component units. 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 primarily on fees and charges for support.

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

Major Fund Criteria – Major funds must be reported if both of the following criteria are met:

- 1) The total assets and deferred outflows, liabilities and deferred inflows, revenues, or expenditures/expenses of an individual governmental or enterprise fund are at least ten percent of the corresponding element (assets and deferred outflows, liabilities and deferred inflows, etc.) for all funds of that category or type (total governmental or total enterprise funds), and
- 2) The total assets and deferred outflows, liabilities and deferred inflows, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least five percent of the corresponding element for all governmental and enterprise funds combined.

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

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Under this method, revenues are recorded when earned and expenses are recorded when a liability is incurred. Property taxes are recognized as revenues in the fiscal year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is 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*.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when susceptible to accrual (i.e. 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. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, certain compensated absences, claims and judgments which are recognized when the obligations are expected to be liquidated with current expendable available resources.

The Town considers property tax revenues to be available if they are material and collected within 60 days after the end of the fiscal year. Investment income associated with the current fiscal period is susceptible to accrual and has been recognized as revenue of the current fiscal period. All other revenue items are considered to be measurable and available only when the cash is received and are recognized as revenue at that time.

The government reports the following major Governmental Funds:

General Fund – is the government’s primary operating fund. It accounts for all financial resources of the general government except those required to be accounted for in another fund.

Public Funds – are the Town’s permanent funds which are used to account for financial resources that are restricted to the extent that only earnings, not principal, may be used for purposes that support the governmental programs.

Federal Grant Fund – is used to account for activities of the Town’s federal grant programs.

Capital Projects Fund – is used to account for financial resources that are restricted, committed or assigned to expenditures for capital outlays.

Nonmajor Governmental Funds – consist of special revenue funds that are aggregated and presented in the Nonmajor Governmental Funds column on the Governmental Funds financial statements. The following describes the general use of these fund types:

The Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

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 the liabilities are incurred.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* 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 are user charges and fees, while operating expenses consist of salaries, ordinary maintenance, assessments, indirect costs and depreciation. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The government reports the following major proprietary funds:

Water Enterprise Fund – is used to account for the operation of the Town’s water activities.

Sewer Enterprise Fund – is used to account for the operation of the Town’s sewer activities.

Harbor Enterprise Fund – is used to account for the operation of the Town’s harbor activities.

Municipal Light Enterprise Fund – is used to account for the operation of the Town’s electricity activities.

Additionally, the following proprietary fund type is reported:

Internal Service Fund – is used to account for the Town’s self-insured workers’ compensation activities. Because these services primarily benefit governmental rather than business-type activities, they have been included within *governmental activities* in the government-wide financial statements.

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

The government reports the following fiduciary funds:

Pension and Other Postemployment Benefits Trust Fund – is used to account for the activities of the System, which accumulates resources for pension benefits to retired Town employees and to account for funds accumulated by the Town to assist it in its future payments of other postemployment benefits for retirees such as health and life insurance.

Private-Purpose Trust Fund – is used to account for trust arrangements under which principal and income benefit individuals, private organizations or other governments. This fund is primarily used for educational scholarships and assistance to needy citizens.

#### **D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance**

Deposits and Investments – The Town’s cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments of the Town are recorded at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

Receivables – Real estate and personal property taxes are assessed on January 1 every year. Bills are sent quarterly and are due on August 1, November 1, February 1, and May 1, or thirty days subsequent to the mailing date. Interest accrues on delinquent taxes at the rate of 14% per annum. Motor vehicle and boat excise are billed annually for each vehicle and boat registered in the Town based on reporting from the Commonwealth of Massachusetts. Water, sewer and light user fees are billed based on individual meter readings and are subject to interest and penalties if not paid by the respective due dates. Property taxes, motor vehicle and boat excise taxes and water and sewer user fees are recorded as receivables in the fiscal year of the levy.

Real estate taxes and water and sewer user fees are secured through a lien process within 60 days after the due date and are considered 100% collectible. Accordingly, an allowance for uncollectible balances for these receivables is not reported. All personal property tax and excise tax receivables are shown net of an allowance for uncollectible balances comprised of those

outstanding amounts greater than five years old. Other receivables are shown net of an allowance for uncollectible balances based on historical trends and specific account analysis.

The Town's lease receivable is measured at the present value of lease payments expected to be received during the lease terms. The payments are recorded as an inflow of resources in the period the payments are received. Deferred inflows are recorded at the initiation of the leases in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized using the effective interest method over the terms of the leases.

Inventories – Inventories are considered to be expenditures at the time of purchase except for the Municipal Light Enterprise Fund where inventories of parts and accessories purchased for use in the utility business for construction, operation and maintenance purposes are stated at average cost. Inventories of both the Governmental Funds and Enterprise Funds, except for the Municipal Light Fund, are not material in total to the basic financial statements.

Capital Assets – Capital assets, which include land, land improvements, buildings and improvements, machinery and equipment, vehicles and infrastructure (e.g. roads, water and sewer mains, and similar items), are reported in the applicable governmental, business-type activity and fiduciary columns in the government-wide and fund based financial statements. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value rather than fair value. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

All purchases and construction costs in excess of \$25,000 are capitalized at the date of acquisition or construction, respectively, with expected lives of greater than one year. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets (excluding land and construction-in-process) are depreciated by the Town on a straight-line-basis over the following estimated useful lives:

Land improvements	10-30 years
Buildings and improvements	6-40 years
Machinery, vehicles and equipment	3-15 years
Light plant and equipment	20 years
Piers	15-75 years
Infrastructure	5-50 years

Interfund Balances – Activity between funds that are representative of lending arrangements outstanding at the end of the fiscal year are referred to as either *due to/from other funds* or *advances to/from other funds*. All other outstanding balances between funds are reported as due to/from other funds.

Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as *internal balances*.

Interfund Transfers – During the course of its operations, resources are permanently reallocated between and within funds. These transactions are reported as transfers in and transfers out in the individual fund statements. Transfers between and within governmental and fiduciary funds are

eliminated from the governmental activities in the statement of activities. Any residual balances outstanding between the governmental activities and the business-type activities are reported in the statement of activities as *transfers, net*.

*Investment Income* – Excluding the permanent endowment funds, investment income derived from major and nonmajor governmental funds is legally assigned to the general fund unless otherwise directed by state law. Investment income of the proprietary funds is retained by those funds. Net appreciation on permanent endowment funds is reported in expendable permanent funds in the governmental activities.

*Compensated Absences* – It is the Town’s policy to permit employees to accumulate earned but unused vacation and sick time. Unused vacation time is accrued when it is more likely than not to be used for time off or otherwise paid in cash or settled through non-cash means. Sick leave is accumulated at various rates based on individual collective bargaining agreements and is accrued only to the extent that leave is more likely than not to be used for time off or otherwise paid in cash or settled through non-cash means. It is assumed that when sick leave is taken the leave hours earned last are the first ones utilized or paid. Compensated absence liabilities related to both governmental and business-type activities are normally paid from the funds reporting payroll and related expenditures. Amounts related to these benefits are estimated and recorded in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in Governmental Funds only if they have matured.

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

In the governmental fund financial statements, the face amount of long-term debt issued is reported as other financing sources. Premiums received on a debt issuance are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are exclusively reported as general government expenditures regardless of whether they are withheld from the actual proceeds.

*Deferred Outflows/Inflows of Resources* – In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represent a consumption of net assets that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town has two types of items that are reported on the government-wide statement of net position which relate to outflows from changes in the net pension liability and the other postemployment benefit liability. The deferred pensions will be recognized in pension expense in future years as more fully described in Note III, subsection A. The deferred other postemployment benefits will be recognized in employee benefits expense in future years as more fully described in Note III, subsection B.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represent an acquisition of net assets that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The Town has six items that are reported as deferred inflows of resources. The first arises under a modified accrual basis of accounting and, accordingly, the item *unavailable revenue* is reported in the governmental funds balance sheet. The governmental funds report unavailable revenues from

four sources: property taxes, excise taxes, leases and other. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The other items are reported on the government-wide statement of net position and relate to inflows from leases, changes in the net pension liability and the other postemployment benefit liability, contribution in aid of construction and a provision for rate stabilization. The deferred lease revenues will be recognized in charges for services and investment income in future years as more fully described in Note II, subsection B. The deferred pensions will be recognized in pension expense in future years as more fully described in Note III, subsection A. The deferred other postemployment benefits will be recognized in employee benefits expense in future years as more fully described in Note III, subsection B.

Net Position – In the government-wide financial statements, net position reported as “net investment in capital assets” includes capital assets, net of accumulated depreciation, less the principal balance of outstanding debt used to acquire capital assets. Unspent proceeds of capital related debt are not considered to be capital related debt.

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

*Nonexpendable permanent funds* represent the endowment portion of donor restricted trusts that support governmental programs.

*Expendable permanent funds* represent the spendable portion of donor restricted trusts that support governmental programs.

*Depreciation* represents amounts restricted in the Municipal Light Enterprise Fund for the statutory reserve for funded depreciation in accordance with Massachusetts General Law which is restricted for renewals in excess of ordinary repairs, system expansion and specific debt costs.

*Gifts and grants* represent assets that have restrictions placed on them from federal and state granting agencies and other private donors for specific governmental programs and uses.

Fund Balance – In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily to the extent in which the Town is required to honor constraints on the specific purpose for which amounts in the funds can be spent.

Fund balance is reported in five components – nonspendable, restricted, committed, assigned, and unassigned as described below:

*Nonspendable* represents amounts that cannot be spent because they are either (a) not in spendable form (i.e. inventory or prepaid) or (b) legally or contractually required to be maintained intact such as the corpus of an endowment.

*Restricted* represents amounts that have constraints placed either externally by third-parties (creditors, grantors, contributors, or laws or regulations of other governments) or by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the Town to assess, levy, charge or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement (compelled by external

parties) that those resources be used only for the specific purposes stipulated in the legislation.

*Committed* represents amounts that can only be used for specific purposes pursuant to formal action of the Town Meeting through Town Meeting Articles, which represent the most binding constraint that give rise to committed fund balance. Those committed amounts cannot be used for any other purpose unless the Town Meeting removes or changes the specified use by taking the same type of action (through Town Meeting Articles) it employed previously to commit those amounts.

*Assigned* represents amounts that are constrained by the Town's intent to be used for specific purposes but are neither restricted nor committed. The Select Board has by ordinance authorized the Finance Director to assign fund balance. The Town Meeting may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget.

*Unassigned* represents amounts that have not been restricted, committed or assigned to specific purposes within the general fund. The general fund is the only fund that reports a positive unassigned fund balance amount. Other governmental funds besides the general fund can only report a *negative* unassigned fund balance amount.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources (committed, assigned and unassigned) as they are needed. When unrestricted resources (committed, assigned and unassigned) are available for use it is the Town's policy to use committed resources first, then assigned, and then unassigned as they are needed.

The Town has not established financial policies with respect to maintaining minimum fund balance amounts.

*Stabilization Funds* – The Town maintains a general stabilization fund, in accordance with Massachusetts General Law Chapter 40, Section 5B. The fund may be used for any municipal purpose upon the condition of a two-thirds vote of the Town Meeting. The balance of the fund totals \$557,204 at June 30, 2025 and is reported as unassigned fund balance in the General Fund. Amounts are appropriated into the fund by a majority vote of the Town Meeting. There are no requirements to make annual contributions to this fund.

*Encumbrances* – The Town's encumbrance policy regarding the general fund is to (1) classify encumbrances that arise from the issuance of purchase orders resulting from normal purchasing activity approved by the Finance Department as assigned, and (2) classify encumbrances that result from an action of the Town Meeting as committed. Encumbrances of funds already restricted, or committed are included within the classification of those fund balances and not reported separately. The Town reports \$2,877 of encumbrances from normal purchasing activity in the general fund as assigned and \$2,014,886 of encumbrances from Town Meeting Articles in the general fund as committed. There are no encumbrances reported in any other fund.

The following table reflects the Town's fund balance categorizations:

	General	Public Funds	Federal Grant Fund	Capital Projects	Nonmajor Governmental	Total
<b>Nonspendable:</b>						
Permanent fund principal	\$ -	\$ 3,855,862	\$ -	\$ -	\$ -	\$ 3,855,862
Inventory	-	-	-	-	21,096	21,096
<b>Restricted:</b>						
Public funds	-	5,008,886	-	-	-	5,008,886
Federal grants	-	-	60,063	-	-	60,063
Building capital projects	-	-	-	8,011,464	-	8,011,464
Other capital projects	-	-	-	2,405,200	-	2,405,200
State grants	-	-	-	-	2,216,001	2,216,001
Other grants	-	-	-	-	1,028,564	1,028,564
Revolving funds	-	-	-	-	9,063,019	9,063,019
Receipts reserved for appropriation	-	-	-	-	1,222,684	1,222,684
Gifts	-	-	-	-	861,832	861,832
Special revenue trust fund	-	-	-	-	5,014,213	5,014,213
Highway improvement fund	-	-	-	-	210,547	210,547
Student activity fund	-	-	-	-	335,963	335,963
<b>Committed:</b>						
General government buildings	25,624	-	-	-	-	25,624
General government other capital	88,083	-	-	-	-	88,083
Public safety buildings	49,516	-	-	-	-	49,516
Public safety equipment	205,392	-	-	-	-	205,392
School capital	504,993	-	-	-	-	504,993
Roadways	17,389	-	-	-	-	17,389
Walls and fences	123,292	-	-	-	-	123,292
Drain construction	434,971	-	-	-	-	434,971
Public works equipment	113,257	-	-	-	-	113,257
Public works other capital	427,620	-	-	-	-	427,620
Other purposes	24,749	-	-	-	-	24,749
<b>Assigned:</b>						
Other purposes	2,877	-	-	-	-	2,877
Subsequent years' budget	9,290,000	-	-	-	-	9,290,000
Unassigned	9,876,104	-	-	(1,150,703)	-	8,725,401
	<u>\$21,183,867</u>	<u>\$ 8,864,748</u>	<u>\$ 60,063</u>	<u>\$ 9,265,961</u>	<u>\$19,973,919</u>	<u>\$59,348,558</u>

#### E. Excess of Expenditures Over Appropriations and Deficits

The Town incurred individual fund deficits totaling \$1,150,703 in the capital projects major fund. These deficits will be funded through grants and other available funds in future fiscal years.

#### F. Use of Estimates

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

## II. Detailed Notes to All Funds

### A. Deposits and Investments

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

State laws and regulations require the Town to invest funds only in pre-approved investment instruments which include but are not necessarily limited to bank deposits, money markets, certificates of deposit, U.S. obligations, repurchase agreements, and the State Treasurer's investment pool (the Pool). In addition, the statutes impose various limitations on the amount and length of investments and deposits. Repurchase agreements cannot be for a period of over ninety days, and the underlying security must be a United States obligation.

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

The pension system and the Light Department OPEB Trust Fund participates in the Commonwealth of Massachusetts' Pension Reserves Investment Trust (PRIT) Fund which is a pooled investment fund that meets the criteria of an external investment pool. The Pension Reserves Investment Management (PRIM) Board is charged with the general supervision of the PRIT Fund. The fair value of the position in the PRIT Fund is the same as the value of the PRIT shares.

Custodial Credit Risk: Deposits - In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Town's policy limits unsecured bank deposits to no more than 10% of the Town's cash. At the year-end, the Town was not in compliance with this policy. At year-end, the carrying amount of the Town's deposits (excluding the Light Department) was \$69,588,901 and the bank balance was \$75,911,156. Of the Town's bank balance, \$50,891,410 was covered by federal depository insurance or the Depositor's Insurance Fund; \$22,172,685 was collateralized and the remainder was exposed to custodial credit risk because it was uninsured and uncollateralized. Included in the Town's carry amount of cash are bank certificates of deposit totaling \$3,502,799, which are fully insured. Bank deposits of the Light Department are pooled with, or in the same financial institution as, Town operated funds and therefore specific collateralization information on these deposits is not available.

At December 31, 2024, the carrying amount of deposits for the System totaled \$51,425 and the bank balance of \$124,436 was fully covered by federal depository insurance.

Custodial Credit Risk: Investments – In the case of investments, this is the risk that in the event of the invested party not being able to provide required payments to investors, ceasing to exist, or filing of bankruptcy, the Town may not be able to recover the full amount of its principal investment and/or investment earnings. The primary objective of the Town's investment policy for custodial credit risk is to minimize the risk to investment principal through the careful selection of investment custodians. The Town's investments in the MMDT and PRIT are not exposed to custodial credit risk as their existence is not evidenced by securities that exist in physical or book form. The Town's other investments are not subject to custodial credit risk because the investments are either held by the Town or are registered in the name of the Town.

*Fair Value of Investments* – The Town reports its investments at fair value. The Town categorizes its fair value measurements within the fair value hierarchy established by GAAP. This hierarchy is based on valuation inputs used to measure the fair value of the asset or liability.

The three levels of the hierarchy are as follows:

- *Level 1* – Inputs are quoted prices in active markets for identical investments at the measurement date.
- *Level 2* – Inputs (other than quoted prices included in Level 1) are either directly or indirectly observable for the investment through correlation with market data at the measurement date and for the duration of the instrument’s anticipated life.
- *Level 3* – Inputs reflect the Town’s best estimate of what market participants would use in pricing the investment at the measurement date.

The following table presents the Town’s investments carried at fair value on a recurring basis in the statement of net position at June 30, 2025 (excluding the System and Light Department):

	Amount	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
<b>Investments by fair value level</b>				
Debt securities:				
U.S. government obligations	\$ 3,841,796	\$ 3,773,839	\$ 67,957	\$ -
Corporate fixed income securities	5,169,108	-	5,169,108	-
Fixed income mutual funds	370,857	-	370,857	-
Fixed income exchange traded funds	71,762	71,762	-	-
Total debt securities	9,453,523	3,845,601	5,607,922	-
Equity securities:				
Equity mutual funds	1,141,716	-	1,141,716	-
Common stock	7,381,720	7,381,720	-	-
Total equity securities	8,523,436	7,381,720	1,141,716	-
Total investments by fair value level	\$ 17,976,959	\$ 11,227,321	\$ 6,749,638	\$ -
<b>Investments measured at amortized cost</b>				
State investment pool (MMDT)	8,038,641			
Money market mutual funds	152,098			
Total investments	\$ 26,167,698			

Debt and equity securities classified in Level 1 are valued using prices quoted in active markets for those securities. Corporate fixed income securities, U.S. governmental obligations and mutual funds classified in Level 2 are valued using matrix pricing based on the securities’ relationship to benchmark quoted prices. The State Treasurer’s investment pool (MMDT) is valued at amortized cost. The MMDT’s investment advisor may value the pool using an alternative valuation method that more accurately reflects the fair value in accordance with the pools fair value pricing policies should amortized cost not approximate the fair value of the pool. There are no restrictions or limits on withdrawals from the pool and no direct fees are charged to participants.

The Light Department's investment in PRIT at December 31, 2024 are valued at \$2,789,560 using the net asset value method.

The System's investments in PRIT at December 31, 2024 are valued at \$133,015,126 using the net asset value method. The System does not have the ability to control any of the investment decisions relative to its investments in PRIT.

Interest Rate Risk – The Town limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The Town's policy limits investments of operating funds to one year or less.

At June 30, 2025, the Town had the following investments with maturities:

Investment Type	Amount	Time Until Maturity (Years)		
		Less Than 1	1-5	6-10
U.S. government obligations	\$ 3,841,796	\$ 641,285	\$ 3,119,045	\$ 81,466
Corporate fixed income securities	5,169,108	984,146	4,075,506	109,456
Fixed income exchange traded funds	71,762	-	-	71,762
State investment pool (MMDT)	8,038,641	8,038,641	-	-
Money market mutual funds	152,098	152,098	-	-
Total investments with maturities	<u>\$ 17,273,405</u>	<u>\$ 9,816,170</u>	<u>\$ 7,194,551</u>	<u>\$ 262,684</u>

Concentration of Credit Risk – The Town has adopted a policy to limit the amount of investments that may be invested in a single issuer to 5% of the Town's investments. The Town did not have more than 5% of its investments in any one individual security.

Credit Risk – The Town has not adopted a policy related to credit risk.

At June 30, 2025, the credit quality ratings of investments were as follows:

	Corporate Fixed Income	U.S. Government Obligations	Total
AAA	\$ 606,687	\$ -	\$ 606,687
AA+	35,124	3,841,796	3,876,920
AA	65,738	-	65,738
AA-	28,256	-	28,256
A+	1,243,049	-	1,243,049
A	975,973	-	975,973
A-	717,057	-	717,057
BBB	1,497,224	-	1,497,224
Total	<u>\$5,169,108</u>	<u>\$ 3,841,796</u>	<u>\$ 9,010,904</u>

The Town's investments in fixed income exchange traded funds, money market mutual funds and the MMDT are unrated.

**B. Receivables**

Receivables as of year-end for the Town's individual major and non-major governmental funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	Gross Amount	Allowance for Uncollectibles	Net Amount
Real estate and personal property taxes	\$ 1,498,969	\$ -	\$ 1,498,969
Tax liens and deferrals	468,302	-	468,302
Motor vehicle excise taxes	601,319	-	601,319
Public safety details	85,959	-	85,959
Leases	377,574	-	377,574
Other	6,375	-	6,375
Intergovernmental	1,561,171	-	1,561,171
Total Governmental Receivables	<u>\$ 4,599,669</u>	<u>\$ -</u>	<u>\$ 4,599,669</u>

Receivables as of year-end for Town's proprietary funds are as follows:

	Gross Amount	Allowance for Uncollectibles	Net Amount
Water user charges	\$ 2,173,330	\$ -	\$ 2,173,330
Sewer user charges	2,330,765	-	2,330,765
Boat excise taxes	42,962	-	42,962
Municipal light user charges	2,901,569	-	2,901,569
Total Business-Type Receivables	<u>\$ 7,448,626</u>	<u>\$ -</u>	<u>\$ 7,448,626</u>

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. The following identifies the components of deferred inflows of resources in the governmental funds:

Receivable type:	General	Other	Total
	Fund	Governmental Funds	
Real estate and personal property taxes	\$ 1,140,473	\$ -	\$ 1,140,473
Tax liens and deferrals	468,302	-	468,302
Motor vehicle excise taxes	601,319	-	601,319
Public safety details	-	85,959	85,959
Leases	377,574	-	377,574
Other departmental	6,375	-	6,375
Total deferred inflows	<u>\$ 2,594,043</u>	<u>\$ 85,959</u>	<u>\$ 2,680,002</u>

Lease Receivable

The Town has entered into a lease for the use of a parcel of land, including an 18,000 square foot building, for a period of three years. Under the lease, the lessee pays the Town a monthly rent of \$30,000. The lessee has the right to extend the initial term for an additional three-year period. The lease receivable is measured as the present value of the future minimum rent payments expected to be received during the lease term at a discount rate of 5.59%. In fiscal year 2024, the Town recognized \$328,851 of lease revenue and \$31,149 of interest revenue under the lease.

Future minimum lease payments as of June 30, 2025, are as follows:

Year Ending June 30	Principal	Interest	Total
2026	\$ 347,713	\$ 12,287	\$ 360,000
2027	29,861	139	30,000
Total	<u>\$ 377,574</u>	<u>\$ 12,426</u>	<u>\$ 390,000</u>

**C. Interfund Receivables, Payables and Transfers**

The composition of interfund balances at June 30, 2025 is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor Governmental Funds - Highway Improvement Fund	\$ 111,080
Total		<u>\$ 111,080</u>

The outstanding balances between funds result mainly from the timing difference between the dates that (1) reimbursable expenditures occur, (2) the intergovernmental reimbursements are received and (3) the payments to the general fund are made.

The composition of interfund transfers for the fiscal year ended June 30, 2025 is as follows:

Transfers Out	Transfers In			Total	
	General Fund	Nonmajor Governmental	Sewer Enterprise		
General Fund	\$ -	\$ 92,365	\$ 62,129	\$ 154,494	(1)
Public Funds	26,000	-	-	26,000	(2)
Federal Grant Fund	56,721	-	-	56,721	(2)
Nonmajor Governmental	206,723	-	-	206,723	(2)
Electric Light Enterprise	330,000	-	-	330,000	(2)
Total	<u>\$ 619,444</u>	<u>\$ 92,365</u>	<u>\$ 62,129</u>	<u>\$ 773,938</u>	

- (1) Transfers nonmajor governmental funds to supplement grants and revolving activities and transfers to sewer enterprise for capital outlays.
- (2) Transfers to general fund to supplement operating budgets.

## D. Capital Assets

Capital asset activity for the year ended June 30, 2025 for the Town's governmental activities was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<i>Governmental Activities:</i>				
Capital assets not being depreciated:				
Land	\$ 8,057,538	\$ -	\$ -	\$ 8,057,538
Construction in process	11,716,694	298,917	(9,589,640)	2,425,971
Total capital assets not being depreciated	<u>19,774,232</u>	<u>298,917</u>	<u>(9,589,640)</u>	<u>10,483,509</u>
Capital assets being depreciated:				
Land improvements	8,964,041	3,498,257	-	12,462,298
Buildings and improvements	201,353,989	10,535,451	(3,189,008)	208,700,432
Machinery and equipment	10,280,328	503,156	-	10,783,484
Vehicles	7,717,657	620,517	-	8,338,174
Infrastructure	47,519,710	1,105,379	-	48,625,089
Total capital assets being depreciated	<u>275,835,725</u>	<u>16,262,760</u>	<u>(3,189,008)</u>	<u>288,909,477</u>
Less accumulated depreciation for:				
Land improvements	(3,874,945)	(386,201)	-	(4,261,146)
Buildings and improvements	(76,460,660)	(5,612,925)	2,630,931	(79,442,654)
Machinery and equipment	(6,658,152)	(473,216)	-	(7,131,368)
Vehicles	(5,568,718)	(503,430)	-	(6,072,148)
Infrastructure	(19,007,344)	(1,156,638)	-	(20,163,982)
Total accumulated depreciation	<u>(111,569,819)</u>	<u>(8,132,410)</u>	<u>2,630,931</u>	<u>(117,071,298)</u>
Total capital assets being depreciated, net	<u>164,265,906</u>	<u>8,130,350</u>	<u>(558,077)</u>	<u>171,838,179</u>
Governmental activities capital assets, net	<u>\$ 184,040,138</u>	<u>\$ 8,429,267</u>	<u>\$ (10,147,717)</u>	<u>\$ 182,321,688</u>

Capital asset activity for the year ended June 30, 2025 for the Town's business-type activities was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<i>Business-type Activities: Water</i>				
Capital assets not being depreciated:				
Land	\$ 49,426	\$ -	\$ -	\$ 49,426
Total capital assets not being depreciated	<u>49,426</u>	<u>-</u>	<u>-</u>	<u>49,426</u>
Capital assets being depreciated:				
Buildings and improvements	1,228,719	-	-	1,228,719
Machinery and equipment	731,993	-	(78,176)	653,817
Vehicles	968,538	-	-	968,538
Infrastructure	24,532,752	4,174,178	-	28,706,930
Total capital assets being depreciated	<u>27,462,002</u>	<u>4,174,178</u>	<u>(78,176)</u>	<u>31,558,004</u>
Less accumulated depreciation for:				
Buildings and improvements	(511,467)	(30,718)	-	(542,185)
Machinery and equipment	(426,859)	(29,223)	15,636	(440,446)
Vehicles	(869,150)	(43,155)	-	(912,305)
Infrastructure	(8,865,354)	(578,721)	-	(9,444,075)
Total accumulated depreciation	<u>(10,672,830)</u>	<u>(681,817)</u>	<u>15,636</u>	<u>(11,339,011)</u>
Total Water capital assets being depreciated, net	<u>16,789,172</u>	<u>3,492,361</u>	<u>(62,540)</u>	<u>20,218,993</u>
Water capital assets, net	<u>\$ 16,838,598</u>	<u>\$ 3,492,361</u>	<u>\$ (62,540)</u>	<u>\$ 20,268,419</u>
<i>Business-type Activities: Sewer</i>				
Capital assets not being depreciated:				
Land	\$ 115,466	\$ -	\$ -	\$ 115,466
Total capital assets not being depreciated	<u>115,466</u>	<u>-</u>	<u>-</u>	<u>115,466</u>
Capital assets being depreciated:				
Buildings and improvements	123,198	-	-	123,198
Machinery and equipment	1,472,453	-	-	1,472,453
Vehicles	609,189	104,998	-	714,187
Infrastructure	19,598,516	1,206,891	-	20,805,407
Total capital assets being depreciated	<u>21,803,356</u>	<u>1,311,889</u>	<u>-</u>	<u>23,115,245</u>
Less accumulated depreciation for:				
Buildings and improvements	(114,970)	(177)	-	(115,147)
Machinery and equipment	(724,200)	(56,598)	-	(780,798)
Vehicles	(480,641)	(43,237)	-	(523,878)
Infrastructure	(7,673,293)	(423,090)	-	(8,096,383)
Total accumulated depreciation	<u>(8,993,104)</u>	<u>(523,102)</u>	<u>-</u>	<u>(9,516,206)</u>
Total Sewer capital assets being depreciated, net	<u>12,810,252</u>	<u>788,787</u>	<u>-</u>	<u>13,599,039</u>
Sewer capital assets, net	<u>\$ 12,925,718</u>	<u>\$ 788,787</u>	<u>\$ -</u>	<u>\$ 13,714,505</u>

	Beginning Balance	Increases	Decreases	Ending Balance
<i><u>Business-type Activities: Harbor</u></i>				
Capital assets not being depreciated:				
Land	\$ 2,044,077	\$ -	\$ -	\$ 2,044,077
Total capital assets not being depreciated	<u>2,044,077</u>	<u>-</u>	<u>-</u>	<u>2,044,077</u>
Capital assets being depreciated:				
Land improvements	175,893	-	-	175,893
Buildings and improvements	1,044,862	-	-	1,044,862
Machinery and equipment	1,103,229	431,455	-	1,534,684
Vehicles	552,627	-	-	552,627
Infrastructure	1,365,458	-	-	1,365,458
Total capital assets being depreciated	<u>4,242,069</u>	<u>431,455</u>	<u>-</u>	<u>4,673,524</u>
Less accumulated depreciation for:				
Land improvements	(102,494)	(5,400)	-	(107,894)
Buildings and improvements	(679,275)	(21,776)	-	(701,051)
Machinery and equipment	(889,424)	(59,371)	-	(948,795)
Vehicles	(351,504)	(32,628)	-	(384,132)
Infrastructure	(777,619)	(32,216)	-	(809,835)
Total accumulated depreciation	<u>(2,800,316)</u>	<u>(151,391)</u>	<u>-</u>	<u>(2,951,707)</u>
Total Harbor capital assets being depreciated, net	<u>1,441,753</u>	<u>280,064</u>	<u>-</u>	<u>1,721,817</u>
Harbor capital assets, net	<u>\$ 3,485,830</u>	<u>\$ 280,064</u>	<u>\$ -</u>	<u>\$ 3,765,894</u>
<i><u>Business-type Activities: Municipal Light</u></i>				
Capital assets not being depreciated:				
Land	\$ 53,947	\$ -	\$ -	\$ 53,947
Construction in process	4,776,395	1,762,337	-	6,538,732
Total capital assets not being depreciated	<u>4,830,342</u>	<u>1,762,337</u>	<u>-</u>	<u>6,592,679</u>
Capital assets being depreciated:				
Light plant and equipment	42,796,613	733,262	(117,430)	43,412,445
Less accumulated depreciation for:				
Light plant and equipment	(28,258,506)	(2,139,829)	117,430	(30,280,905)
Total capital assets being depreciated, net	<u>14,538,107</u>	<u>(1,406,567)</u>	<u>-</u>	<u>13,131,540</u>
Municipal Light capital assets, net	<u>\$ 19,368,449</u>	<u>\$ 355,770</u>	<u>\$ -</u>	<u>\$ 19,724,219</u>

Capital asset activity for the year ended June 30, 2025 for the Town's fiduciary activities was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Fiduciary Activities</u>				
Capital assets not being depreciated:				
Land	\$ 2,045	\$ -	\$ -	\$ 2,045
Total capital assets not being depreciated	<u>2,045</u>	<u>-</u>	<u>-</u>	<u>2,045</u>
Capital assets being depreciated:				
Buildings and improvements	294,455	-	-	294,455
Total capital assets being depreciated	<u>294,455</u>	<u>-</u>	<u>-</u>	<u>294,455</u>
Less accumulated depreciation for:				
Buildings and improvements	(209,409)	(10,038)	-	(219,447)
Total accumulated depreciation	<u>(209,409)</u>	<u>(10,038)</u>	<u>-</u>	<u>(219,447)</u>
Total capital assets being depreciated, net	<u>85,046</u>	<u>(10,038)</u>	<u>-</u>	<u>75,008</u>
Fiduciary capital assets, net	<u>\$ 87,091</u>	<u>\$ (10,038)</u>	<u>\$ -</u>	<u>\$ 77,053</u>

Depreciation expense was charged to functions/programs as follows:

<u>Governmental Activities:</u>		<u>Business-Type Activities:</u>	
General government	\$ 545,391	Water	\$ 681,817
Public safety	414,252	Sewer	523,102
Education	4,571,742	Harbor	151,391
Public works	1,690,301	Municipal Light (1)	<u>2,139,829</u>
Health and human services	57,554	Total Business-Type Activities	<u>\$ 3,496,139</u>
Culture and recreation	<u>853,170</u>		
Total Governmental Activities	<u>\$ 8,132,410</u>	<u>Fiduciary Activities:</u>	
		Private purpose trust funds	<u>\$ 10,038</u>

(1) Municipal light depreciation is net of amortization of \$12,922 related to contribution in aid of construction.

## E. Temporary Debt

The Town is authorized to borrow on a temporary basis to fund the following:

Current Operating Costs – Prior to collection of revenues, expenditures may be financed through the issuance of revenue or tax anticipation notes (RANS or TANS).

Capital Projects and Other Approved Costs – Projects may be temporarily funded through the issuance of bond anticipation notes (BANS) or grant anticipation notes (GANS). In certain cases, prior to the issuance of these temporary notes, the governing body must take the necessary legal steps to authorize the issuance of the general obligation bonds. Temporary notes may not exceed the aggregate amount of bonds authorized or the grant award amount.

Temporary notes are general obligations of the Town and carry maturity dates that are limited by state law. Interest expenditures and expenses for temporary borrowings are accounted for in the general fund and enterprise funds, respectively.

Temporary notes outstanding at June 30, 2025, are payable as follows:

<u>Type</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
BAN	3.50%	matured	\$ 2,312,000	\$ -	\$ (2,312,000)	\$ -
BAN	3.25%	05/15/26	-	4,922,598	-	4,922,598
Total Notes Payable			<u>\$ 2,312,000</u>	<u>\$ 4,922,598</u>	<u>\$ (2,312,000)</u>	<u>\$ 4,922,598</u>

On May 15, 2026, the Town issued general obligation bonds totaling \$24,975,000 paying interest at 4.0% - 5.0% per annum and maturing on various dates through May 1, 2056. The Town used \$4,922,598 of the proceeds of these BAN's to retire the BAN's outstanding at June 30, 2025.

**F. Long-Term Obligations and Debt**

The Town issues general obligation bonds and notes to provide funds for the acquisition and construction of major capital facilities. General obligation bonds and notes have been issued for both governmental and business-type activities. Additionally, the Town incurs various other long-term obligations relative to associated personnel costs.

State law permits the Town, under the provisions of Chapter 44, Section 10, to authorize indebtedness up to a limit of 5.0 percent of its equalized valuation. Debt issued in accordance with this section of the law is designated as being "inside the debt limit." In addition, the Town may authorize debt in excess of that limit for specific purposes. Such debt, when issued, is designated as being "outside the debt limit".

The following represents authorized and unissued debt as of June 30, 2025:

<u>Projects</u>	<u>Amount</u>
Gerry school construction	\$ 1,619,627
Mary Alley building HVAC	5,750,000
High School roof and HVAC	8,610,602
Roads and sidewalks	6,980,000
Water projects	823,650
	<u>\$ 23,783,879</u>

The following reflects the current year activity in the long-term liability accounts:

	Beginning Balance	Additions	Deletions	Ending Balance	Due within one year
<i>Governmental Activities:</i>					
General obligation bonds	\$ 101,065,000	\$ -	\$ (7,540,000)	\$ 93,525,000	\$ 5,955,000
Unamortized bond premiums	7,730,557	-	(1,079,144)	6,651,413	992,096
Notes from direct borrowings	549,347	390,624	(240,740)	699,231	234,964
Landfill closure	2,292,000	-	(114,600)	2,177,400	114,600
Compensated absences, net	1,829,056	968,517	-	2,797,573	2,098,180
Workers compensation	1,419,683	504,493	(557,135)	1,367,041	341,760
Net other postemployment benefits liability	141,097,172	49,818,014	(54,624,070)	136,291,116	-
Net pension liability	42,840,952	4,686,282	(7,414,616)	40,112,618	-
Total Governmental Activities	<u>\$ 298,823,767</u>	<u>\$ 56,367,930</u>	<u>\$ (71,570,305)</u>	<u>\$283,621,392</u>	<u>\$ 9,736,600</u>
<i>Business-type Activities: Water</i>					
Notes from direct borrowings	\$ 3,461,580	\$ 198,750	\$ (525,940)	\$ 3,134,390	\$ 545,815
Compensated absences, net	84,666	-	(3,738)	80,928	80,928
Net other postemployment benefits liability	2,159,550	762,485	(836,044)	2,085,991	-
Net pension liability	1,166,462	127,597	(201,884)	1,092,175	-
Total Water	<u>6,872,258</u>	<u>1,088,832</u>	<u>(1,567,606)</u>	<u>6,393,484</u>	<u>626,743</u>
<i>Business-type Activities: Sewer</i>					
Compensated absences, net	76,928	13,688	-	90,616	90,616
Net other postemployment benefits liability	2,321,968	819,831	(898,922)	2,242,877	-
Net pension liability	1,387,766	151,805	(240,185)	1,299,386	-
Total Sewer	<u>3,786,662</u>	<u>985,324</u>	<u>(1,139,107)</u>	<u>3,632,879</u>	<u>90,616</u>
<i>Business-type Activities: Harbor</i>					
Compensated absences, net	33,667	2,923	-	36,590	36,590
Net other postemployment benefits liability	1,474,905	520,754	(570,992)	1,424,667	-
Net pension liability	710,020	77,667	(122,884)	664,803	-
Total Harbor	<u>2,218,592</u>	<u>601,344</u>	<u>(693,876)</u>	<u>2,126,060</u>	<u>36,590</u>
<i>Business-type Activities: Municipal Light</i>					
Notes from direct borrowings	3,701,507	-	(312,549)	3,388,958	322,818
Compensated absences, net	110,344	16,438	-	126,782	126,782
Net other postemployment benefits liability	3,404,681	-	(64,194)	3,340,487	-
Net pension liability	7,297,423	-	(218,023)	7,079,400	-
Total Municipal Light	<u>14,513,955</u>	<u>16,438</u>	<u>(594,766)</u>	<u>13,935,627</u>	<u>449,600</u>
Total Business-type Activities	<u>\$ 27,391,467</u>	<u>\$ 2,691,938</u>	<u>\$ (3,995,355)</u>	<u>\$ 26,088,050</u>	<u>\$ 1,203,549</u>

The governmental activities liabilities will be liquidated by the general fund. The business-type liabilities will be liquidated by the enterprise fund reporting the liabilities.

The following is a summary of outstanding long-term debt obligations as of June 30, 2025:

Description of Issue	Interest Rate	Beginning Balance	Additions	Maturities	Ending Balance
<i>Governmental Activities:</i>					
General obligation bonds	2.00 - 5.00%	\$ 99,215,000	\$ -	\$ (5,690,000)	\$ 93,525,000
Refunding bonds	2.00 - 5.00%	1,850,000	-	(1,850,000)	-
Total General Obligation Bonds		101,065,000	-	(7,540,000)	93,525,000
Add: Unamortized bond premium		7,730,557	-	(1,079,144)	6,651,413
Total General Obligation Bonds, net		<u>\$ 108,795,557</u>	<u>\$ -</u>	<u>\$ (8,619,144)</u>	<u>\$ 100,176,413</u>
Direct capital financing	1.38 - 7.73%	\$ 549,347	\$ 390,624	\$ (240,740)	\$ 699,231
Total notes from direct borrowings		549,347	390,624	(240,740)	699,231
Total Governmental Activities debt		<u>\$ 109,344,904</u>	<u>\$ 390,624</u>	<u>\$ (8,859,884)</u>	<u>\$ 100,875,644</u>
<i>Business-type Activities - Water:</i>					
Massachusetts Water Resources Authority	0.00%	\$ 3,461,580	\$ 198,750	\$ (525,940)	\$ 3,134,390
Total notes from direct borrowings		3,461,580	198,750	(525,940)	3,134,390
Total Water debt		<u>\$ 3,461,580</u>	<u>\$ 198,750</u>	<u>\$ (525,940)</u>	<u>\$ 3,134,390</u>
<i>Business-type Activities - Municipal Light:</i>					
Mass. Municipal Wholesale Electric Co.	3.24%	\$ 3,701,507	\$ -	\$ (312,549)	\$ 3,388,958
Total notes from direct borrowings		3,701,507	-	(312,549)	3,388,958
Total Municipal Light debt		<u>\$ 3,701,507</u>	<u>\$ -</u>	<u>\$ (312,549)</u>	<u>\$ 3,388,958</u>
<b>Total Business-Type Activities</b>		<u>\$ 7,163,087</u>	<u>\$ 198,750</u>	<u>\$ (838,489)</u>	<u>\$ 6,523,348</u>

Payments on outstanding bond balances due in future years consist of the following:

Year Ending June 30	General Obligation Bonds		Direct Borrowings	
	Principal	Interest	Principal	Interest
<i>Governmental Activities</i>				
2026	\$ 5,955,000	\$ 3,162,146	\$ 234,964	\$ 33,779
2027	6,225,000	2,889,104	201,852	21,299
2028	6,500,000	2,607,573	129,356	11,686
2029	6,720,000	2,316,691	103,553	5,282
2030	7,020,000	2,021,698	29,506	409
2031-2035	32,850,000	6,309,001	-	-
2036-2040	23,000,000	2,081,212	-	-
2041-2044	5,255,000	162,250	-	-
Total	<u>\$ 93,525,000</u>	<u>\$ 21,549,675</u>	<u>\$ 699,231</u>	<u>\$ 72,455</u>

Year Ending June 30	General Obligation Bonds		Direct Borrowings	
	Principal	Interest	Principal	Interest
	<i>Business-Type Activities - Water</i>			
2026	\$ -	\$ -	\$ 545,815	\$ -
2027	-	-	545,815	-
2028	-	-	545,815	-
2029	-	-	545,815	-
2030	-	-	545,815	-
2031-2035	-	-	405,315	-
Total	\$ -	\$ -	\$ 3,134,390	\$ -

Year Ending December 31	General Obligation Bonds		Direct Borrowings	
	Principal	Interest	Principal	Interest
	<i>Business-Type Activities - Municipal Light</i>			
2025	\$ -	\$ -	\$ 322,818	\$ 106,074
2026	-	-	333,424	95,970
2027	-	-	344,379	85,534
2028	-	-	355,694	74,755
2029	-	-	367,380	63,622
2030-2034	-	-	1,665,263	52,123
Total	\$ -	\$ -	\$ 3,388,958	\$ 478,078

Massachusetts Water Resource Authority (MWRA)

The Town's has three outstanding notes from direct borrowings issued to the MWRA on February 24, 2020, May 3, 2021 and June 16, 2025, for \$2,200,000, \$3,059,400 and \$198,750, respectively. The notes are payable without interest in ten equal installments. Any imputed interest is immaterial to the water enterprise fund.

Massachusetts Municipal Wholesale Electric Company (MMWEC)

In September 2017, the Marblehead Municipal Light Department entered into a pooled loan program agreement with the MMWEC to finance building improvements. Interest only was due at a rate of 2.5%. In March 2019, the Light Department terminated the agreement and principal and interest are payable monthly. The interest rate is fixed at 3.24% and matures February 2034.

At the inception of the loan, MMWEC was required to collect 10% of the initial borrowing amount to be deposited into a Reserve Requirement Account to serve as collateral for the bank. MMWEC is also required to collect 10% of the amount of interest due monthly from each Pooled Loan Participant to further fund the Pooled Financing Reserve Account. These funds will either be returned to the Light Department, or used as the final loan payments at the end of the amortization period. The balance in the Pooled Financing Reserve Account as of December 31, 2024 was \$462,194.

### III. Other Information

#### A. Retirement System

Pension Plan Description – The Town contributes to the Marblehead Contributory Retirement System (the System), a cost-sharing multiple-employer defined benefit pension plan for the Town and the Marblehead Housing Authority. The System was established under Chapter 32 of Massachusetts General Laws. The System is administered by the Town and is included as part of the reporting entity as a fiduciary fund. Unaudited financial statements for the year ended December 31, 2024, are available at the Retirement Office, 7 Widger Road, Marblehead, Massachusetts. The disclosures related to the Marblehead Housing Authority are not material.

Membership – Membership in the System for all employers as of December 31, 2024, was as follows:

Retired participants and beneficiaries receiving benefits	339
Active participants	358
Inactive participants	143
Total	<u>840</u>

Benefit Terms – Membership in the System is mandatory for all full-time employees and non-seasonal, part-time employees who, in general, regularly work more than twenty hours per week. Teachers and certain administrative personnel employed by the school department participate in a separate pension plan administered by the Massachusetts Teachers' Retirement System, which is the legal responsibility of the Commonwealth of Massachusetts. Members of the System do not participate in the federal Social Security retirement system.

Massachusetts contributory retirement system benefits are uniform from retirement system to retirement system. The System provides for retirement allowance benefits up to a maximum of 80% of a participant's highest three-year or five-year average annual rate of regular compensation, depending on the participant's date of hire. Benefit payments are based upon a participant's age, length of creditable service, level of compensation and job classification.

The most common benefits paid by the System include normal retirement, disability retirement and survivor benefits.

Generally, normal retirement generally occurs at age 65. However, participants may retire after twenty years of service or at any time after attaining age 55, if hired prior to April 2, 2012 or at any time after attaining age 60 if hired on or after April 2, 2012. Participants with hire dates subsequent to January 1, 1978, must have a minimum of ten years' creditable service in order to retire at age 55. Participants become vested after ten years of service. Benefits commencing before age 65 are provided at a reduced rate. Members working in certain occupations may retire with full benefits earlier than age 65.

Participants who resign from service and who are not eligible to receive a retirement allowance or are under the age of 55 may request a refund of their accumulated total contributions. In addition, depending on the number of years of creditable service, these employees may be entitled to interest that has accrued on their contributions. A vested employee under the age of 55 who elects to leave their accumulated contributions on deposit may apply for pension benefits upon reaching their eligible retirement age.

The System provides for both an ordinary and disability retirement, where a participant is permanently incapacitated from a cause unrelated to employment, and an accidental disability retirement, where the disability is the result of an injury or illness received or aggravated in the performance of one's duty. The amount of benefits to be received in such cases is dependent upon several factors, including the age at which the disability retirement occurs, the years of service, average compensation and veteran status. In addition, certain provisions are in place relative to death benefits for beneficiaries or employees who die in active service.

Cost-of-living adjustments granted to members of Massachusetts retirement systems granted between 1981 and 1997 and any increases in other benefits imposed by the Commonwealth during those years have been the financial responsibility of the Commonwealth. Beginning in 1998, the funding of cost-of-living amounts became the responsibility of the participating units like the System.

The System may be amended or terminated in whole or in part at any time by the Massachusetts Legislature, provided that no such modification, amendment or termination shall be made that would deprive a current member of superannuation pension rights or benefits provided under applicable laws of Massachusetts, if such member has paid the stipulated contributions specified in sections or provisions of such laws.

Contributions Requirements – The Town has elected provisions of Chapter 32, Section 22D (as amended) of Massachusetts General Laws, which require that a funding schedule be established to fully fund the pension plan by June 30, 2040. Under provisions of this law, participating employers are assessed their share of the total retirement cost based on the entry age, normal actuarial cost method.

Employer contributions to the System totaled \$6,127,331 for the year ended December 31, 2024. The Town contributed \$5,231,515 to the System in fiscal year 2025, which equaled the actuarially determined contribution requirement for the fiscal year. The Town's contributions as a percentage of covered payroll was approximately 25.6% in fiscal year 2025.

Net Pension Liability – The components of the net pension liability of the System at December 31, 2024, were as follows (in thousands):

Total pension liability	\$ 183,784
Plan fiduciary net position	<u>(133,223)</u>
Net pension liability	<u>\$ 50,561</u>
 Plan fiduciary net position as a percentage of the total pension liability	 72.49%

At June 30, 2025, the Town (excluding Municipal Light) reported a liability of \$43,168,982 for its proportionate share of the net pension liability. The net pension liability was measured as of January 1, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that same date. These figures were updated by the independent actuary to December 31, 2024.

The Municipal Light Department reported a liability of \$7,079,400 for its proportionate share of the net pension liability measured at December 31, 2023 for the fiscal year ended December 31, 2024.

The Town’s proportion of the net pension liability is based on a projection of the Town’s long-term share of contributions to the System relative to the projected contributions of all employers. The Town’s proportion (excluding Municipal Light) was approximately 85.38% at December 31, 2024, which was consistent with the proportion measured in the previous actuarial valuation.

Fiduciary Net Position – The elements of the System’s basic financial statements (that is, all information about the System’s assets, deferred outflows of resources, liabilities, deferred inflows of resources and fiduciary net position) can be found in the fiduciary fund financial statements. The System’s unaudited financial statements as of and for the year ended December 31, 2024, can be obtained by contacting the Retirement Board.

The System’s fiduciary net position was determined using the accrual basis of accounting. The System’s accounting records are maintained on a calendar-year basis in accordance with the standards and procedures established by PERAC. Contributions from employers and employees are recognized in the period in which they become due pursuant to formal commitments, statutory or contractual requirements. Benefit payments (including refunds of employee contributions) are recorded when incurred, regardless of the timing of payment. Investments are reported at fair value; fair value is determined as the price one would receive in an orderly transaction between market participants at a measurement date.

Pension Expense – The Town (excluding Municipal Light) recognized \$3,007,893 in pension expense in the statement of activities in fiscal year 2025; and the Municipal Light Department recognized \$670,759 in pension expense.

Deferred Outflows of Resources and Deferred Inflows of Resources – At June 30, 2025, the Town (excluding Municipal Light) reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in proportion and differences between employers' contributions and proportionate share of contributions	\$ -	\$ 253,000
Changes of assumptions	186,128	-
Net differences between projected and actual earnings on pension plan investments	1,849,330	-
Differences between expected and actual experience	-	1,086,034
Total	<u>\$ 2,035,458</u>	<u>\$ 1,339,034</u>

At December 31, 2024, the Municipal Light Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in proportion and differences between employers' contributions and proportionate share of contributions	\$ 337,000	\$ -
Changes of assumptions	79,316	-
Differences between expected and actual experience	576,840	388,056
Contributions made subsequent to the measurement date	<u>803,483</u>	<u>-</u>
Total	<u>\$ 1,796,639</u>	<u>\$ 388,056</u>

Of the total amount reported as deferred outflows of resources related to pension, \$803,483 resulting from Municipal Light contributions paid subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the net pension liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources are expected to be recognized in the Town's pension expense as follows:

Year Ended <u>June 30,</u>	Town	Municipal Light (December 31,)	<u>Total</u>
2025	\$ (31,918)	\$ (61,914)	\$ 215,897
2026	2,459,470	159,120	1,439,277
2027	(1,294,836)	541,670	2,586,284
2028	<u>(436,292)</u>	<u>(33,776)</u>	<u>5,561,790</u>
Total	<u>\$ 696,424</u>	<u>\$ 605,100</u>	<u>\$ 9,803,248</u>

Actuarial Valuation – The measurement of the System's total pension liability is developed by an independent actuary. The latest actuarial valuation was performed as of January 1, 2024. The significant actuarial assumptions updated through December 31, 2024, included:

Actuarial cost method	Entry Age Normal Cost Method
Amortization method	Payments increasing 8.6% per year with a final amortization payment in fiscal year 2036.
Remaining amortization period	12 years from July 1, 2024
Asset valuation method	Fair value of assets
Investment rate of return / discount rate	7.0%, net of pension plan investment expense, including inflation
Inflation rate	2.50%
Projected salary increases	4.25% for Group 1 and 4.75% for Group 4
Cost of living adjustments	3.0% of the first \$14,000 of retirement income
Mortality rates:	
Pre-retirement	RP-2014 Blue Collar Employee Mortality Table projected generationally with Scale MP-2021
Healthy retiree	RP-2014 Blue Collar Healthy Annuitant Mortality Table projected generationally with Scale MP-2021
Disabled retiree	RP-2014 Blue Collar Healthy Annuitant Mortality Table set forward one year and projected generationally with Scale MP-2021

Changes in Actuarial Assumptions – None.

Investment Rates of Return – The investment rate of return assumption is a long-term expected rate of return on pension plan investments determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocations and best estimates of arithmetic real returns for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equities	31% to 41%	6.9% to 9.0%
Core fixed income	12% to 18%	4.4% to 5.3%
Value-added fixed income	6% to 12%	8.0%
Private equity	13% to 19%	10.5%
Real estate	7% to 13%	6.8%
Timberland	1% to 7%	6.8%
Portfolio completion	7% to 13%	6.8%

Discount Rate – The discount rate used to measure the total pension liability in the December 31, 2024, actuarial valuation report was 7.00%. The projection of cash flows used to determine the

discount rate assumed plan member contributions were made at the current contribution rate and that employer contributions will be made at rates equal to the actuarially determined contribution rates and the member rate. Based on those assumptions, the Retirement System’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity Analysis – The following presents net pension liability of the System, Town (excluding Municipal Light), and Municipal Light calculated using the discount rate of 7.00% as well as the net pension liability using a discount rate that is one percentage point lower or one percentage point higher than the current rate (amounts in thousands):

Current Rate	System Net Pension Liability at		
	1% Decrease	Current	1% Increase
7.00%	\$ 70,600	\$ 50,561	\$ 33,600

Current Rate	Town's Proportionate Net Pension Liability at		
	1% Decrease	Current	1% Increase
7.00%	\$ 60,278	\$ 43,169	\$ 28,688

Current Rate	Municipal Light's Proportionate Net Pension Liability at		
	1% Decrease	Current	1% Increase
7.00%	\$ 9,636	\$ 7,079	\$ 4,916

Massachusetts Teachers’ Retirement System – Teachers and certain administrative employees of the School Department participate in the Massachusetts Teachers’ Retirement System (“MTRS”), a cost-sharing multiple employer defined benefit pension plan. The MTRS is managed by the Commonwealth on behalf of municipal teachers and municipal teacher retirees. Like the System, MTRS was established under Chapter 32 of Massachusetts General Laws. The Commonwealth’s legislature has the authority to amend or modify the MTRS’s funding policies.

The Commonwealth is a nonemployer contributor to the MTRS and is legally responsible by statute for all actuarially determined employer contributions and future benefit requirements of the MTRS. Therefore, the Town is considered to be in a special funding situation under GASB.

For the year ended June 30, 2025, the Commonwealth contributed \$7,535,149 to the MTRS on behalf of the Town. The Town’s proportionate share of the collective MTRS net pension liability at this reporting date was 0.311688%, which was based on the actual, actuarially determined contribution made by the Commonwealth on behalf of the Town as a percentage of the total annual contribution made by the Commonwealth on behalf of all employers.

The table below presents the Town’s proportionate share of the following:

	Commonwealth Portion	Paid (or assumed) On Behalf of the Town	Town Portion
Net pension liability	\$ 79,032,924	\$ (79,032,924)	\$ -
Pension expense	6,523,505	(6,523,505)	-

The Town has recognized intergovernmental revenue and pension expense of \$6,523,505 associated with this arrangement.

## B. Other Postemployment Benefits (OPEB)

### *Town OPEB Plan*

The Town administers a single employer defined benefit healthcare plan (the “OPEB Plan”). The OPEB Plan provides health, dental and life insurance benefits (other postemployment benefits) to current and future retirees, their dependents and beneficiaries in accordance with Section 20 of Massachusetts General Law Chapter 32B.

Specific benefit provisions and contribution rates are established by collective bargaining agreements, state law and Town ordinance. All benefits are provided through the Town’s premium-based insurance program. The OPEB Plan does not issue a stand-alone financial report and is presented as a fiduciary fund in the Town’s financial statements.

The Commonwealth of Massachusetts passed special legislation that has allowed the Town to establish the Other Postemployment Benefits Trust Fund which allows the Town to set aside amounts to pre-fund its OPEB liabilities. The Town has named the Health Care Security Board of Trustees (HCSBT) as Trustees of the OPEB Fund and as such has authorized the OPEB Trust Funds to be invested entirely in the State Retirement Benefits Trust Fund (SRBT Fund). Massachusetts General Law directs HCSBT to invest the SRBT Fund in the Pension Reserves Investment Trust (PRIT). The PRIT Fund is subject to oversight by the Pension Reserves Investment Management (PRIM) Board. A nine-member Board of Trustees governs the PRIM Board.

With respect to OPEB plan reporting, GASB issued GASB Statement No.’s 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pensions*, and Statement No, 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Reporting requirements for governments who administer an OPEB plan as defined under the accounting standard are required to present disclosures under both GASB 74 and GASB 75.

GASB 74 requires specific disclosures and required supplementary information that relate directly to the fiduciary fund in which the OPEB Plan is recorded. GASB 75 address disclosures related to the net OPEB liability required to be recorded by the government in its applicable financial statements. A number of these disclosures are identical, especially if the measurement date under GASB 75 is the same as the plan year-end date. When a different measurement date is used different assumptions and calculations will result.

For the year ended June 30, 2025, the Town elected to use a measurement date that was the same as the plan year-end date thus the majority of the same disclosures are used and will not be repeated.

**GASB Statement No. 75**

OPEB Plan disclosures that impact the Town’s net OPEB liability using a measurement date of June 30, 2025 are summarized as follows:

Employees Covered by Benefit Terms – The following employees were covered by the benefit terms as of June 30, 2025:

Retired members and beneficiaries currently receiving benefits	748
Active employee members	<u>645</u>
Total	<u><u>1,393</u></u>

Contributions – The contribution requirements of OPEB Plan members and the Town are established and may be amended by the Town. Retirees contribute 17-35% of the cost of pre-Medicare plans and 25% of the cost of Medex plans and Medicare Part B. The remainder of the cost is funded by general revenues of the Town. The Town currently contributes enough money to the Plan to satisfy current obligations on a pay-as-you-go basis. The costs of administering the OPEB Plan are paid by the Town.

Net OPEB Liability – The components of the net OPEB liability of the Town as of June 30, 2025 were as follows:

Total OPEB Liability	\$ 146,998,774
Plan fiduciary net position	<u>(4,954,123)</u>
Net OPEB liability	142,044,651
Plan fiduciary net position as a percentage of the total OPEB liability	3.37%

The total OPEB liability in the July 1, 2024 actuarial valuation was determined using the following key actuarial assumptions applied to all periods included in the measurement, unless otherwise specified:

Investment rate of return	6.51%, net of OPEB plan investment expense, including inflation.
Municipal bond rate	4.81% as of June 30, 2025
Discount Rate	6.43%, net of OPEB plan investment expense including inflation.
Inflation	2.50% annually as of June 30, 2025 and for future periods
Health Care Trend Rate	4.96% trending to an ultimate rate of 3.63%
Salary Increases	3.00% annually as of June 30, 2025 and for future periods
Pre-Retirement Mortality	RP-2014 Mortality Table for Blue Collar Employees projected generationally with scale MP-2021, set forward one year for females
Post-Retirement Mortality	RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with scale MP-2021, set forward one year for females
Disabled Mortality	RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with scale MP-2021, set forward one year for males and two years for females
Actuarial Cost Method	Individual entry age normal

Key assumption changes

Discount rate changed to 5.51% previously 5.74%  
Investment rate of return changed to 6.09% previously 6.97%  
Mortality tables changed from RP-2014 mortality table with MP-2016 projection to the tables detailed above

Long Term Expected Rate of Return – 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 OPEB Plan investment expense and inflation) are developed for each major asset class.

These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of arithmetic real rates of return were as reflected in the following table:

Asset Class	Target Allocation	Expected Investment Rate of Return
Domestic equity - large cap	45.00%	4.52%
Domestic equity - small/mid cap	4.75%	5.06%
International equity - developed market	7.00%	5.08%
International equity - emerging market	2.25%	5.80%
Domestic fixed income	27.50%	2.44%
International fixed income	2.50%	2.13%
Alternatives	4.50%	6.09%
Real Estate	2.25%	3.73%
Cash	4.25%	0.00%
	100.00%	

Sensitivity Analyses – The following presents the Town’s net OPEB liability as well as what the Town’s net OPEB liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current discount rate as well as if the healthcare cost trend rates are 1% lower or higher than the current healthcare cost trend rates:

	Discount Rate			
	Current Rate	1% Decrease	Current Discount	1% Increase
Net OPEB Liability	5.51%	\$ 162,736,343	\$ 142,044,651	\$ 125,267,730

	Healthcare Trend Rate			
	Current Rate	1% Decrease	Current Trend	1% Increase
Net OPEB Liability	4.96% trending to 3.63%	\$ 123,628,866	\$ 142,044,651	\$ 164,951,257

Changes in the Net OPEB Liability – The following table summarizes the changes in the net OPEB liability for the year ended June 30, 2025:

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at July 1, 2024	\$ 151,602,694	\$ 4,549,099	\$ 147,053,595
Changes for the year:			
Service cost	3,355,650	-	3,355,650
Interest	8,698,927	-	8,698,927
Difference between expected and actual experience	(10,425,069)	-	(10,425,069)
Changes of assumptions	681,223	-	681,223
Net investment income	-	405,024	(405,024)
Employer contributions	-	6,914,651	(6,914,651)
Benefit payments withdrawn from trust	-	(6,914,651)	6,914,651
Benefit payments	(6,914,651)	-	(6,914,651)
Net changes	(4,603,920)	405,024	(5,008,944)
Balances at June 30, 2025	\$ 146,998,774	\$ 4,954,123	\$ 142,044,651

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB – For the year ended June 30, 2025, the Town recognized OPEB income of \$4,338,101. Deferred outflows of resources and deferred inflows of resources related to OPEB as of June 30, 2025 were reported as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 9,021,067	\$ 17,899,579
Changes of assumptions	9,141,847	38,862,070
Net difference between projected and actual earnings	-	168,379
Totals	<u>\$ 18,162,914</u>	<u>\$ 56,930,028</u>

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

Year Ended June 30,	Amounts
2026	\$ (17,033,984)
2027	(17,099,042)
2028	(2,233,772)
2029	(2,414,578)
2030	14,262
Total	<u>\$ (38,767,114)</u>

**GASB Statement No. 74**

OPEB Plan disclosures that impact the Town’s net OPEB liability using a measurement date of June 30, 2025 are summarized in this section except disclosures under GASB 74 that are identical to GASB 75 are not repeated.

Investment Custody – In accordance with Massachusetts General Laws, the Town Treasurer is the custodian of the OPEB Plan and since the Town has not designated a Board of Trustees, the Town Treasurer is also the Trustee and as such is responsible for the general supervision of the management, investment and reinvestment of the OPEB Plan assets. OPEB Plan assets may be invested and reinvested by the custodian consistent with the prudent investor rule established in Chapter 203C and may, with the approval of the State Retiree Benefits Trust Fund Board of Trustees, be invested in the State Retiree Benefits Trust Fund established in Section 24 of Chapter 32A. OPEB Plan assets must be segregated from other funds and not be subject to the claims of any general creditor of the Town.

Investment Policy – The OPEB Plan has a formal investment policy to invest in Domestic Equity, Domestic Fixed Income, International Equity, International Fixed Income, Alternative Investments and Real Estate with target allocations highlighted previously under the caption *long-term expected rate of return*.

Investment Rate of Return – For the year ended June 30, 2025 the annual money-weighted rate of return on investments, net of investment expense, was 8.90%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

***Electric Light OPEB Plan***

The Electric Light Department administers a single employer defined benefit healthcare plan (the “Light OPEB Plan”). The Light OPEB Plan provides healthcare benefits for retired employees through the plan in accordance with Section 20 of Massachusetts General Law Chapter 32B. The Department’s Board of Commissioners has the authority to establish and amend benefit terms.

Contributions – The Electric Light Department is not required by law or contractual agreement to provide funding for the Light OPEB Plan other than “pay-as-you-go” cost of providing current benefits to eligible retirees, spouses and dependents. The Department may make additional contributions based on the administration budget.

Employees Covered by Benefit Terms – The following employees were covered by the benefit terms as of December 31, 2024:

Retired members and beneficiaries currently receiving benefits	44
Active employee members	<u>18</u>
Total	<u><u>62</u></u>

Net OPEB Liability – The Electric Light Department’s net OPEB liability was measured as of December 31, 2024 using an actuarial valuation as of July 1, 2022. The components of the net OPEB liability of the Electric Light Department as of December 31, 2024 were as follows:

Total OPEB Liability	\$ 6,130,047
Plan fiduciary net position	<u>(2,789,560)</u>
Net OPEB liability	<u><u>\$ 3,340,487</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability	45.51%

The total OPEB liability in the most recent actuarial valuation as of July 1, 2022 was determined using the following key actuarial assumptions applied to all periods included in the measurement, unless otherwise specified:

Actuarial cost method	Individual Entry age normal
Amortization method	Level percentage of payroll
Asset valuation method	Fair value
Investment rate of return	6.47%, net of expense, including inflation
Municipal bond rate	4.28% as of December 31, 2024
Discount rate	6.47%
Salary increases	3.00 per annum
Inflation	2.50% per annum
Health care trend rate	5.0%, which includes an assumed 5% increase in 2024, trending to an ultimate rate of 3.63% in 2060 using the Getzen Model.
Pre-Retirement Mortality	RP-2014 Mortality Table for Blue Collar Employees projected generationally with scale MP-2016, set forward 1 year for females.
Post-Retirement Mortality	RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with scale MP-2016, set forward 1 year for females.
Disabled Mortality	RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with scale MP-2016, set forward 1 year.

Key assumption changes

Discount rate changed from 5.24% as of the measurement date June 30, 2023, to 6.47% as of the measurement date December 31, 2024

Long Term Expected Rate of Return – 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 OPEB Plan investment expense and inflation) are developed for each major asset class.

These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of arithmetic real rates of return were as reflected in the following table:

Asset Class	Target Allocation	Expected Investment Rate of Return
Domestic equity - large cap	14.50%	4.52%
Domestic equity - small/mid cap	3.50%	5.06%
International equity - developed markets	16.00%	5.08%
International equity - emerging markets	6.00%	5.80%
Domestic fixed income	20.00%	2.44%
International fixed income	3.00%	2.13%
Alternatives	23.00%	6.09%
Real Estate	14.00%	3.73%
	100.00%	

Sensitivity Analyses – The following presents the Electric Light Department’s net OPEB liability as well as what the Electric Light Department’s net OPEB liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current discount rate as well as if the healthcare cost trend rates are 1% lower or higher than the current healthcare cost trend rates:

	Discount Rate			
	Current Rate	1% Decrease	Current Discount	1% Increase
Net OPEB Liability	6.47%	\$ 4,108,274	\$ 3,340,487	\$ 2,709,661

	Healthcare Trend Rate			
	Current Rate	1% Decrease	Current Trend	1% Increase
Net OPEB Liability	5.00% trending to 3.63%	\$ 4,108,274	\$ 3,340,487	\$ 4,158,345

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB – For the year ended December 31, 2024, the Electric Light Department recognized OPEB income of \$796,115. Deferred outflows of resources and deferred inflows of resources related to OPEB as of December 31, 2024 were reported as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 30,343	\$ 1,649,595
Changes of assumptions	470,491	1,586,010
Net difference between projected and actual earnings	-	74,074
Totals	\$ 500,834	\$ 3,309,679

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

Year Ended December 31,	Amounts
2025	\$ (929,025)
2026	(876,543)
2027	(905,174)
2028	(99,227)
2029	377
Thereafter	747
Total	<u>\$ (2,808,845)</u>

*Investment Rate of Return* – For the year ended December 31, 2024 the annual money-weighted rate of return on investments, net of investment expense, was 7.80%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**C. Pension and Other Employee Benefit Trust Funds**

The Town reports its pension and other postemployment benefit trust funds in a single column in the Statement of Net Position and Statement of Changes in Net Position in the Fiduciary Funds. The Town’s Pension System and Other Postemployment Benefits Trust Funds do not issue stand-alone financial statements and must be reported separately.

The Statement of Net Position of the Town’s pension and other postemployment benefit trust funds are as follows:

	(December 31, 2024) Pension Trust Fund	Town Other Postemployment Benefits Trust Fund	(December 31, 2024) Municipal Light Other Postemployment Benefits Trust Fund	Total
<b>Assets:</b>				
Cash and cash equivalents	\$ 204,853	\$ 210,737	\$ -	\$ 415,590
Investments (at fair value):				
U.S. government obligations	-	652,704	-	652,704
Corporate fixed income	-	455,886	-	455,886
Common stock	-	2,122,223	-	2,122,223
Equity mutual funds	-	1,141,716	-	1,141,716
Fixed income mutual funds	-	370,857	-	370,857
Pension Reserve Investment Trust	133,015,126	-	2,789,560	135,804,686
<b>Total Investments</b>	<b>133,015,126</b>	<b>4,743,386</b>	<b>2,789,560</b>	<b>140,548,072</b>
Other receivables	6,267	-	-	6,267
<b>Total Assets</b>	<b>133,226,246</b>	<b>4,954,123</b>	<b>2,789,560</b>	<b>140,969,929</b>
<b>Liabilities:</b>				
Warrants and accounts payable	3,244	-	-	3,244
<b>Total Liabilities</b>	<b>3,244</b>	<b>-</b>	<b>-</b>	<b>3,244</b>
<b>Net Position:</b>				
Restricted for pensions	133,223,002	-	-	133,223,002
Restricted for other postemployment benefits	-	4,954,123	2,789,560	7,743,683
<b>Total Net Position</b>	<b>\$ 133,223,002</b>	<b>\$ 4,954,123</b>	<b>\$ 2,789,560</b>	<b>\$ 140,966,685</b>

The Statement of Changes in Net Position of the Town's pension and other postemployment benefit trust funds are as follows:

	(December 31, 2024)	Town Other Postemployment Benefits Trust Fund	(December 31, 2024) Municipal Light Other Postemployment Benefits Trust Fund	Total
<b>Additions</b>				
Contributions:				
Employer	\$ 6,127,331	\$ 6,914,651	\$ -	\$ 13,041,982
Employee	2,518,896	-	-	2,518,896
Other contributions	882,134	-	-	882,134
<b>Total Contributions</b>	<b>9,528,361</b>	<b>6,914,651</b>	<b>-</b>	<b>16,443,012</b>
Investment income:				
Interest and dividends	3,372,555	98,217	-	3,470,772
Net appreciation in fair value of investments	8,438,654	325,095	232,731	8,996,480
Less - investment management fees	(621,036)	(18,288)	-	(639,324)
<b>Net investment earnings</b>	<b>11,190,173</b>	<b>405,024</b>	<b>232,731</b>	<b>11,827,928</b>
Other income	9,593	-	-	9,593
<b>Total Additions (net)</b>	<b>20,728,127</b>	<b>7,319,675</b>	<b>232,731</b>	<b>28,280,533</b>
<b>Deductions</b>				
Benefit payments to pensioners and beneficiaries	10,829,939	6,914,651	-	17,744,590
Member refunds	390,150	-	-	390,150
Transfers and reimbursements to other systems	725,081	-	-	725,081
Payroll expenses of the System	130,078	-	-	130,078
Other administrative expenses	62,273	-	-	62,273
<b>Total Deductions</b>	<b>12,137,521</b>	<b>6,914,651</b>	<b>-</b>	<b>19,052,172</b>
<b>CHANGE IN NET POSITION</b>	<b>8,590,606</b>	<b>405,024</b>	<b>232,731</b>	<b>9,228,361</b>
<b>NET POSITION AT BEGINNING OF YEAR,</b>	<b>124,632,396</b>	<b>4,549,099</b>	<b>2,556,829</b>	<b>131,738,324</b>
<b>NET POSITION AT END OF YEAR</b>	<b>\$ 133,223,002</b>	<b>\$ 4,954,123</b>	<b>\$ 2,789,560</b>	<b>\$ 140,966,685</b>

#### D. Risk Financing

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

Workers' Compensation – The Town is self-insured for their workers' compensation activities which are accounted for in the Internal Service Fund. Workers' compensation claims are administered by a third-party and are funded on a pay-as-you-go basis from annual appropriations. In 1989, the Town established a workers' compensation fund by accepting the provisions of Massachusetts General Laws, Chapter 40, Section 13a. The Town estimates its future workers' compensation liability based on history and injury type. Changes in the reported liability since July 1, 2022, are as follows:

	<u>Balance at Beginning of Year</u>	<u>Claims and Changes in Estimates</u>	<u>Claims Payments</u>	<u>Balance at End of Year</u>	<u>Current Portion</u>
Fiscal Year 2025	\$ 1,419,683	\$ 504,493	\$(557,135)	\$ 1,367,041	\$ 341,760
Fiscal Year 2024	\$ 1,153,408	\$ 657,591	\$(391,316)	\$ 1,419,683	\$ 354,921

**E. Commitments and Contingencies**

General – The Town is party to certain legal claims, which are subject to many uncertainties, and the outcome of individual litigation matters is not always predictable with assurance. Although the amount of liability, if any, at June 30, 2025, cannot be determined, management believes that any resulting liability, if any, should not materially affect the basic financial statements of the Town at June 30, 2025.

Grant Compliance – Amounts received from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal and state governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The Town expects such amounts, if any, to be immaterial.

Arbitrage – The Town is subject to certain Federal arbitrage laws in accordance with long-term borrowing agreements. Failure to comply with the rules could result in the payment of penalties. The Town expects the amount if any, in these situations, to be immaterial.

Berkshire Wind Cooperative – The Marblehead Municipal Light Department (the “Department”) is a member of the Berkshire Wind Cooperation Corporation (the “Cooperative”). The Cooperative is organized under Chapters 157 and 164: Section 47C of the State of Massachusetts Statutes and constitutes a municipal light plan cooperative. The Cooperative was formed by the Massachusetts Municipal Wholesale Electric Company (“MMWEC”) and sixteen municipal light departments (the “Members”) for the purpose of financing, owning, constructing and operating certain wind generation facilities located on Brodie Mountain in the towns of Hancock and Lanesborough, Massachusetts (“Berkshire Wind Facility”).

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

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

MMWEC sells all of the capability of the Berkshire Wind Facility (“Capability”) to the Members under PPAs. Among other things, the PPAs require each Member to pay its pro rata share of the costs related to the Berkshire Wind Facility, which costs include debt service on the bonds issued by the Cooperative to finance the Berkshire Wind Facility and its pro rata share of the operation and maintenance costs of the Berkshire Wind Facility. In addition, should a Cooperative Member

fail to make any payment when due, other cooperative members may be required to increase (step-up) their payments and correspondingly their share of the Capability to an additional amount. Additionally, each Participant is unconditionally obligated to make all payments due to the Berkshire Wind Cooperative Corporation, whether or not the Berkshire Wind Facility is completed or operating, and notwithstanding the suspension or interruption of the output of the Berkshire Wind Facility.

The total capital expenditures, debt service and operations and maintenance costs associated with the Department’s pro rata share of the Phases in which it participates for the year ended December 31, 2024 are listed in the table below:

Phase	Percentage Share	Total Capital Expenditures	Debt Service Billed	Operations and Maintenance Billed
Berkshire Phase 1	6.7270%	\$ 3,724,850	\$ 325,729	\$ 276,647
Berkshire Phase 2	13.4780%	2,201,276	131,944	120,522
Total		<u>\$ 5,926,126</u>	<u>\$ 457,673</u>	<u>\$ 397,169</u>

In addition, the estimated aggregate amount of the required payments for future years for the Department’s pro rate share of the Phases in which it participates is shown in the table below:

For the years ended December 31,	Phase 1 Debt Service 6.727%	Phase 2 Debt Service 15.71%	Total Debt Service
2025	\$ 325,637	\$ 131,945	\$ 457,582
2026	325,797	131,945	457,742
2027	325,662	131,945	457,607
2028	325,553	131,945	457,498
2029	325,604	131,945	457,549
2030-2033	162,810	1,055,026	1,217,836
Total	<u>\$ 1,791,063</u>	<u>\$ 1,714,751</u>	<u>\$ 3,505,814</u>

Other Power Supply – The Department has entered into an All Requirements Bulk Power Sales Agreement (the “All Requirements Agreement”) with MMWEC, under which MMWEC provides, delivers and sells all electric power and energy to PMLD, whether through owned generation, purchase power contracts or other power supply arrangements.

Under the terms of the All Requirements Agreement, PMLD is committed to purchase additional power through MMWEC in future years for the amounts listed in the table below:

For the years ended  
December 31,

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2025	\$ 2,276,573
2026	2,511,019
2028	* 1,732,908
2029	1,766,279
2030	1,789,055
2031-2035	9,557,987
2036-2040	10,662,612
2041-2045	11,882,141
2046-2049	10,310,958
Total	<u>\$ 52,489,532</u>

\* For the year ending December 31, 2027, the Department has no commitment for the All-Requirements Agreement.

MMWEC Participation – The Town of Marblehead acting through its Light Department is a Participant in certain Projects of the Massachusetts Municipal Wholesale Electric Company (MMWEC).

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

The Light Department is also a Participant in the Northeast Reliability Center, a capacity reliability resource in Peabody, Massachusetts, which began commercial operations effective June 29, 2009, and in the Master Sargeant Alexander P. Cotton Solar Project (Cotton Solar), a solar resource in Ludlow, Massachusetts, which began commercial operations on March 1, 2024. As of December 31, 2024, the Light Department has contributed \$432,355 for design and construction costs.

MMWEC sells all of the capability (Project Capability) of each of its Projects to its Members and other utilities (Project Participants) under Power Sales Agreements (PSAs). The Light Department has entered into PSAs with MMWEC. Under the PSAs the Light Department is required to make certain payments to MMWEC payable solely from Municipal Light Department revenues. Among other things, the PSAs require each Project Participant to pay its pro rata share of MMWEC’s costs related to the Project, which costs include debt service on the revenue bonds issued by MMWEC to finance the Project. In addition, should a Project Participant fail to make

any payment when due, other Project Participants of that Project may be required to increase (step-up) their payments and correspondingly their Participant’s share of that Project’s Project Capability. Project Participants have covenanted to fix, revise and collect rates at least sufficient to meet their obligations under the PSAs. Each Participant is unconditionally obligated to make payments due to MMWEC whether or not the Project(s) is completed or operating and notwithstanding the suspension or interruption of the output of the Project(s).

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

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

The total capital expenditures and annual capacity, fuel and transmission costs (which include debt service and decommissioning expenses as discussed above) associated with the Department’s Project Capability of the Projects in which it participates for the year ended December 31, 2024 are listed in the following tables:

Phase	Percentage Share	Total Capital Expenditures	Capacity, Fuel and Transmission Billed
Stony Brook Peaking	1.5980%	\$ 1,020,063	\$ 113,860
Stony Brook Int.	2.9573%	5,427,780	476,831
Nuclear Mix 1-SBK	3.7420%	393,659	19,568
Nuclear Mix 1-MLS	3.7420%	2,436,032	258,251
Nuclear Project 3-MLS	2.9546%	4,642,509	404,917
Nuclear Project 4-SBK	2.6500%	8,223,678	364,017
Nuclear Project 5-SBK	1.2908%	1,082,599	45,810
Project 2015A - CR	4.4260%	3,674,483	395,118
Project 2020A - LS	10.8700%	1,611,674	151,704
Total		<u>\$ 28,512,477</u>	<u>\$ 2,230,076</u>

For the years ended December 31,	Total Project 2015A Debt Service 5.15%	Total Project 2020A Debt Service 10.87%	Total Debt Service
2025	\$ 189,167	\$ 129,720	\$ 318,887
2026	188,966	129,367	318,333
2027	188,925	129,435	318,360
2028	188,686	129,367	318,053
2029	188,473	129,163	317,636
2030-2034	940,918	645,488	1,586,406
2035-2039	941,549	643,164	1,584,713
2040-2044	938,639	639,278	1,577,917
2045-2049	936,172	-	936,172
2050-2051	373,457	-	373,457
Total	<u>\$ 5,074,952</u>	<u>\$ 2,574,982</u>	<u>\$ 7,649,934</u>

#### F. Landfill Closure and Post-Closure Care Costs

The Town’s landfill is closed and a final cover has been installed in accordance with Federal and State laws and regulations. Those laws and regulations also require the Town to perform certain maintenance and monitoring functions (“post-closure care”) at the site for 30 years after the landfill cover is installed. In accordance with generally accepted accounting principles, the estimated remaining cost of monitoring and other post-closure liabilities for these three parcels, \$2,177,400, has been recorded as a governmental activities’ liability; actual costs may be higher due to inflation, changes in technology, or changes in regulations.

#### G. Implementation of GASB pronouncements

##### Current Year Implementations –

In June 2022, the GASB issued GASB Statement No. 101, *Compensated Absences*. The objective of this Statement is to update the recognition and measurement guidance for compensated absences by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The provisions of this Statement became effective in fiscal year 2025. The adoption of this accounting standard did not have a material effect on the Town’s financial statements.

In December 2023, the GASB issued GASB Statement No. 102, *Certain Risk Disclosures*. The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government’s vulnerabilities due to certain concentrations or constraints. The provisions of this Statement became effective in fiscal year 2025. The adoption of this accounting standard did not have a material effect on the Town’s financial statements.

##### Future Implementations –

In April 2024, the GASB issued GASB Statement No. 103, *Financial Reporting Model Improvements*. The objective of this Statement is to improve key components of the financial

reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The provisions of this Statement are effective for financial reporting periods beginning after June 15, 2025 (fiscal year 2026). The Town is currently evaluating whether adoption will have a material impact on its financial statements.

In September 2024, the GASB issued GASB Statement No. 104, *Disclosure of Certain Capital Assets*. The objective of this Statement is to provide users of governmental financial statements with essential information about certain types of capital assets. The provisions of this Statement are effective for financial reporting periods beginning after June 15, 2025 (fiscal year 2026). The Town is currently evaluating whether adoption will have a material impact on its financial statements.

#### **IV. Restatement of Prior Year Balances**

During preparation of the 2024 Light Department financial statements, the auditors of the Light Department noted that the Light Department changed their OPEB actuary which reported the Net OPEB Liability as of calendar year ending December 31, where the previous actuary reported on a fiscal year ending June 30. The change in reporting dates resulting in a change in the beginning Net OPEB Liability. The impact of this modification on the beginning Net OPEB Liability was an increase of \$649,661 and a decrease in Net Position of \$649,661.

#### **V. Subsequent Events**

On May 15, 2026, the Town issued general obligation bonds totaling \$24,975,000 paying interest at 4.0% - 5.0% per annum and maturing on various dates through May 1, 2056. The Town used \$4,922,598 of the proceeds of these BAN's to retire the BAN's outstanding at June 30, 2025.



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## **Required Supplementary Information**

REQUIRED SUPPLEMENTARY INFORMATION - PENSIONS  
YEAR ENDED JUNE 30, 2025

SCHEDULE OF CHANGES IN EMPLOYERS' NET PENSION LIABILITY AND RELATED RATIOS  
MARBLEHEAD CONTRIBUTORY RETIREMENT SYSTEM

	Year Ended December 31,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total pension liability:										
Service cost	\$ 3,948,000	\$ 3,961,000	\$ 3,790,000	\$ 3,673,000	\$ 3,515,000	\$ 3,528,000	\$ 3,376,000	\$ 3,207,000	\$ 3,069,000	\$ 2,769,061
Interest	12,389,000	12,064,000	11,720,000	11,826,000	11,461,000	11,152,000	10,812,000	10,286,000	9,968,038	9,660,905
Changes in benefit terms	-	1,700,000	-	-	-	-	-	-	-	-
Differences between expected and actual experience	-	(2,322,000)	-	(4,541,000)	-	(195,000)	-	2,433,000	-	(2,255,000)
Changes in assumptions	-	378,000	-	1,200,000	-	4,000,000	-	3,240,000	-	6,300,000
Benefit payments, including refunds	(11,186,000)	(11,073,267)	(10,442,741)	(10,047,950)	(10,025,882)	(9,783,600)	(9,627,288)	(9,139,829)	(8,731,326)	(8,317,787)
Net change in total pension liability	5,151,000	4,707,733	5,067,259	2,110,050	4,950,118	8,701,400	4,560,712	10,026,171	4,305,712	8,157,179
Total pension liability - beginning of year	178,633,000	173,925,267	168,858,008	166,747,958	161,797,840	153,096,440	148,535,728	138,509,557	134,203,845	126,046,666
Total pension liability - end of year (a)	<u>\$ 183,784,000</u>	<u>\$ 178,633,000</u>	<u>\$ 173,925,267</u>	<u>\$ 168,858,008</u>	<u>\$ 166,747,958</u>	<u>\$ 161,797,840</u>	<u>\$ 153,096,440</u>	<u>\$ 148,535,728</u>	<u>\$ 138,509,557</u>	<u>\$ 134,203,845</u>
Plan fiduciary net position:										
Contributions - employer	\$ 6,127,331	\$ 5,642,110	\$ 5,195,313	\$ 4,786,596	\$ 4,407,922	\$ 4,081,162	\$ 3,775,273	\$ 3,502,012	\$ 3,247,889	\$ 3,004,813
Contributions - employee	2,518,896	2,529,696	2,134,887	2,552,273	2,037,727	1,900,271	1,833,766	2,153,343	2,195,793	1,913,812
Contributions - nonemployer contributing entities	882,134	627,382	-	-	-	-	-	-	-	-
Net investment income	11,190,173	12,495,051	(15,146,126)	22,273,726	12,212,886	15,021,634	(2,239,403)	15,100,863	6,346,121	585,701
Benefit payments, including refunds	(11,945,170)	(12,057,551)	(10,442,741)	(10,047,950)	(10,025,882)	(9,783,600)	(9,627,288)	(9,139,829)	(8,731,326)	(8,317,787)
Administrative expenses	(192,351)	(184,601)	(164,237)	(174,623)	(155,326)	(147,864)	(150,184)	(129,292)	(140,850)	(141,511)
Other	9,593	47,268	-	-	-	-	-	-	-	-
Net change in plan fiduciary net position	8,590,606	9,099,355	(18,422,904)	19,390,022	8,477,327	11,071,603	(6,407,836)	11,487,097	2,917,627	(2,954,972)
Plan fiduciary net position - beginning of year	124,632,396	115,533,041	133,955,945	114,565,923	106,088,596	95,016,993	101,424,829	89,937,732	87,020,105	89,975,077
Plan fiduciary net position - end of year (b)	<u>\$ 133,223,002</u>	<u>\$ 124,632,396</u>	<u>\$ 115,533,041</u>	<u>\$ 133,955,945</u>	<u>\$ 114,565,923</u>	<u>\$ 106,088,596</u>	<u>\$ 95,016,993</u>	<u>\$ 101,424,829</u>	<u>\$ 89,937,732</u>	<u>\$ 87,020,105</u>
Net pension liability - end of year (a) - (b)	<u>\$ 50,560,998</u>	<u>\$ 54,000,604</u>	<u>\$ 58,392,226</u>	<u>\$ 34,902,063</u>	<u>\$ 52,182,035</u>	<u>\$ 55,709,244</u>	<u>\$ 58,079,447</u>	<u>\$ 47,110,899</u>	<u>\$ 48,571,825</u>	<u>\$ 47,183,740</u>
Plan fiduciary net position as a percentage of the total pension liability	72.5%	69.8%	66.4%	79.3%	68.7%	65.6%	62.1%	68.3%	64.9%	64.8%
Covered payroll	23,562,000	23,562,000	22,267,000	22,267,000	22,077,899	21,644,795	21,751,500	21,325,000	20,692,466	20,286,731
Net pension liability as a percentage of covered payroll	214.6%	229.2%	262.2%	156.7%	236.4%	257.4%	267.0%	220.9%	234.7%	232.6%

See accompanying independent auditor's report.

**TOWN OF MARBLEHEAD, MASSACHUSETTS**

**REQUIRED SUPPLEMENTARY INFORMATION - PENSIONS  
YEAR ENDED JUNE 30, 2025**

**SCHEDULE OF CONTRIBUTIONS TO PENSION PLAN  
MARBLEHEAD CONTRIBUTORY RETIREMENT SYSTEM**

<u>Year Ended December 31,</u>	<u>Actuarially Determined Contribution</u>	<u>Contributions in Relation to the Actuarially Determined Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered-Employee Payroll</u>
2024	\$ 6,127,331	\$ 6,127,331	\$ -	\$ 23,562,000	26.01%
2023	5,642,110	5,642,110	-	23,562,000	23.95%
2022	5,195,313	5,195,313	-	22,267,000	23.33%
2021	4,783,897	4,783,897	-	22,267,000	21.48%
2020	4,405,062	4,405,062	-	22,077,899	19.95%
2019	4,078,761	4,078,761	-	21,644,795	18.84%
2018	3,776,631	3,776,631	-	21,751,500	17.36%
2017	3,496,880	3,496,880	-	21,325,000	16.40%
2016	3,237,852	3,237,852	-	20,692,466	15.65%
2015	2,998,011	2,998,011	-	20,286,731	14.78%

**SCHEDULE OF INVESTMENT RETURNS  
MARBLEHEAD CONTRIBUTORY RETIREMENT SYSTEM**

<u>Year Ended December 31,</u>	<u>Annual Money-Weighted Rate of Return, Net of Investment Expense</u>
2024	9.07%
2023	11.01%
2022	-11.45%
2021	19.73%
2020	11.75%
2019	16.13%
2018	-2.28%
2017	17.14%
2016	7.45%
2015	0.66%

See accompanying independent auditor's report.

TOWN OF MARBLEHEAD, MASSACHUSETTS

REQUIRED SUPPLEMENTARY INFORMATION - PENSIONS  
YEAR ENDED JUNE 30, 2025

SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
(NOT INCLUDING MUNICIPAL LIGHT)

Year Ended December 31,	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 as a Percentage of the Total Pension Liability
2024	85.38%	\$ 43,168,982	\$ 20,117,236	214.59%	72.49%
2023	85.38%	46,105,200	20,117,236	229.18%	69.77%
2022	85.99%	50,213,097	19,148,083	262.24%	66.43%
2021	85.99%	30,013,320	19,148,083	156.74%	79.33%
2020	86.13%	44,942,399	19,014,856	236.35%	68.71%
2019	86.13%	47,980,255	18,642,016	257.38%	65.57%
2018	86.10%	50,007,920	18,728,607	267.01%	62.06%
2017	86.10%	40,563,714	18,361,000	220.92%	68.28%
2016	85.07%	41,319,080	18,042,000	229.02%	64.93%
2015	85.07%	40,138,264	17,517,000	229.14%	64.84%

SCHEDULE OF THE TOWN'S CONTRIBUTIONS TO PENSION PLAN  
(NOT INCLUDING MUNICIPAL LIGHT)

Year Ended June 30,	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2025	\$ 5,231,515	\$ 5,231,515	\$ -	\$ 20,418,994	25.62%
2024	4,817,233	4,817,233	-	20,418,994	23.59%
2023	4,467,611	4,467,611	-	19,531,045	22.87%
2022	4,113,821	4,113,821	-	19,531,045	21.06%
2021	3,793,912	3,793,912	-	19,395,153	19.56%
2020	3,512,882	3,512,882	-	19,014,856	18.47%
2019	3,251,778	3,251,778	-	18,916,000	17.19%
2018	3,010,905	3,010,905	-	18,545,000	16.24%
2017	2,754,376	2,754,376	-	18,222,000	15.12%
2016	2,550,338	2,550,338	-	17,692,000	14.42%

See accompanying independent auditor's report.

TOWN OF MARBLEHEAD, MASSACHUSETTS

REQUIRED SUPPLEMENTARY INFORMATION - PENSIONS  
YEAR ENDED JUNE 30, 2025

SCHEDULE OF THE MUNICIPAL LIGHT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Year Ended December 31,	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 as a Percentage of the Total Pension Liability
2024	13.11%	\$ 6,628,547	\$ 2,459,038	269.56%	72.49%
2023	13.11%	7,079,400	2,459,038	287.89%	69.77%
2022	12.50%	7,297,423	2,782,774	262.24%	66.43%
2021	12.50%	4,361,809	2,782,774	156.74%	79.33%
2020	12.20%	6,368,556	2,694,497	236.35%	68.71%
2019	12.20%	6,799,029	2,641,664	257.38%	65.57%
2018	12.21%	7,092,308	2,656,163	267.01%	62.06%
2017	12.21%	5,752,900	2,604,081	220.92%	68.28%
2016	13.35%	6,486,422	2,061,388	314.66%	64.93%
2015	13.35%	6,301,053	1,847,887	340.99%	64.84%

SCHEDULE OF THE MUNICIPAL LIGHT'S CONTRIBUTIONS TO PENSION PLAN

Year Ended December 31,	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2024	\$ 739,856	\$ 739,856	\$ -	\$ 2,459,038	30.09%
2023	649,274	649,274	-	2,782,774	23.33%
2022	597,858	597,858	-	2,782,774	21.48%
2021	537,616	537,616	-	2,694,497	19.95%
2020	497,792	497,792	-	2,641,664	18.84%
2019	461,179	461,179	-	2,656,163	17.36%
2018	427,018	427,018	-	2,604,081	16.40%
2017	432,392	432,392	-	2,061,388	20.98%
2016	400,363	400,363	-	1,847,887	21.67%
2015	392,006	392,006	-	1,844,019	21.26%

See accompanying independent auditor's report.

**TOWN OF MARBLEHEAD, MASSACHUSETTS**

**REQUIRED SUPPLEMENTARY INFORMATION - PENSIONS  
YEAR ENDED JUNE 30, 2025**

**SCHEDULE OF THE COMMONWEALTH'S COLLECTIVE SHARE OF THE NET PENSION LIABILITY  
MASSACHUSETTS TEACHER'S RETIREMENT SYSTEM**

Year Ended June 30, *	Commonwealth's Proportionate Share of the Collective Net Pension Liability	Town's Proportion Share of the Collective Net Pension Liability	Commonwealth's Proportionate Share of the Net Pension Liability Associated with the Town	Expense and Revenue Recognized for the Commonwealth's Support	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2025	100.0%	0.0%	\$ 79,032,924	\$ 6,523,505	61.45%
2024	100.0%	0.0%	85,455,966	7,979,035	58.48%
2023	100.0%	0.0%	87,582,989	7,204,555	57.75%
2022	100.0%	0.0%	81,586,653	6,546,989	62.03%
2021	100.0%	0.0%	100,882,015	12,460,374	50.67%
2020	100.0%	0.0%	93,152,763	11,296,389	53.95%
2019	100.0%	0.0%	88,329,506	8,950,916	54.84%
2018	100.0%	0.0%	85,769,953	8,952,060	54.25%
2017	100.0%	0.0%	81,616,869	8,325,456	52.73%
2016	100.0%	0.0%	73,593,284	5,969,070	55.38%

\* Amounts determined for the previous year ended June 30.

Contributions to the MTRS are the responsibility of the Commonwealth of Massachusetts. Accordingly, the Town has not recognized any portion of the net pension liability relative to Town employees covered under the MTRS pension plan.

See accompanying independent auditors' report.

TOWN OF MARBLEHEAD, MASSACHUSETTS

REQUIRED SUPPLEMENTARY INFORMATION - OPEB  
YEAR ENDED JUNE 30, 2025

SCHEDULE OF CHANGES IN THE TOWN'S NET OPEB LIABILITY AND RELATED RATIOS

	Year Ended June 30,							
	2025	2024	2023	2022	2021	2020	2019	2018
Total OPEB liability:								
Service cost	\$ 3,355,650	\$ 3,658,221	\$ 3,268,030	\$ 9,614,402	\$ 8,412,549	\$ 8,255,863	\$ 7,387,754	\$ 7,574,209
Interest	8,698,927	8,156,205	6,640,792	4,651,269	4,998,982	5,568,135	5,437,554	5,112,576
Difference between actual and plan experience	(10,425,069)	-	21,078,740	(1,523,202)	1,179,593	(25,452,072)	2,312,897	(4,515,694)
Changes of assumptions	681,223	(9,212,513)	(30,692,809)	(62,146,549)	14,888,953	3,734,346	5,965,573	4,607,606
Other	-	(223,854)	-	-	-	-	-	-
Benefit payments	(6,914,651)	(6,270,251)	(5,693,428)	(4,402,621)	(3,698,902)	(3,799,782)	(3,651,352)	(3,839,282)
Net change in total OPEB liability	(4,603,920)	(3,892,192)	(5,398,675)	(53,806,701)	25,781,175	(11,693,510)	17,452,426	8,939,415
Total OPEB liability - beginning of year	151,602,694	155,494,886	160,893,561	214,700,262	188,919,087	200,612,597	183,160,171	174,220,756
Total OPEB liability - end of year (a)	<u>\$ 146,998,774</u>	<u>\$ 151,602,694</u>	<u>\$ 155,494,886</u>	<u>\$ 160,893,561</u>	<u>\$ 214,700,262</u>	<u>\$ 188,919,087</u>	<u>\$ 200,612,597</u>	<u>\$ 183,160,171</u>
Plan fiduciary net position:								
Contributions - employer	\$ 6,914,651	\$ 6,524,640	\$ 5,954,806	\$ 4,652,621	\$ 3,709,802	\$ 4,049,782	\$ 4,011,599	\$ 4,199,282
Net investment income	405,024	408,118	182,188	(117,454)	700,609	45,316	137,647	143,870
Benefit payments	(6,914,651)	(6,270,251)	(5,693,428)	(4,402,621)	(3,698,902)	(3,799,782)	(3,651,352)	(3,839,282)
Net change in Plan fiduciary net position	405,024	662,507	443,566	132,546	711,509	295,316	497,894	503,870
Plan fiduciary net position - beginning of year	4,549,099	3,886,592	3,443,026	3,310,480	2,598,971	2,303,655	1,805,761	1,301,891
Plan fiduciary net position - end of year (b)	<u>\$ 4,954,123</u>	<u>\$ 4,549,099</u>	<u>\$ 3,886,592</u>	<u>\$ 3,443,026</u>	<u>\$ 3,310,480</u>	<u>\$ 2,598,971</u>	<u>\$ 2,303,655</u>	<u>\$ 1,805,761</u>
Net OPEB liability - end of year (a) - (b)	<u>\$ 142,044,651</u>	<u>\$ 147,053,595</u>	<u>\$ 151,608,294</u>	<u>\$ 157,450,535</u>	<u>\$ 211,389,782</u>	<u>\$ 186,320,116</u>	<u>\$ 198,308,942</u>	<u>\$ 181,354,410</u>
Plan fiduciary net position as a percentage of the total OPEB liability	3.37%	3.00%	2.50%	2.14%	1.54%	1.38%	1.15%	0.99%
Covered-employee payroll	\$ 61,730,308	\$ 57,432,338	\$ 55,742,736	\$ 54,923,888	\$ 52,556,274	\$ 52,000,000	\$ 51,560,000	\$ 48,060,000
Net OPEB liability as a percentage of covered-employee payroll	230.11%	256.05%	271.98%	286.67%	402.22%	358.31%	384.62%	377.35%

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years in which information is available.

See accompanying independent auditor's report.

**TOWN OF MARBLEHEAD, MASSACHUSETTS**

**REQUIRED SUPPLEMENTARY INFORMATION - OPEB  
YEAR ENDED JUNE 30, 2025**

**SCHEDULE OF TOWN CONTRIBUTIONS TO OPEB PLAN**

<u>Year Ended June 30,</u>	<u>Actuarially Determined Contribution</u>	<u>Contributions in Relation to the Actuarially Determined Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered- Employee Payroll</u>	<u>Contributions as a Percentage of Covered-Employee Payroll</u>
2025	\$ 9,925,141	\$ 6,914,651	\$ 3,010,490	\$ 61,730,308	11.20%
2024	10,649,051	6,524,640	4,124,411	57,432,338	11.36%
2023	9,797,520	6,280,237	3,517,283	55,742,736	11.27%
2022	23,027,563	4,974,015	18,053,548	54,923,888	9.06%
2021	20,771,196	4,235,758	16,535,438	52,556,274	8.06%
2020	21,536,597	4,055,705	17,480,892	52,000,000	7.80%
2019	19,850,608	4,249,988	15,600,620	51,560,000	8.24%
2018	12,886,621	4,414,972	8,471,649	48,060,000	9.19%

**SCHEDULE OF INVESTMENT RETURNS**

<u>Year Ended June 30,</u>	<u>Annual Money-Weighted Rate of Return, Net of Investment Expense</u>
2025	8.90%
2024	9.86%
2023	5.70%
2022	-3.60%
2021	29.40%
2020	2.00%
2019	6.40%
2018	10.50%

This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, information is presented for those years in which information is available.

TOWN OF MARBLEHEAD, MASSACHUSETTS

REQUIRED SUPPLEMENTARY INFORMATION - OPEB  
YEAR ENDED JUNE 30, 2025

SCHEDULE OF CHANGES IN THE MUNICIPAL LIGHT'S NET OPEB LIABILITY AND RELATED RATIOS

	Year Ended December 31,						
	2024	2023	2022	2021	2020	2019	2018
Total OPEB liability:							
Service cost	\$ 33,160	\$ 80,835	\$ 234,446	\$ 205,139	\$ 250,164	\$ 223,859	\$ 189,381
Interest	188,780	873,067	187,797	211,601	286,669	288,452	497,819
Difference between actual and plan experience	-	1,808,794	(717,444)	39,360	(2,718,093)	74,655	(240,441)
Changes of assumptions	(625,104)	(1,682,212)	(2,132,484)	505,725	130,761	255,429	245,335
Benefit payments	(207,349)	(366,093)	(321,394)	(282,966)	(255,923)	(238,386)	(215,690)
Net change in total OPEB liability	(610,513)	714,391	(2,749,079)	678,859	(2,306,422)	604,009	476,404
Total OPEB liability - beginning of year	6,740,560	6,026,169	8,775,248	8,096,389	10,402,811	9,798,802	9,322,398
Total OPEB liability - end of year (a)	<u>\$ 6,130,047</u>	<u>\$ 6,740,560</u>	<u>\$ 6,026,169</u>	<u>\$ 8,775,248</u>	<u>\$ 8,096,389</u>	<u>\$ 10,402,811</u>	<u>\$ 9,798,802</u>
Plan fiduciary net position:							
Contributions - employer	\$ 207,349	\$ 366,093	\$ 321,394	\$ 282,966	\$ 255,923	\$ 238,386	\$ 215,690
Net investment income	103,342	366,237	(90,616)	547,721	35,938	97,807	150,394
Benefit payments	(207,349)	(366,093)	(321,394)	(282,966)	(255,923)	(238,386)	(215,690)
Net change in Plan fiduciary net position	103,342	366,237	(90,616)	547,721	35,938	97,807	150,394
Plan fiduciary net position - beginning of year	2,686,218	2,319,981	2,410,597	1,862,876	1,826,938	1,729,131	1,578,737
Plan fiduciary net position - end of year (b)	<u>\$ 2,789,560</u>	<u>\$ 2,686,218</u>	<u>\$ 2,319,981</u>	<u>\$ 2,410,597</u>	<u>\$ 1,862,876</u>	<u>\$ 1,826,938</u>	<u>\$ 1,729,131</u>
Net OPEB liability - end of year (a) - (b)	<u>\$ 3,340,487</u>	<u>\$ 4,054,342</u>	<u>\$ 3,706,188</u>	<u>\$ 6,364,651</u>	<u>\$ 6,233,513</u>	<u>\$ 8,575,873</u>	<u>\$ 8,069,671</u>
Plan fiduciary net position as a percentage of the total OPEB liability	45.51%	39.85%	38.50%	27.47%	23.01%	17.56%	17.65%
Covered-employee payroll	\$ 2,444,000	\$ 2,444,000	\$ 2,336,000	\$ 2,300,000	\$ 2,300,000	\$ 2,284,800	\$ 2,240,000
Net OPEB liability as a percentage of covered-employee payroll	136.68%	165.89%	158.66%	276.72%	271.02%	375.34%	360.25%

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years in which information is available.

See accompanying independent auditor's report.

**TOWN OF MARBLEHEAD, MASSACHUSETTS**

**REQUIRED SUPPLEMENTARY INFORMATION - OPEB  
YEAR ENDED JUNE 30, 2025**

**SCHEDULE OF MUNICIPAL LIGHT'S CONTRIBUTIONS TO OPEB PLAN**

Year Ended December 31	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered- Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
2024	\$ 205,994	\$ 207,349	\$ (1,355)	\$ 2,517,320	8.24%
2023	606,432	366,093	240,339	2,444,000	14.98%
2022	780,478	321,394	459,084	2,336,000	13.76%
2021	732,381	282,966	449,415	2,300,000	12.30%
2020	935,893	255,923	679,970	2,300,000	11.13%
2019	765,265	238,386	526,879	2,240,000	10.64%
2018	495,228	215,690	279,538	2,240,000	9.63%

**SCHEDULE OF INVESTMENT RETURNS**

Year Ended December 31	Annual Money-Weighted Rate of Return, Net of Investment Expense
2024	7.80%
2023	5.70%
2022	-3.60%
2021	29.40%
2020	2.00%
2019	6.40%
2018	10.50%

This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, information is presented for those years in which information is available.

The Municipal Light Department implemented GASB 75 for the year ended December 31, 2018 using a measurement date of June 30, 2018.

The measurement date was changed for the year ended December 31, 2024 using a measurement date of December 31, 2024.

See accompanying auditor's report.

TOWN OF MARBLEHEAD, MASSACHUSETTS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL - GENERAL FUND  
 YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual Budgetary Amounts	Encumbrances	Actual Budgetary Adjusted	Variance Positive (Negative)
	Original Budget	Final Budget				
<b>Revenues:</b>						
Real estate and personal property taxes	\$ 83,947,013	\$ 83,947,013	\$ 85,163,762	\$ -	85,163,762	1,216,749
Intergovernmental	8,822,181	8,822,181	8,818,437	-	8,818,437	(3,744)
Excise taxes	3,728,356	3,728,356	4,799,752	-	4,799,752	1,071,396
Charges for services	1,455,644	1,455,644	1,716,377	-	1,716,377	260,733
Penalties and interest on taxes	310,000	310,000	488,909	-	488,909	178,909
Payments in lieu of taxes	9,000	9,000	12,796	-	12,796	3,796
Licenses and permits	904,340	904,340	1,312,518	-	1,312,518	408,178
Fines and forfeits	45,000	45,000	70,277	-	70,277	25,277
Investment income	600,000	600,000	1,572,327	-	1,572,327	972,327
<b>Total Revenues</b>	<b>99,821,534</b>	<b>99,821,534</b>	<b>103,955,155</b>	<b>-</b>	<b>103,955,155</b>	<b>4,133,621</b>
<b>Expenditures:</b>						
<i>Current:</i>						
<i>General Government:</i>						
Moderator Expense	100	100	100	-	100	-
Selectmen Salaries	544,005	431,178	369,673	-	369,673	61,505
Selectmen Expense	106,697	153,696	145,409	2,877	148,286	5,410
Finance Salaries	814,438	814,438	798,886	-	798,886	15,552
Finance Expense	788,235	941,723	898,681	-	898,681	43,042
Assessors Officials Expense	300	300	300	-	300	-
Assessors Salaries	239,890	264,890	263,503	-	263,503	1,387
Assessors Expense	59,250	141,750	122,026	-	122,026	19,724
Town Counsel Salaries	2,000	2,000	2,000	-	2,000	-
Town Counsel Expense	110,000	185,000	170,352	-	170,352	14,648
Human Resources Salaries	267,460	267,460	269,369	-	269,369	(1,909)
Human Resources Expense	15,000	93,000	89,083	-	89,083	3,917
Parking Tickets Expense	13,955	13,955	4,080	-	4,080	9,875
Town Clerk Salaries	224,945	224,945	224,727	-	224,727	218
Town Clerk Expense	13,787	33,787	17,953	-	17,953	15,834
Election and Registration Salaries	36,150	36,150	7,089	-	7,089	29,061
Election and Registration Expense	55,291	74,273	73,866	-	73,866	407
Planning Board Expense	1,675	11,675	7,835	-	7,835	3,840
Planning and Community Development Salaries	-	270,747	252,946	-	252,946	17,801
Planning and Community Development Expense	-	91,233	86,842	-	86,842	4,391
Public Buildings Salaries	131,000	131,000	126,862	-	126,862	4,138
Public Buildings Expense	146,017	146,017	135,478	-	135,478	10,539
Zoning Board Legal Expense	30,000	20,000	-	-	-	20,000
Town Reports Expense	4,000	4,000	3,842	-	3,842	158
Audit of Accounts Expense	63,000	63,000	63,000	-	63,000	-
Utility Reserve	50,000	50,000	9,605	-	9,605	40,395
Training Expense	15,000	15,000	12,100	-	12,100	2,900
Property and Liability Insurance	791,718	791,718	792,175	-	792,175	(457)
Energy Reserve	140,247	140,247	46,043	-	46,043	94,204
Finance Commission Expense	3,210	3,210	2,985	-	2,985	225
Finance Reserve	144,000	99,000	-	-	-	99,000
Articles - Equipment	107,288	107,288	78,000	29,288	107,288	-
Articles - Capital	143,771	169,771	110,977	58,794	169,771	-
Articles - Buildings	251,594	52,539	26,914	25,625	52,539	-
<b>Total General Government</b>	<b>5,314,023</b>	<b>5,845,090</b>	<b>5,212,701</b>	<b>116,584</b>	<b>5,329,285</b>	<b>515,805</b>

TOWN OF MARBLEHEAD, MASSACHUSETTS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL - GENERAL FUND  
 YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual Budgetary Amounts	Encumbrances	Actual Budgetary Adjusted	Variance Positive (Negative)
	Original Budget	Final Budget				
<b>Expenditures:</b>						
<i>Public Safety</i>						
Police Salaries	4,644,044	4,644,044	4,608,022	-	4,608,022	36,022
Police Expense	236,009	256,009	248,154	-	248,154	7,855
Fire Salaries	5,202,528	4,996,159	4,996,059	-	4,996,059	100
Fire Expense	281,957	466,361	453,642	-	453,642	12,719
Building Commissioner Salaries	548,045	548,045	443,894	-	443,894	104,151
Building Commissioner Expense	120,693	120,693	110,092	-	110,092	10,601
Sealer of Weights and Measures Expense	250	1,050	1,050	-	1,050	-
Animal Inspector Salaries	2,400	2,400	2,400	-	2,400	-
Articles - Equipment	421,739	421,739	244,573	177,166	421,739	-
Articles - Capital	15,476	53,783	25,557	28,226	53,783	-
Articles - Building	166,498	166,498	116,982	49,516	166,498	-
<b>Total Public Safety</b>	<b>11,639,639</b>	<b>11,676,781</b>	<b>11,250,425</b>	<b>254,908</b>	<b>11,505,333</b>	<b>171,448</b>
<i>Education:</i>						
School	46,948,963	46,948,963	46,364,169	-	46,364,169	584,794
Articles - Equipment	133,535	133,535	56,811	76,724	133,535	-
Articles - Capital	461,870	461,870	33,601	428,269	461,870	-
Articles - Essex North Shore	469,271	469,271	468,057	-	468,057	1,214
<b>Total Education</b>	<b>48,013,639</b>	<b>48,013,639</b>	<b>46,922,638</b>	<b>504,993</b>	<b>47,427,631</b>	<b>586,008</b>
<i>Public Works:</i>						
Engineering Salaries	199,914	41,995	41,994	-	41,994	1
Engineering Expense	10,645	795	808	-	808	(13)
Highway Salaries	1,606,217	1,606,217	1,504,796	-	1,504,796	101,421
Highway Expense	276,456	276,456	229,250	-	229,250	47,206
Rebuild and Maintain HTTP System	19,447	19,447	19,447	-	19,447	-
Snow Removal	105,000	311,369	311,369	-	311,369	-
Streetlighting	128,820	128,820	73,630	-	73,630	55,190
Waste Collection Salaries	503,274	503,274	482,394	-	482,394	20,880
Waste Collection Expense	2,222,946	2,222,946	2,222,547	-	2,222,547	399
Landfill Monitoring Expense	114,600	114,600	114,600	-	114,600	-
Cemetery Officials Expense	600	600	580	-	580	20
Cemetery Salaries	456,448	456,448	434,285	-	434,285	22,163
Cemetery Expense	35,793	35,793	33,719	-	33,719	2,074
Articles - Road Improvements	159,958	17,389	-	17,389	17,389	-
Articles - Equipment	330,743	318,490	205,233	113,257	318,490	-
Articles - Capital	140,375	387,944	2,000	385,944	387,944	-
Articles - Buildings	46,090	46,090	4,414	41,676	46,090	-
Articles - Walls and Fences	124,419	124,419	1,127	123,292	124,419	-
Articles - Drain Construction	773,990	773,990	339,019	434,971	773,990	-
<b>Total Public Works</b>	<b>7,255,735</b>	<b>7,387,082</b>	<b>6,021,212</b>	<b>1,116,529</b>	<b>7,137,741</b>	<b>249,341</b>

(continued)

TOWN OF MARBLEHEAD, MASSACHUSETTS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL - GENERAL FUND  
 YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual Budgetary Amounts	Encumbrances	Actual Budgetary Adjusted	Variance Positive (Negative)
	Original Budget	Final Budget				
<i>Health and Human Services:</i>						
Health Officials Expense	400	400	400	-	400	-
Health Salaries	236,477	236,477	222,819	-	222,819	13,658
Health Expense	23,521	23,521	18,788	-	18,788	4,733
Healing Abuse Working Change (HAWC)	4,000	4,000	4,000	-	4,000	-
Mental Health Expense	64,444	64,444	61,116	-	61,116	3,328
Council on Aging Salaries	392,649	392,649	392,648	-	392,648	1
Council on Aging Expense	14,050	14,050	14,050	-	14,050	-
Veterans Salaries	62,258	62,258	61,942	-	61,942	316
Veterans Expense	2,543	4,343	4,200	-	4,200	143
Veterans Benefits	45,000	70,000	62,906	-	62,906	7,094
Articles - Equipment	29,100	29,100	29,000	100	29,100	-
<b>Total Health and Human Services</b>	<b>874,442</b>	<b>901,242</b>	<b>871,869</b>	<b>100</b>	<b>871,969</b>	<b>29,273</b>
<i>Culture and Recreation:</i>						
Library Salaries	1,088,496	1,088,496	1,042,706	-	1,042,706	45,790
Library Expense	295,626	295,626	295,694	-	295,694	(68)
Parks Salaries	724,387	724,387	669,293	-	669,293	55,094
Parks Expense	204,950	204,950	190,895	-	190,895	14,055
Parks Facility Expense	49,000	49,000	44,392	-	44,392	4,608
Memorial and Veterans Day	7,550	7,550	4,488	-	4,488	3,062
Articles - Equipment	62,329	62,329	59,464	2,865	62,329	-
Articles - Capital	13,953	55,953	34,169	21,784	55,953	-
<b>Total Culture and Recreation</b>	<b>2,446,291</b>	<b>2,488,291</b>	<b>2,341,101</b>	<b>24,649</b>	<b>2,365,750</b>	<b>122,541</b>
<i>Pension Benefits:</i>	4,879,451	4,879,451	4,879,451	-	4,879,451	-
<i>Employee Benefits:</i>						
Salary Reserve	50,000	50,000	20,478	-	20,478	29,522
Medicare	272,000	272,000	248,379	-	248,379	23,621
Group Insurance	14,473,518	13,367,136	13,007,996	-	13,007,996	359,140
<b>Total Employee Benefits</b>	<b>14,795,518</b>	<b>13,689,136</b>	<b>13,276,853</b>	<b>-</b>	<b>13,276,853</b>	<b>412,283</b>
<i>State and County Charges:</i>	2,497,585	2,497,585	2,290,868	-	2,290,868	206,717
<i>Debt Service:</i>						
Maturing Debt	7,540,000	7,540,000	7,540,000	-	7,540,000	-
Interest	3,518,075	3,545,299	3,545,298	-	3,545,298	1
<b>Total Debt Service</b>	<b>11,058,075</b>	<b>11,085,299</b>	<b>11,085,298</b>	<b>-</b>	<b>11,085,298</b>	<b>1</b>
<b>Total Expenditures</b>	<b>108,774,398</b>	<b>108,463,596</b>	<b>104,152,416</b>	<b>2,017,763</b>	<b>106,170,179</b>	<b>2,293,417</b>
<b>Other Financing Sources (Uses)</b>						
Transfers in	750,772	750,772	979,137		979,137	228,365
Transfers out	(398,000)	(708,802)	(541,441)		(541,441)	167,361
<b>Total Other Financing Sources (Uses)</b>	<b>352,772</b>	<b>41,970</b>	<b>437,696</b>		<b>\$ 437,696</b>	<b>395,726</b>
<i>Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures/Uses Of Prior Year Budgetary Fund Balance</i>	<u>(8,600,092)</u>	<u>(8,600,092)</u>	<u>\$ 240,435</u>			<u>\$ 6,822,764</u>
<b>Other Budgetary Items</b>						
Use of unassigned fund balance	\$ 6,500,000	\$ 6,500,000				
Prior year encumbrances	2,145,566	2,145,566				
Other	(45,474)	(45,474)				
<b>Total Other Budgetary Items</b>	<b>8,600,092</b>	<b>8,600,092</b>				
<b>Net budget and actual</b>	<b>\$ -</b>	<b>\$ -</b>				

(Concluded)

## TOWN OF MARBLEHEAD, MASSACHUSETTS

### NOTES TO REQUIRED SUPPLEMENTARY INFORMATION YEAR ENDED JUNE 30, 2025

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#### I. Pension Plan

*Pension Contributions* – The Town contributes to the Marblehead Contributory Retirement System (the System), a cost-sharing multiple-employer contributory defined benefit pension plan established under Chapter 32 of Massachusetts General Law Chapter 32. Under provisions of this law, participating employers are assessed their share of the total retirement cost based on the entry age, normal actuarial cost method. The pension appropriations are established by the Public Employee Retirement Administration Commission (PERAC) based on a funding schedule approved by the System.

*Changes in Assumptions* – None.

#### II. Other Postemployment Benefit Plans

The Town administers a single employer defined benefit healthcare plan that provides health, dental and life insurance benefits (other postemployment benefits) to retirees and their dependents/beneficiaries in accordance with Section 20 of Massachusetts General Law Chapter 32B. The Town is not required to fully fund the actuarially determined contribution.

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

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll
Asset valuation method	Fair value
Investment rate of return	6.09%
Municipal bond rate	4.81%
Discount rate	5.51%
Inflation	2.50%
Salary increases	3.00% per year
Health care trend rate	4.96%, decreasing to an ultimate level of 3.63% using the SOA Getzen Model of Long-Run Medical Cost Trends
Pre-Retirement Mortality	RP-2014 Mortality Table for Blue Collar Employees projected generationally with scale MP-2021, set forward one year for females
Post-Retirement Mortality	RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with scale MP-2021, set forward one year for females
Disabled Mortality	RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with scale MP-2021, set forward one year for males and two years for females

Key assumption changes

Discount rate changed to 5.51% previously 5.74%  
Investment rate of return changed to 6.09% previously 6.97%  
Mortality tables changed from RP-2014 mortality table with MP-2016 projection to the tables detailed above

The Light Department administers a single employer defined benefit healthcare plan that provides health, dental and life insurance benefits (other postemployment benefits) to retirees and their dependents/beneficiaries in accordance with Section 20 of Massachusetts General Law Chapter 32B. The Light Department is not required to fully fund the actuarially determined contribution.

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

Actuarial cost method	Individual Entry age normal
Amortization method	Level percentage of payroll
Asset valuation method	Fair value
Investment rate of return	6.47%, net of expense, including inflation
Municipal bond rate	4.28% as of December 31, 2024
Discount rate	6.47%
Salary increases	3.00 per annum
Inflation	2.50% per annum
Health care trend rate	5.0%, which includes an assumed 5% increase in 2024, trending to an ultimate rate of 3.63% in 2060 using the Getzen Model.
Pre-Retirement Mortality	RP-2014 Mortality Table for Blue Collar Employees projected generationally with scale MP-2016, set forward 1 year for females.
Post-Retirement Mortality	RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with scale MP-2016, set forward 1 year for females.
Disabled Mortality	RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with scale MP-2016, set forward 1 year.

Key assumption changes

Discount rate changed from 5.24% as of the measurement date June 30, 2023, to 6.47% as of the measurement date December 31, 2024

**III. Budgetary Basis of Accounting**

*Budgetary Information* – An annual budget is legally adopted for the General Fund and the Enterprise Fund. The budget is recommended by the Finance Committee and approved by Town Meeting at the Town’s annual meeting in May. Changes subsequent to the approved Town Meeting budget require majority Town Meeting approval at a Special Town Meeting. Expenditures may not

legally exceed appropriations at the department level. Department heads may transfer, without Town Meeting approval, appropriation balances from one account to another within their department or budget, and within the categories of salaries and expenses. At the close of each fiscal year, unencumbered appropriation balances lapse and revert to unassigned fund balance.

The Town adopts an annual budget for the general fund in conformity with the guidelines described above. During fiscal year 2025, Town Meeting did not approve any supplemental appropriations which increased the original budget in total. The Town Accountant has the responsibility to ensure that budgetary control is maintained in the manner in which the appropriations were voted by Town Meeting. Budgetary control is exercised through the Town's accounting system.

Budgetary-to-GAAP Reconciliation – The Town's general fund is prepared on a basis of accounting other than GAAP. A reconciliation of the budgetary-basis to GAAP-basis results for the General Fund for the fiscal year ended June 30, 2025, is as follows:

	Basis of Accounting Differences	Fund Perspective Differences	Total
Revenue on a budgetary basis			\$ 103,955,155
Revenue recognition	\$ (372,780)	\$ -	(372,780)
Stabilization revenues	-	24,836	24,836
On-behalf pension payments	6,523,505	-	6,523,505
Revenue on a GAAP basis	<u>\$ 6,150,725</u>	<u>\$ 24,836</u>	<u>\$ 110,130,716</u>
Expenditures on a budgetary basis			\$ 104,152,416
Enterprise funds indirect costs	\$ -	\$ (359,693)	(359,693)
Workers' compensation contributions	-	398,000	398,000
On-behalf pension payments	6,523,505	-	6,523,505
Balance sheet deficit transfer reported as expenditure	51,076	-	51,076
Sewer article funding	-	(62,129)	(62,129)
Expenditures on a GAAP basis	<u>\$ 6,574,581</u>	<u>\$ (23,822)</u>	<u>\$ 110,703,175</u>
Transfers on a budgetary basis (net)			\$ 437,696
Enterprise funds indirect costs	\$ -	\$ (359,693)	(359,693)
Workers' compensation contributions	-	398,000	398,000
Balance sheet deficit transfer reported as expenditure	51,076	-	51,076
Sewer article funding	-	(62,129)	(62,129)
Transfers on a GAAP basis (net)	<u>\$ 51,076</u>	<u>\$ (23,822)</u>	<u>\$ 464,950</u>

## **Combining Statements**



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## **Nonmajor Governmental Fund**

### *Special Revenue Funds –*

Special revenue funds are used to account for certain revenue generating activities that are legally and/or programmatically restricted to expenditures for a specific purpose. From the Town's financial ledgers, these activities can be distinctly categorized into the following groupings:

*State Grants* – This fund accounts for grants received either directly from the Commonwealth of Massachusetts and its agencies or indirectly through pass-through entities.

*Other Grants* – This fund accounts for grant funds received from individuals and foundations for various governmental purposes designated by the grantor.

*Revolving Fund* – This fund accounts for revolving funds established in accordance with MGL Chapter 44, Section 53E ½ and other applicable statutes.

*Waste Collection Revolving Fund* – This fund accounts for waste collection activities approved by Town Meeting and established in accordance with MGL Chapter 44, Section 53E ½.

*Receipts Reserved for Appropriation Fund* – This fund accounts for receipts collected which are reserved until appropriated for a specific purpose for which it has been segregated by Massachusetts General Law.

*Gifts Fund* – This fund accounts for activity of gifts and donated funds for various governmental purposes designated by the donor.

*Special Revenue Trust Fund* – This fund accounts for contributions where both principal and investment earnings may be spent to support the government.

*Highway Improvement Fund* – This fund accounts for certain roadway improvement projects which are fully reimbursed by the Commonwealth of Massachusetts.

*Student Activity Fund* – This fund accounts for all student activities and is funded through user charges.

**NONMAJOR GOVERNMENTAL FUNDS**

COMBINING BALANCE SHEET  
JUNE 30, 2025

	<b>Special Revenue Funds</b>				
	State Grants	Other Grants	Revolving Fund	Waste Collection Revolving	Receipts Reserved for Appropriation
<b>Assets:</b>					
Cash and cash equivalents	\$ 1,993,375	\$ 1,047,714	\$ 7,145,761	\$ 2,339,919	\$ 1,222,684
Investments	-	-	-	-	-
Receivables, net of allowance for uncollectibles:					
Departmental and other	-	-	85,959	-	-
Intergovernmental	703,347	-	-	-	-
Inventory	-	-	21,096	-	-
<b>Total Assets</b>	<b>\$ 2,696,722</b>	<b>\$ 1,047,714</b>	<b>\$ 7,252,816</b>	<b>\$ 2,339,919</b>	<b>\$ 1,222,684</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>					
Liabilities:					
Warrants and accounts payable	\$ 468,008	\$ 16,819	\$ 72,043	\$ 218,926	\$ -
Accrued payroll and withholdings	12,713	2,331	102,763	-	-
Other liabilities	-	-	28,929	-	-
Due to other funds	-	-	-	-	-
<b>Total Liabilities</b>	<b>480,721</b>	<b>19,150</b>	<b>203,735</b>	<b>218,926</b>	<b>-</b>
Deferred Inflows of Resources:					
Unavailable revenues - other	-	-	85,959	-	-
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>-</b>	<b>85,959</b>	<b>-</b>	<b>-</b>
Fund Balances:					
Nonspendable	-	-	21,096	-	-
Restricted	2,216,001	1,028,564	6,942,026	2,120,993	1,222,684
<b>Total Fund Balances</b>	<b>2,216,001</b>	<b>1,028,564</b>	<b>6,963,122</b>	<b>2,120,993</b>	<b>1,222,684</b>
<b>Total Liabilities, Deferred Inflow of Resources, and Fund Balances</b>	<b>\$ 2,696,722</b>	<b>\$ 1,047,714</b>	<b>\$ 7,252,816</b>	<b>\$ 2,339,919</b>	<b>\$ 1,222,684</b>

<u>Gifts</u>	<u>Special Revenue Trust Fund</u>	<u>Highway Improvement Fund</u>	<u>Student Activity Fund</u>	<u>Total Nonmajor Governmental Funds</u>
\$ 928,265	\$ 394,855	\$ -	\$ 362,705	\$ 15,435,278
-	4,639,046	-	-	4,639,046
-	-	-	-	85,959
-	-	321,627	-	1,024,974
-	-	-	-	21,096
<u>\$ 928,265</u>	<u>\$ 5,033,901</u>	<u>\$ 321,627</u>	<u>\$ 362,705</u>	<u>\$ 21,206,353</u>
\$ 65,942	\$ 19,688	\$ -	\$ 26,669	\$ 888,095
491	-	-	73	118,371
-	-	-	-	28,929
-	-	111,080	-	111,080
<u>66,433</u>	<u>19,688</u>	<u>111,080</u>	<u>26,742</u>	<u>1,146,475</u>
-	-	-	-	85,959
-	-	-	-	85,959
-	-	-	-	21,096
<u>861,832</u>	<u>5,014,213</u>	<u>210,547</u>	<u>335,963</u>	<u>19,952,823</u>
<u>861,832</u>	<u>5,014,213</u>	<u>210,547</u>	<u>335,963</u>	<u>19,973,919</u>
<u>\$ 928,265</u>	<u>\$ 5,033,901</u>	<u>\$ 321,627</u>	<u>\$ 362,705</u>	<u>\$ 21,206,353</u>

**NONMAJOR GOVERNMENTAL FUNDS**

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
FISCAL YEAR ENDED JUNE 30, 2025

	<b>Special Revenue Funds</b>				
	<u>State Grants</u>	<u>Other Grants</u>	<u>Revolving Fund</u>	<u>Waste Collection Revolving</u>	<u>Receipts Reserved for Appropriation</u>
<b>Revenues:</b>					
Intergovernmental	\$ 3,210,118	\$ 94,682	\$ 1,267,124	\$ -	\$ 649,457
Charges for services	-	-	2,075,657	877,197	34,987
Departmental and other	-	-	2,023,996	-	25,893
Investment income	-	54,752	97,888	-	-
Contributions and donations	-	331,575	-	-	-
<b>Total Revenues</b>	<u>3,210,118</u>	<u>481,009</u>	<u>5,464,665</u>	<u>877,197</u>	<u>710,337</u>
<b>Expenditures:</b>					
Current:					
General government	302,448	-	55,031	-	14,652
Public safety	175,401	1,786	1,055,804	-	-
Education	1,936,075	123,471	2,428,378	-	-
Public works	13,829	-	39,327	932,806	-
Health and human services	101,648	249,332	86,872	-	-
Culture and recreation	110,670	114,463	797,371	-	-
Debt service:					
Principal	-	-	-	7,092	-
<b>Total Expenditures</b>	<u>2,640,071</u>	<u>489,052</u>	<u>4,462,783</u>	<u>939,898</u>	<u>14,652</u>
Excess (Deficiency) Of Revenues Over (Under) Expenditures	<u>570,047</u>	<u>(8,043)</u>	<u>1,001,882</u>	<u>(62,701)</u>	<u>695,685</u>
<b>Other Financing Sources (Uses):</b>					
Transfers in	45,000	-	21,836	-	-
Transfers out	-	-	(9,000)	(26,079)	(171,644)
<b>Total Other Financing Sources (Uses)</b>	<u>45,000</u>	<u>-</u>	<u>12,836</u>	<u>(26,079)</u>	<u>(171,644)</u>
<b>Net Change in Fund Balances</b>	615,047	(8,043)	1,014,718	(88,780)	524,041
Fund Balances - Beginning of Year	<u>1,600,954</u>	<u>1,036,607</u>	<u>5,948,404</u>	<u>2,209,773</u>	<u>698,643</u>
Fund Balances - End of Year	<u>\$ 2,216,001</u>	<u>\$ 1,028,564</u>	<u>\$ 6,963,122</u>	<u>\$ 2,120,993</u>	<u>\$ 1,222,684</u>

<u>Gifts</u>	<u>Special Revenue Trust Fund</u>	<u>Highway Improvement Fund</u>	<u>Student Activity Fund</u>	<u>Total Nonmajor Governmental Funds</u>
\$ -	\$ -	\$ 627,467	\$ -	\$ 5,848,848
-	-	-	524,044	3,511,885
-	-	-	-	2,049,889
-	199,018	-	11,383	363,041
<u>417,021</u>	<u>96,521</u>	<u>-</u>	<u>-</u>	<u>845,117</u>
<u>417,021</u>	<u>295,539</u>	<u>627,467</u>	<u>535,427</u>	<u>12,618,780</u>
33,247	-	-	-	405,378
2,348	-	-	-	1,235,339
969,823	-	-	523,192	5,980,939
-	-	399,492	-	1,385,454
2,306	39,580	-	-	479,738
69,943	90,303	-	-	1,182,750
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,092</u>
<u>1,077,667</u>	<u>129,883</u>	<u>399,492</u>	<u>523,192</u>	<u>10,676,690</u>
<u>(660,646)</u>	<u>165,656</u>	<u>227,975</u>	<u>12,235</u>	<u>1,942,090</u>
-	25,529	-	-	92,365
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(206,723)</u>
<u>-</u>	<u>25,529</u>	<u>-</u>	<u>-</u>	<u>(114,358)</u>
(660,646)	191,185	227,975	12,235	1,827,732
<u>1,522,478</u>	<u>4,823,028</u>	<u>(17,428)</u>	<u>323,728</u>	<u>18,146,187</u>
<u>\$ 861,832</u>	<u>\$ 5,014,213</u>	<u>\$ 210,547</u>	<u>\$ 335,963</u>	<u>\$ 19,973,919</u>



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## **Fiduciary Funds**

The Private Purpose Trust Funds are used to account for trust arrangements under which principal and income benefit individuals, private organizations or other governments. The Town's private purpose activities can be distinctly categorized into the following groupings:

*Charity Funds* – This fund accounts for contributions held by the Town to benefit private charities.

*Scholarship Funds* – This fund accounts for scholarship funds held by the Town to benefit individuals.

*Other Funds* – This fund accounts for other amounts held by the Town for the benefit of individuals or private organizations.

**PRIVATE PURPOSE TRUST FUNDS**

COMBINING STATEMENT OF NET POSITION  
JUNE 30, 2025

	Charity Funds	Scholarship Funds	Other Funds	Total Private Purpose Trust Funds
<b>Assets:</b>				
Cash and cash equivalents	\$ 611,872	\$ 602,386	\$ -	\$ 1,214,258
Investments:				
U.S. government obligations	518,890	475,715	21,871	1,016,476
Corporate fixed income	778,335	713,572	32,807	1,524,714
Common stock	555,954	509,695	23,433	1,089,082
Capital assets, not being depreciated	2,045	-	-	2,045
Capital assets, net of accumulated depreciation	75,008	-	-	75,008
<b>Total Assets</b>	<u>2,542,104</u>	<u>2,301,368</u>	<u>78,111</u>	<u>4,921,583</u>
<b>Liabilities:</b>				
Warrants and accounts payable	52	107,000	-	107,052
<b>Total Liabilities</b>	<u>52</u>	<u>107,000</u>	<u>-</u>	<u>107,052</u>
<b>Net Position:</b>				
Restricted for private purposes	2,542,052	2,194,368	78,111	4,814,531
<b>TOTAL NET POSITION</b>	<u>\$ 2,542,052</u>	<u>\$ 2,194,368</u>	<u>\$ 78,111</u>	<u>\$ 4,814,531</u>

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**PRIVATE PURPOSE TRUST FUNDS**

COMBINING STATEMENT OF CHANGES IN NET POSITION  
FISCAL YEAR ENDED JUNE 30, 2025

	Charity Funds	Scholarship Funds	Other Funds	Total Private Purpose Trust Funds
<b>Additions</b>				
Contributions:				
Other	\$ 14,574	\$ 74,276	\$ 2,436	\$ 91,286
Total contributions	<u>14,574</u>	<u>74,276</u>	<u>2,436</u>	<u>91,286</u>
Investment income:				
Investment income (loss)	106,229	94,634	1,284	202,147
Net investment earnings	<u>106,229</u>	<u>94,634</u>	<u>1,284</u>	<u>202,147</u>
<b>Total Additions</b>	<u>120,803</u>	<u>168,910</u>	<u>3,720</u>	<u>293,433</u>
<b>Deductions</b>				
Educational scholarships	-	116,000	1,000	117,000
Administration	17,279	-	-	17,279
Depreciation	<u>10,038</u>	<u>-</u>	<u>-</u>	<u>10,038</u>
<b>Total Deductions</b>	<u>27,317</u>	<u>116,000</u>	<u>1,000</u>	<u>144,317</u>
CHANGE IN NET POSITION	93,486	52,910	2,720	149,116
NET POSITION AT BEGINNING OF YEAR	<u>2,448,566</u>	<u>2,141,458</u>	<u>75,391</u>	<u>4,665,415</u>
NET POSITION AT END OF YEAR	<u>\$ 2,542,052</u>	<u>\$ 2,194,368</u>	<u>\$ 78,111</u>	<u>\$ 4,814,531</u>



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# STATISTICAL SECTION



**Above:** The swearing in of two patrol officers.

Courtesy: Marblehead Current

# Statistical Section

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

## **Financial Trends**

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

## **Revenue Capacity**

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

## **Debt Capacity**

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

## **Demographic and Economic Information**

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

## **Operating Information**

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

Sources: Unless otherwise noted, the information in these schedules is derived from the financial statements for the relevant year.

**NET POSITION BY COMPONENT**

**LAST TEN FISCAL YEARS**

	<u>2016</u>	<u>2017 (1)</u>	<u>2018 (2)</u>	<u>2019</u>	<u>2020 (3)</u>	<u>2021(4)</u>	<u>2022 (4)(5)(6)</u>	<u>2023 (4)(5)(6)</u>	<u>2024</u>	<u>2025</u>
<b>Governmental activities:</b>										
Net investment in capital assets.....	\$ 74,362,302	\$ 80,043,188	\$ 81,296,691	\$ 81,183,548	\$ 81,262,886	\$ 90,122,607	\$ 94,756,565	\$ 94,870,282	\$ 85,367,145	\$ 90,712,005
Restricted.....	10,358,396	10,142,342	10,425,505	13,419,904	13,926,084	11,808,174	14,943,821	15,285,548	18,499,666	18,993,480
Unrestricted.....	(69,515,140)	(200,049,807)	(209,344,516)	(222,268,732)	(228,077,280)	(237,194,771)	(234,369,529)	(223,635,701)	(199,695,366)	(186,146,950)
<b>Total governmental activities net position.....</b>	<b>\$ 15,205,558</b>	<b>\$ (109,864,277)</b>	<b>\$ (117,622,320)</b>	<b>\$ (127,665,280)</b>	<b>\$ (132,888,310)</b>	<b>\$ (135,263,990)</b>	<b>\$ (124,669,143)</b>	<b>\$ (113,479,871)</b>	<b>\$ (95,828,555)</b>	<b>\$ (76,441,465)</b>
<b>Business-type activities:</b>										
Net investment in capital assets.....	\$ 36,547,443	\$ 38,020,264	\$ 40,310,430	\$ 41,806,634	\$ 41,173,750	\$ 42,052,659	\$ 41,078,739	\$ 41,064,549	\$ 46,103,666	\$ 51,411,883
Restricted.....	6,751,653	6,949,454	6,949,454	6,949,454	6,671,639	8,085,153	9,614,061	10,220,543	7,107,473	7,095,396
Unrestricted.....	7,273,751	3,565,638	(5,725,878)	(6,452,792)	(6,548,633)	(6,754,097)	(1,611,737)	1,267,264	4,790,398	7,609,012
<b>Total business-type activities net position.....</b>	<b>\$ 50,572,847</b>	<b>\$ 48,535,356</b>	<b>\$ 41,534,006</b>	<b>\$ 42,303,296</b>	<b>\$ 41,296,756</b>	<b>\$ 43,383,715</b>	<b>\$ 49,081,063</b>	<b>\$ 52,552,356</b>	<b>\$ 58,001,537</b>	<b>\$ 66,116,291</b>
<b>Primary government:</b>										
Net investment in capital assets.....	\$ 110,909,745	\$ 118,063,452	\$ 121,607,121	\$ 122,990,182	\$ 122,436,636	\$ 132,175,266	\$ 135,835,304	\$ 135,934,831	\$ 131,470,811	\$ 142,123,888
Restricted.....	17,110,049	17,091,796	17,374,959	20,369,358	20,597,723	19,893,327	24,557,882	25,506,091	25,607,139	26,088,876
Unrestricted.....	(62,241,389)	(196,484,169)	(215,070,394)	(228,721,524)	(234,625,913)	(243,948,868)	(235,981,266)	(222,368,437)	(194,904,968)	(178,537,938)
<b>Total primary government net position.....</b>	<b>\$ 65,778,405</b>	<b>\$ (61,328,921)</b>	<b>\$ (76,088,314)</b>	<b>\$ (85,361,984)</b>	<b>\$ (91,591,554)</b>	<b>\$ (91,880,275)</b>	<b>\$ (75,588,080)</b>	<b>\$ (60,927,515)</b>	<b>\$ (37,827,018)</b>	<b>\$ (10,325,174)</b>

- (1) Unrestricted net position has been revised to reflect the implementation of GASB #68.
- (2) Unrestricted net position has been revised to reflect the implementation of GASB #75 in fiscal year 2018.
- (3) Unrestricted net position of the Municipal Light Plant has been revised to reflect the implementation of GASB #75 in fiscal year 2019.
- (4) Restricted net position has been revised for unavailable revenue corrections.
- (5) Restricted net position has been revised for investment market value corrections.
- (6) Restricted net position has been revised for outstanding receivables corrections.

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

	2016	2017	2018	2019	2020	2021 (1)	2022 (1)(2)	2023 (1)	2024	2025
Expenses -										
Governmental activities:										
General government.....	\$ 4,049,880	\$ 3,998,948	\$ 4,149,528	\$ 5,347,875	\$ 5,098,400	\$ 5,908,437	\$ 4,321,513	\$ 5,152,221	\$ 5,834,369	\$ 7,398,188
Public safety.....	13,059,638	13,546,839	15,087,411	15,803,260	15,289,243	15,099,843	12,676,904	13,215,118	15,031,565	14,507,280
Education.....	63,223,425	68,164,424	72,235,555	76,926,325	78,027,196	80,195,747	74,090,863	68,747,259	69,602,227	69,460,961
Public works.....	8,464,369	5,120,344	7,004,811	8,418,205	8,606,646	8,801,433	7,544,446	7,859,316	8,258,032	7,999,080
Landfill closure.....	8,010,805	-	-	-	-	-	-	-	-	-
Health and human services.....	1,161,803	1,302,548	1,508,463	1,519,921	1,521,848	1,369,059	1,137,231	1,367,356	1,309,550	1,152,567
Culture and recreation.....	3,722,667	3,721,534	4,062,091	4,321,098	4,198,451	483,529	3,707,860	4,568,681	4,000,404	5,021,446
Interest.....	2,055,607	2,341,770	2,154,964	2,185,589	2,344,706	3,009,504	2,142,461	2,554,412	2,696,417	2,382,238
Total government activities expenses.....	<u>103,748,194</u>	<u>98,196,407</u>	<u>106,202,823</u>	<u>114,522,273</u>	<u>115,086,490</u>	<u>114,867,552</u>	<u>105,621,278</u>	<u>103,464,363</u>	<u>106,732,564</u>	<u>107,921,760</u>
Business-type activities:										
Water.....	3,987,766	4,132,387	4,553,630	4,369,277	5,093,532	5,648,873	5,230,346	5,706,225	5,390,870	5,438,576
Sewer.....	4,095,094	4,627,409	4,870,418	5,105,008	6,039,576	5,369,856	3,231,012	6,000,843	5,253,764	4,787,728
Municipal Light.....	16,422,802	15,631,285	16,223,014	17,740,657	16,485,516	16,521,136	16,982,831	17,710,162	19,470,807	1,146,088
Harbor.....	1,011,537	1,059,866	1,014,642	1,078,663	1,242,871	1,176,742	179,724	2,008,866	1,125,387	19,323,234
Total business-type activities expenses.....	<u>25,517,199</u>	<u>25,450,947</u>	<u>26,661,704</u>	<u>28,293,605</u>	<u>28,861,495</u>	<u>28,716,607</u>	<u>25,623,913</u>	<u>31,426,096</u>	<u>31,240,828</u>	<u>30,695,626</u>
Total primary government expenses.....	<u>\$ 129,265,393</u>	<u>\$ 123,647,354</u>	<u>\$ 132,864,527</u>	<u>\$ 142,815,878</u>	<u>\$ 143,947,985</u>	<u>\$ 143,584,159</u>	<u>\$ 131,245,191</u>	<u>\$ 134,890,459</u>	<u>\$ 137,973,392</u>	<u>\$ 138,617,386</u>
Program Revenues -										
Governmental activities:										
Charges for services:										
Public safety.....	1,249,704	1,362,391	1,425,496	1,595,340	1,600,988	1,758,837	1,891,879	2,049,255	2,466,433	2,280,559
Education.....	2,255,951	2,842,596	2,624,923	2,618,409	2,107,218	1,229,438	2,120,490	1,976,204	2,116,200	2,146,485
Public works.....	866,927	1,136,212	1,320,282	1,465,007	3,229,251	1,822,313	1,908,235	1,854,503	2,113,799	1,750,917
Other charges for services.....	1,174,048	1,234,788	1,265,859	1,780,681	1,471,926	1,887,997	1,631,975	1,821,697	2,341,829	2,399,647
Operating grants and contributions.....	15,344,880	18,290,706	19,339,810	19,437,238	22,707,520	22,883,525	21,062,747	19,289,786	21,151,824	22,357,052
Capital grants and contributions.....	723,405	521,930	576,960	699,305	2,394,292	8,758,846	4,302,332	1,125,122	3,645,223	2,862,535
Total government activities program revenues.....	<u>21,614,915</u>	<u>25,388,623</u>	<u>26,553,330</u>	<u>27,595,980</u>	<u>33,511,195</u>	<u>38,340,956</u>	<u>32,917,658</u>	<u>28,116,567</u>	<u>33,835,308</u>	<u>33,797,195</u>
Business-type activities:										
Charges for services - Water.....	4,575,779	4,827,808	4,528,184	4,652,262	4,387,954	5,966,500	6,392,465	6,765,335	6,450,172	7,491,489
Charges for services - Sewer.....	5,449,253	5,674,707	5,078,499	5,771,655	5,356,645	6,268,148	5,957,327	6,476,776	6,676,815	7,351,771
Charges for services - Municipal Light.....	16,761,424	16,347,202	16,107,739	17,341,386	17,019,678	17,538,146	17,937,756	20,184,230	21,467,258	1,106,151
Charges for services - Harbor.....	681,730	697,328	904,347	829,876	823,240	828,468	632,097	1,034,494	1,050,500	21,357,749
Capital grant and contributions.....	-	-	-	-	-	-	-	-	-	394,303
Operating grants and contributions.....	2,724	1,680	78,010	208,641	12,873	11,000	11,000	9,129	52,563	203,964
Total business-type activities program revenues.....	<u>27,470,910</u>	<u>27,548,725</u>	<u>26,696,779</u>	<u>28,803,820</u>	<u>27,600,390</u>	<u>30,612,262</u>	<u>30,930,645</u>	<u>34,469,964</u>	<u>35,697,308</u>	<u>37,905,427</u>
Total primary government program revenues.....	<u>\$ 49,085,825</u>	<u>\$ 52,937,348</u>	<u>\$ 53,250,109</u>	<u>\$ 56,399,800</u>	<u>\$ 61,111,585</u>	<u>\$ 68,953,218</u>	<u>\$ 63,848,303</u>	<u>\$ 62,586,531</u>	<u>\$ 69,532,616</u>	<u>\$ 71,702,622</u>
Net (Expense)/Program Revenue										
Governmental activities.....	\$ (82,133,279)	\$ (72,807,784)	\$ (79,649,493)	\$ (86,926,293)	\$ (81,575,295)	\$ (76,526,596)	\$ (72,703,620)	\$ (75,347,796)	\$ (72,897,256)	\$ (74,124,565)
Business-type activities.....	1,953,711	2,097,778	35,075	510,215	(1,261,105)	1,895,655	5,306,732	3,043,868	4,456,480	7,209,801
Total primary government net (expense)/program revenue.....	<u>\$ (80,179,568)</u>	<u>\$ (70,710,006)</u>	<u>\$ (79,614,418)</u>	<u>\$ (86,416,078)</u>	<u>\$ (82,836,400)</u>	<u>\$ (74,630,941)</u>	<u>\$ (67,396,888)</u>	<u>\$ (72,303,928)</u>	<u>\$ (68,440,776)</u>	<u>\$ (66,914,764)</u>

(1) Governmental activities operating grants and contribution revenue was adjusted as a result of unavailable revenue corrections.  
 (2) Governmental activities operating grants and contributions and water and sewer charges for services revenue were adjusted as a result of receivable corrections.

(continued)

**CHANGES IN NET POSITION**

**LAST TEN FISCAL YEARS**

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022 (1)</u>	<u>2023 (1)</u>	<u>2024</u>	<u>2025</u>
General Revenues and other Changes in Net Position -										
Governmental activities:										
Real estate and personal property taxes,										
net of tax refunds payable.....	\$ 60,478,448	\$ 63,759,278	\$ 66,330,626	\$ 67,643,148	\$ 69,628,786	\$ 72,483,161	\$ 75,856,606	\$ 78,959,380	\$ 81,456,520	\$ 84,114,332
Motor vehicle excise taxes.....	3,570,737	3,637,261	3,731,262	3,869,773	3,695,922	3,037,816	4,419,655	3,666,052	4,014,888	4,949,139
Penalties and interest on taxes.....	244,181	276,660	296,552	331,608	343,900	310,570	372,018	456,535	400,110	488,909
Payments in lieu of taxes.....	-	-	-	-	-	-	-	-	11,624	12,796
Grants and contributions not restricted to specific programs.....	1,822,044	1,270,198	1,328,929	1,415,366	1,380,986	1,415,509	1,578,261	1,587,952	1,361,321	1,402,160
Unrestricted investment income (loss).....	457,113	328,165	204,081	3,623,438	892,542	503,860	201,995	1,867,149	3,176,980	2,276,448
Gain (loss) on disposal of capital assets.....	-	-	-	-	-	-	869,932	-	-	-
Transfers.....	-	-	-	-	-	-	-	-	127,129	267,871
Total governmental activities.....	<u>66,572,523</u>	<u>69,271,562</u>	<u>71,891,450</u>	<u>76,883,333</u>	<u>75,942,136</u>	<u>77,750,916</u>	<u>83,298,467</u>	<u>86,537,068</u>	<u>90,548,572</u>	<u>93,511,655</u>
Business-type activities:										
Boat excise.....	130,184	124,716	164,659	104,797	89,787	121,000	355,558	106,097	125,182	135,129
Unrestricted investment income.....	44,896	68,310	96,002	154,278	164,778	70,304	35,058	321,328	994,648	1,687,356
Transfers.....	-	57,000	-	-	-	-	-	-	(127,129)	(267,871)
Total business-type activities.....	<u>175,080</u>	<u>250,026</u>	<u>260,661</u>	<u>259,075</u>	<u>254,565</u>	<u>191,304</u>	<u>390,616</u>	<u>427,425</u>	<u>992,701</u>	<u>1,554,614</u>
Total primary government general revenues and other changes in net position.....	<u>\$ 66,747,603</u>	<u>\$ 69,521,588</u>	<u>\$ 72,152,111</u>	<u>\$ 77,142,408</u>	<u>\$ 76,196,701</u>	<u>\$ 77,942,220</u>	<u>\$ 83,689,083</u>	<u>\$ 86,964,493</u>	<u>\$ 91,541,273</u>	<u>\$ 95,066,269</u>
<b>Changes in Net Position</b>										
Governmental activities.....	\$ (15,560,756)	\$ (3,536,222)	\$ (7,758,043)	\$ (10,042,960)	\$ (5,633,159)	\$ 1,224,320	\$ 10,594,847	\$ 11,189,272	\$ 17,651,316	\$ 19,387,090
Business-type activities.....	<u>2,128,791</u>	<u>2,347,804</u>	<u>295,736</u>	<u>769,290</u>	<u>(1,006,540)</u>	<u>2,086,959</u>	<u>5,697,348</u>	<u>3,471,293</u>	<u>5,449,181</u>	<u>8,764,415</u>
Total primary government changes in net position.....	<u>\$ (13,431,965)</u>	<u>\$ (1,188,418)</u>	<u>\$ (7,462,307)</u>	<u>\$ (9,273,670)</u>	<u>\$ (6,639,699)</u>	<u>\$ 3,311,279</u>	<u>\$ 16,292,195</u>	<u>\$ 14,660,565</u>	<u>\$ 23,100,497</u>	<u>\$ 28,151,505</u>

(1) Unrestricted investment income was adjusted as a result of investment market value corrections.

(concluded)

**FUND BALANCES - GOVERNMENTAL FUNDS**

**LAST TEN FISCAL YEARS**

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020 (1)</u>	<u>2021 (2)</u>	<u>2022 (2)(3)(4)</u>	<u>2023 (2)(3)(4)</u>	<u>2024</u>	<u>2025</u>
<b>General Fund:</b>										
Committed.....	437,823	335,975	404,071	443,895	771,466	1,082,587	1,352,750	2,113,222	1,907,863	2,014,886
Assigned.....	6,307,165	7,494,339	8,068,042	8,769,666	7,329,283	9,801,596	10,869,515	9,423,222	6,737,703	9,292,877
Unassigned.....	13,909,193	14,327,422	12,763,640	11,943,095	13,447,221	11,679,648	10,078,085	10,862,983	12,645,810	9,876,104
<b>Total general fund.....</b>	<b><u>\$ 20,654,181</u></b>	<b><u>\$ 22,157,736</u></b>	<b><u>\$ 21,235,753</u></b>	<b><u>\$ 21,156,656</u></b>	<b><u>\$ 21,547,970</u></b>	<b><u>\$ 22,563,831</u></b>	<b><u>\$ 22,300,350</u></b>	<b><u>\$ 22,399,427</u></b>	<b><u>\$ 21,291,376</u></b>	<b><u>\$ 21,183,867</u></b>
<b>All Other Governmental Funds:</b>										
Nonspendable.....	\$ 3,553,879	\$ 3,586,670	\$ 3,621,446	\$ 3,656,980	\$ 3,650,055	\$ 3,687,584	\$ 3,730,257	\$ 3,763,633	\$ 3,856,296	\$ 3,876,958
Restricted.....	16,571,389	11,590,117	10,718,919	18,362,196	21,240,785	22,089,954	26,674,820	36,260,186	33,923,366	35,438,436
Unassigned.....	-	-	-	-	-	-	-	-	(994,872)	(1,150,703)
<b>Total all other governmental funds.....</b>	<b><u>\$ 20,125,268</u></b>	<b><u>\$ 15,176,787</u></b>	<b><u>\$ 14,340,365</u></b>	<b><u>\$ 22,019,176</u></b>	<b><u>\$ 24,890,840</u></b>	<b><u>\$ 25,777,538</u></b>	<b><u>\$ 30,405,077</u></b>	<b><u>\$ 40,023,819</u></b>	<b><u>\$ 36,784,790</u></b>	<b><u>\$ 38,164,691</u></b>

- (1) Restricted fund balance was restated as a result of the implementation of GASB #84.
- (2) Restricted fund balance has been adjusted for an unavailable revenue correction.
- (3) Restricted fund balance has been adjusted for an outstanding receivables correction.
- (4) Restricted fund balance has been adjusted for an investment market value correction.

CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

	2016	2017	2018	2019	2020	2021 (1)	2022 (1)(2)(3)	2023 (1)(3)	2024	2025
<b>Revenues:</b>										
Property taxes, net of tax refunds.....	\$ 61,069,137	\$ 63,692,746	\$ 66,431,146	\$ 67,683,970	\$ 69,552,355	\$ 72,071,938	\$ 75,916,336	\$ 79,199,351	\$ 80,889,890	\$ 84,790,982
Motor vehicle and other excise taxes.....	3,575,360	3,627,692	3,653,743	3,947,263	3,671,847	3,036,787	4,193,986	3,693,836	3,899,895	4,799,752
Penalties and interest on taxes.....	244,181	276,660	296,552	331,608	343,990	310,895	372,168	456,660	400,110	488,909
Payments in lieu of taxes.....	-	-	-	-	-	39,034	2	21,429	11,624	12,796
Charges for services.....	3,479,049	4,094,313	4,484,460	4,572,977	4,337,337	3,628,465	4,386,950	4,611,119	5,632,855	5,197,113
Licenses and permits.....	793,817	763,738	755,907	915,577	698,671	1,037,062	1,342,352	1,272,378	1,291,023	1,312,518
Fines and forfeitures.....	131,209	162,196	114,202	138,759	111,026	50,406	81,112	65,738	66,729	70,277
Intergovernmental.....	16,761,528	19,540,005	20,578,868	20,599,216	25,623,081	31,953,353	26,010,800	21,018,076	23,911,693	24,880,640
Intergovernmental - COVID-19 relief.....	-	-	-	-	293,726	228,559	-	-	-	-
Departmental/other.....	1,138,951	1,247,506	888,830	1,795,162	3,235,265	1,860,862	1,742,345	1,617,454	1,993,283	2,049,889
Contributions.....	1,062,116	598,650	706,881	3,214,021	887,822	811,769	715,366	673,109	2,309,736	1,741,107
Investment income.....	453,940	324,075	199,390	1,392,079	856,177	500,812	201,885	1,865,478	3,173,111	2,264,389
Miscellaneous.....	44,823	348,051	343,927	-	-	-	-	154,138	-	-
<b>Total Revenue.....</b>	<b>88,754,111</b>	<b>94,675,632</b>	<b>98,453,906</b>	<b>104,590,632</b>	<b>109,611,297</b>	<b>115,529,942</b>	<b>114,963,302</b>	<b>114,648,766</b>	<b>123,579,949</b>	<b>127,608,372</b>
<b>Expenditures:</b>										
General government.....	2,213,030	2,077,650	2,283,936	3,115,495	3,205,289	4,498,309	2,982,296	4,439,868	4,300,598	5,956,076
Public safety.....	7,982,485	8,213,378	9,053,076	9,317,504	9,461,784	9,826,758	9,653,179	12,259,722	11,900,138	12,256,266
Education.....	39,049,399	40,923,146	43,080,416	45,035,283	45,315,531	45,217,346	38,294,070	60,156,453	51,350,385	53,033,484
Public works.....	5,876,241	5,088,393	5,088,820	5,151,787	5,532,760	5,214,315	5,776,214	5,436,153	6,141,814	5,962,351
Landfill.....	9,595,405	-	-	-	-	-	-	-	-	-
Human services.....	749,688	857,418	891,328	931,117	956,402	853,114	896,595	1,190,337	1,010,326	924,099
Culture and recreation.....	2,528,741	2,149,995	2,482,153	2,570,512	2,569,402	2,673,942	2,963,114	1,006,970	3,078,690	3,261,367
Pension benefits.....	8,420,207	10,955,785	11,827,291	12,051,455	14,608,035	16,031,873	10,372,915	11,355,953	12,491,338	11,402,956
Employee Benefits.....	11,017,859	11,221,929	11,912,535	11,836,691	11,999,760	12,329,776	12,845,878	13,057,424	13,585,512	13,674,853
State and county charges.....	2,868,544	3,082,820	2,872,858	2,995,396	3,286,263	2,294,253	2,774,145	2,516,077	1,832,947	2,290,868
Capital outlay.....	1,136,720	7,427,838	3,445,453	4,462,179	15,261,598	37,537,813	13,111,655	5,695,178	11,901,315	6,972,037
Debt service:										
Principal payment on current refunding.....	6,541,205	18,241,930	9,272,952	1,741,759	8,978,720	-	-	-	-	-
Principal.....	3,718,000	4,085,000	5,614,000	4,276,193	4,425,000	5,224,814	5,375,000	6,465,000	7,207,306	7,780,740
Interest.....	2,254,324	2,749,377	2,649,767	2,584,428	2,490,992	2,867,948	4,063,701	3,641,619	4,030,442	3,479,378
<b>Total Expenditures.....</b>	<b>103,951,848</b>	<b>117,074,659</b>	<b>110,474,585</b>	<b>106,069,799</b>	<b>128,091,536</b>	<b>144,570,261</b>	<b>109,108,762</b>	<b>127,220,754</b>	<b>128,830,811</b>	<b>126,994,475</b>
Excess of revenues over (under) expenditures.....	(15,197,737)	(22,399,027)	(12,020,679)	(1,479,167)	(18,480,239)	(29,040,319)	5,854,540	(12,571,988)	(5,250,862)	613,897
<b>Other Financing Sources (Uses):</b>										
Issuance of debt.....	-	995,000	375,000	7,236,961	8,911,000	26,977,012	7,317,000	12,300,000	776,653	390,624
Issuance of long term BANS.....	-	-	-	-	2,243,908	-	-	-	-	-
Issuance of refunding BANS.....	-	-	-	-	6,081,894	-	-	-	-	-
Issuance of refunding bonds.....	18,241,930	17,151,952	9,272,952	1,741,759	2,584,000	5,720,000	-	-	-	-
Premium from issuance of debt.....	1,129,222	807,149	614,322	100,161	1,512,322	-	1,355,710	1,258,373	-	-
Premium from issuance of refunded bonds.....	-	-	-	-	-	1,311,723	-	-	-	-
Payments to refunded bond escrow agent.....	-	-	-	-	-	(7,031,723)	-	-	-	-
Transfers in.....	628,193	790,928	612,418	822,779	731,669	978,066	1,289,492	555,151	629,131	711,809
Transfers out.....	(628,193)	(790,928)	(612,418)	(822,779)	(731,669)	(978,066)	(1,289,492)	(555,151)	(502,002)	(443,938)
<b>Total other financing sources (uses).....</b>	<b>19,371,152</b>	<b>18,954,101</b>	<b>10,262,274</b>	<b>9,078,881</b>	<b>21,333,124</b>	<b>30,942,878</b>	<b>8,672,710</b>	<b>13,558,373</b>	<b>903,782</b>	<b>658,495</b>
<b>Net change in fund balance.....</b>	<b>\$ 4,173,415</b>	<b>\$ (3,444,926)</b>	<b>\$ (1,758,405)</b>	<b>\$ 7,599,714</b>	<b>\$ 2,852,885</b>	<b>\$ 1,902,559</b>	<b>\$ 14,527,250</b>	<b>\$ 986,385</b>	<b>\$ (4,347,080)</b>	<b>\$ 1,272,392</b>
Debt service as a percentage of noncapital expenditures.....	30.70%	13.35%	16.38%	8.47%	14.09%	7.56%	9.83%	8.32%	9.61%	9.38%

In 2016 through 2017, the debt service has been adjusted for the current refunding of long-term BANS.  
 In 2016 through 2023, property and liability insurance expenditures have been reclassified to general government.

- (1) Intergovernmental revenue was adjusted as a result of an unavailable revenue correction.
- (2) Intergovernmental revenue was adjusted as a result of a receivable correction.
- (3) Investment income was adjusted as a result of investment market value corrections.

**ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY BY CLASSIFICATION AND TAX RATES**

**LAST TEN FISCAL YEARS**

Fiscal Year	Assessed Value					Total Commercial Value	Total Town Value	State Equalized Value	Ratio of Assessed to Equalized Value	Tax Rates		
	Residential Value	Commercial Value	Industrial Value	Personal Property	Average Tax Rate					Residential Tax Rate	Commercial Tax Rate	Average Tax Rate
2015	\$ 5,233,392,658	\$ 218,833,428	\$ 16,094,900	\$ 57,617,730	\$ 292,546,058	\$ 5,525,938,716	\$ 5,735,475,100	96.35%	\$ 11.10	\$ 11.10	\$ 11.10	
2016	5,499,968,414	225,864,473	16,577,200	65,849,510	308,291,183	5,808,259,597	5,735,475,100	101.27%	11.01	11.01	11.01	
2017	5,698,494,403	231,431,764	15,770,800	72,038,720	319,241,284	6,017,735,687	6,182,649,400	97.33%	11.02	11.02	11.02	
2018	5,986,503,712	238,506,055	16,088,200	74,471,080	329,065,335	6,315,569,047	6,182,649,400	102.15%	10.74	10.74	10.74	
2019	6,377,782,863	248,077,728	17,652,300	75,739,520	341,469,548	6,719,252,411	6,959,309,400	96.55%	10.39	10.39	10.39	
2020	6,605,727,026	243,872,720	16,653,500	79,764,010	340,290,230	6,946,017,256	6,959,309,400	99.81%	10.42	10.42	10.42	
2021	6,893,368,297	257,038,911	17,593,000	83,162,860	357,794,771	7,251,163,068	7,507,193,000	96.59%	10.52	10.52	10.52	
2022	7,525,504,672	273,846,443	18,303,300	90,872,590	383,022,333	7,908,527,005	7,507,193,000	105.35%	10.00	10.00	10.00	
2023	8,749,663,529	308,544,284	19,335,500	93,384,480	421,264,264	9,170,927,793	9,503,624,700	96.50%	8.96	8.96	8.96	
2024	8,907,645,206	305,367,857	20,007,500	94,700,350	420,075,707	9,327,720,913	9,503,624,700	98.15%	9.05	9.05	9.05	

Source: Official Statements, State Division of Local Services, Town of Marblehead Assessor's Department

Note: All property in the Commonwealth of Massachusetts is assessed at 100% of full and fair cash value. The State estimates this "equalized valuation" for all municipalities every two years. Chapter 59, Section 21C of the Massachusetts General Laws, known as "Proposition 2 1/2", imposes 2 separate limits on the annual tax levy of the Town. The primary limitation is that the tax levy cannot exceed 2 1/2% of the full and fair cash value. The secondary limitation is that the tax levy cannot exceed the maximum levy limit for the preceding fiscal year as determined by the State Commissioner of Revenue by more than 2 1/2%, subject to an exception for property added to the tax rolls and for certain valuation increases. This secondary limit may be exceeded in any fiscal year by majority approval of the voters, however, it cannot exceed the primary limitation.

**PRINCIPAL TAXPAYERS**

**CURRENT YEAR AND NINE YEARS AGO**

Taxpayer	Nature of Business	2025			2016		
		Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value	Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value
Edward T. Moore LLC/Trusts	Telecommunications	\$ 76,082,140	1	0.82%	\$ 61,393,300	1	1.11%
Algonquin Gas Transmission Co.	Utility	42,232,500	2	0.45%	28,343,000	2	0.51%
Boston Gas (dba National Grid)	Utility	37,137,440	3	0.40%	13,973,020	7	0.25%
Bessom Associates	Assisted Living	27,248,300	4	0.29%	18,635,600	4	0.34%
Various Rockett LLC/Trusts	Utility	25,846,610	5	0.28%	27,418,400	3	0.50%
Eastern Yacht Club	Private Club	21,863,600	6	0.23%	15,435,800	6	0.28%
The Mariner	Assisted Living	17,036,750	7	0.18%			
Old Town Properties LLC	Real Estate	15,949,600	8	0.17%			
Tedesco Country Club	Private Club	13,783,866	9	0.15%	9,732,836	10	0.18%
Corinthian Yacht Club	Private Club	12,820,220	10	0.14%	10,340,610	9	0.19%
Eyk Van Otterloo & Various LLC's	Real Estate				17,939,900	5	0.32%
James Crosby	Individual				12,884,500	8	0.23%
	Totals	<u>\$ 290,001,026</u>		<u>3.11%</u>	<u>\$ 216,096,966</u>		<u>3.91%</u>

Source: Town of Marblehead Assessor's Department

**PROPERTY TAX LEVIES AND COLLECTIONS**

**LAST TEN FISCAL YEARS**

Fiscal Year	Tax Levy			Collections				Percent of Total Tax Collections to Net Tax Levy
	Total Tax Levy	Less Abatements & Exemptions	Net Tax Levy	First Year Current Tax Collections	Percent of Net Levy Collected	Delinquent Tax Collections	Total Tax Collections	
2016	\$ 61,337,920	\$ 211,730	\$ 61,126,190	\$ 60,294,264	98.64%	\$ 506,210	\$ 60,800,474	99.47%
2017	63,948,938	255,507	63,693,431	62,843,686	98.67%	539,943	63,383,629	99.51%
2018	66,315,447	202,656	66,112,791	65,319,217	98.80%	480,017	65,799,234	99.53%
2019	67,829,212	228,686	67,600,526	66,815,929	98.84%	784,597	67,600,526	100.00%
2020	69,813,033	228,199	69,584,834	69,160,200	99.39%	424,634	69,584,834	100.00%
2021	72,154,578	222,922	71,931,656	71,233,111	99.03%	698,545	71,931,656	100.00%
2022	76,282,235	300,000	75,982,235	75,024,629	98.74%	917,822	75,942,451	99.95%
2023	79,085,270	300,000	78,785,270	76,586,757	97.21%	1,308,196	77,894,953	98.87%
2024	82,171,513	390,000	81,781,513	79,465,049	97.17%	1,643,694	81,108,743	99.18%
2025	84,388,724	441,711	83,947,013	83,203,434	99.11%	-	83,203,434	99.11%

Source: Town of Marblehead Finance Department

**RATIOS OF OUTSTANDING DEBT BY TYPE**

**LAST TEN FISCAL YEARS**

Fiscal Year	Governmental Activities		Business-type Activities	Total Outstanding Debt	Personal Income	Percentage of Personal Income	U.S Census Population	Debt Per Capita
	General Obligation Bonds (1)	Direct Borrowings	Direct Borrowings					
2016	\$ 82,660,432	\$ -	\$ -	\$ 82,660,432	\$ 1,188,009,228	6.96%	20,517	\$ 4,029
2017	78,878,404	-	-	78,878,404	1,222,505,445	6.45%	20,493	3,849
2018	73,906,636	-	-	73,906,636	1,274,023,632	5.80%	20,517	3,602
2019	76,497,250	-	-	76,497,250	1,279,080,264	5.98%	19,752	3,873
2020	84,079,104	-	2,200,000	86,279,104	1,368,369,772	6.31%	19,789	4,360
2021	109,140,626	-	9,620,157	118,760,783	1,417,554,500	8.38%	20,500	5,793
2022	111,048,077	-	8,810,555	119,858,632	1,718,692,185	6.97%	20,233	5,924
2023	116,902,747	-	7,991,634	124,894,381	1,923,334,572	6.49%	20,441	6,110
2024	108,795,557	549,347	7,163,087	116,507,991	1,938,917,632	6.01%	20,576	5,662
2025	100,176,413	699,231	6,523,348	107,398,992	2,140,220,340	5.02%	20,583	5,218

Source: U. S. Census, Audited Financial Statements

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

**RATIOS OF GENERAL BONDED DEBT OUTSTANDING**

**LAST TEN FISCAL YEARS**

Fiscal Year	General Obligation Bonds (1)	Assessed Value	Percentage of Assessed Value	U.S Census Population	Debt Per Capita
2016	\$ 82,660,432	\$ 5,525,938,716	1.50%	20,517	\$ 4,029
2017	78,878,404	5,808,259,597	1.36%	20,493	3,849
2018	73,906,636	6,017,735,687	1.23%	20,517	3,602
2019	76,497,250	6,315,569,047	1.21%	19,752	3,873
2020	84,079,104	6,719,252,411	1.25%	19,789	4,249
2021	109,140,626	6,946,017,256	1.57%	20,500	5,324
2022	111,048,077	7,251,163,068	1.53%	20,233	5,488
2023	116,902,747	7,908,527,005	1.48%	20,441	5,719
2024	108,795,557	9,170,927,793	1.19%	20,576	5,287
2025	100,176,413	9,327,720,913	1.07%	20,583	4,867

Source: U. S. Census, State Division of Local Services

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

**COMPUTATION OF LEGAL DEBT MARGIN**

**LAST TEN FISCAL YEARS**

	(Amounts in Thousands)									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Equalized Valuation.....	\$ 5,735,475	\$ 5,735,475	\$ 6,182,649	\$ 6,182,649	\$ 6,959,309	\$ 6,959,309	\$ 7,507,193	\$ 7,507,193	\$ 9,503,625	\$ 9,503,625
Debt Limit.....	286,774	286,774	309,132	309,132	347,965	347,965	375,360	375,360	475,181	475,181
Outstanding general obligation bonds.....	82,660	78,878	73,907	76,497	84,079	109,141	111,048	116,903	108,796	100,176
Authorized and unissued debt.....	10,175	10,436	11,723	67,318	48,387	16,051	7,801	14,775	12,233	23,784
Debt not applicable to debt limit.....	(26,385)	(32,486)	(36,612)	(35,042)	(45,859)	(72,670)	(69,688)	(66,018)	(61,801)	(58,064)
Legal debt margin.....	<u>\$ 220,324</u>	<u>\$ 229,946</u>	<u>\$ 260,114</u>	<u>\$ 200,359</u>	<u>\$ 261,358</u>	<u>\$ 295,443</u>	<u>\$ 326,199</u>	<u>\$ 309,700</u>	<u>\$ 415,953</u>	<u>\$ 409,285</u>
Total debt applicable to the limit as a percentage of debt limit.....	23.17%	19.82%	15.86%	35.19%	24.89%	15.09%	13.10%	17.49%	12.46%	13.87%

Source: State Division of Local Services, Town of Marblehead Finance Department

**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**

**AS OF JUNE 30, 2025**

	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable (1)</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes:			
Essex North Shore Agricultural & Technical School District....	\$ 25,810,000	2.60%	\$ 671,060
Massachusetts Bay Transit Authority.....	5,842,932,000	0.26%	<u>15,191,623</u>
Subtotal, overlapping debt.....			15,862,683
Town direct debt.....			<u>100,875,644</u>
Total direct and overlapping debt.....			<u><u>\$ 116,738,327</u></u>

(1) Based on the number of students attending from the Town of Marblehead as a percentage of all students at the School District.

Source: Town of Marblehead Finance Department, Official Statements

**DEMOGRAPHIC AND ECONOMIC STATISTICS**

**LAST TEN FISCAL YEARS**

Fiscal Year	Population Estimates	Personal Income	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
2016	20,517	\$ 1,188,009,228	\$ 57,904	46.5	3,208	3.50%
2017	20,493	1,222,505,445	59,655	47.4	3,264	3.60%
2018	20,517	1,274,023,632	62,096	48.0	3,185	3.00%
2019	19,752	1,279,080,264	64,757	47.8	3,051	3.04%
2020	19,789	1,368,369,772	69,148	47.9	2,963	4.90%
2021	20,500	1,417,554,500	69,149	47.9	2,703	4.90%
2022	20,233	1,718,692,185	84,945	47.9	2,602	3.20%
2023	20,441	1,923,334,572	94,092	47.9	2,622	2.60%
2024	20,576	1,938,917,632	94,232	49.1	2,610	3.40%
2025	20,583	2,140,220,340	103,980	49.1	2,564	4.00%

Source: U. S. Census, Massachusetts Executive Office of Labor and Workforce Development

**PRINCIPAL EMPLOYERS**

**CURRENT YEAR AND NINE YEARS AGO**

Employer	Nature of Business	2025 (1)			2016		
		Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
Town of Marblehead	Municipal Government	1,172	1	23.03%	733	1	15.49%
Lynch/van Otterloo YMCA	Recreational	481	2	9.45%	533	2	11.26%
Corinthian Yacht Club	Yacht Club	213	3	4.18%	130	3	2.75%
Eastern Yacht Club	Yacht Club	205	4	4.03%	126	4	2.66%
Boston Yacht Club	Yacht Club	157	5	3.08%	101	7	2.13%
Tedesco Country Club	Country Club	110	6	2.16%	100	8	2.11%
Lafayette Nursing Home	Health Care	93	7	1.83%	112	5	2.37%
Devereux House	Health Care	67	8	1.32%	111	6	2.35%
Crosby's Marketplace	Food Market	58	9	1.14%	55	9	1.16%
Marblehead Bank	Banking	55	10	1.08%			
National Grand Bank	Banking				55	10	1.16%
	Totals	<u>2,611</u>		<u>51.30%</u>	<u>2,056</u>		<u>43.44%</u>

(1) Presented 2023 amounts as the 2025 information was not available.

Source: Official Statements

**FULL-TIME EQUIVALENT TOWN EMPLOYEES BY FUNCTION**

**LAST TEN FISCAL YEARS**

<u>Function</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
General government.....	21.55	21.50	21.98	22.03	21.51	19.37	20.97	19.00	21.00	24.00
Public safety.....	95.54	90.98	92.88	94.44	95.10	94.22	94.58	91.00	84.00	82.00
Education.....	489.17	493.17	504.20	483.90	543.00	543.00	540.00	579.00	538.00	512.00
Public works.....	34.37	33.40	36.51	33.96	34.64	33.52	34.04	30.00	31.00	39.00
Health and human services.....	8.40	9.35	9.54	11.16	11.08	10.52	10.92	8.00	9.00	8.00
Culture and recreation.....	25.64	27.25	26.21	25.61	25.08	25.22	25.30	24.00	24.00	19.00
Total Town employees.....	<u>674.67</u>	<u>675.65</u>	<u>691.32</u>	<u>671.10</u>	<u>730.41</u>	<u>725.85</u>	<u>725.81</u>	<u>751.00</u>	<u>707.00</u>	<u>684.00</u>

Source: Town personnel records

**OPERATING INDICATORS BY FUNCTION/PROGRAM**

**LAST TEN FISCAL YEARS**

Function	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Police:</b>										
Physical arrests.....	153	188	137	103	67	61	48	56	51	50
Motor vehicle violations.....	964	1,104	1,036	765	482	384	364	598	682	798
Parking violations.....	2,645	3,195	3,164	2,971	2,308	1,577	1,300	1,339	1,653	1,578
<b>Fire:</b>										
Inspections.....	1,315	1,755	565	933	710	580	710	684	1,195	1,252
Emergency responses.....	2,645	2,634	2,548	2,344	2,718	2,746	2,961	2,929	3,115	3,552
<b>Education:</b>										
Number of teachers.....	294	297	293	290	287	289	320	250	240	225
Number of administrators.....	22	22	22	19	20	21	21	16	25	N/A
Number of students.....	3,208	3,264	3,185	3,051	2,963	2,599	2,602	2,627	2,610	2,564
<b>Libraries:</b>										
Total Holdings.....	150,050	142,915	144,322	145,171	147,634	141,010	130,024	181,554	180,358	205,087
Total Collection Use.....	211,233	203,800	190,975	245,747	148,026	120,092	188,081	210,168	217,536	210,626
<b>Water:</b>										
Service connections.....	8,032	8,041	8,047	8,051	8,060	8,065	8,090	8,110	8,111	8,122
Average daily consumption (in gallons).....	1,893,400	1,817,194	1,750,000	1,657,900	1,689,000	1,926,000	1,741,000	1,890,000	1,749,000	1,798,000
Maximum daily consumption (in gallons).....	3,294,000	3,640,000	3,320,000	3,487,000	3,244,000	4,041,000	3,624,000	4,323,000	3,360,000	3,470,000
<b>Sewer:</b>										
Service connections.....	7,865	7,874	7,880	7,885	7,887	7,892	7,897	7,900	7,901	7,908
Daily average collection (in gallons).....	1,780,800	1,830,500	2,059,733	2,343,468	2,111,054	1,895,683	2,247,184	1,679,928	1,980,237	1,775,214

N/A - Information not available  
 Source: Various Town Departments.

**CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM**

**LAST TEN FISCAL YEARS**

Function	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Education:</b>										
Number of elementary schools.....	6	6	5	4	4	3	3	3	3	3
Number of middle schools.....	1	1	1	1	1	1	1	1	1	1
Number of high schools.....	1	1	1	1	1	1	1	1	1	1
<b>Water:</b>										
Water mains (miles) .....	88	88	88	88	88	88	88	88	88	88
Fire hydrants .....	861	861	861	861	861	862	862	862	862	862
<b>Sewer:</b>										
Sanitary sewers (miles) .....	89	89	89	89	89	89	89	89	89	89
Storm sewers (miles) .....	52	52	52	52	52	52	52	52	52	52
<b>Recreation:</b>										
Parks and playgrounds .....	13	13	13	13	13	13	13	13	13	13
Park and playground (acreage) .....	74	74	74	74	74	74	74	74	74	74
Conservation land (acreage) .....	203	203	203	203	203	203	203	203	203	203
Railroad right of way (acreage) .....	19	19	19	19	19	19	19	19	19	19
Public beaches .....	6	6	6	6	6	6	6	6	6	6
Ball fields .....	16	16	16	16	16	16	16	16	16	16
Tennis courts .....	14	14	14	12	12	12	11	10	10	10
Pickleball courts .....	-	-	-	6	6	6	10	10	10	10
<b>Harbor:</b>										
Harbors .....	2	2	2	2	2	2	2	2	2	2
Moorings.....	2,800	2,800	2,800	3,000	3,000	3,000	3,000	2,951	2,954	2,954
Private Yacht Clubs.....	6	6	6	6	6	6	6	6	6	6
Municipal boatyards .....	2	2	2	2	2	2	2	2	2	2
Boat ramps .....	2	2	2	2	2	2	2	2	2	2
Public landings .....	7	7	7	7	7	7	7	7	7	7
Emergency rescue watercraft .....	3	3	3	3	3	4	4	4	4	4

Source: Various Town Departments and State websites.



Above: Blue Magic

Courtesy: Jennifer Smith



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