



**Town of West Newbury
Select Board
Monday, November 15, 2021 @ 5:30pm**
381 Main Street, Town Office Building
www.wnewbury.org

RECEIVED
TOWN CLERK
WEST NEWBURY, MA
2021 NOV 10 PM 3:24

AGENDA

Executive Session: 5:30pm in the 1910 Building, 381 Main Street, First Floor Conference Room

- ❖ MGL Ch. 30A §21(a) 2: To conduct strategy sessions in preparation for negotiations with nonunion personnel or to conduct collective bargaining sessions or contract negotiations with nonunion personnel (*Town Manager evaluation timing/process; FY22 wages; staffing updates*);
- ❖ MGL Ch. 30A §21(a) 3: To discuss strategy with respect to collective bargaining or litigation if an open meeting may have a detrimental effect on the bargaining or litigating position of the public body and the chair so declares (*Teamsters Local Union 170; Police Union contract; litigation – wage claim*);
- ❖ MGL Ch. 30A §21(a) 6: To consider the purchase, exchange, lease or value of real property if the chair declares that an open meeting may have a detrimental effect on the negotiating position of the public body (*31 Dole Place*);
- ❖ MGL Ch. 30A §21(a) 7: To comply with, or act under the authority of, any general or special law or federal grant-in-aid requirements (*update on transition to new General Counsel – legal issues ongoing/under review; public records request*).

The Board will take a brief recess between the Executive Session and the Open Session beginning at 7 PM.

Open Session: 7:00pm by in-person attendance or remote participation (instructions below)

Announcements:

- This meeting is being broadcast on local cable TV and recorded for rebroadcast on the local cable channels and on the internet. Meeting also accessible by remote participation; instructions below.
- Regional Vaccination Clinics, ages 5-11. November 15, 22, 29. See Town website for details.
- Community Preservation Committee: Public Informational Hearing to solicit input from citizens regarding the needs, possibilities and resources of the Town relative to the Act in the areas of Community Housing, Historic Preservation, Open Space and Recreation regarding the development of the Community Preservation Plan. Thurs., Nov. 18, 2021, at 8:00 PM in the First Floor Hearing Room.
- Call for volunteers: current opportunities at <https://www.wnewbury.org/volunteer>
- Reminder to subscribe for emailed Town news/announcements at <https://www.wnewbury.org/subscribe>

Regular Business

- A. Police Department staffing updates
- B. Applications for Committee appointments:
 - a. Carly Ramos – Cultural Council
 - b. Patricia Reeser – Community Preservation Committee (at-large seat)
- C. FY22 Tax Classification Hearing – joint Select Board meeting with Board of Assessors
- D. Presentation of FY21 Town Audit – *Tony Roselli, Roselli & Clark Associates*
- E. Discussion of Free Cash / tax rate reductions
- F. Discussion re process to determine uses for American Rescue Plan Act (ARPA) funds
- G. Public hearing: proposed Personnel Policy re advance approval for OT/time worked above budget
- H. Update on work to establish a Housing Trust, Board of Trustees
- I. Town Manager request for authorization, pursuant to Interim Regulations for Housing Contribution Payments and Resale Fees, to enter contract for services bringing total costs above \$10,000 in FY22
- J. Review of updated draft Employee COVID-19 Exposure Protocols
- K. Set date and time for annual Holiday Tree Lighting

Town Manager Updates

- L. Draft timeline, FY23 budget process
- M. Soldiers & Sailors Building: disc. w Lynne Spencer re procedure needed to propose disposition (via sale or long-term lease) with accompanying preservation restriction
- N. Proposal received for safety audit of Pipestave/Page intersection
- O. Follow up meeting assignments
- P. Placing items for future agendas

Addendum to Meeting Notice regarding Remote Participation

Public participation in this meeting of the West Newbury Select Board will be available via remote participation. For this meeting, members of the public who wish to listen to the meeting may do so in the following manner:

Zoom Meeting

Phone: (646) 558 8656
Meeting ID: 842 2027 5613
Passcode: 050263

Join at <https://us06web.zoom.us/j/84220275613?pwd=cUJiRC9IbTdzMXd5cmZWk1RUOXk0QT09>
Every effort will be made to ensure that the public can adequately access the proceedings in real time, via technological means. In the event that we are unable to do so, despite best efforts, we will post on the West Newbury website an audio or video recording of proceedings as soon as practicable after the meeting.



Town of West Newbury Massachusetts

Published on *Town of West Newbury MA* (<https://www.wnewbury.org>)

[Home](#) > Covid-19 Vaccination Clinics for Ages 5-11 ONLY

Covid-19 Vaccination Clinics for Ages 5-11 ONLY



Lower Merrimack Valley Regional Collaborative Clinics - PFIZER, Ages 5 - 11 ONLY

West Newbury Town Office Building Annex, 381 Main Street, West Newbury

Parking available in front and rear of the building, enter through door B-3.

- Monday, November 15 - <https://home.color.com/vaccine/register/amesbury>
- Monday, November 22 - <https://home.color.com/vaccine/register/amesbury>
- Monday, November 29 - <https://home.color.com/vaccine/register/amesbury>

Second dose clinics will be held on December 6, 13 & 20.

Please call the West Newbury Health Department at 978-363-1100 ext. 118 or ext. 119 with any questions.

Source URL: <https://www.wnewbury.org/home/news/covid-19-vaccination-clinics-ages-5-11-only>



Town of West Newbury Massachusetts

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[Home](#) > Town of West Newbury Community Preservation Committee

Town of West Newbury Community Preservation Committee

Notice of Public Hearing

Notice is hereby given that the West Newbury Community Preservation Committee (CPC) will hold a Public Informational Hearing to solicit input from citizens regarding the development of the Community Preservation Plan, which will be used to guide the CPC's decision-making on Community Preservation Act (CPA) project proposals.

The Public Hearing is held pursuant to M.G.L. Chapter 44B, Community Preservation Act, Section 5.b (1), regarding the needs, possibilities and resources of the Town relative to the Act in the areas of Community Housing, Historic Preservation, Open Space and Recreation. The public is welcome to attend the Public Hearing and to provide ideas for new projects for the CPC to consider.

The Community Preservation Act was adopted by West Newbury voters in 2006 establishing a local dedicated fund, financed by a voter-approved property tax surcharge and matching funds from the statewide CPA Trust Fund, to undertake open space, historic preservation, outdoor recreation and community housing projects. Implementation of the CPA in West Newbury is overseen by the Town's Community Preservation Committee, which is composed of representatives from the Select Board, Conservation Commission, Historical Commission, Planning Board, Parks & Recreation Commission and Housing Authority, along with an at-large member appointed by the Select Board, and the Town Manager as ex-officio member. As part of its responsibilities, the CPC annually updates its Community Preservation Plan. The plan includes guidance and criteria for selecting projects.

To aid in the update of the plan, the upcoming public hearing gives residents an opportunity to comment on West Newbury's needs, long range plans and resources. Anyone with interest in West Newbury's CPA funding is welcome to provide comment, either at the meeting or in writing. The Hearing will be held in person on **Thursday, November 18, 2021, at 8:00 PM** in the First Floor Hearing Room, Town Office Building, 381 Main Street, West Newbury, MA, and will include an option for remote participation (via a Zoom link to be included on the posted meeting agenda).

Ann Bardeen, Secretary

Source URL: <https://www.wnewbury.org/home/news/town-west-newbury-community-preservation-committee-0>



Town of West Newbury Massachusetts

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[Home](#) > [Departments](#) > [Select Board](#) > 2021-22 Volunteer Opportunities

2021-22 Volunteer Opportunities

Fiscal Year 2022

The Town of West Newbury has volunteer opportunities on the following Boards, Commissions and Committees:

Climate Change Resiliency Committee - 2 open positions

Community Preservation Committee - 1 open position

Conservation Commission - 1 open position

Council on Aging - 1 open position

Cultural Council - open positions

Finance Committee - 1 open position

G.A.R. Memorial Library Board of Trustees - 1 open position

Historic District Commission - 2 alternate member positions. Learn more about the Historic District Commission in the Town Bylaws. **Click here** for the Town Bylaws.

Historical Commission - 1 open position

Mill Pond Committee - 4 associate member positions

Tree Committee - 1 open position

Zoning Board of Appeals - 2 associate member positions. Learn more about the ZBA in the Town Bylaws. **Click here** for the Town Bylaws.

While we strive to keep this list current, there may be other opportunities to volunteer and we welcome your interest. Please inquire within.

To learn more, please check the Board/Commission/Committee web page on the town website or contact the Select Board's Office at 978-363-1100 ext. 113 for more information.

Please submit a completed **Application for Appointment** to the Town Manager's Office by email at selectboard@wnewbury.org or drop it off at the office. Hard copies of the Application for Appointment can also be picked up at the Town Clerk's office.



WEST NEWBURY POLICE DEPARTMENT

401 Main Street, West Newbury, MA 01985

978-363-1213
978-363-1114 fax

Jeff Durand, Police Chief
durand@westnewburysafety.org

TO: Angus Jennings, Town Manager, and the Select Board

FROM: Jeff Durand, Police Chief

DATE: November 12, 2021

RE: Retirement

Dear All,

After much thought and consultation with my family I have decided to retire from my position as Chief of Police for the Town of West Newbury effective June 30, 2022.

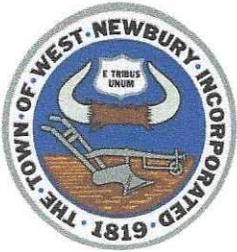
I have thoroughly enjoyed my time working in West Newbury. I have met a lot of good hardworking people in town, and have been treated like gold by the select board members as well as the Town Manager and his team.

I am going to enjoy my last New England winter and then head south, as my wife's family all reside there.

Again, thanks to all of you. It has been an honor to work in the town, and I have had a very fulfilling career.

Sincerely,

Jeff Durand



Town of West Newbury Application for Appointment

For additional information please call 978-363-1100, ext. 115.

The Town appreciates your interest in serving. Please complete this form and return it to : Board of Selectmen, 381 Main Street, West Newbury, MA 01985 or email to: selectboard@wnewbury.org

Name: Carly Ramos

Address: [REDACTED]

e-mail: [REDACTED]

Mobile phone: [REDACTED] Home phone: _____

Board(s) or committee(s) you are interested in volunteering on:
Cultural Committee

Current or past committees served on: NA / Education MSN Advanced Practice Nursing

Profession: Psychiatric Nurse Practitioner

Relevant skills, expertise and education: I love the arts and exploring, learning about new cultures/experiences

Travel is my passion and I've had the amazing opportunity to visit ruins UNESCO

Heritage sites around the world. I'm an accomplished pianist and enjoy exploring new

musical genres. Ultimately I really want to get involved in the WN community!

All board or committee vacancies will be filled by citizens deemed most qualified to serve in a particular capacity. I also understand that in the event that I am appointed to a position, my activities will be governed by the Massachusetts Conflict of Interest Law, Open Meeting Law, Public Records Law, the Bylaws of The Town of West Newbury and all other applicable federal, state and local laws or regulations.

Signature: [Handwritten Signature] Date: 10/27/2021

Board/Committee _____

Appointing Authority _____

Date of Appointment _____ Sworn in _____

Town Manager

From: Selectboard
Sent: Thursday, October 28, 2021 5:57 AM
To: Rick Parker; David Archibald; Town Manager
Subject: Fwd: Cultural Committee Volunteer Application
Attachments: Cultural Committee app.pdf

FYI

Get [Outlook for iOS](#)

From: carly ramos [REDACTED]
Sent: Wednesday, October 27, 2021 11:38 PM
To: Selectboard
Subject: Cultural Committee Volunteer Application

Good Morning,

Please see my attached application for the Cultural Committee.

I am a new resident to West Newbury (since September 2020) and looking for ways to get involved in the community.

I know that I may not have relevant experience to serve on this committee but I appreciate the chance to apply.

Here's a little info about me!

I moved to West Newbury with my fiance who grew up here. He is a firefighter in Lynn and volunteers for the WN department (Doug Mead). I am a psychiatric nurse practitioner and recently opened an office in Newbury. I was fortunate to grow up in a multicultural household and was exposed to different communities at a young age. My number one hobby is travel! I have been fortunate enough to travel around the world - I am actually leaving today to go to Mexico City for Dia De Los Muertos. I love the arts and grew up playing bells at church, singing in select choir in highschool, and I am a classically trained pianist.

Thank you so much for your time and consideration!

Carly Ramos



Town of West Newbury Application for Appointment

For additional information please call 978-363-1100, ext. 115.

The Town appreciates your interest in serving. Please complete this form and return it to : Board of Selectmen, 381 Main Street, West Newbury, MA 01985 or email to: selectboard@wnewbury.org

Name: Patricia P. Reeser
Address: [REDACTED]
e-mail: [REDACTED]
Mobile phone: [REDACTED] Home phone: [REDACTED]

Board(s) or committee(s) you are interested in volunteering on:
Community Preservation Committee

Open Space, Climate Resiliency, Planning Board Associate, Town Land Disposition Review Committee,

Current or past committees served on: Affordable Housing, Master Plan, Board of Selectmen

I am a retired lawyer and feel I have an understanding of the Town's needs and priorities in terms of the kinds of projects likely to be eligible for CPA funds. I began advocating for the passage of enabling legislation for what became the CPA.

Relevant skills, expertise and education: _____

in 1997. I advocated for the passage of the CPA in West Newbury and for the maintenance of the 3% surcharge each time it was challenged at Town Meeting and the local ballot box.

All board or committee vacancies will be filled by citizens deemed most qualified to serve in a particular capacity. I also understand that in the event that I am appointed to a position, my activities will be governed by the Massachusetts Conflict of Interest Law, Open Meeting Law, Public Records Law, the Bylaws of The Town of West Newbury and all other applicable federal, state and local laws or regulations.

Signature: Patricia P. Reeser Date: 11.5.21

Board/Committee _____

Appointing Authority _____

Date of Appointment _____ Sworn in _____



Town of West Newbury

381 Main Street

West Newbury, Massachusetts 01985

Angus Jennings, Town Manager

978-363-1100, Ext. 111 Fax 978-363-1826

townmanager@wnewbury.org

TO: Select Board
FROM: Angus Jennings, Town Manager
DATE: November 11, 2021
RE: FY21 tax classification hearing

In anticipation of the Tax Rate Classification Hearing on November 15, 2021, I have enclosed supporting documentation used to explain how the FY22 tax rate was estimated.

Based on all known and estimated amounts, **I recommend adopting a tax rate of \$13.06 for FY22.** This would be a decrease from the current year tax rate of \$14.88. As every year, this attached information is subject to change upon submitting the completed forms to the Department of Revenue and their approval.

This memo is only an estimate and is subject to change. The final rate will be determined by the Department of Revenue once all information and requirements have been met. The final requirement is the tax classification hearing voted, signed, and submitted and then the DOR will review the rate information.



TOWN OF WEST NEWBURY

Assessing Department

381 Main Street, West Newbury, Mass. 01985

TEL: 978-363-1100 x116 FAX: 978-363-1826

November 15, 2021

FY22 VALUATION SUMMARY

Every year Assessors are required to determine the fair market value of properties and what property class they fall under. The date of valuation for this fiscal year is January 1st, 2021. As West Newbury has elected to adopt Chapter 653 §40 of the Acts of 1989, any new construction was valued as of June 30th, 2021. The values for FY22 were certified by the Massachusetts Department of Revenue on November 1st, 2021.

New growth is also determined every year by the Board of Assessors. This is a representation of the growth of the tax base by determining the value of all new construction, renovations, additions, added property value due to lot splits, new condominiums, and the return of previously exempted properties to the tax roll. The ten-year average of new growth for West Newbury is \$13,206,730.

The new growth value certified by the DOR for FY22 is \$16,028,580. This above average growth is due to additional value being found in our utilities valuation. Following court decisions and DOR guidance, assessors are now valuing utility personal property under a new methodology which has led to a substantial jump in valuation. This updated valuation, conducted by a consultant under the oversight of the Assessing Department, was supported by funding approved by voters at the May 2021 Special Town Meeting.

The real estate market has been unbalanced since the Covid Pandemic started. There had already been a shortage of properties for sale before the pandemic began; Covid only moved this to an extreme. This skewed supply/demand curve has resulted in a large increase in the typical sales prices that have led to a great jump in town valuation. The typical increase in town valuation for West Newbury over the past ten years has been 3%. The town valuation increase from FY21 to FY22 is 14.75%. The typical increase in FY22 assessment for a single-family dwelling is 11%.

CLASSIFICATION

Cities and towns that are certified by the Commissioner of Revenue as assessing at full and fair cash value may elect to shift the tax burden among the DOR property classes within certain limits as established by MGL Chapter 40, Section 56.

Once properties are classified and valuations are certified, there must be a public classification hearing at which Assessors present information to the Select Board or City Council and Mayor. These officials must then vote whether to establish different rates among classes of property or to continue to tax all classes at the same rate.

The adoption of different rates does not change the total property tax levy; rather, it determines the share of total levy to be borne by each class.

The share of the levy to be borne by the commercial, industrial and personal property (CIP) classes may be raised by as much as 50%, as long as the residential and open space classes raise at least 65% of what they would have raised without the shift.

The maximum tax rate shift towards CIP properties is 150%. If West Newbury were to apply the maximum shift, this would result in a 50% increase in tax rate for CIP properties and a 1.5% decrease in tax rate for residential and open space properties.

At their meeting on November 10, 2021, the Board of Assessors voted to recommend that the Select Board retain a single tax rate for FY22.

OTHER TAX POLICIES

The Select Board must also vote on three property tax policies during the classification hearing; the open space discount, the residential exemption, and the small commercial exemption.

- The Town of West Newbury does not have any property classified as open space. All properties that would otherwise be classified as open space are being valued as forestry, agricultural, and recreation chapter land. Any additional discount to open space would not benefit West Newbury.
- The residential exemption would allow up to a 20% discount on taxes for properties that are owner occupied as their primary residence. This exemption works best in communities that have a large number of rental properties, second homes, or vacant land. As West Newbury contains over 75% owner occupied properties, the residential exemption would not create a desired targeted exemption. If adopted, the residential exemption would lead to a higher tax rate as the town would need to increase the overlay to compensate for the near-blanket discount in property taxes.
- The small commercial exemption would shift the tax levy between the qualifying commercial properties and the rest of the CIP properties. To qualify for this exemption, a property would need to be assessed for \$1,000,000 or less, and have 10 or few employees. Though this exemption is qualified by business sized, the exemption would actually go to the property owner and not the business. As such, this exemption is not widely adopted in Massachusetts.

At their meeting on November 10, 2021, the Board of Assessors voted to recommend that the Select Board not adopt the open space discount, the residential exemption, or the small commercial exemption for FY22.

CONCLUSION

Considering the analysis and fiscal impact, it is my opinion that the Select Board vote for a single tax rate and to reject the open space discount, the residential exemption, and the small commercial exemption. The Board of Assessors have also voted to recommend the same course of action.

Sincerely,

Christian Kuhn

Chief Assessor



TOWN OF WEST NEWBURY

BOARD OF ASSESSORS

381 Main Street, West Newbury, Mass. 01985
TEL: 978-363-1100 x117 FAX: 978-363-1826

November 10, 2021

Select Board
Town of West Newbury
West Newbury, MA

Members of the Select Board:

The Board of Assessors met on November 10th, 2021 to vote their recommendations for property tax policy for FY22. The results are shown below.

- Voted to recommend a single tax rate.
- Voted not to recommend the open space discount.
- Voted not to recommend the residential exemption.
- Voted not to recommend the small commercial property exemption.

Sincerely,

Christian Kuhn
Chief Assessor

Tax Rate Options and Shifts

CLASS	TOTAL VALUE	%	
Residential	1,115,586,363	97.0562%	R O %
Open Space	0	0.0000%	
Commercial	9,968,808	0.8673%	C I P %
Industrial	2,304,600	0.2005%	
Personal Property	21,563,080	1.8760%	
Total	1,149,422,851	100.0000%	

Residential Exemption

# Eligible Parcels	
Res Parcel Count	
Res Exemption %	
Total Res Value Net of Exemption	

Small Commercial Exemption

# Eligible Parcels	
Total Value of Eligible Parcels	
Com Exemption %	
Total C & I Value Net of Exemption	
	12,273,408

Single Tax Rate	13.06
-----------------	-------

Maximum Allowable Levy	16,399,403.25
Estimated Levy	15,008,132.72

Estimated Levy cannot exceed the Maximum Allowable Levy

CIP Shift

Enter the desired CIP Shift from table below (Col. A):	1.000	Use 1.00 for a Single Tax Rate (no shift)
Residential Factor Selected:	100.0000	

CIP Shift	Res Factor	Share Percentages						Levy Amounts						Estimated Tax Rates				
		Res	O S	Com	Ind	PP	Total	Res	O S	Com	Ind	PP	Total	Res	O S	Com	Ind	PP
1.000	100.000000	97.0562	0.0000	0.8673	0.2005	1.8760	100.0000	14,566,326	0	130,164	30,091	281,551	15,008,133	13.06		13.06	13.06	13.06

MASSACHUSETTS DEPARTMENT OF REVENUE
 DIVISION OF LOCAL SERVICES
 BUREAU OF ACCOUNTS

Town of West Newbury
 CITY/TOWN

Estimated Levy Limit Calculations

Fiscal Year 2022

FOR BUDGET PLANNING PURPOSES

TO CALCULATE THE FY 2021 LEVY LIMIT

A. FY 2020 Levy Limit	14,138,156	
A1. Add Amended FY 2020 Growth	0	
B. ADD (IA + IA1) X 2.5%	353,454	
C. Add FY 2021 New Growth	240,868	
C1. Add FY 2021 New Growth Adjustment	0	
D. Add FY 2021 Override	0	
E. FY 2021 Subtotal	14,732,478	
F. FY 2021 Levy Ceiling	25,043,101	
		I. \$ 14,732,478 FY 2021 Levy Limit

TO CALCULATE THE FY 2022 LEVY LIMIT

A. FY 2021 Levy Limit from I. above	14,732,478	
A1. Add Amended FY 2021 Growth	0	
B. ADD (IIA + IIA1) X 2.5%	368,312	
C. Add FY 2022 New Growth	238,505	
C1. Add FY 2022 New Growth Adjustment	0	
D. Add FY 2022 Override	0	
E. FY 2022 Subtotal	15,339,295	
F. FY 2022 Levy Ceiling	28,735,571	
		II. \$ 15,339,295 FY 2022 Levy Limit

TO CALCULATE THE FY 2022 MAXIMUM ALLOWABLE LEVY

A. FY 2022 Levy Limit from II. above	15,339,295
B. FY 2022 Debt Exclusion(s)	1,089,280
C. FY 2022 Capital Expenditure Exclusion(s)	0
D. FY 2022 Stabilization Fund Override	0
E. FY 2022 Other Adjustment	0
F. FY 2022 Water/Sewer	0
G. FY 2022 Maximum Allowable Levy	\$ 16,428,575

PAGE 1

**DIVISION OF LOCAL SERVICES
TAX RATE RECAP & BUDGETING TOOL**

City/Town/District of:

Fiscal Year:

I. TAX RATE SUMMARY

la. Total amount to be raised (from Page 2 IIe)	\$ 22,085,152.60
lb. Total estimated receipts and other revenue sources (from Page 2 IIIe)	<u>7,077,019.88</u>
lc. Tax levy (Ia minus Ib)	<u>\$ 15,008,132.72</u>
ld. Distribution of Tax Rates and levies	

CLASS	(b) Levy percentage (from Options worksheet)	(c) IC above times each percent in col (b)	(d) Valuation by class (from Options worksheet)	(e) Tax Rates / (d) x 1000 (c)	(f) Levy by class (d) x (e) / 1000
Residential	97.0562%	14,566,326.21	1,115,586,363	13.06	14,569,557.90
Net of Exempt					
Open Space	0.0000%	0.00	0		
Commercial	0.8673%	130,163.75	9,968,808	13.06	130,192.63
Net of Exempt					
Industrial	0.2005%	30,091.40	2,304,600	13.06	30,098.08
SUBTOTAL	98.1240%		1,127,859,771		14,729,848.61
Personal	1.8760%	281,551.36	21,563,080	13.06	281,613.82
TOTAL	100.0000%		1,149,422,851		15,011,462.43

PAGE 2

II. Amounts to be raised

Ila. Appropriations (col. (b) through col. (g) from Page 4)	<u>21,871,481.60</u>
Ilb. Other amounts to be raised	
1. Amounts certified for tax title purposes	<u>0.00</u>
2. Debt and interest charges not included on page 4	<u>0.00</u>
3. Final awards	<u>0.00</u>
4. Total overlay deficit	<u>0.00</u>
5. Total cherry sheet offsets (see cherry sheet 1-ER)	<u>9,403.00</u>
6. Revenue deficits	<u>0.00</u>
7. Offset receipts deficits Ch. 44, Sec. 53E	<u>0.00</u>
8. CPA other unappropriated/unreserved	<u>0.00</u>
9. Snow and ice deficit Ch. 44 Sec. 31D	<u>0.00</u>
10. Other: <input type="text"/>	<u>0.00</u>
TOTAL Ilb (Total lines 1 through 10)	<u>9,403.00</u>
Ilc. State and county cherry sheet charge (C.S. 1-EC)	<u>84,268.00</u>
Ild. Allowance for abatements and exemptions (overlay)	<u>120,000.00</u>
Ile. Total amount to be raised (Total Ila through Ild)	<u>22,085,152.60</u>

III. Estimated receipts and other revenue sources

IIla. Estimated receipts - State	
1. Cherry sheet estimated receipts (C.S. 1-ER Total)	<u>410,121.00</u>
2. Massachusetts school building authority payments	<u>0.00</u>
TOTAL IIla	<u>410,121.00</u>
IIlb. Estimated receipts - Local	
1. Local receipts not allocated (Page 3, col. (b), Line 24)	<u>1,305,418.28</u>
2. Offset receipts (See Schedule A-1)	<u>0.00</u>
3. Enterprise funds (See Schedule A-2)	<u>1,780,649.00</u>
4. Community Preservation Funds (See Schedule A-4)	<u>938,938.00</u>
TOTAL IIlb	<u>4,025,005.28</u>
IIlc. Revenue sources appropriated for particular purposes	
1. Free cash (Page 4, col. (c))	<u>1,131,205.60</u>
2. Other available funds (Page 4, col. (d))	<u>1,310,688.00</u>
TOTAL IIlc	<u>2,441,893.60</u>
IIId. Other revenue sources appropriated specifically to reduce the tax rate	
1. a. Free cash..appropriated on or before June 30, <input type="text"/>	<u>0.00</u>
1. b. Free cash..appropriated on or after July 1, <input type="text"/>	<u>200,000.00</u>
2. Municipal light source	<u>0.00</u>
3. Other source : <input type="text"/>	<u>0.00</u>
TOTAL IIId	<u>200,000.00</u>
IIle. Total estimated receipts and other revenue sources (Total IIla through IIId)	<u>7,077,019.88</u>

IV. Summary of total amount to be raised and total receipts from all sources

a. Total amount to be raised (from Ile)	<u>22,085,152.60</u>
b. Total estimated receipts and other revenue sources (from IIIe)	<u>7,077,019.88</u>
c. Total real and personal property tax levy (from Icl)	<u>15,008,132.72</u>
d. Total receipts from all sources (total IVb plus IVc)	<u>22,085,152.60</u>

PAGE 3 LOCAL RECEIPTS NOT ALLOCATED *

	(a) Actual Receipts <u>FY 2021</u>	(b) Estimated Receipts <u>FY22</u>
→ 1. Motor vehicle excise	\$ 814,348.35	\$ 775,000.00
→ 2. Other excise		
a. Meals	0.00	0.00
b. Room	0.00	0.00
c. Other	1,617.00	1,600.00
d. Cannabis	0.00	0.00
→ 3. Penalties and interest on taxes and excises	59,004.06	45,000.00
→ 4. Payments in lieu of taxes	53,368.71	42,443.00
5. Charges for Services - water	0.00	0.00
6. Charges for Services - sewer	0.00	0.00
7. Charges for Services - hospital	0.00	0.00
8. Charges for Services - solid waste fees	0.00	0.00
9. Other charges for services	0.00	0.00
10. Fees	0.00	0.00
a. Cannabis Impact Fee	0.00	0.00
11. Rentals	138,272.84	160,625.28
12. Departmental revenue - Schools	0.00	0.00
13. Departmental revenue - Libraries	0.00	0.00
14. Departmental revenue - Cemeteries	0.00	0.00
15. Departmental revenue - Recreation	0.00	0.00
16. Other departmental revenue	24,976.97	20,000.00
17. Licenses and permits	227,540.92	200,000.00
18. Special assessments	0.00	0.00
→ 19. Fines and forfeits	9,069.75	10,000.00
→ 20. Investment income	21,372.80	20,000.00
21. Medicaid Reimbursement	0.00	0.00
→ 22. Miscellaneous recurring (please specify)	30,000.00	30,750.00
23. Miscellaneous non-recurring (please specify)	72,948.43	0.00
24. TOTALS	\$ 1,452,519.83	\$ 1,305,418.28

* Do not include receipts in columns (a) or (b) that were voted by the City/Town/District Council or Town Meeting as offset receipts on Schedule A-1, enterprise funds on Schedule A-2, or revolving funds on Schedule A-3. Written documentation must be submitted to support increases / decreases of estimated receipts to actual receipts.

→ Written documentation must be submitted to support increases/decreases of current year estimated receipts to prior year estimated receipts to be used in calculating the municipal revenue growth factor.

PAGE 4 CERTIFICATION OF APPROPRIATIONS AND SOURCES OF FUNDING

City/Town Council or Town Meeting Dates	FY*	APPROPRIATIONS					AUTHORIZATIONS			
		(a) Total Appropriations Of Each Meeting	(b) ** From Raise and Appropriate	(c) From Free Cash (B-1)	(d) From Other Available Funds (B-2)	(e) From Offset Receipts, (A-1)	(f) From Enterprise Funds (A-2)	(g) From Community Preservation Funds (A-4)	MEMO ONLY	
									(h) *** Departmental Revolving Funds	(i) Borrowing Authorization Other
05/22/21	Fy21	33,000.00			33,000.00					
05/22/21	Fy21	104,850.00						104,850.00		
05/22/21	Fy21	30,000.00						30,000.00		
05/22/21	Fy21	74,022.00		74,022.00						
05/22/21	Fy21	3,137.00		3,137.00						
05/22/21	Fy21	287.57		287.57						
05/22/21	Fy21	3,948.03		3,948.03						
05/22/21	Fy21	100,000.00		100,000.00						
05/22/21	Fy21	90,000.00		90,000.00						
05/22/21	Fy21	18,000.00		18,000.00						
05/22/21	Fy21	15,000.00		15,000.00						
05/22/21	Fy21	9,050.00		9,050.00						
05/22/21	Fy21	8,500.00		8,500.00						
05/22/21	Fy22	397,325.00			397,325.00					
05/22/21	Fy22	16,824,041.00	16,824,041.00							
05/22/21	Fy22	863,649.00				863,649.00				
05/22/21	Fy22	574,088.00						574,088.00		
05/22/21	Fy22	500,000.00				500,000.00				
05/22/21	Fy22	270,000.00				270,000.00				
05/22/21	Fy22	76,261.00		76,261.00						
05/22/21	Fy22	15,000.00		15,000.00						
05/22/21	Fy22	10,363.00			10,363.00					
05/22/21	Fy22	25,000.00						25,000.00		
05/22/21	Fy22	30,000.00						30,000.00		
05/22/21	Fy22	175,000.00						175,000.00		
05/22/21	Fy22	700,000.00		700,000.00						
05/22/21	Fy22	600,000.00			600,000.00					
05/22/21	Fy22	95,000.00			95,000.00					
05/22/21	Fy22	25,000.00			25,000.00					
10/23/21	Fy22	-114,040.00	-114,040.00							
10/23/21	Fy22	100,000.00				100,000.00				
10/23/21	Fy22	47,000.00				47,000.00				
10/23/21	Fy22	150,000.00			150,000.00					
10/23/21	Fy22	8,000.00		8,000.00						
10/23/21	Fy22	10,000.00		10,000.00						
		0.00								
Totals		21,871,481.60	16,710,001.00	1,131,205.60	1,310,688.00	0.00	1,780,649.00	938,938.00		
		Must Equal Cols. (b) thru (e)								

* Enter the fiscal year to which the appropriation relates, i.e., current fiscal year or next fiscal year.

** Appropriations included in column (b) must not be reduced by local receipts or any other funding source. Appropriations must be entered gross to avoid a duplication in the use of estimated or other sources of receipts.

*** Include only revolving funds pursuant to Chapter 44, Section 53 E 1/2.

SINGLE-FAMILY PROPERTY TAX BILL COMPARISON TOOL								
	2021 PROPERTY VALUE	FY 2021 TAX RATE	FY 2021 TAX BILL	2022 PROPERTY VALUE	FY 2022 ESTIMATED TAX RATE	EST FY 2022 TAX BILL	EST \$ INCREASE IN BILL	EST % INCREASE IN BILL
10TH PERCENTILE	396,000	14.88	5,892.48	439,000	13.06	5,733.34	(159.14)	-2.70%
20TH PERCENTILE	433,840	14.88	6,455.54	482,760	13.06	6,304.85	(150.69)	-2.33%
30TH PERCENTILE	467,790	14.88	6,960.72	521,120	13.06	6,805.83	(154.89)	-2.23%
40TH PERCENTILE	501,800	14.88	7,466.78	561,000	13.06	7,326.66	(140.12)	-1.88%
50TH PERCENTILE	545,800	14.88	8,121.50	607,550	13.06	7,934.60	(186.90)	-2.30%
60TH PERCENTILE	586,460	14.88	8,726.52	654,220	13.06	8,544.11	(182.41)	-2.09%
70TH PERCENTILE	639,800	14.88	9,520.22	714,310	13.06	9,328.89	(191.34)	-2.01%
80TH PERCENTILE	709,980	14.88	10,564.50	787,480	13.06	10,284.49	(280.01)	-2.65%
90TH PERCENTILE	808,520	14.88	12,030.78	902,520	13.06	11,786.91	(243.87)	-2.03%
EST. TYPICAL INCREASE:							-2.23%	

Source: Angus Jennings, Town Manager, and Christian Kuhn, Chief Assessor/GIS Coordinator. 11/2/21

ROSELLI, CLARK & ASSOCIATES
Certified Public Accountants

TOWN OF WEST NEWBURY, MASSACHUSETTS

Management Letter

Year Ended June 30, 2021



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ROSELLI, CLARK & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

500 West Cummings Park
Suite 4900
Woburn, MA 01801

Telephone: (781) 933-0073

www.roselliclark.com

Board of Selectmen
Town of West Newbury
West Newbury, Massachusetts

In planning and performing our audit of the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Town of West Newbury, Massachusetts, (the "Town") as of and for the year ended June 30, 2021, in accordance with auditing standards generally accepted in the United States of America, we considered the Town's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, material weaknesses may exist that have not been identified.

This communication is intended solely for the information and use of management, the Board of Selectman, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

Roselli, Clark & Associates

Roselli, Clark & Associates
Certified Public Accountants
Woburn, Massachusetts
September 17, 2021

OVERVIEW

The Town continued to respond well to the financial challenges presented by the COVID-19 pandemic that began during fiscal year 2020. Despite lockdowns, social distancing measures, mask mandates and the State not passing its budget until well into fiscal 2021, the Town was able to complete a positive year of operations and increase or maintain reserves at all levels.

Key financial highlights:

1. Unassigned fund balance ended at about \$5.4 million.
2. OPEB assets increased to almost \$2.9 million (the first time in 3 years that plan assets have exceeded liabilities).
3. Stabilization funds increased to \$3.4 million.
4. Unused levy capacity increased to \$1.1 million.

In addition, the Town made many improvements to its financial operating processes. The most significant included the following:

1. The conversion of the new accounting software was completed. This was begun by the prior Town Accountant who, unfortunately, left mid-way through the process. As a result, there were numerous systemic flaws and processing issues prevalent in 2020 that caused delays and inefficiencies to the close in that year. These have all been resolved and the current year close was completed by the beginning of September with no audit adjustments required.
2. A new Treasurer was appointed mid-way through the year. This has brought more experience and efficiency to the position. Details of operating improvements in this area are discussed later in this report, but we are happy to report that cash was reconciled and in balance by the beginning of September.

It appears all financial and administrative team members are working very well together as the Town Manager continues to emphasize working as a team, an element that had been missing in prior years.

However, the burden placed on the financial and administrative offices has exponentially grown. The team finds itself answering the requests of many of the Town's committees and departments, in addition to addressing the normal daily workload and all the reporting requirements of CARES, FEMA and ARPA. This has resulted in a significant level of effort that exceeds the norm and is beginning to exhaust the staff in these positions. In fact, as we observed in previous years, the Town Manager wears the hats of Chief Executive, Chief Administrator, Human Resource Officer and Chief Financial Officer. This is an overwhelming level of responsibility. The numerous substantive responsibilities this position holds, coupled with distractions created, make it difficult to manage any aspects of the position efficiently, and the current Town Manager is often working 12 to 14 hours daily.

We continue to suggest the Town evaluate appointing an individual with financial background as an Assistant Town Manager to make these challenges less burdensome. In addition, the Town continues to evaluate the creation of a Town Charter and we continue to recommend this.

Overall, we applaud the efforts of the group and hope this momentum continues into future fiscal years. The remainder of this document includes informational items, followed by remaining observations that the Town expects to address before the end of fiscal 2022.

We encourage the Town to continue to address these items in an effort to improve internal control and efficiency.

INFORMATIONAL ITEMS

Management of Long-term liabilities

The following discussion serves as an update to our observations from the prior year.

a. OPEB

The Town's OPEB Trust experienced its highest return in almost a decade. Return on investment approached \$500,000, a weighted average of 20%. This increased OPEB plan assets to almost \$2.9 million and for the first time in 3 years, these plan assets exceeded the OPEB liability. The Town regained its title as the only Town in Massachusetts that has a fully funded plan, and this is a great improvement over the prior two years.

b. Pension

The Town contributes to the Essex County Contributory Retirement System. The System has done an excellent job over the past few years addressing its funded ratio. As of December 31, 2020, the ratio was almost 60% which is about 10% greater than it was in 2016. In addition, the Town's portion of the pension liability has been reduced to \$7.6 million, which is 10% lower than the prior year. Based on this, it appears things are going in the proper direction.

At our suggestion, the Town established a pension stabilization fund. This will be instrumental in smoothing out annual costs when annual assessments start spiking. We encourage the Town to fund this stabilization fund to mitigate the efforts of rising assessments in the future.

Network Security

In the prior year, we alerted the Town to review their internal network in order to address vulnerabilities, if any, to their current operating system and determine if the Town is adequately protected from intrusions. In the current year audit, we conducted a quick security assessment survey. We communicated observations to management verbally and as a result we continue to recommend that the Town complete a professional assessment and implement procedures as a result. In addition, a robust training program should be implemented to create awareness amongst employees, regarding phishing scams and clicks to avoid when checking email.

We were made aware and understand that the role of the Chief Assessor was revised to include the functions of Cyber-Security Coordinator. This designation had previously been held by the collective efforts of the Finance Office. The shift was designed with the mind-set that this critical function would be overseen by an office that had the bandwidth to adequately service such responsibilities. This is currently a work in process which includes a 12-week comprehensive training program through ICMA. Once completed this will provide the individual with the ability to also provide training to other Town employees as well as detect areas that need attention within the Town's cyber-security process.

FINDINGS AND RECOMMENDATIONS

Treasurer's Office

The operations of the Treasurer's Office had been an extremely inefficient and challenging area for the Town from at least 2017 through 2020. This was due mostly in part to appointing an individual who did not have the proper training to complete the routine daily tasks.

Mid-way through fiscal 2021, a new individual was appointed and through the collaborative efforts of the entire Finance Team and Town Manager improved many new tasks including:

- Monthly bank reconciliations.
- Monthly accounts receivable reconciliations.
- Completing outstanding departmental issues and maintenance.
- Correcting City Hall system posting dates. This has saved incorrect interest charges to taxpayers.
- Reconciliation of Agency checks. Benefit deductions (Teamsters, Aflac, Altus dental, Colonial Life).
- Reconciliation of retiree health insurance and correct any discrepancies in monthly payments.
- Reconciliation of Stabilization accounts going back to fiscal year 2015 and making any missed ATM and STM warrant articles, Including water stabilization account 40K discrepancy.
- Stream-line new employee onboarding process, including updating all old forms and supplying any missing forms.
- Correcting any pension (ERRB or OBRA) discrepancies, On-call fire and missed contributions.
- Updating Tax Title maintenance to include all past due parcels.
- Implementing Tax Title payment plan policy
- Acceptance into MMA-Suffolk Municipal Finance Management Seminar starting in January.
- Took investment training class from Hilltop Securities in March 2021
- Begun process of reconciling Planning Escrow account.
- Check tailings work is in progress.
- Set up Remote Deposit Capture.
- Town meeting warrant article to combine low balance tax bills preliminary and actual.
- Investment account-Stabilization accounts were brought into compliance with State law. And legal list of investments.
- Water Bill process cleaned up, now handled by water department with daily deposit turn overs when needed.
- Implemented monthly invoicing and collection of rental properties-Children's Castle and the Learning Tree
- Implemented monthly invoicing and collection of shared building inspector's health insurance cost from Groveland.

An area that still needs immediate attention is the vendor checking account. This account has not been balanced for at least 36 months. Reconciling items were allowed to build up for the entirety of 2017 to 2020. When this was turned over to the new Treasurer, it was virtually impossible to correct since there are multiple reconciling items, most that are unknown.

The Treasurer should take the following approach with respect to this account:

1. Open a new vendor account.
2. Let the old vendor account age off.
3. Fix the obvious errors in the reconciliation (we went through these with the new Treasurer.)
4. The remaining errors net to an immaterial amount and represent numerous over and under funds that were never corrected.
5. Wait until the spring and close the account down.
6. Any remaining outstanding checks should be placed in tailings.

It was agreed that the work should commence after the 2021 audit was completed. To that end, the Treasurer has opened a new vendor account and is proceeding with the recommended steps.

Town Manager Act (repeated)

In the prior year and in our opening discussion, we discussed how the new Town Manager Act which was approved by the legislature in fiscal year 2018 was a very challenging implementation since the Town had never had a Town Manager nor any other appointed professional administrator and was previously overseen by a 3-member elected Board of Selectmen. We also recommended that the Town evaluate a Town Charter in favor of the current legal framework for Town operations, which includes the Town Manager Act read in conjunction with various other applicable statutes, Bylaws and policies. The lack of clarity regarding where various authorities rest, created inefficiencies that continued to affect the Town's operations in fiscal year 2021.

While many steps have been accomplished and completed, the challenges of this role continued in fiscal 2021. More specifically, the Town Manager wears the hats of Chief Executive, Chief Administrator, Human Resource Officer and Chief Financial Officer. This is an overwhelming level of responsibility, including, in particular, Chief Financial Officer which requires specialized training and education to completely understand the financial laws of Massachusetts and GASB. The numerous substantive responsibilities this position holds, coupled with distractions created, make it difficult to manage any aspects of the position efficiently, and the current Town Manager is often working 12 to 14 hours daily. It may make sense to appoint an individual with financial background as an Assistant Town Manager to make these challenges less burdensome; even if this is a part-time position only.

The Town continues to evaluate the creation of a Town Charter and we continue to recommend this.

TOWN OF WEST NEWBURY, MASSACHUSETTS

Report on Examination of the Basic Financial Statements and
Additional Information

Year Ended June 30, 2021

Report on Internal Control Over Financial Reporting and
On Compliance and Other Matters

Year Ended June 30, 2021



TOWN OF WEST NEWBURY, MASSACHUSETTS

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INDEPENDENT AUDITORS' REPORT

The Honorable Members of the Board of Selectmen
Town of West Newbury, Massachusetts

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of West Newbury, Massachusetts, (the Town) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town as of June 30, 2021, and the respective

changes in financial position and where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis, 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, 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 17, 2021 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 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 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 and Associates
Certified Public Accountants
Woburn, Massachusetts
September 17, 2021

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 for the fiscal year ended June 30, 2021.

Financial Highlights

- The assets and deferred outflows of financial resources of the Town exceeded its liabilities and deferred inflows of financial resources at the close of the most recent fiscal year by nearly \$32.6 million (*total net position*). Nearly \$28.6 million represented net position of governmental activities and over \$4.0 million represented net position of the business-type activities.
- The government's total net position increased by nearly \$1.7 million. This was due to an increase of over \$1.3 million in governmental and over \$0.3 million in business-type activities as expenditures were lower than expectations and revenues exceeded forecast.
- The Town's Unassigned Fund Balance reported in the General Fund was almost \$5.4 million (33.4% of General Fund expenditures). Total Fund Balance in the General Fund was over \$7.3 million (45.8% of General Fund expenditures). Furthermore, reported fund balances in the Town's Community Preservation Fund, Library Trust Fund and the Combined Nonmajor Governmental Funds were approximately \$3.4 million, \$1.3 million and \$0.9 million, respectively.
- The Town's total long-term debt decreased by approximately \$0.4 million; the decrease was due to regularly scheduled maturities in both business-type and governmental funds.

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, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenue (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Town include general government, public safety, highways and streets, sanitation, education, community development, health and human services, culture and recreation, fringe benefits, and debt service. The business-type activities of the Town consist completely of the Town's water activities.

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. Reconciliations are provided in the basic financial statements to help the reader understand the differences, as indicated within the table of contents.

The Town maintains a number of 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, community preservation fund, and library trust fund which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation.

The Town adopts an annual appropriated budget for its general fund. A budgetary comparison schedule has been provided for the general fund to demonstrate compliance with this budget. This schedule has been prepared as required supplementary information and can be found along with the corresponding notes in this report.

Proprietary Funds – The Town maintains only one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

The proprietary fund financial statements provide separate information for the water enterprise fund.

Fiduciary funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The Town includes the activities of its Other Postemployment Trust Benefits Trust fund and poor and scholarship funds. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the Town’s own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the 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’s proportionate share of the net pension liability, contributions to pension plan, and the Town’s progress in funding its obligation to provide other postemployment benefits to its employees as well as the Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. In the case of the Town, the assets and deferred outflows of financial resources of the Town exceeded liabilities and deferred inflows of financial resources by approximately \$32.6 million at the close of the most recent fiscal year. The condensed statement of net position is as follows:

	<u>Governmental activities</u>		<u>Business activities</u>		<u>Total</u>	
	June 30					
	2021	2020	2021	2020	2021	2020
<u>Assets</u>						
Current and other assets	\$ 14,034,754	\$ 12,420,349	\$ 2,349,759	\$ 2,319,123	\$ 16,384,513	\$ 14,739,472
Capital assets, net	22,956,973	23,104,855	5,006,453	4,747,857	27,963,426	27,852,712
Total assets	36,991,727	35,525,204	7,356,212	7,066,980	44,347,939	42,592,184
<u>Deferred Outflows of Resources</u>	1,049,444	1,555,938	57,318	93,940	1,106,762	1,649,878
<u>Liabilities</u>						
Long term liabilities	7,731,087	9,160,303	2,219,589	2,366,179	9,950,676	11,526,482
Other liabilities	531,311	244,541	1,100,000	1,100,000	1,631,311	1,344,541
Total liabilities	8,262,398	9,404,844	3,319,589	3,466,179	11,581,987	12,871,023
<u>Deferred Inflows of Resources</u>	1,213,275	449,569	115,219	38,902	1,328,494	488,471
<u>Net Position</u>						
Net investment in capital assets	22,356,976	22,164,856	2,727,127	1,983,799	25,084,103	24,148,655
Restricted	5,564,524	5,068,264	-	-	5,564,524	5,068,264
Unrestricted	643,998	(6,391)	1,293,161	1,721,937	1,937,159	1,715,546
Net Position	\$ 28,565,498	\$ 27,226,729	\$ 4,020,288	\$ 3,705,736	\$ 32,585,786	\$ 30,932,465

By far the largest portion of the Town’s net position reflects its investment in capital assets (e.g. land, buildings, 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 of the Town’s net position represents resources that are subject to external restrictions on how they may be used. *Unrestricted net position* reflects the remainder of net position; a balance of over \$1.9 million.

Condensed changes in net position data is presented as follows:

	<u>Governmental activities</u>		<u>Business activities</u>		<u>Total</u>	
			June 30			
	2021	2020	2021	2020	2021	2020
Revenues						
Program revenues:						
Charges for services	\$ 679,753	\$ 605,028	\$ 1,097,425	\$ 1,078,059	\$ 1,777,178	\$ 1,683,087
Operating grants and contributions	863,527	176,294	-	-	863,527	176,294
Capital grants and contributions	150,000	256,425	6,000	37,500	156,000	293,925
General revenues:						
Property taxes	15,236,382	14,410,021	-	-	15,236,382	14,410,021
Intergovernmental	214,969	368,913	-	-	214,969	368,913
Other	1,057,837	1,146,236	6,182	35,703	1,064,019	1,181,939
Total revenues	<u>18,202,468</u>	<u>16,962,917</u>	<u>1,109,607</u>	<u>1,151,262</u>	<u>19,312,075</u>	<u>18,114,179</u>
Expenses						
General government	1,965,830	1,987,951	-	-	1,965,830	1,987,951
Public safety	2,980,644	2,938,800	-	-	2,980,644	2,938,800
Education	8,952,568	8,416,441	-	-	8,952,568	8,416,441
Public works	1,720,110	1,703,025	-	-	1,720,110	1,703,025
Health and human services	802,518	1,063,063	-	-	802,518	1,063,063
Culture and recreation	426,129	510,210	-	-	426,129	510,210
Debt service	15,900	21,775	-	-	15,900	21,775
Water	-	-	795,055	846,662	795,055	846,662
Total expenses	<u>16,863,699</u>	<u>16,641,265</u>	<u>795,055</u>	<u>846,662</u>	<u>17,658,754</u>	<u>17,487,927</u>
Change in net position	1,338,769	321,652	314,552	304,600	1,653,321	626,252
Net position, beginning of year	<u>27,226,729</u>	<u>26,905,077</u>	<u>3,705,736</u>	<u>3,401,136</u>	<u>30,932,465</u>	<u>30,306,213</u>
Net position, end of year	<u>\$ 28,565,498</u>	<u>\$ 27,226,729</u>	<u>\$ 4,020,288</u>	<u>\$ 3,705,736</u>	<u>\$ 32,585,786</u>	<u>\$ 30,932,465</u>

Governmental Activities - The Town relies significantly on property taxes, which, during 2021, made up approximately 83.7% of total governmental activities revenues, an increase of \$0.8 million over the prior year. In Massachusetts, Town's cannot increase property taxes more than 2.5% of the prior year commitment, plus new growth and voted operating and debt exclusions; so, this increase met the statutory amount expected that was raised on the Town certified tax recap. All other revenue amounts were either consistent with the prior year or not material in amount.

Major expenses were for education which continues to be an area that the Town devotes significant resources. Education represented 53.1% of total expenses; this was consistent with the prior year amount of 50.6%. All other functional expense categories were (1) up slightly (2) flat with the prior year primarily due to a modest increase in benefits that were allocated to each function or (3) not significant.

Business-type Activities - Major revenue sources consist of revenue from water user charges which represented approximately 100% of total revenues. Water expenses represented 100% of total business-type expenses. Revenues increased by 3% over the prior year due to increased consumption. Expenses were consistent with the prior year.

Financial Analysis of the Governmental 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.

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, unassigned fund balance in the general fund was approximately \$5.4 million, while total fund balance reached approximately \$7.3 million. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures. Unassigned fund balance represented approximately 33.7% of total general fund expenditures, while total fund balance represented approximately 45.8% of that same amount.

The Town's governmental funds balance sheet reported a combined ending fund balance surplus of approximately \$12.9 million. In addition to the \$7.3 million in the general fund previously discussed, there were also restricted fund balances in the Community Preservation Fund and Library Trust Fund of approximately \$3.4 million and \$1.3 million, respectively. The fund balance of the combined Nonmajor funds was approximately \$0.9 million, most of which is restricted.

The General Fund balance increased by about \$0.7 million due to a strong operating performance. This was achieved despite the pandemic. The Town's revenues were not impacted, and operating results were leveraged by the surprisingly continued robust economy.

The Community Preservation Fund balance increased by \$0.3 million over the prior year; this was primarily due to less voted projects as compared to lower State matched revenue.

The Library Trust Fund met the criteria for presentation as a major fund in the current year. The fund's restricted fund balance increased approximately \$0.1 million as activity was minimal.

The combined Nonmajor funds increased by approximately \$0.1 million; this was mainly due to timing of revenues and expenditures as these funds are intended to net over time.

Proprietary Funds - The Town's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. At the end of the year, net position of the water fund was approximately \$4.0 million, which increased approximately \$0.3 million from the prior year. The fund experienced an uptick in revenue due to increases in consumption.

Fiduciary funds - The Town's fiduciary funds include nearly \$2.9 million for a trust established to account for the Town's other postemployment benefit activities. In addition, the Town maintains over \$0.3 million in various private purpose activities that are also accounted for within its fiduciary funds

General Fund Budgetary Highlights

There were no major differences in the final amended budget to the original budget.

A budget to actual schedule for the general fund has been provided as required supplementary information.

Capital Asset and Debt Administration

Capital Assets - The Town's investment in capital assets for its governmental and business-type activities as of June 30, 2021, amounts to approximately \$28.0 million (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, infrastructure, machinery and equipment and reflects a small increase from prior year, as additions approximated depreciation.

Major capital asset additions for 2021 included approximately \$0.3 million of Public Safety vehicles additions and \$0.3 million of Water projects.

Additional information on the Town capital assets can be found in Note II, subsection D.

Long-term Debt - At the end of the current fiscal year, the Town had total debt outstanding of nearly \$2.2 million; this includes approximately \$0.6 million in governmental activities and approximately \$1.6 million in business-type activities. This represented a decrease of \$0.4 million over the prior year due to regularly scheduled maturities.

The Town was assigned a bond rating of AA+ from Standard and Poor; this means its investment grade is very strong and is one level below the highest rating the agency sets.

State statutes limit the amount of general obligation debt a governmental entity may issue to 5.0% percent of its total equalized valuation. The current debt limitation for the Town is approximately \$50.1 million, which is significantly in excess of the Town's outstanding general obligation debt.

Additional information on the Town's debt can be found Note II, Section E, F and G of this report.

Economic Factors and Next Year's Budgets and Rates

- The Town's unemployment rate remains stable, however unemployment rates throughout the Commonwealth and the Nation are near historic highs due to the layoffs imposed as part of the COVID-19 pandemic.
- The Town's real estate tax base is made up of approximately 97.6% residential real estate tax. Its commercial, industrial and personal property taxes make up the remainder of the tax base at 2.3%. 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 is robust and continues to rank at the top of the State averages.

The above items were considered when the Town developed its budget for fiscal year 2022 which was authorized by Annual Town Meeting in May 2021 and it expects to set its tax rate before December 31, 2021.

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 request for additional financial information should be addressed to the Office of the Town Manager, Town Hall, 381 Main Street, West Newbury, Massachusetts, 01985.

TOWN OF WEST NEWBURY, MASSACHUSETTS

STATEMENT OF NET POSITION

JUNE 30, 2021

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 8,971,812	\$ 1,976,482	\$ 10,948,294
Investments	4,384,880	-	4,384,880
Receivables, net of allowance for uncollectibles:			
Property taxes	183,009	-	183,009
Departmental and other	304,185	-	304,185
Intergovernmental	78,400	-	78,400
User charges	-	360,781	360,781
Net other postemployment benefit asset	112,468	12,496	124,964
Capital assets, not being depreciated	9,453,482	2,643,594	12,097,076
Capital assets, net of accumulated depreciation	13,503,491	2,362,859	15,866,350
Total Assets	36,991,727	7,356,212	44,347,939
Deferred Outflows of Resources			
Related to other postemployment benefit liability	374,092	41,566	415,658
Related to net pension liability	675,352	57,318	732,670
Total Deferred Outflows of Resources	1,049,444	98,884	1,148,328
Liabilities			
Warrants and accounts payable	433,547	-	433,547
Accrued payroll and withholdings	34,900	-	34,900
Other liabilities	62,864	-	62,864
Bond anticipation notes payable	-	1,100,000	1,100,000
Noncurrent liabilities:			
Due within one year	370,157	52,109	422,266
Due in more than one year	7,360,930	2,167,480	9,528,410
Total Liabilities	8,262,398	3,319,589	11,581,987
Deferred Inflows of Resources			
Related to net other postemployment benefit liability	466,736	51,860	518,596
Related to net pension liability	746,539	63,359	809,898
Total Deferred Inflows of Resources	1,213,275	115,219	1,328,494
Net Position			
Net investment in capital assets	22,356,976	2,727,127	25,084,103
Restricted:			
Nonexpendable permanent funds	18,120	-	18,120
Community preservation	3,425,343	-	3,425,343
Other purposes	2,121,061	-	2,121,061
Unrestricted	643,998	1,293,161	1,937,159
Total Net Position	\$ 28,565,498	\$ 4,020,288	\$ 32,585,786

See accompanying notes to basic financial statements.

TOWN OF WEST NEWBURY, MASSACHUSETTS

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021

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
Primary government:							
<u>Governmental Activities:</u>							
General government	\$ 1,965,830	\$ 421,985	\$ 170,663	\$ -	\$ (1,373,182)		\$ (1,373,182)
Public safety	2,980,644	228,468	210,478	-	(2,541,698)		(2,541,698)
Education	8,952,568	-	-	-	(8,952,568)		(8,952,568)
Public works	1,720,110	-	150,000	150,000	(1,420,110)		(1,420,110)
Health and human services	802,518	29,300	292,524	-	(480,694)		(480,694)
Culture and recreation	426,129	-	39,862	-	(386,267)		(386,267)
Interest	15,900	-	-	-	(15,900)		(15,900)
Total Governmental Activities	16,863,699	679,753	863,527	150,000	(15,170,419)		(15,170,419)
<u>Business-Type Activities:</u>							
Water	795,055	1,097,425	-	6,000	-	\$ 308,370	308,370
Total Primary Government	\$ 17,658,754	\$ 1,777,178	\$ 863,527	\$ 156,000	(15,170,419)	308,370	(14,862,049)
<u>General Revenues:</u>							
					15,236,382	-	15,236,382
					815,171	-	815,171
					59,004	-	59,004
					214,969	-	214,969
					183,662	6,182	189,844
Total general revenues and transfers					16,509,188	6,182	16,515,370
Change in Net Position					1,338,769	314,552	1,653,321
<u>Net Position:</u>							
Beginning of year					27,226,729	3,705,736	30,932,465
End of year					\$ 28,565,498	\$ 4,020,288	\$ 32,585,786

See accompanying notes to basic financial statements.

TOWN OF WEST NEWBURY, MASSACHUSETTS

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021

	General	Community Preservation	Library Trust Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets:					
Cash and cash equivalents	\$ 4,501,703	\$ 3,479,864	\$ 197,576	\$ 792,669	\$ 8,971,812
Investments	3,314,345	-	1,070,535	-	4,384,880
Receivables, net of allowance for uncollectibles					
Property taxes	180,075	2,934	-	-	183,009
Departmental and other	291,106	1,457	-	11,622	304,185
Intergovernmental	-	-	-	78,400	78,400
Total Assets	<u>8,287,229</u>	<u>3,484,255</u>	<u>1,268,111</u>	<u>882,691</u>	<u>13,922,286</u>
Total Deferred Outflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 8,287,229</u>	<u>\$ 3,484,255</u>	<u>\$ 1,268,111</u>	<u>\$ 882,691</u>	<u>\$ 13,922,286</u>
Liabilities:					
Warrants and accounts payable	\$ 379,026	\$ 54,521	\$ -	\$ -	\$ 433,547
Accrued payroll and withholdings	34,900	-	-	-	34,900
Other liabilities	62,864	-	-	-	62,864
Total Liabilities	<u>476,790</u>	<u>54,521</u>	<u>-</u>	<u>-</u>	<u>531,311</u>
Deferred Inflows of Resources:					
Unavailable revenues - property taxes	180,075	2,934	-	-	183,009
Unavailable revenues - other	291,106	1,457	-	11,622	304,185
Total Deferred Inflows of Resources	<u>471,181</u>	<u>4,391</u>	<u>-</u>	<u>11,622</u>	<u>487,194</u>
Fund Balances:					
Nonspendable	-	-	7,500	10,620	18,120
Restricted	38,316	3,425,343	1,260,611	922,888	5,647,158
Committed	1,077,867	-	-	-	1,077,867
Assigned	831,155	-	-	-	831,155
Unassigned	5,391,920	-	-	(62,439)	5,329,481
Total Fund Balances	<u>7,339,258</u>	<u>3,425,343</u>	<u>1,268,111</u>	<u>871,069</u>	<u>12,903,781</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 8,287,229</u>	<u>\$ 3,484,255</u>	<u>\$ 1,268,111</u>	<u>\$ 882,691</u>	<u>\$ 13,922,286</u>

See accompanying notes to basic financial statements.

TOWN OF WEST NEWBURY, MASSACHUSETTS

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TOTAL FUND BALANCES TO THE STATEMENT OF NET POSITION
JUNE 30, 2021**

Total Governmental Fund Balances	\$ 12,903,781
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	22,956,973
The Town has a net asset related to other postemployment benefits. This long-term asset is not reported in the fund financial statements	112,468
Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the governmental funds.	487,194
Deferred outflows and inflows of resources to be recognized in future pension and OPEB expense are not available resources and, therefore, are not reported in the funds:	
Deferred outflows related to net pension liability	675,352
Deferred inflows related to net pension liability	(746,539)
Deferred outflows related to net other postemployment benefits liability	374,092
Deferred inflows related to net other postemployment benefits liability	(466,736)
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	(641,454)
Net pension liability	(6,980,045)
Compensated absences	(109,588)
	<hr/>
Net Position of Governmental Activities	\$ 28,565,498

See accompanying notes to basic financial statements.

TOWN OF WEST NEWBURY, MASSACHUSETTS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2021

	General	Community Preservation	Library Trust Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
Property taxes	\$ 14,885,002	\$ 358,207	\$ -	\$ -	\$ 15,243,209
Intergovernmental	380,025	224,429	-	457,392	1,061,846
Excise taxes	815,171	-	-	-	815,171
License and permits	233,413	-	-	-	233,413
Departmental and other revenue	245,593	1,775	-	135,106	382,474
Penalties and interest on taxes	59,004	-	-	-	59,004
Fines and forfeitures	9,070	-	-	-	9,070
Investment income	34,137	8,525	140,639	361	183,662
Contributions and donations	-	-	-	166,650	166,650
Total Revenues	16,661,415	592,936	140,639	759,509	18,154,499
Expenditures:					
Current:					
General government	1,155,298	289,263	-	133,550	1,578,111
Public safety	2,104,573	-	-	200,553	2,305,126
Education	8,828,300	-	-	-	8,828,300
Public works	1,280,561	-	-	176,926	1,457,487
Health and human services	702,783	-	-	93,642	796,425
Culture and recreation	378,732	10,322	13,000	31,642	433,696
Pension and other fringe benefits	1,128,259	-	-	-	1,128,259
State and county tax assessments	82,578	-	-	-	82,578
Debt service:					
Principal	340,000	-	-	21,413	361,413
Interest	15,900	-	-	-	15,900
Total Expenditures	16,016,984	299,585	13,000	657,726	16,987,295
Excess (Deficiency) of Revenues Over (Under) Expenditures	644,431	293,351	127,639	101,783	1,167,204
Other Financing Sources (Uses):					
Transfers in	30,749	-	-	4,236	34,985
Transfers out	(4,236)	-	-	(30,749)	(34,985)
Total Other Financing Sources (Uses)	26,513	-	-	(26,513)	-
Net Change in Fund Balances	670,944	293,351	127,639	75,270	1,167,204
Fund Balances - Beginning	6,668,314	3,131,992	1,140,472	795,799	11,736,577
Fund Balances - Ending	\$ 7,339,258	\$ 3,425,343	\$ 1,268,111	\$ 871,069	\$ 12,903,781

See accompanying notes to basic financial statements.

TOWN OF WEST NEWBURY, MASSACHUSETTS

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021**

		Total
Net Change in Fund Balances - Total Governmental Fund Balances	\$	1,167,204
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The net amounts are reflected here as reconciling items:</p>		
Capital outlays	\$	617,474
Depreciation expense		(765,356)
Net effect of reporting capital assets		(147,882)
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither 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 amount presented here as a reconciling item represents the following differences:</p>		
Repayments of debt		361,413
Net effect of reporting long-term debt		361,413
<p>Revenues in the Statement of Activities that do not provide current financial are reported as unavailable in the Statement of Revenues, Expenditures and Changes in Fund Balances. Therefore, the recognition of revenue of various types of accounts receivable differ between the two statements. The amount presented represents the difference in unavailable revenue.</p>		
		47,969
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds:</p>		
Compensated absences		11,467
Other postemployment benefits		(12,646)
Pension benefits		(88,756)
Net effect of reporting long-term liabilities		(89,935)
Change in Net Position of Governmental Activities	\$	1,338,769

See accompanying notes to basic financial statements.

TOWN OF WEST NEWBURY, MASSACHUSETTS

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS**

JUNE 30, 2021

		Business-type Activities	
		Enterprise fund	
		Water	
Assets:			
Current assets:			
Cash and cash equivalents	\$	1,976,482	
User fees receivable		360,781	
Total current assets		2,337,263	
Noncurrent assets:			
Net other postemployment benefit asset		12,496	
Capital assets, not being depreciated		2,643,594	
Capital assets, net of accumulated depreciation		2,362,859	
Total noncurrent assets		5,018,949	
Total Assets		7,356,212	
Deferred Outflows of Resources			
Related to net other postemployment benefit liability		41,566	
Related to net pension liability		57,318	
Total Deferred Outflows of Resources		98,884	
Liabilities:			
Current liabilities:			
Bond anticipation notes payable		1,100,000	
Bonds and notes payable		47,029	
Compensated absences		5,080	
Total current liabilities		1,152,109	
Noncurrent liabilities:			
Bonds and notes payable		1,570,000	
Compensated absences		5,079	
Net pension liability		592,401	
Total noncurrent liabilities		2,167,480	
Total Liabilities		3,319,589	
Deferred Inflows of Resources			
Related to net other postemployment benefit liability		51,860	
Related to net pension liability		63,359	
Total Deferred Inflows of Resources		115,219	
Net Position:			
Net investment in capital assets		2,727,127	
Unrestricted		1,293,161	
Total Net Position	\$	4,020,288	

See accompanying notes to basic financial statements.

TOWN OF WEST NEWBURY, MASSACHUSETTS

**STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION**

PROPRIETARY FUNDS

YEAR ENDED JUNE 30, 2021

	Business-type Activities Enterprise Fund
	Water
Operating Revenues:	
Charges for services	\$ 977,466
Other	119,959
Total Operating Revenues	1,097,425
Operating Expenses:	
Operating costs	626,467
Depreciation	101,947
Total Operating Expenses	728,414
Operating Income (Loss)	369,011
Nonoperating Revenues (Expenses):	
Investment income	6,182
Investment expense	(66,641)
Total Nonoperating Revenues (Expenses)	(60,459)
Income (Loss) Before Capital Contributions and Transfers	308,552
Capital Contributions:	
System development fees	6,000
Change in Net Position	314,552
Total Net Position - Beginning	3,705,736
Total Net Position - Ending	\$ 4,020,288

See accompanying notes to basic financial statements.

TOWN OF WEST NEWBURY, MASSACHUSETTS

**STATEMENT OF CASH FLOW
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2021**

	Business-type Activities Enterprise Fund
	Water
Cash Flows From Operating Activities:	
Receipts from users	\$ 1,217,510
Payments to employees	(221,029)
Payments to vendors	(441,179)
	555,302
Net Cash Provided by Operating Activities	555,302
Cash Flows from Capital and Related Financing Activities	
System development fees	6,000
Acquisition and construction of capital assets	(360,542)
Issuance of bonds and notes	1,100,000
Payment of bonds and notes	(1,100,000)
Principal payments on bonds and notes	(47,029)
Interest expense	(66,641)
	(468,212)
Net Cash (Used for) Capital and Related Financing Activities	(468,212)
Cash flows from Investing Activities	
Investment income	6,182
	6,182
Net Cash Provided by Investing Activities	6,182
Net Change in Cash and Cash Equivalents	93,272
Cash and Cash Equivalents:	
Beginning of year	1,883,210
	1,883,210
End of year	\$ 1,976,482
Reconciliation of Operating Income to Net Cash Provided	
By (Used for) Operating Activities:	
Operating loss	\$ 369,011
Depreciation expense	101,947
Changes in assets, deferred inflows, and liabilities:	
Receivables (net)	75,132
Deferred outflows of resources	44,953
Net other postemployment benefit asset	(12,496)
Payables	275
Deferred inflows of resources	76,317
Net other postemployment benefit liability	(43,127)
Net pension liability	(56,710)
	(56,710)
Net Cash Provided by (Used for) Operating Activities	\$ 555,302

See accompanying notes to basic financial statements.

TOWN OF WEST NEWBURY, MASSACHUSETTS

STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2021

	Other Postemployment Benefits Trust	Private Purpose Trust Funds
Assets:		
Cash and cash equivalents	\$ 103,117	\$ -
Certificates of Deposit	145,372	242,676
Equities	1,683,630	-
Fixed Income	575,836	-
Government securities	328,861	-
Other	18,406	-
Receivables	-	107,579
	Total Assets	350,255
	2,855,222	350,255
Liabilities:		
Other liabilities	-	-
	Total Liabilities	-
	-	-
Net Position:		
Held in trust for other postemployment benefits	2,855,222	-
Held in trust for other purposes	-	350,255
	Total Net Position	350,255
	\$ 2,855,222	\$ 350,255

See accompanying notes to basic financial statements.

TOWN OF WEST NEWBURY, MASSACHUSETTS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED JUNE 30, 2021

	Other Postemployment Benefits Trust	Private Purpose Trust Funds
Additions:		
Contributions:		
Employer	\$ 87,769	\$ -
Total contributions	87,769	-
Investment income:		
Interest and dividends	475,222	1,119
Total Additions	562,991	1,119
Deductions:		
Benefits paid	87,769	-
Health and human services	-	975
Total Deductions	87,769	975
Change in Net Position	475,222	144
Net Position - Beginning	2,380,000	350,111
Net Position - Ending	\$ 2,855,222	\$ 350,255

See accompanying notes to basic financial statements.

TOWN OF WEST NEWBURY, MASSACHUSETTS

NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2021

I. Summary of Significant Accounting Policies

The 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 governmental entities. The following is a summary of the more significant policies and practices used by the Town:

A. Reporting Entity

The Town of West Newbury is located in Essex County and was incorporated as a town in 1819. An elected three-member Board of Selectmen governs the Town with an appointed Town Manager that enforces the policies of the Selectmen. Each Board of Selectmen member serves three-year terms. The Town provides governmental services for the territory within its boundaries, including police and fire protection, highway services, water, trash collection, street maintenance, parks and recreational facilities. Water services are funded almost entirely with user charges.

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 Town is a member community of the Pentucket Regional School District that provides educational services to the three-member communities of West Newbury, Groveland and Merrimac. This joint venture assesses each community its share of operational and debt service costs based on student population and other factors. In fiscal year 2021, the Town's share of the operating, capital and debt service expenses was \$8,599,520. 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 22 Main Street, West Newbury, MA 01985. The Town also is assessed a much smaller amount from a regional vocational and technical school.

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. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though fiduciary funds are excluded from the government-wide financial statements. Major individual 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. Fiduciary funds are reported by fund type.

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

- 1) The total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses of an individual governmental or enterprise fund are at least ten percent of the corresponding element for all funds of that category or type, and
- 2) The total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least five percent of the corresponding elements 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, regardless of the timing of related cash flows. 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 revenue*. For the most part, the effect of interfund activity has been removed from the government-wide financial statements.

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 interest on general long-term debt which is recognized when payment is 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 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.

Community Preservation Fund – is used to account for funds received in accordance with the state Community Preservation Act. Funds are used to acquire or develop open space and recreational facilities, historic resources and affordable housing.

Library Trust Fund – 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 Town’s public library.

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

Special Revenue Funds – are used to account for the proceeds of specific revenue sources (other than capital projects funds) that are restricted or committed to expenditures for specified purposes.

Permanent Funds – 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.

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 fund:

Water Enterprise Fund - is used to account for user charges collected to finance costs associated with operating and maintaining the Town’s water utility.

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

The government reports the following fiduciary funds:

Other Postemployment Benefits Trust Fund – is used to accumulate funds for future payments of other post-employment benefits for retirees such as health and life insurance.

Private-Purpose Funds – is used to account for trust arrangements under which principal and income benefit individuals, private organizations or other governments. This fund is used for educational scholarships and needy citizen benefit funds.

Agency Fund – is used to account for assets held in a purely custodial capacity. This fund is primarily used for employee payroll withholdings, private public safety details, student activity funds and developer escrow funds. Agency funds apply the accrual basis of accounting but do not have a measurement focus.

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity

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 for the Town are reported at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. Accordingly, the change in fair value of its 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. Property taxes levied are recorded as receivables in the fiscal year of the levy.

Real estate taxes and water user fees may be 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, excise tax and other departmental receivables are shown net of an allowance for uncollectible balances comprised of those outstanding amounts greater than five years old.

Inventories and Prepaid Items – Inventories, which are not material to the basic financial statements, are considered to be expenditures at the time of purchase. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets – Capital assets, which include land, buildings and improvements, machinery and equipment, vehicles, and infrastructure (e.g. roads, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements.

Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the estimated fair market value at the date of donation. Net interest incurred during the construction phase of capital assets of business-type activities, if material is included as part of the capitalized value of the assets constructed.

All purchases and construction costs in excess of \$5,000 are capitalized at the date of acquisition or construction, respectively, with expected lives of greater than two years. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Capital assets (excluding land and construction-in-process) are depreciated using the straight-line method over the following estimated useful lives:

Buildings and improvements	40 years
Machinery, equipment, and vehicles	2-12 years
Infrastructure	60 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 – 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 permanent funds is retained in the funds. Investment income of the proprietary funds is voluntarily assigned to the general fund.

Compensated Absences – It is the Town’s policy to not permit employees to accumulate earned but unused vacation benefits beyond their annual contract date, which falls on June 30. Compensated absence liabilities related to both governmental and business-type activities are normally paid from the funds reporting the payroll and related expenditures. Amounts related to these benefits are accrued when incurred 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, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

The Town only has two types of items that qualify for reporting as deferred outflows of resources reported on the government-wide statement of net position that relates to outflows from changes

in the net pension and net other postemployment benefits liabilities. These outflows will be recognized in pension and benefits expense in future years.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

The Town has three types of items which qualify for reporting in this category. The first arises under a modified accrual basis of accounting and, accordingly, the item *unavailable revenue* is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: property taxes and other. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The second type of item that qualifies for reporting as a deferred inflow is reported on the government-wide statement of net position. This relates to inflows from changes in the net pension and net other postemployment benefits liabilities which will be recognized in pension and benefits expense in future years.

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.

Community preservation represents assets that are restricted by state law for the purposes of acquiring or developing open space and recreational facilities, historic resources and affordable housing.

Other purposes represent assets that are restricted by grantors, donors and state laws for specific governmental programs and uses.

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

Stabilization Funds – The Town maintains a general stabilization fund which may be used for any municipal purpose upon a two-thirds vote of the Town Meeting. The balance of the fund totals \$3,447,566, at June 30, 2021 and is reported as unassigned fund balance in the General Fund.

The Town maintains a water stabilization fund which may be used for any water enterprise purpose upon a two-thirds vote of the Town Meeting. The balance of the fund totals \$16,719 at June 30, 2021 and is reported as unrestricted net position in the Water Enterprise Fund.

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 constraints imposed by formal action of the Town’s highest level of decision-making authority, which consists of the Town Meeting members through Town Meeting Votes. 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 Votes) 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 Town has by ordinance authorized the Town Administrator 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.

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 Town Administrator 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 \$39,894 of encumbrances from normal purchasing activity in the general fund as assigned and \$1,077,867 of encumbrances from Town Meeting votes in the General Fund as committed. There are no encumbrances reported in any other fund.

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

	General Fund	Community Preservation Act Fund	Library Trust Fund	Nonmajor Governmental Funds	Total
Nonspendable:					
Nonexpendable trust funds	\$ -	\$ -	\$ 7,500	\$ 10,620	\$ 18,120
Restricted:					
General government	-	-	-	515,099	515,099
Public safety	-	-	-	30,926	30,926
Public works	-	-	-	4,756	4,756
Health and human services	-	-	-	88,922	88,922
Culture and recreation	-	-	1,260,611	176,778	1,437,389
Community preservation	-	3,425,343	-	-	3,425,343
Municipal buildings	38,316	-	-	-	38,316
Other purposes	-	-	-	106,407	106,407
Committed:					
General government	224,548	-	-	-	224,548
Public safety	160,188	-	-	-	160,188
Public works	693,131	-	-	-	693,131
Assigned:					
General government	30,491	-	-	-	30,491
Public safety	2,762	-	-	-	2,762
Public works	3,000	-	-	-	3,000
Health and human services	3,263	-	-	-	3,263
Fringe Benefits	378	-	-	-	378
Subsequent years' budget	791,261	-	-	-	791,261
Unassigned	5,391,920	-	-	(62,439)	5,329,481
	<u>\$ 7,339,258</u>	<u>\$ 3,425,343</u>	<u>\$ 1,268,111</u>	<u>\$ 871,069</u>	<u>\$ 12,903,781</u>

E. Excess of Expenditures Over Appropriations and Deficits

During Fiscal Year 2021, the Town incurred no deficits.

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 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. During the fiscal year, the Town did not enter into any repurchase agreements.

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 deposit policy requires the Town to maintain no more than 25% of the Town's cash balance in any one institution. At year-end, the carrying amount of the Town's deposits was \$11,051,412 and the bank balance was \$11,264,895. Of the Town's bank balance, \$5,411,798 was covered by either federal depository insurance or by the depositors' insurance fund, \$3,722,786 was collateralized and \$1,363,979 was uninsured and uncollateralized.

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 Town's formal policy requires that investments in corporate bonds must be investment grade A or higher by Moody's or Standard and Poor.

United States governmental obligations totaling \$2,213,911, corporate bond holdings totaling \$1,434,120, and equity securities totaling \$2,500,748 are exposed to custodial credit risk because the related securities are uninsured, unregistered and are held by the counterparty.

Fair Value of Investments - The Town reports its investments at fair value. When actively quoted observable prices are not available, the Town generally uses either implied pricing from similar investments or valuation models based on net present values of estimated future cash flows (adjusted as appropriate for liquidity, credit, market and/or other risk factors).

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, 2021:

	Total	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Investments by fair value level				
Debt securities:				
U.S. Government obligations	\$ 2,213,911	\$ 2,213,911	\$ -	\$ -
Corporate bonds	1,434,120	-	1,434,120	-
Negotiable certificates of deposit	1,212,476	-	1,212,476	-
Total debt securities	4,860,507	2,213,911	2,646,596	-
Equity securities:				
Common stock	2,500,748	2,500,748	-	-
Exchange traded funds	18,406	18,406	-	-
Total equity securities	2,519,154	2,519,154	-	-
Total investments by fair value level	\$ 7,379,661	\$ 4,733,065	\$ 2,646,596	\$ -

Debt and equity securities classified in Level 1 are valued using prices quoted in active markets for those securities. Negotiable certificates of deposit and repurchase agreements are classified in Level 2 and are valued using matrix pricing based on the securities' relationship to benchmark quoted prices. Bond mutual funds are classified in Level 2 and are valued at the published fair value per share for each fund.

Interest Rate Risk: Investments – Debt securities are subject to interest rate risk. Such securities may be adversely affected by changes in interest rates, which may negatively affect the fair value of individual debt instruments, through fair value losses arising from increasing interest rates. The Town does not have formal investment policies that limit investment maturities as a way of managing its exposure to fair value losses arising from rising interest rates.

At June 30, 2021, the Town's investments had the following maturities:

Investments	Total	Time Until Maturity (Years)		
		<1	1 - 5	6 - 10 Years
U.S. Government obligations	\$ 2,213,911	\$ 253,105	\$ 1,542,582	\$ 418,224
Corporate bonds	1,434,120	523,730	795,392	114,998
Negotiable certificates of deposit	1,212,476	200,079	1,012,397	-
Total Town Investments with Maturities	\$ 4,860,507	\$ 976,914	\$ 3,350,371	\$ 533,222

Concentration of Credit Risk – The Town places a limit of 25% of its total investments on the amount that may be invested in any one issuer excluding Treasury securities. The Town does not maintain balances in any single investment that exceeds more than 25% of the Town's total investments

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

At June 30, 2021, the credit quality ratings of the Town's investments were as follows:

Bond Ratings	Investments		
	Government Obligations	Corporate Fixed Income	Certificate of Deposit
Aaa	\$ 2,213,911	\$ -	\$ -
Aa1	-	184,407	-
Aa2	-	51,480	-
Aa3	-	172,789	-
A1	-	268,090	-
A2	-	267,249	-
A3	-	240,492	-
Baa1	-	143,126	-
Baa2	-	78,987	-
Baa3	-	27,500	-
Not rated	-	-	1,212,476
	<u>\$ 2,213,911</u>	<u>\$ 1,434,120</u>	<u>\$ 1,212,476</u>

B. Receivables

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

	Gross Amount	Allowance for Uncollectibles	Net Amount
Receivables:			
Real estate and personal property taxes	\$ 180,075	\$ -	\$ 180,075
Tax liens, deferrals, and foreclosures	157,300	-	157,300
Excise	123,009	-	123,009
Other	12,255	-	12,255
Community preservation surcharges	2,933	-	2,933
Title V betterments	11,622	-	11,622
Intergovernmental	78,400	-	78,400
Total	<u>\$ 565,594</u>	<u>\$ -</u>	<u>\$ 565,594</u>

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

	Gross Amount	Allowance for Uncollectibles	Net Amount
Receivables:			
Water user fees	<u>\$ 373,277</u>	<u>\$ -</u>	<u>\$ 373,277</u>

Governmental funds report deferred inflows of resources in connection with receivable for revenues that are considered unavailable to liquidate liabilities of the current period. The following identifies the components of deferred inflows of resources in the governmental funds:

	General	Other	Total
	Fund	Governmental Funds	
Receivables type:			
Real estate and personal property taxes	\$ 180,075	\$ -	\$ 180,075
Tax liens, deferrals, and foreclosures	155,842	-	155,842
Excise	123,009	-	123,009
Other	12,255	-	12,255
Community preservation surcharges	-	4,391	4,391
Title V betterments	-	11,622	11,622
Total	<u>\$ 471,181</u>	<u>\$ 16,013</u>	<u>\$ 487,194</u>

C. Interfund Receivables, Payables and Transfers

Interfund transfers for the fiscal year ended June 30, 2021, are summarized as follows:

Transfers Out	Transfers In			Total
	General Fund	Nonmajor Governmental Funds	Trust Funds	
General Fund	\$ -	\$ 3,948	\$ 288	\$ 4,236 (1)
Nonmajor Governmental Funds	30,749	-	-	30,749 (2)
Total	<u>\$ 30,749</u>	<u>\$ 3,948</u>	<u>\$ 288</u>	<u>\$ 34,985</u>

(1) Transfers to nonmajor governmental and trust funds to cover grant programs

(2) Transfers to general funds to cover grant programs

D. Capital Assets

Capital assets for the year ended June 30, 2021, were as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<i>Governmental Activities:</i>				
Capital assets not being depreciated:				
Land	\$ 9,453,482	\$ -	\$ -	\$ 9,453,482
Construction in progress	-	66,304	-	66,304
Total capital assets not being depreciated	9,453,482	66,304	-	9,519,786
Capital assets being depreciated:				
Buildings	14,155,260	-	-	14,155,260
Improvements other than buildings	1,716,172	-	-	1,716,172
Infrastructure	9,191,439	188,536	-	9,379,975
Machinery and equipment	1,364,357	50,367	(119,356)	1,295,368
Vehicles	2,751,017	312,267	(111,400)	2,951,884
Total capital assets being depreciated	29,178,245	551,170	(230,756)	29,498,659
Less accumulated depreciation for:				
Buildings	(7,678,598)	(355,509)	-	(8,034,107)
Improvements other than buildings	(1,421,223)	(19,242)	-	(1,440,465)
Infrastructure	(3,187,657)	(166,992)	-	(3,354,649)
Machinery and equipment	(788,709)	(80,335)	119,356	(749,688)
Vehicles	(2,450,685)	(143,277)	111,400	(2,482,562)
Total accumulated depreciation	(15,526,872)	(765,355)	230,756	(16,061,471)
Total capital assets being depreciated, net	13,651,373	(214,185)	-	13,437,188
Governmental activities capital assets, net	\$ 23,104,855	\$ (147,881)	\$ -	\$ 22,956,974
<i>Business Activities - Water:</i>				
Capital assets not being depreciated:				
Land	\$ 395,662	\$ -	\$ -	\$ 395,662
Construction in process	2,381,910	360,543	(494,521)	2,247,932
Total capital assets not being depreciated	2,777,572	360,543	(494,521)	2,643,594
Capital assets being depreciated:				
Infrastructure	4,924,077	494,521	-	5,418,598
Improvement other than buildings	5,570	-	-	5,570
Machinery and equipment	139,974	-	(1,650)	138,324
Vehicles	75,522	-	-	75,522
Total capital assets being depreciated	5,145,143	494,521	(1,650)	5,638,014
Less accumulated depreciation for:				
Infrastructure	(3,008,290)	(86,583)	-	(3,094,873)
Improvement other than buildings	(5,571)	-	-	(5,571)
Machinery and equipment	(99,928)	(5,728)	1,650	(104,006)
Vehicles	(61,069)	(9,636)	-	(70,705)
Total accumulated depreciation	(3,174,858)	(101,947)	1,650	(3,275,155)
Total capital assets being depreciated, net	1,970,285	392,574	-	2,362,859
Business activities capital assets, net	\$ 4,747,857	\$ 753,117	\$ (494,521)	\$ 5,006,453

Depreciation expense was charged to functions/programs as follows:

Governmental Activities:		Business-Type Activities:	
General government	\$ 112,634	Water	<u>\$ 101,947</u>
Public safety	197,101		
Education	135,151		
Public works	294,589		
Culture and recreation	25,880		
	<u>\$ 765,355</u>		

E. Temporary Debt

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

Current Operating Costs – Prior to the collection of revenues, expenditures may be financed through the issuance of revenue (RANS) or tax anticipation notes (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 debt are accounted for in the general fund and enterprise funds, respectively.

The Town reported temporary debt activity during the current fiscal year as follows:

Type	Interest Rate	Maturity Date	July 1, 2020	Additions	Retirements	June 30, 2021
Business-type Activities - Water:						
BAN	1.75%	7/17/2020	\$ 1,100,000		\$ (1,100,000)	\$ -
BAN	2.00%	7/15/2021	-	1,100,000	-	1,100,000
			<u>\$ 1,100,000</u>	<u>\$ 1,100,000</u>	<u>\$ (1,100,000)</u>	<u>\$ 1,100,000</u>
Total Notes Payable						

F. Long-Term Obligations

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

	Beginning Balance	Additions	Deletions	Ending Balance	Due within one year
<u>Governmental Activities:</u>					
Bond and note indebtedness	\$ 940,000	\$ -	\$ (340,000)	\$ 600,000	\$ 305,000
Notes from direct borrowings and placements	62,866	-	(21,413)	41,453	10,363
Compensated absences	121,055	49,062	(60,528)	109,589	54,795
Net pension liability	7,648,236	1,443,073	(2,111,264)	6,980,045	-
Total Governmental Activities	<u>\$ 8,772,157</u>	<u>\$ 1,492,135</u>	<u>\$ (2,533,205)</u>	<u>\$ 7,731,087</u>	<u>\$ 370,158</u>
<u>Business-type Activities: Water</u>					
Bond and note indebtedness	\$ 1,640,000	\$ -	\$ (35,000)	\$ 1,605,000	\$ 35,000
Notes from direct borrowings and placements	24,058	-	(12,029)	12,029	12,029
Compensated absences	9,884	5,199	(4,924)	10,159	5,080
Net pension liability	649,111	122,474	(179,184)	592,401	-
Total Business-type Activities: Water	<u>\$ 2,323,053</u>	<u>\$ 127,673</u>	<u>\$ (231,137)</u>	<u>\$ 2,219,589</u>	<u>\$ 52,109</u>

The governmental activities liabilities will be liquidated by the general fund. The business-type activities liabilities will be liquidated by the water enterprise fund. The following is a summary of long-term debt and future year maturities as of June 30, 2021:

Description of Issue	Maturing Year	Interest Rate	Beginning Balance	Additions	Maturities	Ending Balance
<u>Governmental Activities:</u>						
General obligation bonds	2025	2.00 - 4.00%	\$ 940,000	\$ -	\$ (340,000)	\$ 600,000
MCWT notes (Title V)	2024	0.00 - 5.25%	62,866	-	(21,413)	41,453
Total Governmental Bond and Note Indebtedness			<u>1,002,866</u>	<u>-</u>	<u>(361,413)</u>	<u>641,453</u>
<u>Business-type Activities - Water:</u>						
FHA loan	2022	5.00%	24,058	-	(12,029)	12,029
General obligation bonds	2048	3.00 - 5.00%	1,640,000	-	(35,000)	1,605,000
Total Water Bond and Note Indebtedness			<u>1,664,058</u>	<u>-</u>	<u>(47,029)</u>	<u>1,617,029</u>
Total Long-Term Bond and Note Indebtedness - All			<u>\$ 2,666,924</u>	<u>\$ -</u>	<u>\$ (408,442)</u>	<u>\$ 2,258,482</u>

Governmental Activities - Total Bond and Note Indebtedness				
Year Ending <u>June 30,</u>	Principal		Interest	
	GO Bonds	Direct	GO Bonds	Direct
2022	\$ 305,000	\$ 10,363	\$ 8,950	\$ -
2023	295,000	10,364	2,950	-
2024	-	10,364	-	-
2025	-	10,362	-	-
Total	<u>\$ 600,000</u>	<u>\$ 41,453</u>	<u>\$ 11,900</u>	<u>\$ -</u>

Business-type Activities: Water - Total Bond and Note Indebtedness				
Year Ending <u>June 30,</u>	Principal		Interest	
	GO Bonds	Direct	GO Bonds	Direct
2022	\$ 35,000	\$ 12,029	\$ 54,437	\$ 601
2023	35,000	-	52,687	-
2024	40,000	-	50,812	-
2025	40,000	-	48,812	-
2026	45,000	-	46,687	-
2027-2031	240,000	-	203,060	-
2032-2036	285,000	-	161,885	-
2037-2041	330,000	-	115,684	-
2042-2046	380,000	-	59,942	-
2047-2048	175,000	-	5,770	-
Total	<u>\$ 1,605,000</u>	<u>\$ 12,029</u>	<u>\$ 799,776</u>	<u>\$ 601</u>

Authorized and Unissued Debt – The Town’s authorized and unissued debt as of June 30, 2021:

Septic Loan	\$ 4,911
MCWT	3,100
Soldiers & Sailors Memorial Building	<u>1,250,000</u>
Total	<u>\$ 1,258,011</u>

III. Other Information

A. Retirement System

Plan Description – The Town contributes to the Essex Regional Retirement System (the System), a cost-sharing multiple-employer defined benefit pension plan established under Chapter 32 of the Commonwealth of Massachusetts General Laws (MGL) and administered by the Essex Regional Retirement Board. Stand-alone audited financial statements for the year ended December 31, 2020 were issued and may be obtained by writing to the Essex Regional Retirement System, 491 Maple Street, Suite 202, Danvers MA 01923.

Membership – Membership in the System as of December 31, 2020, was as follows:

Retired participants and beneficiaries receiving benefits	1,510
Inactive participants entitled to a return of their employee contributions	1,146
Active members	2,420
Total	<u>5,076</u>

Benefit Terms – The System provides retirement, disability and death benefits to plan members and beneficiaries. Chapter 32 of the MGL assigns authority to establish and amend benefit provisions of the plan. Cost-of-living adjustments granted between 1981 and 1997 and any increase in other benefits imposed by the Commonwealth’s state law during those years are borne by the Commonwealth and are deposited into the pension fund directly. Cost-of-living adjustments granted after 1997 must be approved by the Board and are borne by the System.

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. 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.

Contributions Requirements – The System 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.

The Town contributed \$736,589 to the System in fiscal year 2021, which was the actuarially determined contribution requirement for the fiscal year. The Town’s contributions as a percentage of covered payroll was approximately 27.0% in fiscal year 2021.

Net Pension Liability – At June 30, 2021, the Town reported a liability of \$7,572,446 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2020. These figures were updated by the

independent actuary as of December 31, 2020. There were no material changes made in this update to the actuarial assumptions (see below) nor were there any material changes to the System’s benefit terms since the actuarial valuation.

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 was approximately 1.908% at December 31, 2020.

Pension Expense – The Town recognized \$832,877 in pension expense in the statement of activities in fiscal year 2021.

Deferred Outflows of Resources and Deferred Inflows of Resources – At June 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual earnings	-	563,394
Changes in assumptions	506,584	-
Changes in proportion differences	225,259	-
Differences between expected and actual experience	827	6,493
Changes in proportion differences	-	240,011
	<u>\$ 732,670</u>	<u>\$ 809,898</u>

The deferred outflows of resources and deferred inflows of resources are expected to be recognized in the Town’s pension expense as follows:

Year Ended June 30,	Amount
2022	\$ 64,596
2023	140,115
2024	(144,424)
2025	(137,515)
Total	<u>\$ (77,228)</u>

Discount Rate – The discount rate used to measure the total pension liability was 7.30%. The projection of cash flows used to determine the discount rate assumed 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.

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, 2018. The significant actuarial assumptions used in the January 1, 2018 actuarial valuation included:

Investment rate of return	Full prefunding: 7.3% per year, net of investment expenses
Discount Rate	7.30%
Inflation	2.75%
Salary Increases	7.5% decreasing to 3.75% after 5 years of service
Cost of Living Adjustment	2% of first \$14,000 in 2021 and 3% of first \$14,000 thereafter
Pre-Retirement Mortality	RP-2014 Employee Mortality Table projected generationally with Scale MP 2019
Post-Retirement Mortality	RP-2014 Healthy Annuitant Mortality Table projected generationally with Scale MP 2019
Disabled Mortality	RP-2014 Healthy Annuitant Mortality Table set forward two years projected generationally with Scale MP 2019

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. 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	Expected Investment Rate of Return
Domestic Equity	23.10%	6.40%
International Equity	14.40%	6.60%
International Emerging Markets	5.80%	8.40%
Core fixed income	15.80%	2.70%
High Yield Fixed Income	7.40%	6.20%
Real Estate	8.30%	6.00%
Timberland	3.30%	6.60%
Hedge Fund, GTAA, Risk Parity	8.80%	5.20%
Liquidating portfolios	0.10%	0.00%
Overlay	0.60%	0.00%
Private Equity	12.40%	10.20%
	<u>100.00%</u>	

Sensitivity Analysis – The following presents the Town’s proportionate share of the net pension liability calculated using the discount rate of 7.30% as well as the Town’s proportionate share of the net pension liability using a discount rate that is one percentage point lower (6.30%) or one percentage point higher (8.30%) than the current rate:

	Discount Rate			
	Current Rate	1% lower	Current	1% greater
Net Pension Liability	7.30%	\$ 9,696,205	\$ 7,572,446	\$ 5,787,407

B. 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.

The Town participates in a health insurance risk pool administered by the Southeastern Massachusetts Health Group (the Group). The Group offers a variety of premium based plans to its members with each participating governmental unit charged a premium for coverage based on rates established by the Group. In the event the Group is terminated, the Town would be obligated to pay its proportionate share of a deficit, should one exist.

C. Tax Abatements

The Town enters into property tax abatements with local businesses as an incentive for economic growth, including expansion of current facilities and job opportunities for local residents. The agreements are commonly referred to as tax increment financing, or TIF, agreements. Under Massachusetts General Law Chapter 40, Section 59, property owners may be granted property tax abatements of up to 100% of the value of a tax increment for a maximum term of twenty years provided the property is located in a TIF zone. TIF zones are approved by the Massachusetts Economic Assistance Coordinating Council. Furthermore, the Town Meeting must approve all TIF agreements.

For the fiscal year ended June 30, 2021, the Town did not abate any property taxes under this program to any property owners.

D. Other Postemployment Benefits (OPEB)

The Town administers a single-employer defined benefit healthcare plan (the “OPEB 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.

An employee shall become eligible to retire under this plan upon the completion of 10 years of creditable service and the attainment of age 55 as an active member or with 20 years of service regardless of age.

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 programs, and these include comprehensive medical insurance. Pre-65 retirees are provided with HMO Blue New England Plan and Post 65 retirees have Medex II.

Employees Covered by Benefit Terms – The following employees were covered by the benefit terms as of June 30, 2021:

Active employees	46
Inactives currently receiving benefits	<u>20</u>
Total	<u><u>66</u></u>

The total OPEB liability in the most recent 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	6.00%
Single Equivalent Discount Rate	6.00%
Inflation	2.20%
Health Care Trend Rate	7.0%; trending down to 5.4%
Pre-Retirement Mortality - General and Public Safety Employees	RP-2014 Employees Mortality Table base year 2019 projected with generational mortality improvement using Scale BB
Post-Retirement Mortality - General and Public Safety Employees	RP-2014 Healthy Annuitant Mortality Table base year 2019 projected with generational mortality improvement using Scale BB

Key Changes in Assumptions – Discount rate was lowered from 6.25% to 6.00%

Contributions – The contribution requirements of OPEB Plan members and the Town are established and may be amended by the Town. Retirees contributed 50% of the set premium for medical insurance during fiscal 2021. The remainder of the cost is funded from taxation.

The Town currently contributes enough money to the Plan to maintain over 80% funding status. The costs of administering the OPEB Plan are paid by the Town.

For the year ended June 30, 2021, the Town’s average contribution rate was 3.1% of covered-employee payroll.

Net OPEB Liability – The Town’s net OPEB asset was measured as of June 30, 2021 and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of July 1, 2020.

Discount Rate – The discount rate used to measure the total OPEB liability was 6.00% which was based on the long-term investment rate of return.

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	Expected
	Allocation	Investment Rate of Return
Cash and equivalents	2.50%	0.00%
Large cap value stocks	24.00%	5.34%
Large cap growth stocks	24.00%	5.34%
International equity	9.00%	6.10%
Emerging equity	3.00%	6.10%
Short-term fixed income	10.00%	1.62%
Intermediate fixed income	27.50%	1.62%
	<u>100.00%</u>	

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 1.0% lower or 1.0% 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% lower	Current	1% greater
Net OPEB Liability (asset)	6.00%	\$ 285,126	\$ (124,964)	\$ (456,665)

	Health Care Rate			
	Current Rate	1% lower	Current	1% greater
Net OPEB Liability (asset)	7.0% trending to 4.0%	\$ (509,150)	\$ (124,964)	\$ 358,635

Changes in the Net OPEB Liability (Asset) – The following table summarizes the changes in the net OPEB liability for the year ended June 30, 2021:

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability/(Asset) (a) - (b)
Balances at June 30, 2020	\$ 2,811,272	\$ 2,380,000	\$ 431,272
Changes for the year:			
Service cost	90,925	-	\$ 90,925
Interest	178,645	-	178,645
Changes in assumptions	(1,178)	-	(1,178)
Difference between expected and actual experience	(261,637)	-	(261,637)
Employer contributions	-	87,769	(87,769)
Benefit payments withdrawn from trust	-	(87,769)	87,769
Net investment income	-	475,222	(475,222)
Benefit payments	(87,769)	-	(87,769)
Net changes	(81,014)	475,222	(556,236)
Balances at June 30, 2021	\$ 2,730,258	\$ 2,855,222	\$ (124,964)

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB – For the year ended June 30, 2021, the Town recognized OPEB expense of \$101,821. Deferred outflows of resources and deferred inflows of resources related to OPEB at June 30, 2021 were reported as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	\$ 307,500	\$ 1,020
Differences between actual and expected experience	92,384	226,612
Differences between expected and actual earnings	15,773	290,963
	<u>\$ 415,657</u>	<u>\$ 518,595</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:

June 30,	
2022	\$ (19,005)
2023	(3,042)
2024	3,867
2025	(23,586)
2026	(9,455)
thereafter	<u>(51,717)</u>
	<u>\$ (102,938)</u>

Net OPEB Liability/(Asset) – The components of the net OPEB liability/(asset) of the Town at June 30, 2021 were as follows:

Total OPEB Liability	\$ 2,730,258
Plan fiduciary net position	<u>(2,855,222)</u>
Net OPEB liability	<u>\$ (124,964)</u>
Plan fiduciary net position as a percentage of the total OPEB liability	104.6%

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 follows the same investment policies that apply to all other Town Trust funds. Notably it can be invested in accordance with State Statutes that govern Trust investments including PRIM which is an external investment pool managed by the State.

Investment Rate of Return – For the year ended June 30, 2021, the annual money-weighted rate of return on investments, net of investment expense, was 19.96%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

- E. Commitments and Contingencies** – 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, 2021, cannot be ascertained, management believes that any resulting liability, if any, should not materially affect the basic financial statements of the Town at June 30, 2021.

Amounts received or receivable 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 amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial.

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 amount of penalties, if any, cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial.

F. Implementation of New GASB Pronouncements

Current Year Implementations

In January 2017, the GASB issued GASB Statement No. 84, *Fiduciary Activities*. The objective of the Statement was to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how these activities should be reported. The provisions of this Statement became effective for the Town in fiscal year 2021. In connection with the adoption of this accounting standard, certain previously reported agency balances are now reported in the governmental funds and government-wide financial statements. Refer to Note V for the financial impact of the adoption of this accounting standard.

In August 2018, the GASB issued GASB Statement No. 90, *Majority Equity Interest – An Amendment of GASB Statements No. 14 and No. 61*. The objective of this Statement was to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The provisions of this Statement became effective for the Town in fiscal year 2021. The adoption of this standard did not have an impact on the Town's financial statements.

In March 2020, the GASB issued GASB Statement No. 93, *Replacement of Interbank Offered Rates*. In addition to accounting and financial reporting implications that result from the replacement of an interbank offered rate (which become effective in fiscal year 2022), this Statement eliminated the use of LIBOR as an appropriate benchmark interest rate for derivative

instruments that hedge interest rate risk of taxable debt for reporting periods effective fiscal year 2021. The adoption of this standard did not have an impact on the Town's financial statements.

Future Year Implementations

In June 2017, the GASB issued GASB Statement No. 87, *Leases*. This Statement redefines the manner in which long-term leases are accounted and reported. As amended, the provisions of this Statement are effective for financial reporting periods beginning after June 15, 2021 (fiscal year 2022). The Town is currently evaluating whether adoption will have a material impact on the financial statements.

In June 2018, the GASB issued GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. This statement establishes accounting requirements for interest costs incurred before the end of a construction period. As amended, the provisions of this Statement are effective for financial reporting periods beginning after December 15, 2020 (fiscal year 2022). The Town is currently evaluating whether adoption will have a material impact on the financial statements.

In May 2019, the GASB issued GASB Statement No. 91, *Conduit Debt Obligations*. The objective of this Statement is to standardize the reporting of conduit debt obligations by issuers by clarifying the existing definition of conduit debt obligation, among other matters. As amended, the provisions of this Statement are effective for financial reporting periods beginning after December 15, 2021 (fiscal year 2023). The Town is currently evaluating whether adoption will have a material impact on the financial statements.

In March 2020, the GASB issued GASB Statement No. 93, *Replacement of Interbank Offered Rates*. The objective of this Statement is to address accounting and financial reporting implications that result from the replacement of an interbank offered rate. The reporting provisions of this Statement are effective for financial reporting periods beginning after June 15, 2020 (fiscal year 2022). The Town is currently evaluating whether adoption will have a material impact on the financial statements.

In March 2020, the GASB issued GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The objective of this Statement is to improve financial reporting by addressing issued related to public-private and public-public partnership arrangements. The provisions of this Statement are effective for financial reporting periods beginning after June 15, 2022 (fiscal year 2023). The Town is currently evaluating whether adoption will have a material impact on the financial statements.

In May 2020, the GASB issued GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. The objective of this Statement is to address accounting for subscription-based information technology arrangements to government end users based on the standards established in Statement No. 87, as amended. The provisions of this Statement are effective for financial reporting periods beginning after June 15, 2022 (fiscal year 2023). The Town is currently evaluating whether adoption will have a material impact on the financial statements.

In June 2020, the GASB issued GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – An Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32*. The objective of this Statement is to (1) increase consistency and comparability related to the reporting of fiduciary component units in

circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution OPEB plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code Section 457 deferred compensation plans that meet the definition of a pension plan and for benefits provided through those plans. The provisions of this Statement are effective for financial reporting periods beginning after June 15, 2021 (fiscal year 2022). The Town is currently evaluating whether adoption will have a material impact on the financial statements.

V. Restatement

The adoption of GASB Statement No. 84 required certain accounts previously reported as agency accounts in the Statement of Fiduciary Activities to be reclassified into nonmajor governmental funds

TOWN OF WEST NEWBURY, MASSACHUSETTS

REQUIRED SUPPLEMENTARY INFORMATION - PENSIONS
YEAR ENDED JUNE 30, 2021

SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
(dollar amounts are in thousands)

	Year Ended June 30,						
	2021	2020	2019	2018	2017	2016	2015
Town's proportion of the net pension liability (asset)	1.908%	1.969%	1.969%	1.823%	1.888%	1.853%	1.906%
Town's proportionate share of the net pension liability (asset)	\$ 7,572	\$ 8,297	\$ 8,316	\$ 6,835	\$ 7,274	\$ 6,733	\$ 6,466
Town's covered-employee payroll	\$ 2,733	\$ 2,630	\$ 2,598	\$ 2,495	\$ 2,205	\$ 2,379	\$ 2,288
Town's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	277.1%	315.5%	320.1%	273.9%	329.9%	283.0%	282.6%
Plan fiduciary net position as a percentage of the total pension liability	55.5%	55.5%	51.9%	55.4%	51.1%	51.0%	52.3%

SCHEDULE OF THE TOWN CONTRIBUTIONS TO PENSION PLAN
(dollar amounts are in thousands)

	Year Ended June 30,						
	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 737	\$ 707	\$ 687	\$ 594	\$ 572	\$ 656	\$ 509
Contributions in relation to the actuarially determined contribution	<u>737</u>	<u>707</u>	<u>687</u>	<u>594</u>	<u>572</u>	<u>656</u>	<u>509</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered-employee payroll	\$ 2,733	\$ 2,630	\$ 2,598	\$ 2,495	\$ 2,205	\$ 2,379	\$ 2,288
Contributions as a percentage of covered-employee payroll	27.0%	26.9%	26.4%	23.8%	25.9%	27.6%	22.2%

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.

See accompanying independent auditors' report.

TOWN OF WEST NEWBURY, MASSACHUSETTS

REQUIRED SUPPLEMENTARY INFORMATION - UNAUDITED
YEAR ENDED JUNE 30, 2021

SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
LAST 10 FISCAL YEARS

	June 30				
	2021	2020	2019	2018	2017
Total OPEB liability:					
Service cost	\$ 90,925	\$ 76,045	\$ 58,719	\$ 57,287	\$ 55,931
Interest	178,645	172,364	137,033	129,610	126,392
Difference between expected and actual experience	(261,637)	-	169,157	-	-
Changes in assumptions	(1,178)	278,802	207,010	-	-
Other	-	(56,374)	-	-	(58,609)
Benefit payments	(87,769)	(91,712)	(77,336)	(85,824)	(73,798)
Net change in total OPEB liability	(81,014)	379,125	494,583	101,073	49,916
Total OPEB liability - beginning of year	2,811,272	2,432,147	1,937,564	1,836,491	1,786,575
Total OPEB liability - end of year (a)	<u>\$ 2,730,258</u>	<u>\$ 2,811,272</u>	<u>\$ 2,432,147</u>	<u>\$ 1,937,564</u>	<u>\$ 1,836,491</u>
Plan fiduciary net position:					
Contributions - employer	\$ 87,769	\$ 91,712	\$ 77,336	\$ 85,824	\$ 73,798
Net investment income	475,222	131,132	179,419	209,981	133,214
Benefit payments	(87,769)	(91,712)	(77,336)	(85,824)	(73,798)
Net change in Plan fiduciary net position	475,222	131,132	179,419	209,981	133,214
Plan fiduciary net position - beginning of year	2,380,000	2,248,868	2,069,449	1,859,468	1,726,254
Plan fiduciary net position - end of year (b)	<u>\$ 2,855,222</u>	<u>\$ 2,380,000</u>	<u>\$ 2,248,868</u>	<u>\$ 2,069,449</u>	<u>\$ 1,859,468</u>
Net OPEB liability (asset) - end of year (a) - (b)	<u>\$ (124,964)</u>	<u>\$ 431,272</u>	<u>\$ 183,279</u>	<u>\$ (131,885)</u>	<u>\$ (22,977)</u>
Plan fiduciary net position as a percentage of the total OPEB liability	104.58%	84.66%	92.46%	106.81%	101.25%
Covered-employee payroll	\$ 2,835,247	\$ 2,695,931	\$ 2,625,945	\$ 2,661,029	\$ 2,596,126
Net OPEB liability/(asset) as a percentage of covered-employee payroll	-4.41%	16.00%	6.98%	-4.96%	-0.89%

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 independent auditors' report.

TOWN OF WEST NEWBURY, MASSACHUSETTS

**REQUIRED SUPPLEMENTARY INFORMATION - UNAUDITED
YEAR ENDED JUNE 30, 2021**

**SCHEDULE OF CONTRIBUTIONS
LAST 10 FISCAL YEARS**

	June 30				
	2021	2020	2019	2018	2017
Actuarially-determined contribution	\$ 118,387	\$ 91,529	\$ -	\$ 59,869	\$ 121,807
Contributions in relation to the actuarially-determined contribution	<u>(87,769)</u>	<u>(91,712)</u>	<u>(77,336)</u>	<u>(85,824)</u>	<u>(121,807)</u>
Contribution deficiency (excess)	<u>\$ 30,618</u>	<u>\$ (183)</u>	<u>\$ (77,336)</u>	<u>\$ (25,955)</u>	<u>\$ -</u>
Covered-employee payroll	\$ 2,835,247	\$ 2,695,931	\$ 2,625,945	\$ 2,661,029	\$ 2,596,126
Contribution as a percentage of covered-employee payroll	3.10%	3.40%	2.95%	3.23%	4.69%
Valuation Date	July 1, 2020				
Amortization Period	30 years				
Investment rate of return	6.00%				
Single Equivalent Discount Rate	6.00%				
Actuarial Cost Method	Individual Entry Age Normal				
Asset Valuation Method	Market Value of Assets as of Reporting Date				

**SCHEDULE OF INVESTMENT RETURNS
LAST 10 FISCAL YEARS**

	June 30				
	2021	2020	2019	2018	2017
Annual money-weighted rate of return, net of	19.97%	5.83%	8.67%	11.79%	7.43%

Note: These schedules are 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 independent auditors' report.

TOWN OF WEST NEWBURY, MASSACHUSETTS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - GENERAL FUND
 YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual Budgetary Amounts	Encumbrances and continuing appropriations	Actual Budgetary Adjusted	Variance Positive (Negative)
	Original Budget	Final Budget				
REVENUES						
Real estate and personal property taxes, net	\$ 14,803,830	\$ 14,803,830	\$ 14,885,002		\$ 14,885,002	\$ 81,172
Intergovernmental	382,580	382,580	380,025		380,025	(2,555)
Motor vehicle and other excises	745,180	745,180	815,171		815,171	69,991
License and permits	249,859	249,859	233,413		233,413	(16,446)
Departmental and other revenue	184,309	184,309	245,593		245,593	61,284
Penalties and interest on taxes	45,000	45,000	59,004		59,004	14,004
Fines, Fees and forfeitures	12,000	12,000	9,070		9,070	(2,930)
Investment income	34,430	34,430	21,373		21,373	(13,057)
Total Revenues	16,457,188	16,457,188	16,648,651		16,648,651	191,463
EXPENDITURES						
General government	1,596,001	1,613,551	1,186,334	\$ 255,039	1,441,373	172,178
Public safety	2,291,756	2,432,756	2,104,573	162,950	2,267,523	165,233
Education	8,825,163	8,828,300	8,828,300	-	8,828,300	-
Public works	2,083,543	2,172,565	1,295,974	696,131	1,992,105	180,460
Health and human services	742,353	842,353	702,783	3,263	706,046	136,307
Culture and recreation	400,961	400,961	378,732	-	378,732	22,229
Fringe Benefits	1,161,226	1,161,226	1,128,259	378	1,128,637	32,589
State and county tax assessments	82,578	82,578	82,578	-	82,578	-
Debt service	356,000	356,000	355,900	-	355,900	100
Total Expenditures	17,539,581	17,890,290	16,063,433	\$ 1,117,761	17,181,194	709,096
OTHER FINANCING SOURCES (USES)						
Transfers in	620,510	653,510	632,349		632,349	(21,161)
Transfers out	(828,600)	(832,836)	(832,836)		(832,836)	-
Total Other Financing Sources (Uses)	(208,090)	(179,326)	(200,487)		(200,487)	(21,161)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES/USE OF PRIOR YEAR BUDGETARY FUND BALANCE						
	(1,290,483)	(1,612,428)	\$ 384,731		\$ (733,030)	\$ 879,398
Other Budgetary Items:						
Undesignated surplus (free cash)	\$ -	\$ 321,945				
Overlay	220,000	220,000				
Prior year encumbrances	1,070,483	1,070,483				
Total Other Budgetary Items	1,290,483	1,612,428				
Net Budget	\$ -	\$ -				

See accompanying independent auditors' report.
 See accompanying notes to required supplementary information.

TOWN OF WEST NEWBURY, MASSACHUSETTS

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2021**

I. Budgetary Basis of Accounting

Budgetary Information – An annual budget is legally adopted for the General Fund. Financial orders are initiated by department heads, recommended by the Board of Selectmen and approved by the Town Meeting members at the Town’s annual meeting in May. Expenditures may not legally exceed appropriations at the department level, or in the categories of salary and non-salary expenses. Department heads may transfer, without Town meeting approval, appropriation balances from one expenditure account to another within each budget categories. The Town Meeting, however, must approve any transfer of unencumbered appropriation balances between departments or categories. At the close of each fiscal year, unencumbered appropriation balances lapse or reverts to unreserved fund balance.

The Town adopts an annual budget for the general fund in conformity with the guidelines described above.

The Town Accountant has the responsibility to ensure that budgetary control is maintained in the manner in which the appropriations were voted at 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 other than GAAP. A reconciliation of the budgetary-basis to GAAP-basis results for the General Fund for the fiscal year ended June 30, 2021, is as follows:

	<u>Basis of Accounting Differences</u>	<u>Fund Perspective Differences</u>	<u>Total</u>
Revenues on a budgetary basis			\$ 16,648,651
Stabilization investment income	\$ -	\$ 12,764	12,764
Revenues on a GAAP basis	<u>\$ -</u>	<u>\$ 12,764</u>	<u>\$ 16,661,415</u>
Expenditures on a budgetary basis			\$ 16,063,433
Enterprise Fund indirect costs reported as expenditures	\$ (51,910)	\$ -	(51,910)
Municipal building insurance costs	-	5,461	5,461
Expenditures on a GAAP basis	<u>\$ (51,910)</u>	<u>\$ 5,461</u>	<u>\$ 16,016,984</u>
Other financing sources (uses) on a budgetary basis			\$ (200,487)
Stabilization transfers, net	\$ -	227,000	227,000
Other financing sources (uses) on a GAAP basis	<u>\$ -</u>	<u>\$ 227,000</u>	<u>\$ 26,513</u>



INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Honorable Members of the Board of Selectmen
Town of West Newbury, Massachusetts

We have audited, 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of West Newbury, Massachusetts (the "Town"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated September 17, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Roselli, Clark & Associates

Roselli, Clark & Associates
Certified Public Accountants
Woburn, Massachusetts
September 17, 2021

Free Cash Trends, FY15-FY21

<u>Fiscal Year</u>	<u>Year-End Certified Free Cash¹</u>	<u>Free Cash transfer to reduce Tax Rate²</u>
FY21	\$ 1,749,980	\$ 200,000
FY20	\$ 1,954,878	\$ 400,000
FY19	\$ 2,102,586	\$ 220,000
FY18	\$ 1,718,985	\$ 114,000
FY17	\$ 1,824,005	\$ 144,300
FY16	\$ 1,892,315	\$ -
FY15	\$ 1,960,718	\$ -

Avg (FY17-21)	\$ 215,660
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¹ Source: MA DOR Form B-1, FY15-FY21

² Source: MA DOR Tax Rate Recaps, Item III d, FY15-FY21

Source: Angus Jennings, Town Manager



Town of West Newbury

381 Main Street

West Newbury, Massachusetts 01985

Angus Jennings, Town Manager

978-363-1100, Ext. 111 Fax 978-363-1826

townmanager@wnewbury.org

TO: Select Board
FROM: Angus Jennings, Town Manager
DATE: November 11, 2021
RE: ARPA funds

We have included this topic for initial discussion. On the basis of advice from legal counsel (included in the 11/15 Exec Session packet), ARPA funds may be expended with approval of the Select Board.

Finance Dept. staff have attended, individually and together, many trainings and workshops regarding ARPA in recent months, and we continue to develop our understanding of this resource and how it may best be allocated.

Working with other Dept. Heads, and reviewing existing/known capital and project needs, we anticipate bringing forward a slate of proposed/potential projects for Board review, modification and approval. It may make sense to coordinate the timing of this process with the overall budget and capital planning process, as these funds may allow the timing of some number of initiatives to be accelerated more quickly than has been anticipated in earlier capital planning processes.

One of the more interesting questions I see is regarding whether and how much of the funding should be directed toward Water infrastructure needs.

We look to Monday's meeting to start this discussion.

ARPA Fiscal Recovery Fund (FRF) Spending

This write-up is intended to inform decision makers about allowable uses of ARPA State and Local Fiscal Recovery Funds, including through local subrecipients such as municipalities and nonprofits.

Allowable uses of ARPA FRF funds.

For all recipients (state or municipal), the following current uses* are categorically eligible. **Match requirements are appropriate where the municipality gains an asset or builds its tax base.**

- Expenses to respond to the public health emergency re COVID-19 or its negative economic impacts:
 - COVID-19 mitigation or prevention expenses including:
 - Public health medical expenses;
 - Behavioral health expenses;
 - Public health and safety staff; and
 - Public health program design improvements.
 - Assistance to the unemployed such as
 - Backfills for COVID-era government layoffs and
 - Job training.
 - Assistance to small business in the form of grants or loans to mitigate financial hardship caused by COVID-19 including:
 - Offsets for declines in revenues;
 - Funds to implement COVID-19 mitigation improvements; or
 - Technical assistance with business planning.
 - In-kind or financial assistance to households with documented negative impacts due to COVID-19 including:
 - Food assistance;
 - Rent, mortgage, or utility assistance;
 - Counseling and legal aid to prevent eviction;
 - Access to the internet; or
 - Proportionate cash assistance.
 - Assistance in the form of loans or grants to impacted industries, including tourism, travel, and hospitality to implement COVID-19 mitigation or prevention measures such as:
 - Improvements to ventilation;
 - Construction of physical barriers;
 - Signage;
 - Provision of PPE; and
 - Development of safe reopening plans.

* Expenditures must be obligated in 2021 to 2024 and spent by 2026. FRF cannot finance borrowing or pay debt service.

- Aid to disproportionately impacted communities
 - Aid must address social determinants of health. For example:
 - Services to address homelessness;
 - Affordable housing development;
 - Housing vouchers;
 - Expanded early learning services;
 - Evidence based educational services;
 - Evidence-based mental health services for students;
 - High quality childcare;
 - Home visiting programs; and
 - Services for child welfare involved families.
 - These types of assistance are presumed eligible in HUD Qualified Census Tracts; other functionally equivalent geographic or interest-based definitions can be developed, subject to Treasury oversight
- Premium pay to employees providing essential work during the public health emergency
- Revenue replacement and compliance
 - To substitute for lost revenue, FRF can pay for virtually any government service except debt service or transfers to pension or stabilization funds. E.g.: broad-based economic development.
 - Note: Growing local aid, plus growth in property taxes and other local receipts, probably means few municipalities have a significant revenue gap under the federal formula
- Water, sewer, and broadband projects
 - Water and sewer projects are eligible if they meet the criteria for the Clean Water State Revolving Fund or Safe Drinking Water Revolving Fund. Examples include:
 - Centralized or decentralized wastewater treatment;
 - Stormwater;
 - Habitat protection and restoration;
 - Desalination; and
 - Groundwater protection.
 - Broadband projects include any installation that provides symmetrical upload and download speeds of 100 mbps with a priority on underserved areas and last mile connections.

Compliance (applies to all uses)

All uses are subject to oversight rules, including internal controls, documentation, procurement, and performance tracking linked to key performance indicators. State ARPA funds granted to municipalities remain subject to the more stringent ARPA requirements for states. Therefore, while the Legislature may authorize uses, release of funds must be conditioned on meeting all federal compliance requirements.

Targeting funding sources – FRF spending not advisable

ARPA and other federal legislation funded a range of targeted programs– for these areas, FRF use is generally at odds with maximizing federal revenue. These areas include:

- Public transportation
- Education (ESSER)
- Vaccination distribution, COVID testing and tracing (Vaccine-specific programs, ELC)
- Emergency housing rental subsidies (ERAP)
- Childcare (CCDBG)

Parameters: Fiscal Year: 2022 Start Date: 7/1/2021 end: 6/30/2022

Ledger History - Detail with Payables - Revenue Ledger

Tran. Type	Block/Batch	Posted	By	Tran. Name	JE Seq	Comment	Beginning	Debit	Credit	Ending	
Warrant	Voucher	Payee				Payment Type	Payment Number				

Account:	28-122-4580-281006			ARPA Federal Revenue		Summary:	0.00	0.00	704,523.40	704,523.40	
Receivable	ARPA Funds/July	07/08/2021	sfrontiera			ARPA		0.00	246,703.78	246,703.78	
Receivable	ARPA	08/17/2021	sfrontiera			ARPA county reallocation		0.00	457,819.62	704,523.40	
						1 Account(s) totaling:	0.00	0.00	704,523.40	704,523.40	

Town Manager

From: Town Clerk
Sent: Tuesday, October 26, 2021 9:49 AM
To: Town Hall All
Subject: Proposed amendment to Overtime/Compensatory/Time Worked Above Budgeted Hours Policy
Attachments: proposed_amendment_OT_Comp_time_policy.pdf

Good Morning Everyone,

On October 18, 2021, the Select Board proposed an amendment to the Personnel Policy. The proposed amendment is regarding Compensatory/Overtime/Time worked above budgeted hours. The hearing will be held on November 15, 2021 at 8pm.

Any proposed new, amended or revised policies shall be posted for a period of at least ten days after being proposed by the Select Board, during which time comments, information and questions regarding any proposed policy may be provided to the Select Board. A public hearing shall be held following the ten-day posting period. A copy of the public hearing notice is attached.

Comments, information and questions from all interested parties may be sent to the Board in advance (selectboard@wnewbury.org), or may be provided at the hearing. All interested parties are encouraged to attend.

Best,

James RW Blatchford

Town Clerk
Town of West Newbury
Phone 978-363-1100 X 110
Mobile 978-891-0039
www.WNewbury.org





Town of West Newbury

Select Board

381 Main Street, West Newbury, MA 01985 | 978-363-1100, Ext. 115
selectboard@wnewbury.org

Public Hearing Notice

Amendment to the Personnel Policy

Monday, November 15, 2021 @ 8pm

On October 18, 2021, the Select Board proposed amendments to the Personnel Policy. Under the Personnel Bylaw, any proposed new, amended or revised policies shall be posted for a period of at least ten days after being proposed by the Select Board, during which time comments, information and questions regarding any proposed policy may be provided to the Select Board. A public hearing shall be held following the ten-day posting period.

A public hearing will be held by the Select Board on the following proposed revisions to the Personnel Policy.

The Board proposes to create a new Section X¹: Compensatory/Overtime/Time Worked Above Budgeted Hours Policy, as follows: *(Note: strikethrough and underlining are not used because the entire section as proposed would be new):*

COMPENSATORY/OVERTIME/TIME WORKED ABOVE BUDGETED HOURS POLICY

Exempt Employees

Employees holding exempt positions are never entitled to overtime pay. Generally, employees holding exempt positions are not entitled or allowed to use or accrue compensatory time. Rather, it is expected and understood that professional positions often require more than 9 hours in one day or 40 hours in one week.

The sole exception to this prohibition is that in unusual circumstances, when pre-approved by the Town Manager in writing an exempt employee may request the accrual of a limited amount of earned time. In this situation, earned time shall be accrued on an hour for hour basis.

Use of earned time by exempt employees is strictly subject to the written approval of the Town Manager. Exempt employees are never, no matter the circumstances, entitled to payment for any

¹ Note: Section number to be added at or following public hearing.

accrued and unused earned time. Any earned time earned must be used within 60 days of accrual.

The reason it is rare that earned time accrual will be approved is that it is expected and understood that professionals will dedicate the number of hours necessary to succeed at their position. As professionals, it is expected that there will be no earned time requests for things like attending night meetings or working late during busy times. As professionals however, and in the interest of preventing employee burnout, where the hours of work required exceed the "normal" work week due to night/weekend meetings, special projects, DPW winter operations, etc., and said hours are documented, you would be eligible to receive earned time off at the discretion of the Town Manager.

Overtime, Overtime Pay and Compensatory Time

Non-Exempt Employees Only

This portion of the policy solely applies to non-exempt (hourly) employees.

Overtime is the term given to hours worked beyond 40 hours in one work week. Overtime hours are compensated either monetarily (pay) or in compensatory time off, both at the one-and-one-half time rate for each hour over 40.

1. Overtime.

The granting of overtime is contingent upon an existing need, usually temporary, such as additional workload, special projects or events, or to cover the absence of another employee. Working additional hours for the purpose of receiving additional pay or accruing extra compensatory time off for future use is prohibited and creates an unnecessary fiscal obligation for departments.

Overtime is reached once an employee has actually worked beyond the 40-hour maximum allowable hours in a given workweek. Compensation for overtime hours must be paid at the one-and-one-half time rate to non-exempt employees for any hours worked in excess of 40 hours in any given week. The Town Manager is responsible for oversight of overtime for non-union employees, consistent with appropriated funds. Overtime must be authorized in advance by the Town Manager.

2. Overtime Hours.

In determining whether an employee has worked any overtime, only those hours actually worked will be considered. This is not the same as "in-pay status" which includes all paid leave hours, no matter the type.

An instance of "in-pay status" as opposed to overtime status is the scenario where the number of hours worked is less than or equal to 40, but when added to leave time taken becomes greater than 40. In this case, the extra hours are termed "additional" and are to be paid at the regular annualized rate of pay. To avoid placing an employee into an overtime situation, an employer can plan in advance to change the employee's work schedule.

3. Overtime Pay.

Payment for overtime worked will be at one and one-half times the employee's regular rate of pay.

4. Compensatory Time.

Compensatory time is an alternative method of overtime compensation for hours worked over 40 for non-exempt employees. As such, it must be approved in advance as overtime. The same overtime principles apply: Working extra hours in order to accrue compensatory time off for future use is prohibited.

In lieu of paying a non-exempt employee for overtime worked, employees may be granted compensatory time off at the rate of one and one-half hours off for each hour of overtime worked, at some time after the workweek in which the overtime was worked if the following conditions are met:

- a. The employer reaches an agreement with the employee to accept compensatory time off in lieu of overtime pay prior to the performance of the overtime worked. The same agreement does not have to be reached with each employee.
- b. The employee knowingly and voluntarily agrees to accept compensatory time.

Employees who have requested the use of compensatory time will be permitted to use such time within a reasonable period after making the request if use of the time does not unduly disrupt the operations of the department. Mere inconvenience to a department is insufficient reason to deny an employee's request to use compensatory time. Likewise, each employee who has accrued compensatory time off may be required to use the compensatory time within a reasonable period after receiving notice to do so. The notice will include the length of time in which a specified number of hours of compensatory time are to be used.

Time Worked Above Budgeted Hours

Non-Exempt Employees Only

If the work demands of a non-exempt position exceed budgeted hours within a given pay period, the affected employee may request advance Town Manager approval to work more hours than are budgeted.

The approval to work hours above budgeted is contingent upon an existing need, usually temporary, such as additional workload, special projects or events, or to cover the absence of another employee. Working additional hours for the purpose of receiving additional pay is prohibited and creates an unnecessary fiscal obligation for departments.

Within the Town Manager's consideration of the request, discussion will take place with the affected employee, including (if/as appropriate) the primary Board or Commission to which the employee provides direct support. Discussion will consider what factors are driving the workload above budgeted hours, and whether the best answer is to increase hours (with the employee's specific agreement), or to somehow reduce workload.

Avoiding a situation where the employee's actual pay exceeds what is budgeted could include reducing hours worked in future weeks, to offset any overage; or increasing the budgeted expense

line (whether by budget amendment or by approved Reserve Fund or Line-Item transfer) to cover the actual hours/cost, if necessary. In either case, advance approval by the Town Manager is required for hours worked above the budgeted hours.

Comments, information and questions from all interested parties may be sent to the Board in advance (selectboard@wnewbury.org), or may be provided at the hearing. All interested parties are encouraged to attend.

Town Manager

From: Town Manager
Sent: Tuesday, November 9, 2021 10:55 PM
To: Wendy Reed
Subject: Re: AHT Bylaw Committee Charge

Hi,

Thanks for your work on this. Much has happened on this topic in the past couple of work days, where to begin:

- Leah and I had a good zoom yesterday w Liz Rust, who was the second ranked consultant when we hired Lynne Sweet to help with our LIP unit monitoring; Liz is very good and was a close second, and is better suited for the Trust portion of that work scope than Lynne (who has done a great job for us on the LIP piece). Liz would be interested in supporting the standing-up of a Trust and has done this work elsewhere (she is one of 7 vendors in the Commonwealth prequalified by DHCD). I'm checking w Tim re what if any procurement may be needed to engage her (since she already responded to our RFQ earlier this year which included Trust support in the scope), and he'll get back to me. Leah's and my next step (in addition to confirming applicable procurement requirements, is any) is to scope out the work so she (and perhaps other prospective vendors) can give us a quote. Liz would not be interested in a long-term engagement, and is not interested in taking on admin responsibilities (i.e. minutes), but would consider a 12-month engagement to stand up a Trust to where it's self-sufficient.
- This afternoon, Leah and I zoomed with Shelly Goering of MHP re what role if any they could play in standing up a Trust. Short answer: none, on a dedicated basis. But they are a resource, and will shortly be rolling out new Trust trainings (Incl., specifically, geared toward new Trust members) in Jan and Feb. This sounds like an excellent opportunity for WN people to sign up and get up the learning curve, so we'll look for the posting once it's out. Shelly also offered some great advice re how we might guide Trustees so that, collectively, they'll really get their head around housing policy issues (which can be quite complex). For instance, charge one Trustee with ~really~ understanding the Housing Production Plan (HPP), another with really understanding the fiduciary responsibilities of a Trust, etc. Shelly is going to offer us some bullet points that will be helpful to scope out consultant engagement (whether by Liz or otherwise).
- Finally, on the topic of the HPP, Leah and I zoomed w MVPC Director and staff last week to generally game plan our approach/ timeline for HPP updates (due end of FY23), and MVPC said we're ahead of the curve on this relative to the other 14 communities in their region whose HPPs expire at the same time. We suggested, and they and Shelly agreed, that a section of the HPP could be used to flesh out a mission statement/ goals / objectives for a Trust in a way that would have synergies. More to follow on this topic.

One takeaway from our call w Shelly, which we didn't quite expect and which I'll elaborate more at Monday's (11/15) mtg, is that adoption of a Bylaw may not in fact be needed or important. Turns out the size of the Board of Trustees can be "at least 5" per statute and that we need not adopt a Bylaw to establish, say, a 7-member Trust if that's what we want. A Bylaw is really only important if we're looking to constrain a Trust's statutory authorities (such as, for instance, some towns require Select Board approval in order for a Trust to acquire land). If we don't have a need to do so here, a Bylaw may be an unnecessary effort and distraction from the real objective of pursuing more proactive housing policies.

Bottom line, I think your draft Charge is a great start and warrants real discussion, but at the end of all that the Board may decide it wants to go right to appointing Trustees after all.

We do have a draft webpage set up, based on direction I sent Christine. Once Leah has signed off (and maybe tweaked, and I'll have some tweaks too) we plan to make this live and use it as a way to bring attention for those who may be interested in being appointed.

Thanks,
 Angus

Angus Jennings, Town Manager
Town of West Newbury
Town Office Building
381 Main Street
West Newbury, MA 01985
(978) 363-1100 x111
townmanager@wnewbury.org

Sent from my mobile device

On Nov 9, 2021, at 10:03 PM, Wendy Reed <wreed@wnewbury.org> wrote:

Hi Angus,

Here's my proposal for moving forward with the AHT process. I was wondering if you'd have time to review before including in the packet – it's based only on research and no direct experience with this topic. Your input as to how realistic the scope and timeline of the charge would be useful. It is ambitious, but if successful would allow the Trust to hit the ground running (assuming it passes at Town Meeting of course).

Thanks,
Wendy
<Draft Affordable Housing Trust Bylaw Committee Charge.docx>

Affordable Housing Trust Bylaw Committee Charge

Purpose

The purpose of the Affordable Housing Trust (AHT) Bylaw Committee is to advise the Select Board on development of a draft bylaw for consideration by 2022 Annual Town Meeting. This bylaw will implement the vote taken under Article 12 of the 2021 Special Town Meeting to establish an Affordable Housing Trust.

Background

Massachusetts General Laws Chapter 44, Section 55C allows the Town to create an Affordable Housing Trust to collect funds to be used to create and preserve affordable housing for low to moderate income residents and families. The AHTB will identify how the Trust will be established and funded, as well as how it will operate in the furtherance of the town of West Newbury's affordable housing goals.

Membership

The AHT Bylaw Committee will be comprised of five members appointed by the Select Board. The term of office will run from December 1, 2021 to April 30, 2022, unless the term is extended by vote of the Select Board. Committee members are eligible for membership on the Trust once it is established. The Committee membership will be as follows:

- One representative from the Select Board;
- One representative from the Planning Board;
- One representative with a financial background or experience;
- One representative with a legal background or experience;
- One at large representative from the community with an interest in affordable housing.

Duties and Responsibilities

- To become familiar with the issues surrounding the creation and funding of affordable housing in West Newbury, including review of the Housing Production Plan as well as regional housing documents;
- To examine how other similar communities in Massachusetts have structured their local Affordable Housing Trust;
- To solicit public input on the types of affordable housing initiatives to be considered for West Newbury, including holding at least one public hearing early in the process;
- To detail the membership of the AHT, including public official and community representation and how the 2-year terms required by statute will be staggered to maintain continuity;
- To identify and evaluate possible sources of funding for the AHT, including but not limited to:
 - Inclusionary Housing payments;

Affordable Housing Trust Bylaw Committee Charge

- Community Preservation Act fund transfers;
 - Real Estate Transfer Taxes;
 - Building Permit Surcharges;
 - Municipal funds;
 - Private donations;
 - Resale of affordable units.
- To identify the priorities of the AHT and whether any initiatives allowed under the Affordable Housing regulations would be excluded from consideration in West Newbury;
 - To determine whether the AHT will solicit project ideas, initiate projects or do both in the establishment of affordable housing;
 - To draft a bylaw that incorporates the findings of the Committee's work and prepare a draft for discussion with the Select Board by March 1, 2022;
 - To perform such other duties as the Select Board may request, including such tasks as the committee may propose to the Board as modifications to this committee charge.

Other Considerations

The AHT Bylaw Committee is responsible for conducting its activities in compliance with all relevant State and local laws and regulations, including but not limited to, the Open Meeting Law, Public Records Law and Conflict of Interest Law. The Committee must consult with the Town Manager concerning the allocation of town staff or financial resources toward this effort.

Attachments

- A. Copy of M.G.L. c.44, Section 55C;
- B. Article 12 - Authorization to Accept M.G.L. c.44, Section 55C - Municipal Affordable Housing Trust Fund - Warrant Article & Vote from 2021 Special Town Meeting – October 23, 2021
- C. Affordable Housing Trust Resource List

Affordable Housing Trust Bylaw Committee Charge

M.G.L. c.44, Section 55C

Part I ADMINISTRATION OF THE GOVERNMENT

Title VII CITIES, TOWNS AND DISTRICTS

Chapter 44 MUNICIPAL FINANCE

Section 55C MUNICIPAL AFFORDABLE HOUSING TRUST FUND

(a) Notwithstanding section 53 or any other general or special law to the contrary, a city or town that accepts this section may establish a trust to be known as the Municipal Affordable Housing Trust Fund, in this section called the trust. The purpose of the trust is to provide for the creation and preservation of affordable housing in municipalities for the benefit of low and moderate income households and for the funding of community housing, as defined in and in accordance with the provisions of chapter 44B. Acceptance shall be by majority vote of the municipal legislative body under section 4 of chapter 4.

(b) There shall be a board of trustees, in this section called the board, which shall include no less than 5 trustees, including the chief executive officer, as defined by section 7 of chapter 4, of the city or town, but where the chief executive officer is a multi-member body, that body shall designate a minimum of 1 of its members to serve on the board. Trustees shall be appointed in a city by the mayor or by the city manager in a Plan D or Plan E municipality, subject in either case, to confirmation by the city council, and in a town by the board of selectmen, shall serve for a term not to exceed 2 years, and are designated as public agents for purposes of the constitution of the commonwealth. Nothing in this subsection shall prevent a board of selectmen from appointing the town manager or town administrator as a member or chair of the board, with or without the power to vote. (

c) The powers of the board, all of which shall be carried on in furtherance of the purposes set forth in this act, shall include the following powers, but a city or town may, by ordinance or by-law, omit or modify any of these powers and may grant to the board additional powers consistent with this section:—

(1) to accept and receive real property, personal property or money, by gift, grant, contribution, devise or transfer from any person, firm, corporation or other public or private entity, including but not limited to money, grants of funds or other property tendered to the trust in connection with any ordinance or by-law or any general or special law or any other source, including money from chapter 44B; provided, however, that any such money received from chapter 44B shall be used exclusively for community housing and shall remain subject to all the rules, regulations and limitations of that chapter when expended by the trust, and such funds shall be accounted for separately by the trust; and provided further, that at the end of each fiscal year, the trust shall ensure that all expenditures of funds received from said chapter 44B are reported to the community preservation committee of the city or town for inclusion in the community preservation initiatives report, form CP-3, to the department of revenue;

(2) to purchase and retain real or personal property, including without restriction investments that yield a high rate of income or no income;

(3) to sell, lease, exchange, transfer or convey any personal, mixed, or real property at public auction or by private contract for such consideration and on such terms as to credit or otherwise, and to make such

Affordable Housing Trust Bylaw Committee Charge

contracts and enter into such undertaking relative to trust property as the board deems advisable notwithstanding the length of any such lease or contract;

(4) to execute, acknowledge and deliver deeds, assignments, transfers, pledges, leases, covenants, contracts, promissory notes, releases, grant agreements and other instruments sealed or unsealed, necessary, proper or incident to any transaction in which the board engages for the accomplishment of the purposes of the trust;

(5) to employ advisors and agents, such as accountants, appraisers and lawyers as the board deems necessary;

(6) to pay reasonable compensation and expenses to all advisors and agents and to apportion such compensation between income and principal as the board deems advisable;

(7) to apportion receipts and charges between incomes and principal as the board deems advisable, to amortize premiums and establish sinking funds for such purpose, and to create reserves for depreciation depletion or otherwise;

(8) to participate in any reorganization, recapitalization, merger or similar transactions; and to give proxies or powers of attorney with or without power of substitution to vote any securities or certificates of interest; and to consent to any contract, lease, mortgage, purchase or sale of property, by or between any corporation and any other corporation or person;

(9) to deposit any security with any protective reorganization committee, and to delegate to such committee such powers and authority with relation thereto as the board may deem proper and to pay, out of trust property, such portion of expenses and compensation of such committee as the board may deem necessary and appropriate;

(10) to carry property for accounting purposes other than acquisition date values;

(11) to borrow money on such terms and conditions and from such sources as the board deems advisable, to mortgage and pledge trust assets as collateral;

(12) to make distributions or divisions of principal in kind;

(13) to comprise, attribute, defend, enforce, release, settle or otherwise adjust claims in favor or against the trust, including claims for taxes, and to accept any property, either in total or partial satisfaction of any indebtedness or other obligation, and subject to the provisions of this act, to continue to hold the same for such period of time as the board may deem appropriate;

(14) to manage or improve real property; and to abandon any property which the board determined not to be worth retaining;

(15) to hold all or part of the trust property uninvested for such purposes and for such time as the board may deem appropriate; and

(16) to extend the time for payment of any obligation to the trust.

(d) Notwithstanding any general or special law to the contrary, all moneys paid to the trust in accordance with any zoning ordinance or bylaw, exaction fee, or private contributions shall be paid

Affordable Housing Trust Bylaw Committee Charge

directly into the trust and need not be appropriated or accepted and approved into the trust. General revenues appropriated into the trust become trust property and to be expended these funds need not be further appropriated. All moneys remaining in the trust at the end of any fiscal year, whether or not expended by the board within 1 year of the date they were appropriated into the trust, remain trust property.

(e) The trust is a public employer and the members of the board are public employees for purposes of chapter 258.

(f) The trust shall be deemed a municipal agency and the trustee's special municipal employees, for purposes of chapter 268A.

(g) The trust is exempt from chapters 59 and 62, and from any other provisions concerning payment of taxes based upon or measured by property or income imposed by the commonwealth or any political subdivision thereof.

(h) The books and records of the trust shall be audited annually by an independent auditor in accordance with accepted accounting practices.

(i) The trust is a governmental body for purposes of sections 23A, 23B and 23C of chapter 39.

(j) The trust is a board of the city or town for purposes of chapter 30B and section 15A of chapter 40; but agreements and conveyances between the trust and agencies, boards, commissions, authorities, departments and public instrumentalities of the city or town shall be exempt from said chapter 30B

Affordable Housing Trust Bylaw Committee Charge

Article 12 - Authorization to Accept M.G.L. c.44, Section 55C - Municipal Affordable Housing Trust Fund - Warrant Article & Vote from 2021 Special Town Meeting – October 23, 2021

Warrant article, motion and vote to be added

DRAFT

Affordable Housing Trust Bylaw Committee Charge

Affordable Housing Trust Resources

Potential Trust Membership

2015 MPH Affordable Housing Trust Operations Manual

https://www.mhp.net/writable/resources/documents/MAHT-Ops-Manual_final.pdf

Public official representation

- Affordable Housing Committee
- Board of Selectmen/Mayor/ Town Administrator (required by statute)
- Community Preservation Committee
- Housing Authority Commission
- Housing Partnership
- Planning Board

Community representation

- Affordable housing recipient
- Architect
- Banker
- Business leader
- Community religious leader
- Housing advocate
- Housing developer
- Planner
- Real estate broker
- Real estate attorney

Examples of Bylaws/Declarations Establishing Affordable Housing Trusts

Arlington

<https://www.arlingtonma.gov/home/showdocument?id=53237>

Concord

<https://concordma.gov/DocumentCenter/View/32585/2020-TM-Article-13---Affordable-Housing-Trust-Bylaw>

Ipswich

<https://ecode360.com/30685668>

Grafton

<https://www.grafton-ma.gov/sites/g/files/vyhlf4461/f/uploads/article35.pdf>

Affordable Housing Trust Bylaw Committee Charge

Groton

https://portal.grotonma.gov/storage/Affordable_Housing_Trust/Declaration%20of%20Trust/Declaration_of_Trust.pdf

Newburyport

<https://www.cityofnewburyport.com/sites/g/files/vyhlf7106/f/uploads/naht-declarationtrust-02-18-10-executed.pdf>

Stow

https://www.stow-ma.gov/sites/g/files/vyhlf1286/f/uploads/housing_trust_bylaw_section_18.pdf

Sudbury

<https://s3-us-west-2.amazonaws.com/cdn.sudbury.ma.us/wp-content/uploads/sites/304/2014/08/SudburyHousingTrustFINAL.pdf?version=876be43563d3199fe692d90a0b2a524c>

Yarmouth

<https://ecode360.com/9083113>

Other Resources:

Electronic presentation by Concord MA <https://concordma.gov/DocumentCenter/View/24028/Article-13-Affordable-Housing-Trust-Bylaw---Public-Hearing-February-24-2020>

2015 MPH Affordable Housing Trust Operations Manual

https://www.mhp.net/writable/resources/documents/MAHT-Ops-Manual_final.pdf

2013 MPH Municipal Affordable Housing Trusts Guidebook

https://www.mhp.net/writable/resources/documents/municipal_affordable_housing_trust_guidebook.pdf

<https://www.housingtoolbox.org/>

<http://www.massaffordablehomes.org/>

<https://www.chapa.org/>

<https://www.mass.gov/orgs/housing-and-community-development>

Part I ADMINISTRATION OF THE GOVERNMENT**Title VII** CITIES, TOWNS AND DISTRICTS**Chapter 44** MUNICIPAL FINANCE**Section 55C** MUNICIPAL AFFORDABLE HOUSING TRUST FUND

Section 55C. (a) Notwithstanding section 53 or any other general or special law to the contrary, a city or town that accepts this section may establish a trust to be known as the Municipal Affordable Housing Trust Fund, in this section called the trust. The purpose of the trust is to provide for the creation and preservation of affordable housing in municipalities for the benefit of low and moderate income households and for the funding of community housing, as defined in and in accordance with the provisions of chapter 44B. Acceptance shall be by majority vote of the municipal legislative body under section 4 of chapter 4.

(b) There shall be a board of trustees, in this section called the board, which shall include no less than 5 trustees, including the chief executive officer, as defined by section 7 of chapter 4, of the city or town, but where the chief executive officer is a multi-member body, that body shall designate a minimum of 1 of its members to serve on the board. Trustees shall be appointed in a city by the mayor or by the city manager in a Plan D or Plan E municipality, subject in either case, to confirmation by the city council, and in a town by the board of selectmen, shall serve for a

term not to exceed 2 years, and are designated as public agents for purposes of the constitution of the commonwealth. Nothing in this subsection shall prevent a board of selectmen from appointing the town manager or town administrator as a member or chair of the board, with or without the power to vote.

(c) The powers of the board, all of which shall be carried on in furtherance of the purposes set forth in this act, shall include the following powers, but a city or town may, by ordinance or by-law, omit or modify any of these powers and may grant to the board additional powers consistent with this section:—

(1) to accept and receive real property, personal property or money, by gift, grant, contribution, devise or transfer from any person, firm, corporation or other public or private entity, including but not limited to money, grants of funds or other property tendered to the trust in connection with any ordinance or by-law or any general or special law or any other source, including money from chapter 44B; provided, however, that any such money received from chapter 44B shall be used exclusively for community housing and shall remain subject to all the rules, regulations and limitations of that chapter when expended by the trust, and such funds shall be accounted for separately by the trust; and provided further, that at the end of each fiscal year, the trust shall ensure that all expenditures of funds received from said chapter 44B are reported to the community preservation committee of the city or town for inclusion in the community preservation initiatives report, form CP-3, to the department of revenue;

(2) to purchase and retain real or personal property, including without restriction investments that yield a high rate of income or no income;

- (3) to sell, lease, exchange, transfer or convey any personal, mixed, or real property at public auction or by private contract for such consideration and on such terms as to credit or otherwise, and to make such contracts and enter into such undertaking relative to trust property as the board deems advisable notwithstanding the length of any such lease or contract;
- (4) to execute, acknowledge and deliver deeds, assignments, transfers, pledges, leases, covenants, contracts, promissory notes, releases, grant agreements and other instruments sealed or unsealed, necessary, proper or incident to any transaction in which the board engages for the accomplishment of the purposes of the trust;
- (5) to employ advisors and agents, such as accountants, appraisers and lawyers as the board deems necessary;
- (6) to pay reasonable compensation and expenses to all advisors and agents and to apportion such compensation between income and principal as the board deems advisable;
- (7) to apportion receipts and charges between incomes and principal as the board deems advisable, to amortize premiums and establish sinking funds for such purpose, and to create reserves for depreciation depletion or otherwise;
- (8) to participate in any reorganization, recapitalization, merger or similar transactions; and to give proxies or powers of attorney with or without power of substitution to vote any securities or certificates of interest; and to consent to any contract, lease, mortgage, purchase or sale of property, by or between any corporation and any other corporation or person;

- (9) to deposit any security with any protective reorganization committee, and to delegate to such committee such powers and authority with relation thereto as the board may deem proper and to pay, out of trust property, such portion of expenses and compensation of such committee as the board may deem necessary and appropriate;
- (10) to carry property for accounting purposes other than acquisition date values;
- (11) to borrow money on such terms and conditions and from such sources as the board deems advisable, to mortgage and pledge trust assets as collateral;
- (12) to make distributions or divisions of principal in kind;
- (13) to comprise, attribute, defend, enforce, release, settle or otherwise adjust claims in favor or against the trust, including claims for taxes, and to accept any property, either in total or partial satisfaction of any indebtedness or other obligation, and subject to the provisions of this act, to continue to hold the same for such period of time as the board may deem appropriate;
- (14) to manage or improve real property; and to abandon any property which the board determined not to be worth retaining;
- (15) to hold all or part of the trust property uninvested for such purposes and for such time as the board may deem appropriate; and
- (16) to extend the time for payment of any obligation to the trust.
- (d) Notwithstanding any general or special law to the contrary, all moneys paid to the trust in accordance with any zoning ordinance or by-law, exaction fee, or private contributions shall be paid directly into the trust and need not be appropriated or accepted and approved into the

trust. General revenues appropriated into the trust become trust property and to be expended these funds need not be further appropriated. All moneys remaining in the trust at the end of any fiscal year, whether or not expended by the board within 1 year of the date they were appropriated into the trust, remain trust property.

(e) The trust is a public employer and the members of the board are public employees for purposes of chapter 258.

(f) The trust shall be deemed a municipal agency and the trustees special municipal employees, for purposes of chapter 268A.

(g) The trust is exempt from chapters 59 and 62, and from any other provisions concerning payment of taxes based upon or measured by property or income imposed by the commonwealth or any political subdivision thereof.

(h) The books and records of the trust shall be audited annually by an independent auditor in accordance with accepted accounting practices.

(i) The trust is a governmental body for purposes of sections 23A, 23B and 23C of chapter 39.

(j) The trust is a board of the city or town for purposes of chapter 30B and section 15A of chapter 40; but agreements and conveyances between the trust and agencies, boards, commissions, authorities, departments and public instrumentalities of the city or town shall be exempt from said chapter 30B.



Town of West Newbury

381 Main Street

West Newbury, Massachusetts 01985

Angus Jennings, Town Manager

978-363-1100, Ext. 111 Fax 978-363-1826

townmanager@wnewbury.org

TO: Select Board
FROM: Angus Jennings, Town Manager
DATE: November 11, 2021
RE: Request for authorization for use of Inclusionary Funds above \$10,000 for FY22

Working within the Interim Regulations (enclosed), we engaged LDS Associates (headed by Lynne Sweet) to perform Tasks A and B in the scope we issued earlier this year. When we discussed Task C with Lynne over the summer, she suggested that the Town would be better served by engaging a different resource for this work.

During the review of proposals last spring, Leah and I were favorably impressed by Elizabeth Rust. A copy of her firm's proposal is enclosed. Leah and I have spoken with her a couple of times in recent weeks, and she would be both available and interested to support the "standing up" of a Housing Trust (although did say that the number of evening meetings she could attend would be limited).

Leah and I are working on a more specific work scope to elaborate on what had been listed in the RFQ as Task C. Once we have a good scope, I would like to move forward to engage ECR Enterprises to provide these support services. I anticipate that these expenses, in addition to the costs we'll incur for LDS' continuing work to monitor Local Action Units under the Local Initiative Program, would likely exceed \$10,000 for FY22. I therefore seek Board approval, pursuant to the Interim Regulations, to incur costs above \$10,000, payable from the Inclusionary Housing fund, in the current fiscal year.

I'll be pleased to report back once we have a scope and fee proposal in-hand, but I don't want to go much further with this work without first confirming Board approval of this direction and expenditure.



Town of West Newbury

Board of Selectmen

381 Main Street, West Newbury, MA 01985 | 978-363-1100, Ext. 115

selectmen@wnewbury.org

Request for Qualifications

Affordable Housing Consulting Services

The Town of West Newbury seeks to engage a qualified affordable housing consultant to assist the Town with meeting its Affordable Housing responsibilities pursuant to the Massachusetts Department of Housing and Community Development's ("DHCD") regulations and guidelines under Chapter 40B of the Massachusetts General Laws, as may be amended ("Regulations").

Scope of Services

Services shall include the following tasks:

- A. Conduct Initial Review of Existing Affordable Housing Units: The selected consultant shall:
 1. Conduct an initial review of Regulatory Agreements, Master Deeds, Affordable Housing Deed Riders and Monitoring Agreements in instances where the Town of West Newbury is the designated "Monitoring Agent" for thirteen (13) Local Action Units approved pursuant to the DHCD Local Initiative Program ("LIP");
 2. Identify issues and make recommendations for initial action and/or ongoing actions (i.e. periodic reporting) to ensure compliance with the aforesaid documents and the Regulations;
 3. Work with the Town of West Newbury to implement recommendations, as directed.

- B. Provide On-going Administrative Monitoring Services, as needed: The selected consultant shall:
 1. Perform Administrative Monitoring During Unit Creation and Initial Sales:¹
 - i. Review the Affirmative Fair Housing Marketing Plan (AFHMP), Resident Selection Plan, Maximum Initial Sale Price, Regulatory Agreement and Affordable Housing Deed Rider, each as created and provided by the developer, for compliance with applicable LIP regulations and guidelines.
 - ii. Write Local Preference Request for the Town to submit to DHCD, which if approved, would make some affordable housing units available for local preference pursuant to applicable LIP regulations and guidelines.

¹ Note: At this time there are no new development projects at the permitting stage which include any new LAUs. It is expected that the work of the consultant engaged pursuant to this RFQ would include, for new development including LAUs in the future, completion of the tasks outlined in Item B of the Scope of Services.

- iii. Monitor initial sales, each as conducted by the developer, to ensure compliance with the affordability requirements for the specific unit and with applicable LIP regulations and guidelines.
2. Perform On-going Supplemental Administrative Monitoring Services Subsequent to Initial Sales:
 - i. Manage the Resale Process - calculate maximum resale price, market the unit, qualify eligible buyers, manage process if an eligible buyer is not located.
 - ii. Review Refinance Requests, Capital Improvements, and Incidents of Foreclosure.
 - iii. Provide support for the Town Manager or a designee appointed by the Town Manager to facilitate compliance with the Town's responsibilities to enforce terms of Affordable Housing Restrictions, including in the event of non-compliance.
 - iv. Provide support for the Town Manager or a designee appointed by the Town Manager to facilitate compliance with the Town's responsibilities to perform Annual Reporting and/or monitoring as may be required by applicable Regulatory Agreements.

C. Work with the Town of West Newbury in the Establishment of a Municipal Affordable Housing Trust pursuant to Mass. Gen. Laws Ch. 44, Sec. 55C, as directed.

Request for Proposal

The Town seeks to engage a qualified vendor with the expectation that the selected vendor would, within two weeks of initial contract, complete Task A on a fixed fee basis; then would remain under contract to complete work related to Tasks B and C on an as-needed basis, with compensation for such work paid on an hourly basis.

Prospective bidders may submit written questions regarding this Request for Qualifications on or before Friday, April 3, 2021 at 12 noon. Questions may be submitted via email to selectmen@wnewbury.org. The Town will prepare written responses to all questions received, and on or before Tuesday, April 6, 2021 at 4:30pm will provide responses in an Addenda to all prospective bidders who notify the Town Manager in writing that they wish to be considered a prospective bidder.

On or before Monday, April 12, 2021 at 12 noon, qualified vendors are invited to please submit a narrative proposal including the following:

- Statement of Qualifications
- Fee proposal for Part A (lump sum)
- Fee schedule for Part B (hourly billing rates)
- Fee proposal for Part C (hourly billing rates)
- Client references

Proposals shall include a statement of proposed price to complete the work including sufficient detail for the Town to understand the basis of the costs, as well as any assumptions or limitations.

Upon review of bids and qualifications the Town anticipates conducting (virtual/Zoom) interviews

with two or more firms. The successful vendor will be selected based on the following criteria:

- 1) Demonstrated successful completion of projects of comparable scope.
- 2) Established competence and experience of proposed project team members.
- 3) History of client satisfaction based on reference checks.
- 4) Proposed compensation terms and budget.

Prior to execution of a contract, the vendor must provide proof of liability insurance, and shall provide a certificate naming the Town of West Newbury as additionally insured.

Proposals should be sent to the attention of:

Angus Jennings, Town Manager
Town of West Newbury
381 Main Street
West Newbury, MA 01913

Proposals may be submitted by mail to the address above, or by email to selectmen@wnewbury.org on or before the due date. Proposals submitted by email should bear the subject heading "Proposal: Affordable Housing Consultant Services."

The Town of West Newbury reserves the right to reject any and all proposals, in whole or in part, and to negotiate the terms and conditions with any proposer and to accept any proposal, in whole or in part, which the Town deems, in its sole opinion, to be in the best interest of the Town of West Newbury.

ECR Enterprises

Elizabeth Rust
ECR Enterprises
201 Commonwealth Avenue
Concord, MA 01742
April 11, 2021

Angus Jennings, Town Manager
Town of West Newbury
381 Main Street
West Newbury, MA 01913

Dear Angus Jennings

I am submitting this response to your Request for Qualifications for Affordable Housing Consulting Services dated March 23, 2021.

I am responding as an independent consultant, in partnership with Elizabeth Valenta, also an independent consultant. Ms. Rust will serve as primary consultant and will execute all applicable contracts and agreements. Ms. Valenta will support the project through Ms. Rust.

Elizabeth Rust and Elizabeth Valenta have many years' experience with Massachusetts affordable housing programs and regulations from many aspects and a current focus on the municipal perspective. Both are key personnel in the innovative Regional Housing Services Office, an inter-municipal collaborative between Acton, Bedford, Concord, Lexington, Lincoln, Maynard, Sudbury, Wayland and Weston. The RHSO provides administrative housing services to these towns, assisting them with proactive monitoring, project technical support and affordable housing expertise, including resale consultant services.

Ms. Valenta and I are well qualified for this initiative. As indicated in our qualifications, we have considerable experience with complexities of deed restricted affordable homeownership, the DHCD Guidelines and all aspects of 40B homeownership.

Our submission includes a Statement of Qualifications, Fee Proposals, Resume and References.

My contact information:

Elizabeth Rust
201 Commonwealth Avenue
Concord MA 01742
[REDACTED]

Sincerely,



Elizabeth Rust

West Newbury Affordable Housing Consulting Services

Narrative Response

The Town of West Newbury is seeking to engage a qualified affordable housing consultant to assist the Town with meeting its Affordable Housing responsibilities in a variety of activities identified in the scope of work detailed in the RFQ dated March 23, 2021.

Part A: Monitor the Local Action Units (LAU) in West Newbury where the Town is the Monitoring Agent. This includes conducting an initial review of all applicable documents (Regulatory Agreements, Master Deeds, Affordable Housing Deed Riders and Monitoring Agreements), identifying issues, reporting findings and making recommendations for initial action and/or ongoing actions.

Liz Valenta and Liz Rust both staff the Regional Housing Services Office (RHSO), a municipal regional collaboration (www.rhsohousing.org) between 9 municipalities in MetroWest. Monitoring the restricted ownership units is a core service of the RHSO, and with over 400 ownership units in our inventory, we have significant relevant experience with different deed restrictions and their intricacies. We also have additional experience monitoring restricted ownership properties outside the RHSO contract.

We monitor restricted units across all the state programs – local moderate income units, HUD HOME-funded units, DHCD LIP 40B and DHCD LAU, and we are an approved Monitoring Agent for the MassHousing NEF Programs, and have strong relationships at all agencies.

The monitoring efforts start with verifying compliance with the residency requirement and reviewing of all recorded activity impacting title, and then reviewing findings with the Town. The most common findings, which we have experience with, are refinancing without approval and allegations of non-residency.

Part B: Perform On-going Administrative Monitoring Services. (1) During Unit Creation and Initial Sales, including reviewing proposed Affirmative Fair Housing Marketing Plans (AFHMP), preparing Local Preference justifications, monitor initial sales, and serve as a resource for the Town for all other related activities. (2) Subsequent to initial sales, including managing the resale process - calculate maximum resale price, market the unit, qualify eligible buyers, manage process if an eligible buyer is not located. Additionally, review refinance requests, capital improvements, and incidents of foreclosure and provide support for the Town Manager or designee to facilitate annual reporting as may be required.

Liz Valenta and Liz Rust have proven experience assisting municipalities with the regulatory framework associated with new housing developments including all aspects in the scope of work. This includes a full review of all components of the AFHMP, such as Maximum Sales Price, eligibility criteria, unit locations, marketing and outreach in accordance with requirements, and lottery administration plans. We have prepared Local Preference justifications approved by DHCD and MassHousing.

ECR Enterprises

As approved lottery agents, we have experience with all aspects of the closing process including preparation and recording of the Affordable Housing Deed Rider.

Liz Valenta and Liz Rust have significant experience with the on-going monitoring administration of affordable restricted units including refinancing, capital improvements, resales and other actions, working with DHCD LIP Administration.

Part C: Establish Municipal Affordable Housing Trust. Work with the Town of West Newbury in the Establishment of a Municipal Affordable Housing Trust pursuant to Mass. Gen. Laws Ch. 44, Sec. 55C, as directed.

Liz Valenta and Liz Rust have experience working with Municipal Affordable Housing Trusts pursuant to Mass. Gen. Laws Ch. 44, Sec. 55C, including providing staff support to Sudbury Housing Trust and Weston Housing Trust. We work with the Bedford Housing Trust and the Maynard Housing Trust in our RHSO support. Additionally, Liz Rust has recently assisted Concord establish its Municipal Affordable Housing Trust through Town Meeting and its town bylaws.

ECR Enterprises

Fee Proposal

Part A: Monitor 13 LAU Units

Lump Sum: \$1,000, Based on \$100/hour

- Create inventory and perform registry search 4 Hours
- Send self-declarations, and follow-up 4 Hours
- Meet and Report findings 2 Hours

Part B: Monitor During Unit Creation and Initial Sales

Hourly Billing Rate: \$100/hour

- Review AFHMP 2 Hours
- Prepare Local Preference 2 Hours
- Other review as required 2 – 10 Hours (estimate)

Part C: Establish Housing Trust

Hourly Billing Rate: \$100/hour

The estimate for establishing a housing trust will vary depending on the municipal approach in regard to the groups and committees involved, town meeting strategy, number of meetings and town resources provided. A more detailed estimate will be provided after an initial conversation.

Resume for
ELIZABETH RUST

AFFORDABLE HOUSING EXPERIENCE

Regional Housing Services Office: Director 2010 - Present
Develop, implement and manage this innovative regional collaboration between seven towns (Acton, Bedford, Concord, Lexington, Lincoln, Maynard, Sudbury, Wayland and Weston) to provide municipal affordable housing administrative services:

- Monitor rental developments of over 1000 units of housing, including rent verification, unit review, and tenant eligibility
- Monitor ownership units of over 400 units of housing, including annual certifications, resident contact, verification of affordable housing restriction, compliance review and resolution of compliance issues
- Administer local HOME Program and provide Project Management services for over \$1,000,000 grant awards, from initial feasibility through HOME fund commitment and construction completion
- Develop programs and assist in implementation, including Small Grant Programs, Tenant Based Rental Assistance, Buy-down Programs
- Provide local support to municipalities for projects, including RFP development, property valuations for Assessor's department, and development assistance and support for local Boards and Committees
- Manage the municipal affordable housing inventory, including SHI maintenance for over 5,300 units
- Manage the RHSO, including budgeting, accounting, staff and project oversight, executive status reporting, and website implementation and maintenance
- Provide assistance and support to non-RHSO communities and state agencies as requested

ECR Enterprises: Principal 2008 - present
Provide services for numerous municipalities in response to Request for Proposals for housing services including general housing services, restricted property valuation, Housing Production Plans, Housing Trust Actions Plans, monitoring of affordable units, training and procedure development, and program development and implementation. Provide senior consulting to MetroNorth Regional Housing Services Office (MNRHSO) based in Reading and providing services to North Reading, Reading, Saugus and Wilmington.

Sudbury Housing Trust: Staff Support, Lottery and Monitoring Agent 2006 - present
Direct and support the Sudbury Housing Trust, as employee and more recently as consultant under the RHSO:

- Provide support service to the Board: Preparing agendas, meeting material, assist Trustees as needed
- Develop, implement and administer the Small Grants Program, which provides grants for health and safety repairs to eligible households. Developed documents and requirements, reviewed applications, presented grant candidates, and monitored repairs and grants. To date, the Trust has awarded ~48 grants for ~\$134k.
- Manage efforts to create small-scale affordable housing units: Evaluate sites, oversee feasibility and engineering, draft and issue RFPs, select developers, locate eligible purchasers, close on units.
- Implement and administer the innovative Home Preservation Program, buying down market rate single-family detached homes converting them to affordable units. The Trust has created eight units of permanently deed restricted housing through this program.
- Perform Lottery and Monitoring agent responsibilities in accordance with applicable guidelines and regulations as an approved agent by DHCD and MassHousing. Activities include affirmative fair marketing, advertising and community outreach, application distribution, information sessions and presentations, applicant qualification and determination of income/asset eligibility, lottery administration, award of units, lender and buyer support, assistance on closing, and verification of affordable housing restrictions and recorded documents.

Town of Sudbury: Community Housing Coordinator 2006 - 2013
Managed the Community Housing Office, providing administrative and technical support to the town relating to affordable housing:

- Prepared significant housing reports including certified Housing Production Plan (2010) and Analysis of Impediments Fair Housing Plan (2013)
- Administered town's participation in the WestMetro HOME Consortium, awarding funds for specific projects in accordance with HUD regulations, monitoring projects for HOME compliance and providing required administrative activities
- As Monitoring Agent, audit residents annually for compliance to affordability restrictions, review and approve refinancing and other responsibilities as required
- Assisted the ZBA, Planning Board and Developers with the affordable component of Chapter 40B projects
- Maintained the Sudbury Subsidized Housing Inventory, prepared annual housing-related articles and CPA appropriations through Town Meeting, developed and maintained housing information on the Town's website, presented to Board of Selectmen, Finance Committee and other Town entities as required

EDUCATION/ACHIEVEMENTS

Speaker at Affordable Housing Conferences:	Thirty conferences	2008 – present
Served on the MassHousing Home Ownership Advisory Committee (Governor Appointee)		2009 – 2013
Served on the CHAPA 40B Training Task Force		2010 – 2013
Sarah Lawrence College, Bronxville NY:		Bachelors of Arts

TECHNICAL SKILLS

MS Office Suite:	Word, Excel, Powerpoint, Publisher, Visio
Housing Related:	Chapter 40B regulations and guidelines, Income Qualification, AFHM Plans, HOME Program administration, certified Lottery Agent, resident assistance programs, Fair Housing laws and practices, affordable housing restrictions, monitoring practices, state and local subsidy programs.

FOR PROFIT PROFESSIONAL EXPERIENCE

Extensive accomplishment in Information Technology, leading teams as a senior level manager. Delivered successful implementation of strategic solutions for financial services companies through full project life cycle. Functional areas that include securities lending, portfolio pricing, fund accounting, cost basis reporting, statements and tax treatment, SWIFT messaging, Web/extranet client applications, and Customer Relationship Management areas.

2004 – 2006	Mercury Computer Systems	Project Manager
1997 – 2004	Investors Bank & Trust	Senior Director
1992 – 1997	Fidelity Investments	Vice President
1986 – 1992	Shearson Lehman Brothers	Vice President
1984 – 1986	The Boston Company	Asst Vice President
1979 – 1984	American Express Travel Related Services	Project Manager
1978 – 1979	John Hancock Insurance Company	Computer Programmer

Client References

1. Marcia Rasmussen, Concord Director of Planning and Land Use
[REDACTED]
2. Carol Kowalski, Lexington Assistant Town Manager
[REDACTED]
3. Kristen Guichard, AICP, Planning Director and Zoning Enforcement Officer
[REDACTED]
4. Amanda Berman, Director of Housing & Community Development
[REDACTED]

Additional references available on request

**Interim Regulations for Housing Contribution Payments and Resale Fees
Pursuant to Section 5.F.8 of the West Newbury Zoning Bylaw ‘Inclusionary Housing’**

A. Purpose and Applicability:

The West Newbury Planning Board promulgated these Interim Regulations (the “Regulations”) pursuant to Section 5.F.8 of the West Newbury Zoning Bylaw (the “Bylaw”) to establish interim protocols and procedures for the distribution and use of Housing Contribution Payments and Resale Fees collected. The Regulations were approved by the Board of Selectmen on January 31, 2021 pursuant to the Bylaw.

The Regulations are supplementary to and, where in conflict, subordinate to the West Newbury Zoning Bylaw Section 5.F., as may be amended, and the Massachusetts Department of Housing and Community Development’s (“DHCD”) regulations and guidelines under Chapter 40B of the Massachusetts General Laws, as may be amended.

The Regulations shall cease to have effect after December 31, 2021 unless further action is taken by the Board of Selectmen to extend the term, or until such time that the Town of West Newbury may adopt a Municipal Affordable Housing Trust Fund pursuant to Massachusetts General Law Chapter 44, Section 55.C, whichever occurs first.

B. Funding Sources:

1. Housing Contribution Payments in Lieu of Fractional Affordable Housing Units collected pursuant to Section 5.F.6. of the Bylaw.
2. Fees collected upon Resale of an Affordable Housing Unit pursuant to the LIP Universal Deed Rider attached to the affordable unit being sold.

C. Designated Account (the “Account”): Funds received pursuant to parts B.1. and B.2. shall be deposited into an interest-bearing account established and operated pursuant to parts D. and E.

D. Authorized Expenditures. Funds expended shall not exceed an aggregate amount of \$10,000 per fiscal year, unless approval is granted pursuant to Part E. below, and may be used for the following purposes.

1. Perform Administrative Monitoring Services: In instances where the Town of West Newbury is the designated “Monitoring Agent” for Local Action Units in deed riders or regulatory agreements approved pursuant to the Local Initiative Program (“LIP”), the Town Manager is hereby authorized to expend funds from the Account for administrative monitoring services to ensure regulatory compliance. Subject to applicable procurement requirements, the Town Manager may contract with a qualified entity to perform this work on the Town’s behalf.
 - a. Administrative Monitoring During Initial Unit Sales:
 - i. Review the Affirmative Fair Housing Marketing Plan (AFHMP), Resident Selection Plan, Maximum Initial Sale Price, Regulatory Agreement and Affordable Housing Deed Rider, each as created and provided by the developer, for compliance with applicable LIP regulations and guidelines.
 - ii. Write Local Preference Request for the Town to submit to DHCD, which if approved, would make some affordable housing units available for local preference pursuant to applicable LIP regulations and guidelines.
 - iii. Monitor initial sales, each as conducted by the developer, to ensure compliance with the affordability requirements for the specific unit and with applicable LIP regulations and

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guidelines.

b. Supplemental Administrative Monitoring Services:

- i. Manage the Resale Process - calculate maximum resale price, market the unit, qualify eligible buyers, manage process if an eligible buyer is not located.
 - ii. Review Refinance Requests, Capital Improvements, and Incidents of Foreclosure.
 - iii. Provide support for the Town Manager or a designee appointed by the Town Manager to facilitate compliance with the Town's responsibilities to enforce terms of Affordable Housing Restrictions, including in the event of non-compliance.
 - iv. Provide support for the Town Manager or a designee appointed by the Town Manager to facilitate compliance with the Town's responsibilities to perform Annual Reporting and/or monitoring as may be required by applicable Regulatory Agreements.
2. Establish a Municipal Affordable Housing Trust: The Town Manager is hereby authorized to expend funds from the Account to facilitate the creation of a proposal to establish a Municipal Affordable Housing Trust pursuant to Mass. Gen. Laws Ch. 44, Sec. 55C, and to provide seed funding for dedicated administrative and/or professional support for the operations of said Trust. Subject to applicable procurement requirements, the Town Manager may contract with a qualified entity to perform this work on the Town's behalf.

- E. Fund Distribution Procedures Beyond Annual Allocation: In the event that the costs to perform work specified in parts D.1. and D.2. above exceed \$10,000 in a given fiscal year, the Town Manager shall apply for approval in writing to the Board of Selectmen indicating the nature and cost of the proposed work. The Board of Selectmen shall consider and act upon the application at a regularly scheduled meeting.

Pursuant to Section 5.F.8 of the Zoning Bylaw, on January 19, 2021 the West Newbury Planning Board voted unanimously to approve this document and to submit it to the West Newbury Board of Selectmen for review and final action.

At its regularly scheduled meeting on February 1, 2021 the Board of Selectmen voted unanimously 3-0 to approve this policy.



Town of West Newbury
381 Main Street
West Newbury, Massachusetts 01985

Angus Jennings, Town Manager
978-363-1100, Ext. 111 Fax 978-363-1826
townmanager@wnewbury.org

TO: Select Board
FROM: Angus Jennings, Town Manager
DATE: November 11, 2021
RE: Updated draft COVID protocols

The enclosed redlined edits reflect comments received from staff review, based on the earlier draft circulated in mid-October.

Prior to finalizing, I wanted to confirm one policy question with the Board. My understanding and recollection is that the Board voted, in spring 2020, that employees who do not report to work due to COVID symptoms, asymptomatic diagnosis, or self-quarantine, would not be charged accrued sick time. (At this point, most employees have the resources to work remotely productively, so if someone were to be self-quarantined but not sick, this would probably be a moot point). However, if the policy remains that accrued sick time would not be used for COVID or self-quarantine, I would like to see the “Compensation During Time Off” section revised to reflect this, prior to finalizing and posting.

Town of West Newbury
Employee COVID19 Exposure Protocol
UPDATED DRAFT, ~~October~~ November 2021

This protocol reflects current OSHA, CDC and Massachusetts state guidance on protecting employees from exposure to COVID19 in the workplace. It is meant to be updated as new scientific information becomes available or regulatory requirements change. Because the town of West Newbury does not currently mandate or track employee vaccination status, the most protective approach is to use the exposure protocols for unvaccinated individuals.

Precautions

In order to minimize COVID19 exposure, Town employees and residents entering Town buildings are required to:

- Wear face masks in all public areas
- Maintain physical distance of 6 feet
- Sanitize hands before and after touching surfaces used by others

Vaccination

All employees are encouraged to be vaccinated against COVID19 infection and if necessary, may obtain vaccinations during normal working hours.

COVID19 Symptoms

Any employee who experiences symptoms such as fever, fatigue, difficulty breathing, loss of taste or smell, cough, headache or nausea must notify their supervisor, consult their healthcare provider and receive a COVID19 test (~~antigen Abbott BinaxNOW~~ or PCR). The employee may not return to work until they are no longer symptomatic and a negative test result is received.

Isolation

An employee who tests positive for COVID19 must notify their supervisor and the Town Manager or Town Accountant/Business Manager (or their supervisor may notify the Town Manager or Town Accountant/Business Manager on their behalf). The employee ~~and~~ may not return to work until:

- 10 days after the date of testing if asymptomatic (so, on the 11th day) OR
- 10 days after the onset of symptoms (so, on the 11th day), and
- They are fever free for 72 hours without use of medication, and
- They show overall improvement of symptoms

Approval to return to work must be given by the Town Manager or the Town Accountant/Business Manager.

Quarantine

An employee who has been within 6 feet of an infected individual for a cumulative total of 15 minutes over a 24-hour period is considered to be a close contact. The employee must notify their supervisor and the Town Manager or Town Accountant/Business Manager (or their supervisor may notify the Town Manager or Town

Accountant/Business Manager on their behalf), and remain out of work for a total of 10 days since the last contact with the infected individual. The employee may elect to be tested on Day 5 or later following exposure and if they receive a negative test result and do not exhibit COVID19 symptoms may return on Day 8 ~~(or, at least two full days after a negative test result)~~. Approval to return to work must be given by the Town Manager or the Town Accountant/Business Manager.

Compensation During Time Off

Any employee who is required to isolate or quarantine in order to prevent exposing other employees or visitors to the Town Office Building to COVID19 will be paid for their normal work schedule. They will be expected to fulfill position requirements remotely to the maximum extent practicable while out of work, and may be asked to complete unrelated work assignments by their supervisor. If the employee is too ill to work and accrued sick time has been depleted, the Town will seek alternative funding to maintain normal pay for the employee.

Non-Workplace Exposure

Town employees should be mindful of potential COVID19 exposure outside the workplace and follow recommended or required CDC, state and local protocols for travel, recreation and social events.

DRAFT

FY23 Budget Schedule – **DRAFT**

November 22	FY23 Budget kick off meeting with Department Heads
November 24	Budget Package sent to Dept. Heads, Town Officers, Boards, Commissions and Committees
December 6	Select Board review/adopt FY23 Budget Message / Policy Direction ¹
December 22 ²	Expense Budgets for all Dept. Heads or Town Officers due to Town Manager and Town Accountant
January 12 ³	Expense and revenue Budgets for all Boards/Commissions/ Committees due to Town Manager and Town Accountant
Dec- Jan (various)	Review by Town Manager including budget working sessions (Depts. and B/C/Cs will be contacted individually to schedule your Dept. or B/C/C)
January 31	Town Manager proposed FY23 Capital Improvements Program presented to Select Board
January 31	Town Manager proposed FY23 budget, with Town Manager budget message and proposed FY23 departmental and organizational structure, presented to Select Board . ⁴
----TBD-----	Town Mtg. Warrant closes. <u>Article requests due to Select Board.</u>
Feb-March (Dates TBD)	Finance Committee meetings to review proposed budget. Departments and B/C/Cs will be notified regarding timing of meetings related to your section(s) of the budget.
Feb-March (Dates TBD)	Capital Improvements Committee meetings to review proposed Capital Program and FY23 projects. Departments and B/C/Cs will be notified regarding timing of meetings related to proposed capital articles.

¹ Note: If Board review of budget policy direction extends to 12/20 mtg, this won't significantly affect the calendar outlined above. We have enclosed the FY22 budget policy direction for reference.

² Note: This date is earlier than in the past couple of years, to allow more time for the Town Manager/Finance Dept to review departments' proposed budgets as the Town Manager prepares an overall proposed Town budget.

³ This date is three weeks later than the due date for budgets prepared by Department Heads, to allow extra time for the Boards / Commissions / Committees to prepare and review proposed budgets. (Even if they have a Department Head, Departmental budgets typically endorsed by a B/C/C prior to submittal fall into this category, i.e. Library Trustees, Board of Health, Planning Board, Conservation Commission). If this timeline is not achievable for any specific B/C/C, please contact the Town Manager no later than January 3. (Note: the Water Commission's proposed budget typically comes in later in the cycle, but this hasn't caused problems in the past. Since it is an enterprise budget, it does not affect the "bottom line" operating budget numbers.)

⁴ Per the Town Manager Act Sec. 4(j): "The board of selectmen shall review the annual proposed budget prepared by the town manager and make changes as the board of selectmen deems advisable. The town manager shall present the budget which incorporates the changes of the board of selectmen to the finance committee and the town meeting." Therefore the budget as proposed to Finance Committee would reflect any changes as directed by the Board in its review.

Mid Feb.(tentative)	Pentucket Regional School District Assessment to be Voted
March 14 ⁵	Capital Improvements Committee report due to Select Board
-----TBD-----	Finance Committee Endorsement of Proposed FY23 Budget
-----TBD-----	Posting of Warrants (14 days prior)
-----TBD-----	Publication of Finance Committee booklet
April 25	Annual and Special Town Meetings ⁶
Late Spring	Approve FY23 Wage Schedule (based on approved budget numbers)

⁵ Note: Town Bylaws require this 6 weeks prior to Town Mtg, so this date assumes a Town Mtg the final Monday of April. However, if actual Town Mtg date is pushed later (to facilitate outdoor Town Mtg), this deadline for CIC report would also be extended.

⁶ Per prior footnote, this would be the date per the Town Bylaws. However, statute allows the Board to schedule the date of Town Mtg notwithstanding local bylaw. Anticipating Board interest in another outdoor meeting, which would likely push date to a Saturday in May.



Town of West Newbury

Board of Selectmen FY '22 Budget Policy Direction

December 14, 2020

To insure the growing and continued financial health of the Town of West Newbury, provide the public with confidence that Town officials respect their responsibility for fiscal stewardship and demonstrate to taxpayers and bond rating agencies that the Town has thoughtfully prepared for its future, the Board of Selectmen present to our employees, Boards, Commissions and Committees the following guidance in preparing the FY22 budget.

1. We propose a FY22 operating budget that will limit the overall increase in the expense budget to no more than 1.5%, not including any school budget increases including related to the Pentucket Middle/High School override. If, in order to meet this budgetary goal, the proposed budget includes any changes in organizational structure, employee head count, hours of operation and/or budgeted level of service, these changes should be specified.
2. We propose that the operating budget specify financial impacts, if any, of COVID-19 on proposed FY22 operating budgets, including as these impacts may vary depending on assumptions made regarding information that is unknown at the time of budget preparation.
3. We will carry out a clear, transparent public process for finance committee and public review of the proposed FY22 budget, taking into account information from taxpayers, town officials, department heads, Boards/ Commissions/ Committees, and residents.
4. We propose to recommend that Town Meeting continue to appropriate retired debt service into the School Stabilization Fund; and that the Town continue to draw-down the balance in that fund in FY22 based on a multi-year plan to mitigate the taxpayer impact of the Middle/High School project.
5. We propose that updates and revisions to the Capital Improvement Program be presented by the Town Manager in accordance with the timeline requirements in the Capital Improvements Committee Bylaw. We propose that the Capital Improvements Committee and the Town Manager evaluate whether an appropriation of \$500,000 from the operating budget into the Capital Stabilization Fund is an appropriate amount when taking into account FY22 and future years' anticipated capital funding needs.
6. In addition to a budgeted transfer within the Omnibus Budget (see Item 5 above), we will propose to transfer into the Capital Stabilization Fund the amount of \$600,000 from Free Cash and/or other available sources to support the Middle Street Bridge project, and will further propose that the recommended FY22 appropriations from the Capital Stabilization Fund be sufficient, combined with other known financing sources, to allow that project to begin construction in FY22.
7. We propose that the Town Manager and Department Heads both continue to consider and expand consideration of potential opportunities to regionalize some town services, if this can be achieved at cost savings while maintaining or enhancing current levels of service, including exploring potential opportunities that may not be ready for implementation in time for FY22.
8. We propose that the FY22 operating budget support a staffing structure for administration and finance operations that is designed to provide adequate staffing to ensure that, whatever other special projects or "crises" may arise, these will not compromise the Town's ability to complete all "baseline" responsibilities as required by various statutes, bylaws and policies.

9. We propose that the FY22 budget should take into account the estimated impacts, if any, of any newly effective requirements imposed by statute, regulation or policy, and should specify the estimated impact of any such newly effective requirements.
10. We propose to consider, within the FY22 budget process, whether the Board of Selectmen will recommend a Free Cash transfer in order to reduce the FY22 tax rate and, if this will be recommended, we intend to propose such an article for consideration at the 2021 Annual Town Meeting.
11. We propose that, for each section of the proposed budget, specify the individual(s) or the Board/Commission/Committee that will have authority to expend the budgeted funds.

Approved by unanimous vote of the Board of Selectmen

December 14, 2020



Town of West Newbury
381 Main Street
West Newbury, Massachusetts 01985

Angus Jennings, Town Manager
978-363-1100, Ext. 111 Fax 978-363-1826
townmanager@wnewbury.org

TO: Select Board
FROM: Angus Jennings, Town Manager
DATE: November 11, 2021
RE: Soldiers & Sailors Bldg

I have a Zoom meeting with Lynne and with Shirin Everett, the KP attorney who would be doing the legal work on any proposed preservation restriction, on Monday. Lynne has advised that the legal work can be expected to comprise the bulk of effort, although any time she or other consultants spend toward public process/meetings will also affect costs.

My goal is to arrive at a cost proposal for Sullivan, Spencer & Vogt, with KP Law, to propose disposition (whether by sale or long-term lease), along with a preservation restriction, for consideration by Town Meeting. Once we have a cost proposal, the Board can determine if it would in fact like to proceed in this direction, and if so to try to find funding as may be available to support this work.

To: West Newbury Town Officials

From: Tim O'Donnell, 37 Daley Drive

Re: Carr Post

Date: November 7, 2021.

My wife and I have followed the discussions around the fate of the Carr Post for the past year or so, and since January 2021, when we purchased our house at 37 Daley Drive, as proud and happy citizens of the Town as well as near neighbors of the Post property. We attended the public meeting on this subject in late October. Obviously, we came into the process after many people had worked hard to find solutions over a number of years, and in the midst of a political process during which people with much deeper roots in the town than we have offered their considered perspectives.

Nevertheless, having reviewed the documentation available online and listened carefully to the town officials, the architects, and the residents at the meeting, I would like to offer a specific recommendation, and follow it with my reasoning.

I would recommend that the Town (1) spend just so much money now as will preserve the existing structure from further deterioration during the next 24-36 months, and (2) appoint a Property Use and Financing Committee charged with (a) exploring feasible and appropriate uses for the building (b) identifying funding sources (both capital and operating) that would be attracted to fund such uses, and (c) preparing a proposal for Town Meeting that would either (i) offer a feasible solution to renovate the existing structure or, if the Committee determines there is no feasible renovation solution (ii) propose a disposition or demolition plan. This Committee should (a) have a defined life of 24-36 months, and (b) include members with knowledge and connections in finance, law, historic preservation, affordable housing, and veterans' affairs, as well as a good representation of West Newbury residents. The reasoning behind this proposal is as follows.

1. The Carr Post building has value (1) for its representation of the significant importance of service men and women, and veterans, in the Town (2) for the way in which it is intertwined with the Town's history, not just as a memorial and meeting place for veterans, but as the first public building that housed the public library (3) as a distinctive, iconic building on Main Street for well over a century. One must admit that the building itself is not beautiful, and it was not designed by a distinguished architect; but it is peculiar and distinctive in its design and purpose, and for this reason highly significant.
2. As a candidate for renovation and re-use, the building has the following challenges (a) small size, 2400 SF, precluding various uses and also efficiencies that one might find in larger buildings (b) septic limitations (c) features (such as the turret to take only one example) that require high-cost renovation, although this does not mean that the actual

cost could not be significantly less than the two bids in hand, given a more settled construction market and if the prevailing wage and bid restrictions did not apply.

3. Despite these challenges, the (admittedly highly professional) analysis completed on the building to date does not show that the renovation of the existing structure is or is not feasible, since that analysis does not consider ultimate use, funding sources that may be attracted by such a use, and the effects on renovation cost of conveying the property out of municipal ownership with its prevailing wage/bidding constraints.
4. The Town Meeting vote demonstrates strong interest in the Town in preserving the building if a feasible plan can be found.
5. Accordingly, the building should be stabilized from a deferred maintenance standpoint as economically as possible, while a solution is explored over a defined period (I suggest 24-26 months), so that the Town Meeting can vote on a proposal of some kind with a feasible financing plan (whether renovation, disposition, demolition, or something else.)
6. The proposed committee should consider both (a) capital funding and (b) ongoing revenue support for the changed use.
7. Most feasible possibilities for renovation would involve the conveyance of the property to a 3rd party, most likely a non-profit interested in its mission but possibly a mission-driven private developer, to undertake the renovation and own the property in the future, subject to appropriate restrictions on use. Such a conveyance (a) opens up the renovation to specifically targeted (non-municipal) funding sources (b) removes the renovation from municipal restrictions and (c) keeps the ongoing maintenance of the property from being the responsibility of the Town.
8. I suggest some ideas along these lines that seem worth exploring, this list is not exhaustive
 - Some or all of the property could be used for 2-3 affordable units for veterans 's housing. This use, while honoring the building's history, potentially would attract long-term rental subsidies that would support the renovations, and even allow for a conventional debt component in the capital stack.
 - A renovation according to historic guidelines for rental purposes would be able to attract both Federal and State historic tax credits. The markets for these credits are currently rather weak, and the small size of the project would make syndication unlikely, but the sale of credits to local citizens or banks would be very feasible.
 - A historic renovation (the only kind that can be considered realistically) potentially could attract a layer of grant or soft loan funding from sources whose primary goal is historic preservation.
 - A use of part of the building (say the ground floor) as a display space devoted to local history, aimed at school groups, and potentially having use as a meeting space for locally sponsored events, might make possible a lease commitment on that space by the GAR library or the Town, which could support the renovation program. It's worth pointing out that the long-term financial commitment of the Town to this facility under the plans presented to date was non defined, and a lease of the type

suggested here would be a defined commitment. That definition also opens up the possibility of dedicated fundraising by the library or historical groups in the town to support this ongoing commitment.

I hope that these ideas will prove fruitful, and that the Town will proceed to the modest appropriations for deferred maintenance in order to keep options open, and to appoint a committee to consider the feasibility of renovation of the property along the lines I have suggested.

If this route is taken, I would gladly offer to talk with members of such a committee as they begin their work. However, in the event I were asked, I unfortunately would not have the time to serve on such a committee or devote the time and attention to it that the goal deserves.



Town of West Newbury
381 Main Street
West Newbury, Massachusetts 01985

Angus Jennings, Town Manager
978-363-1100, Ext. 111 Fax 978-363-1826
townmanager@wnewbury.org

TO: Select Board
FROM: Angus Jennings, Town Manager
DATE: November 11, 2021
RE: Pipestave/Page/Main Street safety audit

On Monday, Wayne and I have a zoom meeting with the vendors who submitted the enclosed proposal. I'll provide an update on Monday night. Our goal will be to get this work underway, and to ensure a meaningful public process, prior to June 30, 2022 deadline for completion of the work.

CLIENT AUTHORIZATION

New Contract

Project No.: _____

Amendment No.:

Date: November 2, 2021

Project Name: Traffic Safety Audit & Project Scoping @ the Page School; West Newbury, MA

Client:	West Newbury Angus Jennings Town Manager 381 Main Street West Newbury, MA 01985	Fee Proposal	
		Task 1	\$ 25,000.00
		Estimated Expenses	<u>Included</u>
		TOTAL	\$ 25,000.00

Requested by: Client

Lump Sum

Time & Expenses

Cost + Fixed Fee

Other

Estimated Date of Completion: Before June 30, 2022

Scope of Services:

The Town of West Newbury (Client) has retained TEC, Inc. (TEC) to provide preliminary engineering services for a traffic safety audit (TSA) and project scoping of pedestrian improvements at the Page School. The project area will include the Main Street (Route 113) crossing at the Page School and Pipestave Recreation Area driveways and a section of Main Street (Route 113) from Coffin Street to Chase Street (approximately 4,400') to assess the feasibility of a single sidewalk. Services to be performed are as outlined in the tasks below:

Task 1 – Traffic Safety Audit (TSA) \$25,000.00

- Perform field reconnaissance to document pavement / lane widths and measure intersection sight distances for both the Page School and Pipestave Recreation Area driveways.
- Conduct manual turning movement counts during the typical weekday (7:00 AM – 7:00 PM) at the School Driveway / Pipestave Recreation Area Driveway intersections. The counts will include pedestrian and bicycle traffic at the intersection.
- TEC will conduct an Automatic Traffic Recorder Count (ATR) across Main Street, adjacent to the Page School, for a continuous 48-hour period to collect volume, speed, and vehicle class data.
- Compile and analyze historic crash data for the project area to include the most recent five-year period on file (2016-2020) that can be obtained from the MassDOT IMPACT Portal; crash reports will also be requested from the Town of West Newbury Police Department.
- Facilitate one (1) Traffic Safety Audit (TSA) meeting on site at the Page School / Pipestave Recreation Area driveway. Meeting will be attended by representatives from various Town Departments: Public Works, Engineering, Planning, Police Fire, School and Recreation Departments. Representatives from MassDOT will be invited to attend since the project area falls under state jurisdiction.
- Document observations from the site meeting to identify existing safety challenges at the Page School / Pipestave Recreation Area driveways and any challenges in constructing a sidewalk along one side of the roadway from Coffin Street and/or Chase Street.

- Prepare a TSA report identifying potential short-, mid- and long-term countermeasures to improve safety for those traveling along and looking to cross at the Page School / Pipestave Recreation Area driveways and walk to/from Coffin Street and/or Chase Street.
- Facilitate one (1) public meeting to present the findings of the TSA report and obtain feedback from the West Newbury community that can be incorporated into the scoping of potential improvement projects.
- Prepare a color base map from aerial imagery and available GIS information to depict the existing conditions with approximate Right-of-Way limits; does not include a detailed field survey.
- Attend one (1) project meeting with DPW and other Town Staff to review the findings of the TSA Report and identify a general scope that may align with a Safe Routes to School (SRTS) grant in the amount of up to \$1,500,000.
- Prepare one (1) conceptual layout plan over the base map and an opinion of cost
- Facilitate one (1) public meeting to present the conceptual layout and obtain feedback from the West Newbury community that can be incorporated into the final conceptual plan.
- Perform one (1) revision to the conceptual plan that incorporates public feedback to the greatest extent feasible and finalize the concept for a future SRTS grant application.

Additional services not listed above may be performed at the request of the Client and will be considered an amendment to this agreement.

Services will begin upon signed authorization of this agreement. TEC will invoice the Client monthly on a lump sum basis for the services performed.

This proposal is valid for a period of 45 days.

Project PM: EMO

Please execute this Client Authorization for TEC, Inc. to proceed with the above scope of services at the stated estimated costs. No services will be provided until it is signed and returned to TEC.

- Subject to attached terms & conditions
- Subject to terms & conditions in our original agreement

TEC, Inc. Authorization

Client Authorization *(Please sign original & return)*

By 

By _____

Title: Principal/Director of Business Development Title

Date: November 3, 2021 Date

TEC, Inc.
TERMS AND CONDITIONS OF AGREEMENT
(Numbers 1 thru 25)

The engagement of TEC, Inc. (TEC) by the Client is under the following terms and conditions. These terms and conditions are integral to the collective Agreement between Client and TEC.

1. The fee estimate for the proposed Scope of Services is valid for 45 days from the date of Proposal.
2. Payment to TEC is the sole responsibility of signatory of this Agreement and is not subject to third party agreements.
3. All schedules in the Scope of Services commence upon receipt of a signed Agreement and, if requested, a retainer. All retainer amounts will be applied to the last invoice.
4. Invoices will be rendered monthly and become due upon receipt. Any invoice outstanding for more than 30 days after date of invoice will be subject to a financing charge of 1-1/2 percent per month.
5. Should it become necessary to utilize legal or other resources to collect any monies rightfully due for services rendered under this Agreement, TEC shall be entitled to full reimbursement of all such costs.
6. Invoice payments must be kept current for services to continue. If the Client fails to pay any invoice due to TEC within 30 days of the date of invoice, TEC may, without waiving any other claim or right against Client, suspend services under this Agreement until TEC has received all amounts due TEC and its Consultants and Subcontractors.

If TEC is performing services for the Client under multiple projects, invoice payments must be kept current on all projects. Client acknowledges TEC's right to suspend services and withhold plans and documents, as provided above, if payments are not current on all projects. If services are suspended for 30 days or longer, upon resuming services TEC shall be entitled to expenses incurred in the interruption and resumption of its services. If services are suspended for 90 days, TEC shall be entitled to expenses incurred in the interruption and resumption of its services and fees for remaining services shall be equitably adjusted.

7. TEC agrees to carry the following insurance during the term of this Agreement:

- Workmen's Compensation and Employer's Liability Insurance in compliance with statutory limits.
- Comprehensive General Liability Insurance including Products Completed, Contractual, Property, and Personal Injury coverage with combined single limits of \$1,000,000 per occurrence and \$2,000,000 in the aggregate.
- Excess Umbrella Coverage for Personal Injury, Bodily Injury, and Property Damage with a limit of \$1,000,000 per claim and in the aggregate.
- Professional Liability Insurance with a limit of \$1,000,000 per claim and in the aggregate.
- Automobile Liability Insurance including non-owned and hired automobiles with the following limits:
 - Bodily Injury \$500,000 each person, \$500,000 each occurrence
 - Property Damage \$100,000 each occurrence

Certificates of insurance will be furnished upon request. If the Client requires additional insurance coverage, and it is available, Client agrees to reimburse TEC for such additional expense.

8. The Client and TEC shall at all times indemnify and save harmless each other and their officers, and employees on account of any claims, damages, losses, litigation, expenses, counsel fees, and compensation arising out of any claims, damages, personal injuries and/or property losses sustained by or alleged to have been sustained by any person or entity, to the extent caused by the negligent acts, errors or omissions of the indemnifying party, its employees, or subcontractors in connection with the Project, and/or under this Agreement.
 9. TEC shall not be responsible for failure to perform or for delays in the performance of services which arise out of causes beyond the control and/or without the fault or negligence of TEC.
 10. TEC shall be entitled to rely on the accuracy and completeness of data, reports, surveys, requirements and other information required to be provided by Client under this Agreement.
 11. Client agrees to the fullest extent permitted by law, to indemnify and hold harmless TEC, its officers, employees and subconsultants from and against any and all claims, suits, demands, liabilities costs, including reasonable attorneys fees and defense costs caused by, arising out of or in any way connected with the detection, presence, handling, removal, abatement, or disposal of any asbestos or hazardous or toxic substances, products or material that exist on, about or adjacent to the job site.
 12. TEC's services will be performed on behalf of and solely for the benefit and exclusive use of Client for the limited purposes set forth in the Agreement. Client acknowledges that TEC's services require decisions which are not based upon science, but rather upon judgmental considerations. Client may not delegate, assign, sublet or transfer its duties or interest in this Agreement without the written consent of TEC.
 13. In the performance or furnishing of professional services hereunder, TEC, and those it is responsible for, shall exercise the degree of skill and care customarily accepted as good professional practices and procedures by members of the same profession currently practicing under similar conditions in the same locality ("Standard of Care").
- Consistent with this Standard of Care, the services shall conform to applicable laws, codes, ordinances and regulations of any governmental agency having jurisdiction over the project, at the time services are rendered. TEC shall perform its services as expeditiously as is consistent with the Standard of Care and with the orderly progress of the Work.
14. TEC shall not be required to sign any documents, no matter by whom requested, that would result in TEC's having to certify, guaranty or warrant the existence of conditions that TEC cannot ascertain. Any certification provided by TEC shall be provided based on TEC's knowledge, information and belief subject to the preceding sentence, and shall be given in TEC's professional opinion consistent with the Standard of Care. TEC shall be compensated for any work necessary to verify project compliance with regulatory standards for purposes of such certification.

TEC, Inc. Terms and Conditions of Agreement (Continued)

15. Client hereby agrees that to the fullest extent permitted by law, TEC's total liability to Client and any persons or entities claiming by, through or under the Client, for any and all injuries, claims, losses, expenses, or damages whatsoever arising out of or in any way related to the Project and/or this Agreement from any cause or causes including, but not limited to TEC's negligence, errors, omissions, strict liability, statutory liability, indemnity obligation, breach of contract or breach of warranty shall not exceed the lesser of \$50,000 (fifty thousand dollars) or contract value.

16. All documents including Drawings and Specifications (whether in hard or electronic form) prepared by TEC pursuant to the Agreement are instruments of service with respect to the Project. They are not intended or represented to be suitable for reuse by the Client or others on extensions of the Project or on any other Project. Any reuse by Client or a third person or entity authorized by Client without written verification or adaptation by TEC for the specific purpose intended will be at the Client's sole risk and without liability or legal exposure to TEC; and the Client, shall release, indemnify and hold harmless TEC from all claims, damages, losses and expenses including attorneys' fees arising out of or resulting therefrom. Any such verification or adaptation will entitle TEC to additional compensation at rates to be agreed upon by TEC and the third person or entity seeking to reuse said documents.

If any information hereunder is provided in electronic format, Client recognizes that such plans, documents or other information recorded on or transmitted as electronic media, including CADD documents ("Electronic Documents") are subject to undetectable alteration, either intentional or unintentional, due to, among other causes, transmission, conversion, media degradation, software error, or human alteration. Electronic Documents are provided to Client for informational purposes only and not as record documents.

17. To the extent permitted by law, TEC retains the copyright in all written work products, including plans, specifications, calculations, computer programs, and computer generated materials in any form, produced in connection with the work under this agreement, unless otherwise agreed to in writing by an authorized TEC representative. Subject to Term No. 16 above, TEC licenses to Client the use of all written work products, including plans, specifications, calculations, and computer generated materials in any form, produced in connection with the work under this agreement on a non-exclusive basis.

18. All questions in dispute under this Agreement shall be submitted to non-binding mediation. On the written notice of either party to the other of the election to submit any dispute under this Agreement to mediation, each party shall designate their representative and shall meet within ten (10) days after the service of the notice. The parties themselves shall then attempt to resolve the dispute within ten (10) days of meeting. Should the parties themselves be unable to agree on a resolution of the dispute, then the parties shall proceed with mediation in accordance with the mediation rules of the American Arbitration Association. The cost of mediation shall be borne equally by both parties. This process shall be considered as a condition precedent to moving to a more formal or judicial process.

19. Notwithstanding any other provision of this Agreement, neither party shall be liable to the other for any incidental, special, indirect or other consequential damages incurred due to the fault of the other party regardless of the nature of the fault or whether it was committed by the Client or TEC, or their employees, subconsultants, or subcontractors. Consequential damages include, without limitation, liability for loss of use of the Project or existing property, loss of profits, loss of production or business interruption.

20. In entering into this Agreement, Client has relied only upon the representations set forth in this Agreement. No verbal warranties, representations or statements shall be considered a part of this Agreement or a basis upon which the Client relied in entering into this Agreement. No statements, representations, warranties or understandings, unless contained herein, exist between Client and TEC.

21. Nothing contained in this Agreement shall create a contractual relationship with, or a cause of action in favor of, a third party against either the Client or TEC. TEC's services under this Agreement are being performed solely for the benefit of the Client and no person or other entity shall have any claim against TEC because of this Agreement. In addition, nothing herein shall be construed as creating a contractual relationship between the Client and any TEC employee, representative or consultant. The Client agrees that in the event of a dispute regarding this Agreement or the services rendered by TEC hereunder, the Client shall only seek recourse against TEC and waives any right to pursue a claim against TEC's individual directors, officers or employees.

22. Any taxes or fees, enacted by local, state or federal government and based on gross receipts or revenues, will be invoiced to and payable by Client as an additional amount due under this Agreement.

23. This Agreement shall be governed and construed in accordance with the laws of the Commonwealth of Massachusetts.

(The following terms are applicable for Project sites located in Massachusetts)

24. In accordance with the Massachusetts General Laws Chapter 21E, the performance of the services contained in this Agreement may require the engagement of a Licensed Site Professional (LSP) registered with the Commonwealth of Massachusetts under Massachusetts General Law Chapter 21A and the regulations promulgated by the Massachusetts Department of Environmental Protection (MADEP) thereunder (collectively the LSP Program). These laws and regulations place upon the LSP certain professional obligations owed to the public, including in some instances, a duty to disclose the existence of certain environmental contaminants to the MADEP. In the event that any site for which TEC has provided LSP services is audited by the Massachusetts Department of Environmental Protection (MADEP) pursuant to the provisions of the Massachusetts Contingency Plan, TEC shall be entitled to additional compensation to provide such services as may be necessary to assist Client in its response to DEP.

25. Client understands and acknowledges that in the event the LSP's obligations under the LSP Program conflict in any way with the terms and conditions of this Agreement or the wishes or intentions of the Client, the LSP is bound by law to comply with the requirements of the LSP Program. Accordingly, Client recognizes that the LSP shall be immune for all civil liability resulting from any alleged and/or actual conflict with the LSP Program. Client also agrees to hold TEC and its LSP harmless for any claims, losses, damages, fines or administrative, civil or criminal penalties resulting from the LSP's fulfillment of its obligations under the LSP Program.