

PRELIMINARY OFFICIAL STATEMENT AND NOTICE OF SALE DATED JUNE 13, 2023

In the opinion of Locke Lord LLP, Bond Counsel, based upon an analysis of existing law and assuming, among other matters, compliance with certain covenants, interest on the Notes is excluded from gross income for federal income tax purposes under the Internal Revenue Code of 1986, as amended (the "Code"). Interest on the Notes will not be included in computing the alternative minimum taxable income of individuals. For tax years beginning after December 31, 2022, however, interest on the Notes will be included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. Under existing law, interest on the Notes is exempt from Massachusetts personal income taxes, and the Notes are exempt from Massachusetts personal property taxes. The Notes will be designated as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Notes. See "Tax Exemption" herein.

TOWN OF WEST NEWBURY, MASSACHUSETTS \$1,020,000 GENERAL OBLIGATION BOND ANTICIPATION NOTES

The Town of West Newbury, Massachusetts (the "Town"), will receive telephone and electronic bids at Hilltop Securities Inc. (617-619-4400) in the case of telephone bids and via PARITY in the case of electronic bids until 11:00 a.m. Eastern Time, Tuesday, June 20, 2023 for the purchase of the following described General Obligation Bond Anticipation Notes (the "Notes").

\$1,020,000 General Obligation Bond Anticipation Notes (renewal). The Notes will be dated July 12, 2023 and will be payable July 12, 2024. Interest will be computed on a 30-day-month/360-day-year basis (360/360). The Notes will not be subject to redemption prior to their stated maturity date.

Bids may be submitted electronically via PARITY pursuant to this Notice of Sale until 11:00 a.m. Eastern Time, but no bid will be received after the time for receiving bids specified above. To the extent any instructions or directions set forth in PARITY conflict with this Notice of Sale, the terms of this Notice of Sale shall control. For further information about PARITY, potential bidders may contact Hilltop Securities Inc. (617) 619-4400 or PARITY at (212) 404-8102.

The Notes will be issued by means of a book-entry system, evidencing ownership of the Notes in principal amounts of \$1,000, or integral multiples thereof, with transfers of ownership effected on the records of The Depository Trust Company (DTC) and its participants pursuant to rules and procedures adopted by DTC (see "Book-Entry Transfer System"), unless the issuance of a fully registered note certificate is requested by the winning bidder and the issuance of such certificate is approved by the Town as described below. Principal and interest will be payable upon maturity in federal reserve funds at U.S. Bank Trust Company, National Association, Boston, Massachusetts. **Bidders may elect to denominate the Notes as physical registered securities rather than "Book-Entry" securities to be held by DTC, subject to the approval of the Town.**

Bids must be for all of the Notes at a single rate of interest in multiples of one-hundredth (1/100) of one percent (1%). No bid of less than par and accrued interest to the date of delivery will be considered and no bid for less than all of the Notes. The right is reserved to reject any and all bids not complying with this Notice of Sale and, so far as permitted by law, to waive any irregularity with respect to any bid. The Notes will be awarded on the basis of lowest net interest cost to the Town after deduction of premium, if any. Such cost will be determined by computing the total amount of interest payable on the Notes, at the rate or rates stated, from July 12, 2023 until the maturity of the Notes and deducting therefrom the sum, if any, by which the amount bid for the Notes exceeds the aggregate principal amount of the Notes. In the event that two or more bidders submit the same lowest net interest cost for the Notes, the Town Treasurer shall determine the winning bidder, by lot, from among all such bidders.

An electronic bid made in accordance with this Notice of Sale shall be deemed an offer to purchase the Notes in accordance with the terms provided in this Notice of Sale and shall be binding upon the bidder as if made by a signed and sealed written bid delivered to the Town.

Any bidder who submits a winning bid by telephone in accordance with this Notice of Sale shall be required to provide written confirmation of the terms of the bid by e-mailing a completed, signed bid form to Hilltop Securities Inc., by not later than 12:00 Noon, Eastern Time, on the date of sale.

The award of the Notes to the winning bidder will not be effective until the bid has been approved by the Treasurer and the Select Board of the Town.

A successful bidder for the Notes may request that the Notes be issued in the form of one fully registered physical certificate, rather than in book-entry form through the facilities of DTC. The successful bidder seeking the issuance of the Notes in this manner shall bear any and all costs of any re-registration or transfer of Notes from time to time. Any bidder seeking to

have the Notes issued in the form of a fully registered physical certificate or certificates, rather than in book-entry form, shall indicate this preference to the Town at the time of the submission of the winning bid. The Town reserves the right to decline any request to issue the Notes in non-book entry form if it should determine, in its sole discretion, that issuing the Notes in this manner is not in its best interests.

It shall be the condition of a successful bidder's obligation to accept delivery of and pay for the Notes that, contemporaneously with or before accepting the Notes and paying therefor, it shall be furnished, without cost, with (a) the approving opinion of the firm of Locke Lord LLP, Boston, Massachusetts, Bond Counsel to the Town, with respect to the Notes, (b) a certificate in form satisfactory to said firm, dated as of the date of delivery of the Notes and receipt of payment therefor, to the effect that there is no litigation pending, or to the knowledge of the signer or signers thereof, threatened affecting the validity of the Notes or the power of the Town to levy and collect taxes to pay them, (c) a certificate of the Town's Treasurer to the effect that, to the best of her knowledge and belief, both the Preliminary Official Statement as of its date and as of the date of sale and the Final Official Statement as of its date and as of the date of delivery of such Notes, do not contain any untrue statement of a material fact and do not omit to state a material fact necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading and (d) significant events disclosure certificate in the form described in the Official Statement.

Payment of the principal of and interest on the Notes is not limited to a particular fund or source of revenue nor is any lien or pledge for such payment created with respect to any such fund or source.

Establishment of Issue Price. The following applies to each successful bidder with respect to the portion of the Notes awarded to such successful bidder.

The successful bidder shall assist the Town in establishing the issue price of the Notes and shall execute and deliver to the Town on the Closing Date an "issue price" or similar certificate, substantially in the applicable form set forth in Exhibit 1 to this Notice of Sale, setting forth the reasonably expected initial offering price to the public or the actual sale price of the Notes, together with the supporting pricing wires or equivalent communications, or, if applicable, the amount bid, with such modifications as may be appropriate or necessary, in the reasonable judgment of the successful bidder, the Town and Bond Counsel. All actions to be taken by the Town under this Notice of Sale to establish the issue price of the Notes may be taken on behalf of the Town by Hilltop Securities Inc. ("Financial Advisor") and any notice or report to be provided to the Town may be provided to the Financial Advisor.

Competitive Sale Requirements. If the competitive sale requirements ("competitive sale requirements") set forth in Treasury Regulation § 1.148-1(f)(3)(i) (defining "competitive sale" for purposes of establishing the issue price of the Notes) have been satisfied, the Town will furnish to the successful bidder on the Closing Date a certificate of the Financial Advisor, which will certify each of the following conditions to be true:

1. the Town has disseminated this Notice of Sale to potential underwriters in a manner that is reasonably designed to reach potential underwriters;
2. all bidders had an equal opportunity to bid;
3. the Town received bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
4. the Town awarded the sale of the Notes to the bidder who submitted a firm offer to purchase the Notes at the highest price (or lowest interest cost), as set forth in this Notice of Sale.

Any bid submitted pursuant to this Notice of Sale shall be considered a firm offer for the purchase of the Notes, as specified in the bid. Unless a bidder notifies the Town prior to submitting its bid by contacting the Financial Advisor via telephone (617) 619-4400, or in its bid submitted via Parity, that it will not be an "underwriter" (as defined below) of the Notes, by submitting its bid, each bidder shall be deemed to confirm that it has an established industry reputation for underwriting new issuances of municipal bonds. Unless the bidder has notified the Town that it will not be an "underwriter" (as defined below) of the Notes, in submitting a bid, each bidder is deemed to acknowledge that it is an "underwriter" that intends to reoffer the Notes to the public.

In the event that the competitive sale requirements are not satisfied, the Town shall so advise the successful bidder.

Failure to Meet the Competitive Sale Requirements – Option A – The Successful Bidder Intends to Reoffer the Notes to the Public and the 10% Test to Apply. If the competitive sale requirements are not satisfied and the successful bidder intends to reoffer the Notes to the public, the Successful Bidder may, at its option use the first price at which 10% of the

Notes (the "10% test") is sold to the public as the issue price of the Notes. The successful bidder shall advise the Financial Advisor if the 10% test is satisfied as of the date and time of the award of the Notes. The Town will not require bidders to comply with the "hold-the-offering-price rule" set forth in the applicable Treasury Regulations and therefore does not intend to use the initial offering price to the public as of the Sale Date as the issue price of the Notes if the competitive sale requirements are not met and this option is chosen.

If the competitive sale requirements are not satisfied, then until the 10% test has been satisfied as to Notes or all of the Notes are sold to the public, the successful bidder agrees to promptly report to the Financial Advisor the prices at which the unsold Notes have been sold to the public, which reporting obligation shall continue, whether or not the Closing Date has occurred, until the 10% test has been satisfied for the Notes or until all the Notes have been sold. The successful bidder shall be obligated to report each sale of Notes to the Financial Advisor until notified in writing by the Town or the Financial Advisor that it no longer needs to do so.

By submitting a bid and if the competitive sale requirements are not met, each bidder confirms that: (i) any agreement among underwriters, any selling group agreement and each third-party distribution agreement (to which the bidder is a party) relating to the initial sale of the Notes to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such third-party distribution agreement, as applicable, to report the prices at which it sells to the public the unsold Notes allotted to it until it is notified by the successful bidder that either the 10% test has been satisfied as to the Notes or all of the Notes have been sold to the public, if and for so long as directed by the successful bidder and as set forth in the related pricing wires and (ii) any agreement among underwriters relating to the initial sale of the Notes to the public, together with the related pricing wires, contains or will contain language obligating each underwriter that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Notes to the public to require each broker-dealer that is a party to such third-party distribution agreement to report the prices at which it sells to the public the unsold Notes allotted to it until it is notified by the successful bidder or such underwriter that either the 10% test has been satisfied as to the Notes or that all of the Notes have been sold to the public if and for so long as directed by the successful bidder or such underwriter and as set forth in the related pricing wires.

Sales of any Notes to any person that is a related party to an underwriter shall not constitute sales to the public for purposes of this Notice of Sale. Further, for purposes of this Notice of Sale:

1. "public" means any person other than an underwriter or a related party,
2. "underwriter" means (A) any person, including the successful bidder, that agrees pursuant to a written contract with the Town (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Notes to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Notes to the public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Notes to the public), and
3. a purchaser of any of the Notes is a "related party" to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).

Failure to Meet the Competitive Sale Requirements — Option B — The Successful Bidder Intends to Reoffer the Notes to the Public and Agrees to Hold the Price of Maturities of Notes for Which the 10% Test in Option A Is Not Met as of the Sale Date. The successful bidder may, at its option, notify the Financial Advisor in writing, which may be by email (the "Hold the Price Notice"), not later than 4:00 p.m. on the Sale Date, that it has not sold 10% of the Notes listed in the Hold the Price Notice (the "Unsold Maturities") and that the successful bidder will not offer the Unsold Maturities to any person at a price that is higher than the initial offering price to the public during the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date or (ii) the date on which the successful bidder has sold at least 10% of the applicable Unsold Maturity to the public at a price that is no higher than the initial offering price to the public. If the successful bidder delivers a Hold the Price Notice to the Financial Advisor, the successful bidder must provide to the Town on or before the Closing Date, in addition to the certification described in Option A above, evidence that each underwriter of the Notes, including underwriters in an underwriting syndicate or

selling group, has agreed in writing to hold the price of the Unsold Maturities in the manner described in the preceding sentence.

Failure to Meet the Competitive Sale Requirements and/or the Successful Bidder Does Not Intend to Reoffer the Notes to the Public – Option C. If the successful bidder has purchased the Notes for its own account and will not distribute or resell the Notes to the public, then, whether or not the competitive sale requirements were met, the issue price certificate will recite such facts and identify the price or prices at which the purchase of the Notes was made.

Other Matters

The successful bidder for the Notes will be furnished the opinion of Locke Lord LLP, Boston, Massachusetts approving the legality of the Notes. The opinion will also indicate that the Notes and the enforceability thereof may be subject to bankruptcy and other laws affecting creditor's rights and that their enforceability may be subject to the exercise of judicial discretion in appropriate cases. The Notes will be valid and binding general obligations of the Town of West Newbury, Massachusetts and unless paid from the bond proceeds in anticipation of which they are issued or from other sources, are payable as to both principal and interest from taxes which may be levied upon all the property within the territorial limits of the Town and taxable by it, subject to the limit imposed by Chapter 59, Section 21C of the General Laws.

It is anticipated that CUSIP identification numbers will be printed on the Notes. The Town assumes no responsibility for any CUSIP Service Bureau charge or other charge that may be imposed for the assignment of such numbers.

In order to assist bidders in complying with the requirements of paragraph (b)(5)(i)(C) of Rule 15c2-12 promulgated by the Securities and Exchange Commission, the Town will undertake to provide notices of certain significant events. A description of this undertaking is set forth in the Preliminary Official Statement.

THE NOTES WILL BE DESIGNATED AS “QUALIFIED TAX-EXEMPT OBLIGATIONS” FOR PURPOSES OF SECTION 265(b)(3) OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED.

Additional information concerning the Town and the Notes is contained in the Preliminary Official Statement dated June 13, 2023 to which prospective bidders are directed. The Preliminary Official Statement is provided for informational purposes and is not a part of this Notice of Sale. The Preliminary Official Statement has been deemed final by the Town except for the omission of the reoffering prices, interest rates, and other terms of the Notes depending on such matters, and the identity of the underwriters, but is subject to change without notice and to completion or amendment in a Final Official Statement. Copies of the Preliminary Official Statement may be obtained from Hilltop Securities Inc., 54 Canal Street, Boston, Massachusetts, 02114 telephone (617-619-4400). Within seven (7) business days following the award of the Notes and receipt of necessary information from the successful bidder, five (5) copies of the Final Official Statement will be made available to the successful bidder. Upon request, additional copies will be provided at the expense of the requester.

The Notes, in definitive form, will be delivered to DTC or the office of its custodial agent, or to the registered owner if a fully registered certificate or certificates is requested by a successful bidder and approved by the Town, on or about July 12, 2023 for credit to the Town in federal reserve funds.

TOWN OF WEST NEWBURY, MASSACHUSETTS
/s/ Kaitlin Gilbert, Treasurer

June 13, 2023

[Issue Price Certificate for Use If the Competitive Sale Requirements Are Met]

Town of West Newbury, Massachusetts
\$1,020,000 General Obligation Bond Anticipation Notes dated July 12, 2023

ISSUE PRICE CERTIFICATE AND RECEIPT

The undersigned, on behalf of _____ (the "Successful Bidder"), hereby certifies as set forth below with respect to the sale of the above-captioned obligations (the "Notes") of the Town of West Newbury, Massachusetts (the "Issuer").

1. Reasonably Expected Initial Offering Prices.

(a) As of the Sale Date, the reasonably expected initial offering prices of the Notes to the Public by the Successful Bidder are the prices listed in Schedule A (the "Expected Offering Prices"). The Expected Offering Prices are the prices for the Maturities of the Notes used by the Successful Bidder in formulating its bid to purchase the Notes. Attached as Schedule B is a true and correct copy of the bid provided by the Successful Bidder to purchase the Notes.

(b) The Successful Bidder was not given the opportunity to review other bids prior to submitting its bid.

(c) The bid submitted by the Successful Bidder constituted a firm offer to purchase the Notes.

2. Defined Terms.

(a) *Maturity* means Notes with the same credit and payment terms. Notes with different maturity dates, or Notes with the same maturity date but different stated interest rates, are treated as separate Maturities.

(b) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(c) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Notes. The Sale Date of the Notes is June 20, 2023.

(d) *Underwriter* means (i) any person, including the Successful Bidder, that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Notes to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Notes to the Public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Notes to the Public).

3. **Receipt.** The Successful Bidder hereby acknowledges receipt of the Notes and further acknowledges receipt of all certificates, opinions, and other documents required to be delivered to the Successful Bidder, before or simultaneously with the Notes, which certificates, opinions, and other documents are satisfactory to the Successful Bidder.

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Successful Bidders interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the Notes, and by Locke Lord LLP in connection with rendering its opinion that the interest on the Notes is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Notes.

Dated: _____, 2023

[NAME OF SUCCESSFUL BIDDER]

By: _____

Name:

Title:

SCHEDULE A
EXPECTED OFFERING PRICES
(To Be Attached)

SCHEDULE B
COPY OF SUCCESSFUL BIDDER'S BID
(To Be Attached)

[Issue Price Certificate for Use If the Competitive Sale Requirements Are Not Met and the 10% Test to Apply]

**Town of West Newbury, Massachusetts
\$1,020,000 General Obligation Bond Anticipation Notes dated July 12, 2023**

ISSUE PRICE CERTIFICATE AND RECEIPT

The undersigned, on behalf of _____, (the “[Successful Bidder][Representative]”), on behalf of itself [and [NAMES OF OTHER UNDERWRITERS]] hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the “Notes”) of the Town of West Newbury, Massachusetts (the “Issuer”).

1. Sale of the Notes. As of the date of this certificate, [except as set forth in the following paragraph,] for each Maturity of the Notes, the first price at which at least 10% of such Maturity of the Notes was sold to the Public is the respective price listed in Schedule A.

[Only use the next paragraph if the 10% test has not been met or all of the Notes have not been sold for one or more Maturities of Notes as of the Closing Date.]

For each Maturity of the Notes as to which no price is listed in Schedule A, as set forth in the Notice of Sale for the Notes, until at least 10% of each such Maturity of the Notes is sold to the Public (the “10% test”) or all of the Notes are sold to the Public, the [Successful Bidder][Representative] agrees to promptly report to the Issuer’s financial advisor, Hilltop Securities Inc. (the “Financial Advisor”) the prices at which the unsold Notes of each Maturity have been sold to the Public, which reporting obligation shall continue after the date hereof until the 10% test has been satisfied for each Maturity of the Notes or until all the Notes of a Maturity have been sold. The [Successful Bidder][Representative] shall continue to report each sale of Notes to the Financial Advisor until notified by email or in writing by the Issuer or the Financial Advisor that it no longer needs to do so.

2. Defined Terms.

(a) *Maturity* means Notes with the same credit and payment terms. Notes with different maturity dates, or Notes with the same maturity date but different stated interest rates, are treated as separate Maturities.

(b) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(c) *Underwriter* means (i) any person, including the [Successful Bidder][Representative], that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Notes to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Notes to the Public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Notes to the Public).

3. Receipt. The [Successful Bidder][Representative] hereby acknowledges receipt of the Notes and further acknowledges receipt of all certificates, opinions, and other documents required to be delivered to the [Successful Bidder][Representative], before or simultaneously with the Notes, which certificates, opinions, and other documents are satisfactory to the [Successful Bidder][Representative].

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the [Successful Bidder][Representative]’s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the Notes, and by Locke Lord LLP in connection with rendering its opinion that the interest on the Notes is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Notes.

Dated: _____, 2023

[SUCCESSFUL BIDDER][REPRESENTATIVE]

By: _____
Name:
Title:

SALE PRICES
(To be Attached)

[Issue Price Certificate for Use If the Competitive Sale Requirements Are Not Met and the Hold the Price Rule Is Used]

**Town of West Newbury, Massachusetts
\$1,020,000 General Obligation Bond Anticipation Notes dated July 12, 2023**

ISSUE PRICE CERTIFICATE AND RECEIPT

The undersigned, on behalf of _____ (the (“[Successful Bidder][Representative]”), on behalf of itself [and [NAMES OF OTHER UNDERWRITERS]]hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the “Notes”) of the Town of West Newbury, Massachusetts (the “Issuer”).

1. Sale of the Notes. As of the date of this certificate, [except as set forth in following paragraph,] for each Maturity of the Notes, the first price at which at least 10% of such Maturity of the Notes was sold to the Public is the respective price listed in Schedule A.

[Only use the next paragraph if the 10% test has not been met as of the Sale Date.]

For each Maturity of the Notes as to which no price is listed in Schedule A (the “Unsold Maturities”), as set forth in the Notice of Sale for the Notes, the [Successful Bidder][Representative] and any other Underwriter did not [and will not] reoffer the Unsold Maturities to any person at a price that is higher than the initial offering price to the Public until the earlier of (i) _____, 2023 or (ii) the date on which the [Successful Bidder][Representative] or any other Underwriter sold at least 10% of each Unsold Maturity at a price that is no higher than the initial offering price to the Public.

2. Defined Terms.

(a) *Maturity* means Notes with the same credit and payment terms. Notes with different maturity dates, or Notes with the same maturity date but different stated interest rates, are treated as separate Maturities.

(b) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(c) *Underwriter* means (i) any person, including the [Successful Bidder][Representative], that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Notes to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Notes to the Public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Notes to the Public).

3. Receipt. The [Successful Bidder][Representative] hereby acknowledges receipt of the Notes and further acknowledges receipt of all certificates, opinions and other documents required to be delivered to the [Successful Bidder][Representative], before or simultaneously with the delivery of the Notes, which certificates, opinions and other documents are satisfactory to the [Successful Bidder][Representative].

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the [Successful Bidder's][Representative's] interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the Notes, and by Locke Lord LLP in connection with rendering its opinion that the interest on the Notes is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Notes.

Dated: _____, 2023

[SUCCESSFUL BIDDER][REPRESENTATIVE]

By: _____
Name:
Title:

SCHEDULE A
SALE PRICES
(To be Attached)

**PRELIMINARY OFFICIAL STATEMENT
TOWN OF WEST NEWBURY, MASSACHUSETTS
\$1,020,000 GENERAL OBLIGATION BOND ANTICIPATION NOTES**

This Preliminary Official Statement is provided for the purpose of presenting certain information relating to the Town of West Newbury, Massachusetts (the "Town") in connection with the sale of \$1,020,000 principal amount of its General Obligation Bond Anticipation Notes (the "Notes"). The information contained herein has been furnished by the Town except information attributed to another source.

Description of the Notes

The Notes will be dated July 12, 2023 and will be payable by U.S. Bank Trust Company, National Association, Boston, Massachusetts, or its successor, as Paying Agent, on July 12, 2024. The Notes are not subject to redemption prior to their stated maturity date. The Notes will bear interest payable at maturity, calculated on a 30 day-month/360 day-year basis (360/360), at the rate determined upon their sale in accordance with the Notice of Sale dated June 13, 2023. The Notes will be issued by means of a book-entry system evidencing ownership of the Notes in principal amounts of \$1,000, or integral multiples thereof, with transfers of ownership effected on the records of The Depository Trust Company (DTC) and its participants pursuant to the rules and procedures adopted by DTC, unless the delivery of a fully registered note certificate is requested by the winning bidder and the issuance of such certificate is approved by the Town. See "Book-Entry Transfer System" herein.

Authorization of the Notes and Use of Proceeds

The following table sets forth the purpose, principal amount, amount authorized, statutory reference, date of approval, and article numbers for the current offering of Notes. Proceeds for the project may be transferred or re-appropriated to other capital projects to the extent projects are completed or abandoned and such proceeds remain unspent.

This Issue	Purpose	Total Amount Authorized	Bond Anticipation Notes Outstanding	M.G.L. Chapter Statutory Reference	Date Authorized
\$ 1,020,000	Water Tank - Wellfield No.1	\$ 1,100,000	\$ 1,060,000 (1)	Ch.44, s.8(4)	4/29/2019
<u>\$ 1,020,000</u>			<u>\$ 1,060,000</u>		

(1) This issue, along with \$40,000 of revenue funds, will renew bond anticipation notes maturing July 13, 2023.

The Town anticipates that the Notes will be retired at maturity from proceeds from the sale of the long-term bonds in anticipation of which the Notes are issued, proceeds from the sale of renewal bond anticipation notes and other available funds of the Town, or a combination of such sources. The ability of the Town to retire the Notes from the proceeds of the sale of either renewal notes or long-term bonds will be dependent on the marketability of such notes or long-term bonds under market conditions prevailing at the time they are offered for sale, which are subject to change due to factors beyond the control of the Town, such as the COVID-19 pandemic.

Tax Exemption

In the opinion of Locke Lord LLP, Bond Counsel to the Town ("Bond Counsel"), based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, compliance with certain covenants, interest on the Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). Bond Counsel is of the further opinion that interest on the Notes will not be included in computing the alternative minimum taxable income of Noteholders who are individuals. For tax years beginning after December 31, 2022, however, interest on the Notes will be included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. The Notes will be designated as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code. Bond Counsel expresses no opinion regarding any other federal tax consequences arising with respect to the ownership or disposition of, or the accrual or receipt of interest on the Notes.

The Code imposes various requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Notes. Failure to comply with these requirements may result in interest on the Notes being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Notes.

The Town has covenanted to comply with such requirements to ensure that interest on the Notes will not be included in federal gross income. The opinion of Bond Counsel assumes compliance with these requirements.

Bond Counsel is also of the opinion that, under existing law, interest on the Notes is exempt from Massachusetts personal income taxes, and the Notes are exempt from Massachusetts personal property taxes. Bond Counsel has not opined as to other Massachusetts tax consequences arising with respect to the Notes. Prospective Noteholders should be aware, however, that the Notes are included in the measure of Massachusetts estate and inheritance taxes, and the Notes and the interest thereon are included in the measure of certain Massachusetts corporate excise and franchise taxes. Bond Counsel expresses no opinion as to the taxability of the Notes or the income therefrom or any other tax consequences arising with respect to the Notes under the laws of any state other than Massachusetts.

To the extent the issue price of any maturity of the Notes is less than the amount to be paid at maturity of such Notes (excluding amounts stated to be interest and payable at least annually over the term of such Notes), the difference constitutes "original issue discount," the accrual of which, to the extent properly allocable to each owner thereof, is treated as interest on the Notes which is excluded from gross income for federal income tax purposes and is exempt from Massachusetts personal income taxes. For this purpose, the issue price of a particular maturity of the Notes is either the reasonably expected initial offering price to the public or the first price at which a substantial amount of such maturity of the Notes is sold to the public, as applicable. The original issue discount with respect to any maturity of the Notes accrues daily over the term to maturity of such Notes on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Notes to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Notes. Noteholders should consult their own tax advisors with respect to the tax consequences of ownership of Notes with original issue discount, including the treatment of purchasers who do not purchase such Notes in the original offering to the public at the reasonably expected initial offering price or, if applicable, the first price at which a substantial amount of such Notes is sold to the public.

Notes purchased, whether at original issuance or otherwise, for an amount greater than the stated principal amount to be paid at maturity of such Notes, or, in some cases, at the earlier redemption date of such Notes ("Premium Notes"), will be treated as having amortizable note premium for federal income tax purposes and Massachusetts personal income tax purposes. No deduction is allowable for the amortizable note premium in the case of obligations, such as the Premium Notes, the interest on which is excluded from gross income for federal income tax purposes. However, a Noteholder's basis in a Premium Note will be reduced by the amount of amortizable note premium properly allocable to such Noteholder. Holders of Premium Notes should consult their own tax advisors with respect to the proper treatment of amortizable note premium in their particular circumstances.

Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Notes may adversely affect the value of, or the tax status of interest on, the Notes.

Although Bond Counsel is of the opinion that interest on the Notes is excluded from gross income for federal income tax purposes and is exempt from Massachusetts personal income taxes, the ownership or disposition of, or the accrual or receipt of interest on, the Notes may otherwise affect the federal or state tax liability of a Noteholder. Among other possible consequences of ownership or disposition of, or the accrual or receipt of interest on, the Notes, the Code requires recipients of certain social security and certain railroad retirement benefits to take into account receipts or accruals of interest on the Notes in determining the portion of such benefits that are included in gross income. The nature and extent of all such other tax consequences will depend upon the particular tax status of the Noteholder or the Noteholder's other items of income, deduction, or exclusion. Bond Counsel expresses no opinion regarding any such other tax consequences, and Noteholders should consult with their own tax advisors with respect to such consequences.

Risk of Future Legislative Changes and/or Court Decisions

Legislation affecting tax-exempt obligations is regularly considered by the United States Congress and may also be considered by the Massachusetts legislature. Court proceedings may also be filed, the outcome of which could modify the tax treatment of obligations such as the Notes. There can be no assurance that legislation enacted or proposed, or actions by a court, after the date of issuance of the Notes will not have an adverse effect on the tax status of interest on the Notes or the market value or marketability of the Notes. These adverse effects could result, for example, from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), or repeal (or reduction in the benefit) of the exclusion of interest on the Notes from gross income for federal or state income tax purposes for all or certain taxpayers.

Additionally, Noteholders should be aware that future legislative actions (including federal income tax reform) may retroactively change the treatment of all or a portion of the interest on the Notes for federal income tax purposes for all or certain taxpayers. In all such events, the market value of the Notes may be affected and the ability of Noteholders to sell their Notes in the secondary market may be reduced. The Notes are not subject to special mandatory redemption, and the interest rate on the Notes is not subject to adjustment, in the event of any such change in the tax treatment of interest on the Notes.

Investors should consult their own financial and tax advisors to analyze the importance of these risks.

Book-Entry Transfer System

This section shall apply to Notes issued in book-entry form through the facilities of The Depository Trust Company, New York, NY (“DTC”).

DTC will act as securities depository for the Notes. The Notes will be issued in fully-registered form registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered Note certificate will be issued for each interest rate, each in the aggregate principal amount bearing such interest rate, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a rating of AA+ from S&P Global Ratings. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of securities deposited with DTC must be made by or through Direct Participants, which will receive a credit for the Notes on DTC’s records. The ownership interest of each actual purchaser of each security deposited with DTC (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the securities deposited with DTC are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the securities deposited with DTC, except in the event that use of the book-entry system for such securities is discontinued.

To facilitate subsequent transfers, all Notes deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the securities deposited with it; DTC’s records reflect only the identity of the Direct Participants to whose accounts such securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Notes unless authorized by a Direct Participant in accordance with DTC’s MMI Procedures. Under its usual procedures, DTC mails an Omnibus

Proxy to the Town as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Town or the Paying Agent, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC (nor its nominee), the Town or the Paying Agent, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Town or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Notes at any time by giving reasonable notice to the Town or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, physical certificates are required to be printed and delivered.

The Town may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, physical certificates will be printed and delivered to Beneficial Owners.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Town believes to be reliable, but the Town takes no responsibility for the accuracy thereof.

Security and Remedies

Full Faith and Credit. General obligation bonds and notes of a Massachusetts city or town constitute a pledge of its full faith and credit. Payment is not limited to a particular fund or revenue source. Except for "qualified bonds" as described below (see "*Serial Bonds and Notes*" under "TYPES OF OBLIGATIONS") and setoffs of state distributions as described below (see "*State Distributions*" below), no provision is made by the Massachusetts statutes for priorities among bonds and notes and other general obligations, although the use of certain moneys may be restricted.

Tax Levy. The Massachusetts statutes direct the municipal assessors to include annually in the tax levy for the next fiscal year "all debt and interest charges matured and maturing during the next fiscal year and not otherwise provided for [and] all amounts necessary to satisfy final judgments". Specific provision is also made for including in the next tax levy payments of rebate amounts not otherwise provided for and payment of notes in anticipation of federal or state aid, if the aid is no longer forthcoming.

The total amount of a tax levy is limited by statute. However, the voters in each municipality may vote to exclude from the limitation any amounts required to pay debt service on indebtedness incurred before November 4, 1980. Local voters may also vote to exempt specific subsequent bond issues from the limitation. (See "*Tax Limitations*" Under "PROPERTY TAXATION" below.) In addition, obligations incurred before November 4, 1980 may be constitutionally entitled to payment from taxes in excess of the statutory limit.

No Lien. Except for taxes on the increased value of certain property in designated development districts which may be pledged for the payment of debt service on bonds issued to finance economic development projects within such districts, no provision is made for a lien on any portion of the tax levy or any other moneys to secure particular bonds or notes or bonds and notes generally (or judgments on bonds or notes) in priority to other claims. Provision is made, however, for borrowing to pay judgments, subject to the General Debt Limit. (See "DEBT LIMITS" below.) Upon certification by the city solicitor or town council that no appeal can or will be taken, or as otherwise required by a municipality's charter, ordinances, or by-laws, judgments may also be paid from available funds without appropriation and included in the next tax levy unless other provision is made. Any such payments shall be reported to the city or town's assessors by the city or town's auditor or accountant (or other officer having similar duties). The assessors shall include amounts of such payments in the aggregate appropriations assessed in the determination of the next subsequent annual tax rate

Court Proceedings. Massachusetts cities and towns are subject to suit on their general obligation bonds and notes and courts of competent jurisdiction have power in appropriate proceedings to order payment of a judgment on the bonds or notes from lawfully available funds or, if necessary, to order the city or town to take lawful action to obtain the required money, including the raising of it in the next annual tax levy, within the limits prescribed by law. (See "*Tax Limitations*" under "PROPERTY TAXATION" below.) In exercising their discretion as to whether to enter such an order, the courts could take into account all relevant factors including the current operating needs of the city or town and the availability and adequacy of other remedies. The Massachusetts Supreme Judicial Court has stated in the past that a judgment against a municipality can be enforced by

the taking and sale of the property of any inhabitant. However, there has been no judicial determination as to whether this remedy is constitutional under current due process and equal protection standards.

Restricted Funds. Massachusetts statutes also provide that certain water, gas and electric, community antenna television system, telecommunications, sewer, parking meter and passenger ferry fee, community preservation and affordable housing receipts may be used only for water, gas and electric, community antenna television system, telecommunications, sewer, parking, mitigation of ferry service impacts, community preservation and affordable housing and related purposes, respectively; accordingly, moneys derived from these sources may be unavailable to pay general obligation bonds and notes issued for other purposes. A city or town that accepts certain other statutory provisions may establish an enterprise fund for a utility, health care, solid waste, recreational or transportation facility and for police or fire services; under those provisions any surplus in the fund is restricted to use for capital expenditures or reduction of user charges. In addition, subject to certain limits, a city or town may annually authorize the establishment of one or more revolving funds in connection with use of certain revenues for programs that produce those revenues; interest earned on a revolving fund is treated as general fund revenue. A city or town may also establish an energy revolving loan fund to provide loans to owners of privately held property in the city or town for certain energy conservation and renewable energy projects and may borrow to establish such a fund. The loan repayments and interest earned on the investment of amounts in the fund shall be credited to the fund. Also, the annual allowance for depreciation of a gas and electric plant or a community antenna television and telecommunications system is restricted to use for plant or system renewals and improvements, for nuclear decommissioning costs, and costs of contractual commitments, or, with the approval of the State Department of Telecommunications and Energy, to pay debt incurred for plant or system reconstruction or renewals. Revenue bonds and notes issued in anticipation of them may be secured by a prior lien on specific revenues. Receipts from industrial users in connection with industrial revenue financings are also not available for general municipal purposes.

State Distributions. State grants and distributions may in some circumstances be unavailable to pay general obligation bonds and notes of a city or town in that the State Treasurer is empowered to deduct from such grants and distributions the amount of any debt service paid on "qualified bonds" (See "*Serial Bonds and Notes*" under "TYPES OF OBLIGATIONS" below) and any other sums due and payable by the city or town to the Commonwealth or certain other public entities, including any unpaid assessments for costs of any public transportation authority (such as the Massachusetts Bay Transportation Authority or a regional transit authority) of which it is a member, for costs of the Massachusetts Water Resources Authority if the city or town is within the territory served by the Authority, or for charges necessary to meet obligations under the Commonwealth's Clean Water and Drinking Water Revolving Loan Programs, including such charges imposed by another local governmental unit that provides wastewater collection or treatment services or drinking water services to the city or town.

If a city or town is (or is likely to be) unable to pay principal or interest on its bonds or notes when due, it is required to notify the State Commissioner of Revenue. The Commissioner shall in turn, after verifying the inability, certify the inability to the State Treasurer. The State Treasurer shall pay the due or overdue amount to the paying agent for the bonds or notes, in trust, within three days after the certification or one business day prior to the due date (whichever is later). This payment is limited, however, to the estimated amount otherwise distributable by the Commonwealth to the city or town during the remainder of the fiscal year (after the deductions mentioned in the foregoing paragraph). If for any reason any portion of the certified sum has not been paid at the end of the fiscal year, the State Treasurer shall pay it as soon as practicable in the next fiscal year to the extent of the estimated distributions for that fiscal year. The sums so paid shall be charged (with interest and administrative costs) against the distributions to the city or town.

The foregoing does not constitute a pledge of the faith and credit of the Commonwealth. The Commonwealth has not agreed to maintain existing levels of state distributions, and the direction to use estimated distributions to pay debt service may be subject to repeal by future legislation. Moreover, adoption of the annual appropriation act has sometimes been delayed beyond the beginning of the fiscal year and estimated distributions which are subject to appropriation may be unavailable to pay local debt service until they are appropriated.

Bankruptcy. Enforcement of a claim for payment of principal or interest on general obligation bonds or notes would be subject to the applicable provisions of federal bankruptcy laws and to the provisions of other statutes, if any, hereafter enacted by the Congress or the State legislature extending the time for payment or imposing other constraints upon enforcement insofar as the same may be constitutionally applied. Massachusetts municipalities are not currently authorized by the Massachusetts General Laws to file a petition for bankruptcy under federal bankruptcy laws. In cases involving significant financial difficulties faced by a single city, town or regional school district, however, the Commonwealth has enacted special legislation to permit the appointment of a fiscal overseer, finance control board or, in the most extreme cases, a state receiver. In a limited number of these situations, such special legislation has also authorized the filing of federal bankruptcy proceedings, with the prior approval of the Commonwealth. In each case where such authority was granted, it expired at the termination of the Commonwealth's oversight of the financially distressed city, town or regional school district. To date, no such filings have been approved or made.

Bank Eligibility

The Notes will be designated as “qualified tax-exempt obligations” for purposes of Section 265(b)(3) of the Code.

Opinion of Bond Counsel

The purchaser will be furnished the legal opinion of the firm of Locke Lord LLP, Bond Counsel to the Town. The opinion will be dated and given on and will speak only as of the date of original delivery of the Notes to the successful bidder.

Other than as to matters expressly set forth herein as the opinion of Bond Counsel, Bond Counsel is not passing upon and does not assume any responsibility for the accuracy or adequacy of the statements made in this Official Statement and makes no representation that they have independently verified the same.

Financial Advisory Services of Hilltop Securities Inc.

Hilltop Securities Inc., Boston, Massachusetts, serves as financial advisor to the Town.

Disclosure of Significant Events

In order to assist underwriters in complying with the requirements of paragraph (b)(5)(i)(C) of Rule 15c2-12 promulgated by the Securities and Exchange Commission (the “Rule”) applicable to municipal securities having a stated maturity of 18 months or less, the Town will covenant for the benefit of the owners of the Notes to file with the Municipal Securities Rulemaking Board (the “MSRB”), notices of the occurrence of any of the following events with respect to the Notes within ten business days of such occurrence: (a) principal and interest payment delinquencies; (b) non-payment related defaults, if material; (c) unscheduled draws on debt service reserves reflecting financial difficulties; (d) unscheduled draws on credit enhancements reflecting financial difficulties; (e) substitution of credit or liquidity providers, or their failure to perform; (f) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determination of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Notes, or other material events affecting the tax status of the Notes; (g) modifications to rights of owners of the Notes, if material; (h) bond calls, if material, and tender offers; (i) defeasances; (j) release, substitution or sale of property securing the repayment of the Notes, if material; (k) ratings changes on the Notes; (l) bankruptcy, insolvency, receivership or similar event of the Town; (m) the consummation of a merger, consolidation, or acquisition involving the Town or the sale of all or substantially all of the assets of the Town, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (n) appointment of a successor or additional trustee or the change of name of a trustee, if material; (o) incurrence of a financial obligation of the Town, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Town, any of which affect Owners of the Notes, if material; and (p) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Town, any of which reflect financial difficulties.

The covenant will be included in a Significant Events Disclosure Certificate to be executed by the signers of the Notes and incorporated by reference in the Notes. The sole remedy available to the owners of the Notes for the failure of the Town to comply with any provision of the certificate shall be an action for specific performance of the Town’s obligations under the certificate and not for money damages; no other person shall have any right to enforce any provision of the certificate.

In the past five years, the Town believes it has complied, in all material respects, with its previous undertakings to provide annual reports or notices of significant events in accordance with the Rule.

TOWN OF WEST NEWBURY, MASSACHUSETTS

General

The Town of West Newbury, Massachusetts (the "Town") is located in Essex County about 40 miles north of Boston. It is bordered by Newburyport on the east, Newbury and Groveland on the south, separated from Haverhill by the Merrimack River on the west, and separated from Merrimac and Amesbury by the Merrimack River on the north. West Newbury has a population of 4,500 according to the 2020 Federal Census and occupies a land area of 13.9 square miles. Incorporated as a town in 1819, West Newbury is governed by a Town Manager form of government.

The following table sets forth the principal executive officers of the Town.

PRINCIPAL TOWN OFFICIALS

<u>Title</u>	<u>Name</u>	<u>Selection/Term</u>	<u>Term Expires</u>
Select Board Member	David Archibald	Elected/3 years	2023
Select Board Member	Richard Parker	Elected/3 years	2025
Select Board Member	Wendy Reed	Elected/3 years	2024
Treasurer	Kaitlin Gilbert	Appointed/1 year	2023
Town Accountant	Jennifer Walsh	Appointed/3 years	2025
Town Clerk	James Blatchford	Appointed/1 year	2023
Town Counsel	Timothy Zessin	Appointed/1 year	2023
Town Manager	Angus Jennings	Appointed/3 years	2026

Municipal Services

The Town provides governmental services for the territory within its boundaries, including police and fire protection, facilities for the disposal of rubbish, water, street maintenance, parks and recreational facilities. Public education in grades kindergarten through twelve is provided by the Pentucket Regional School District, while vocational and technical education in grades 9-12 is provided by the Whittier Regional Vocational Technical High School. The West Newbury Housing Authority provides limited housing for the elderly and low income residents of West Newbury.

The West Newbury Water Department was established in 1936 as a self-supporting entity and is accounted for in the Town's water enterprise fund. Approximately 62% of the Town is served by the Department. The Town purchases water from the City of Newburyport. Water rates charged by the Water Department are sufficient to cover the costs of the water, operating expenses and debt service of the Water Department (see "TOWN FINANCES-Revenues Water Rates and Services").

Corona Virus (COVID-19)

COVID-19 is a respiratory disease caused by a novel coronavirus that has not previously been seen in humans. On March 10, 2020, the Governor of The Commonwealth of Massachusetts declared a state of emergency to support the Commonwealth's response to the outbreak of the virus. On March 11, 2020 the World Health Organization declared COVID-19 a pandemic. On March 13, 2020, the President declared a national emergency due to the outbreak, which has enabled disaster funds to be made available to states to fight the pandemic. The Governor has removed the remaining COVID-19 restrictions and the state of emergency in The Commonwealth expired on June 15, 2021.

In response to the COVID-19 pandemic, federal and state legislation was signed into law that provides various forms of financial assistance and other relief to state and local governments. For example, the U.S. Congress enacted the CARES Act which includes various forms of financial relief. The Town was eligible to receive up to \$413,595 from the CARES Act and to date has incurred \$145,405 in COVID expenses. In addition to CARES Act funding, the Town also received COVID-19 funding from FEMA in the amount of \$70,257.

Another action at the federal level was the American Rescue Plan Act of 2021 ("ARPA"). Among other provisions, ARPA provides \$350 billion to state and local governments to mitigate the fiscal disruptions created by the pandemic. Such funds may be used to replace revenues lost or reduced as a result of the pandemic and fund COVID-related costs, among other purposes. Through June 30, 2022, the Town had received a total allocation of \$1,409,047 of ARPA funds.

Pursuant to M.G.L. Chapter 44, Section 31, the Town can set up a fund specifically related to COVID-19 expenses. This fund can be used to capture all unbudgeted costs related to the COVID-19 pandemic and deficit spending for these costs,

including but not limited to, overtime, cleaning and medical supplies, and IT equipment would be allowed, with the approval of the Commonwealth’s Department of Revenue.

The virus, its variants and the resulting actions by national, state and local governments are altering the behavior of businesses and people in a manner that may have negative impacts on global and local economies. There can be no assurances regarding the extent to which COVID-19 will impact the national and state economies and, accordingly, how it will adversely impact municipalities, including the Town.

The Town did not find that the continuing impacts of COVID-19 affected the fiscal 2022 year-end operating results. Incremental costs incurred as a result of COVID-19 primarily affected fiscal years 2020 and 2021, and these costs were largely if not fully offset by CARES Act and FEMA funding. During fiscal year 2023, the Town undertook a process to allocate the ARPA funds it received toward eligible projects and expenses. The Town is prioritizing ARPA funds toward one-time expenses, with an emphasis on improvements to the public drinking water infrastructure.

Education

The Pentucket Regional School District, of which West Newbury is a member, provides public education for students enrolled in grades kindergarten through twelve. In addition, the Whittier Regional Vocational School District consisting of thirteen member communities, including West Newbury provides vocational and technical education for students enrolled in grades 9-12.

The table below sets forth the trend in public school enrollment of West Newbury students for the following years.

PUBLIC SCHOOL ENROLLMENTS - OCTOBER 1,

	Actual				
	2018	2019	2020	2021	2022
Elementary (K-6)	345	313	277	280	302
Junior High(7-8)	108	93	85	100	93
Senior High(9-12)	176	196	172	154	145
Totals (1)	629	602	534	534	540

(1) Does not include approximately 52 students in charter schools or other out of district placements.

Climate Resiliency

West Newbury is undertaking several concurrent efforts toward climate change preparedness/resiliency. The Town has been designated by the Commonwealth of Massachusetts as a Municipal Vulnerability Preparedness (MVP) community, expanding its eligibility for grants and technical assistance. The Town secured a \$50,000 funding commitment at Fall Town Meeting for the required local match for a grant it will pursue in the upcoming (2023) grant round to undertake a study of vulnerability of River Road to erosion due impacts of sea level rise on Merrimack River, and based on overland stormwater flows. The Town is working closely with the neighboring City of Newburyport regarding ongoing planning and capital improvements to ensure the resiliency of the local water supply (including a proposed increase in dam elevation, proposed installation of new sub-surface water pipeline, etc.). The Town is also undertaking a feasibility study of potential to add ground-mounted solar to up to 5 additional town-owned sites (in addition to current solar installations at the Page Elementary School and at the Public Works garage). The Town has added Electric Vehicle charging stations at Town Offices and the Page School. The Town has undertaken a Microgrid Feasibility Study regarding the Town Offices/Public Safety Complex. Town Meeting voters approved updates to the Flood Plain Bylaw in 2022 to reference the latest FEMA Flood Insurance Rate Maps and review standards. Also, the Town is engaged in a planning process to update its town-wide Hazard Mitigation Plan, with an expected completion in FY24.

Cybersecurity

The Town has not been targeted nor impacted by any cyber-attacks that have affected its assets, finances or operations. During calendar year 2022, town personnel participated in a Cyber Security Awareness Grant program through the Commonwealth of Massachusetts. In recent years, the Town has increased staff responsibilities for cyber security training and administration.

Industry and Commerce

West Newbury is a residential suburb of Boston. The following table lists the major categories of income and employment from 2017-2021.

Industry	Calendar Year Average				
	2017	2018	2019	2020	2021
Construction	43	47	53	52	52
Trade, Transportation and Utilities	42	41	44	37	39
Information	-	-	-	10	11
Financial Activities	17	18	18	21	30
Professional and Business Services	60	64	64	59	64
Education and Health Services	464	469	471	415	395
Leisure and Hospitality	-	-	21	18	-
Other Services	16	17	22	23	25
Total Employment	642	656	693	635	616
Number of Establishments	93	98	104	102	110
Average Weekly Wages	\$ 931	\$ 974	\$ 986	\$ 1,086	\$ 1,169
Total Wages	\$ 34,043,222	\$ 36,421,941	\$ 37,798,009	\$ 38,011,764	\$ 40,742,224

Source: Massachusetts Department of Education and Training. Data based upon place of employment, not place of residence. Due to the reclassification the U.S. Department of Labor now uses the North American Industry Classification System (NAICS) as the basis for the assignment and tabulation of economic data by industry.

Labor Force, Employment and Unemployment

According to the Massachusetts Department of Employment and Training preliminary data in March 2023, the Town had a total labor force of 2,515 of which 2,432 were employed and 83 or 3.3% were unemployed as compared to 3.9% for the Commonwealth of Massachusetts.

The following table sets forth the Town's average labor force and unemployment rates for calendar years 2018 through 2022 and also the unemployment rates for the Commonwealth of Massachusetts and the United States for the same period.

UNEMPLOYMENT RATES

Calendar Year	Town of West Newbury		Massachusetts	United States
	Labor Force	Unemployment Rate	Unemployment Rate	Unemployment Rate
2022	2,527	2.7 %	3.8 %	3.6 %
2021	2,523	3.6	5.7	5.4
2020	2,409	6.0	8.9	8.1
2019	2,545	1.9	2.8	3.7
2018	2,535	2.4	3.3	3.9

SOURCE: Mass. Department of Employment and Training, Federal Reserve Bank of Boston and U.S. Bureau of Labor Statistics. Data based upon place of residence, not place of employment. Monthly data for Town are unadjusted.

Building Permits

The table below sets forth the number of building permits issued and the estimated dollar value of new construction and alterations for the following fiscal years. Permits are filed for both private construction as well as for Town projects.

Fiscal Year	New Construction		Additions/Alterations		Total	
	Number	Value	Number	Value	Number	Value
2022	10	\$ 5,668,285	268	\$ 8,952,890	278	\$ 14,621,175
2021	12	3,381,311	285	9,658,015	297	13,039,326
2020	19	5,140,321	237	7,147,392	256	12,287,713
2019	30	8,558,318	252	4,516,713	282	13,075,031
2018	9	3,360,270	232	4,810,370	241	8,170,640

SOURCE: Report of the Building Inspector.

In addition to the building permits shown above, the Town issued three permits for the construction of a new Middle/High School, the construction of which is now underway. Three permits were issued for the single building because the permits were issued in phases. The total value of the new Middle/High School is \$146,123,410. This value is not reported in the table above because, as a public building, it will not generate new tax revenue. If that value and those three permits were included, the total number of permits issued in fiscal year 2020 would be 259 with a value of \$158,411,123.

Transportation and Utilities

The principal highways serving the Town are State Route 113 and Interstate 95. Interstate 495 is less than three miles from West Newbury. Established trucking lines provide competitive service locally and to long distance points. The Town is within commuting distance of the airport facilities of Boston's Logan International Airport.

Gas and telephone services are provided by established private utilities.

Population and Income

The following chart compares census year averages for the Town, the Commonwealth, and the United States.

	<u>West Newbury</u>	<u>Massachusetts</u>	<u>United States</u>
Median Age:			
2010	44.9	39.1	37.2
2000	39.6	36.5	35.3
1990	36.3	33.6	32.9
1980	32.0	31.2	30.0
Median Family Income:			
2010	\$135,568	\$81,165	\$51,144
2000	99,050	61,664	50,046
1990	60,381	44,367	35,225
1980	25,927	21,166	19,908
Per Capita Income:			
2010	\$49,485	\$33,966	\$27,334
2000	35,323	25,952	21,587
1990	20,450	17,224	14,420
1980	8,140	7,459	7,313

SOURCE: Federal Bureau of the Census.

On the basis of the 2020 Federal Census, the Town has a population density of approximately 323 persons per square mile.

POPULATION TRENDS

<u>2020</u>	<u>2010</u>	<u>2000</u>	<u>1990</u>	<u>1980</u>
4,500	4,235	4,149	3,421	2,861

SOURCE: Federal Census.

PROPERTY TAXATION

Tax Levy Computation

The principal revenue source of the Town is the tax on real and personal property. The amount to be levied in each year is the amount appropriated or required by law to be raised for municipal expenditures less estimated receipts from other sources and less appropriations voted from funds on hand. The total amount levied is subject to certain limits prescribed by law; for a description of those limits, see "Tax Limitations" below. The estimated receipts for a fiscal year from sources other than the property tax may not exceed the actual receipts during the preceding fiscal year from the same sources unless approved by the State Commissioner of Revenue. Excepting special funds the use of which is otherwise provided for by law, the deduction for appropriations voted from funds on hand for a fiscal year cannot exceed the "free cash" as of the beginning of the prior fiscal year as certified by the State Director of Accounts plus up to nine months' collections and receipts on account of earlier years' taxes after that date. Subject to certain adjustments, free cash is surplus revenue less uncollected overdue property taxes from earlier years. Although an allowance is made in the tax levy for abatements (see "Overlay" below) no reserve is generally provided for uncollectible real property taxes. Since some of the levy is inevitably not collected, this creates a cash deficiency which may or may not be offset by other items (See "Taxation to Meet Deficits").

The table below illustrates the manner in which the tax levy was determined for the following fiscal years.

TAX LEVY COMPUTATION

	Fiscal 2019	Fiscal 2020	Fiscal 2021	Fiscal 2022	Fiscal 2023
Total Appropriations(1)	\$17,667,271	\$18,832,692	\$19,849,773	\$21,818,586	\$20,354,948
Additions:					
State and County Assess.	7,378	80,191	82,578	84,268	84,882
Overlay Reserve	77,954	165,001	101,824	118,755	10,000
Other Additions	138,279	7,604	9,152	9,403	9,893
Total Additions	<u>223,611</u>	<u>252,796</u>	<u>193,554</u>	<u>212,426</u>	<u>104,775</u>
Gross Amount to be Raised	<u>17,890,882</u>	<u>19,085,488</u>	<u>20,043,327</u>	<u>22,031,011</u>	<u>20,459,723</u>
Deductions:					
Local Estimated Receipts:	2,663,930	3,444,559	3,302,401	4,025,005	3,095,692
State Aid(2):					
Current Year	382,276	387,119	391,732	410,121	438,821
Available Funds(3):					
Free Cash	563,620	296,100	289,275	1,131,206	542,532
Other	491,727	458,622	1,154,265	1,310,688	796,089
Free Cash & Other Funds used to reduce the Tax Rate	<u>-</u>	<u>-</u>	<u>-</u>	<u>200,000</u>	<u>250,000</u>
Total Deductions	<u>4,101,553</u>	<u>4,586,400</u>	<u>5,137,673</u>	<u>7,077,020</u>	<u>5,123,133</u>
Net Amount to be Raised (Tax Levy)	<u>\$13,789,329</u>	<u>\$14,499,088</u>	<u>\$14,905,654</u>	<u>\$14,953,991</u>	<u>\$15,336,589</u>

- (1) Includes annual appropriations from taxation voted subsequent to adoption of the annual budget but prior to setting the tax rate.
- (2) Estimated by the State Department of Revenue and required by law to be used in setting of the tax rate. Actual state aid payments may vary upward or downward from said estimates, and the State may withhold payments pending receipt of State and County assessments.
- (3) Transfers from available funds, including "Free Cash" (see "Free Cash"), generally made as an offset to a particular appropriation item.

Assessed Valuations and Tax Levies

Property is classified for the purpose of taxation according to its use. The legislature has in substance created four classes of taxable property: (1) residential real property, (2) open space land, (3) commercial and (4) industrial. Within limits, cities and towns are given the option of determining the share of the annual levy to be borne by each of the three categories. The share required to be borne by residential real property is at least 50 per cent of its share of the total taxable valuation; the effective rate for open space must be at least 75 per cent of the effective rate for residential real property; and the share of commercial, industrial and personal property must not exceed 175 percent of their share of the total valuation. A city or town may also exempt up to 35 percent of the valuation of residential real property (where used as the taxpayer's principal residence) and up to 10 percent of the valuation of commercial real property (where occupied by certain small businesses). Property may not be classified in a city or town until the State Commissioner of Revenue certifies that all property in the city or town has been assessed at its fair cash value. Such certification must take place every five years or pursuant to a revised schedule as may be issued by the Commissioner.

Related statutes provide that certain agricultural or horticultural land (assessed at the value it has for these purposes) and recreational land (assessed on the basis of its use at a maximum of 25 percent of its fair cash value) are all to be taxed at the rate applicable to commercial property.

A professional revaluation of all real and personal property in the Town to full and fair cash value was completed for use in fiscal 2020. The table below sets forth the trend in the Town's assessed valuations, tax rates, tax levies, and tax levies per capita.

Fiscal Year	Real Estate Valuation	Personal Property Valuation	Total Assessed Valuation	Tax Rate Per \$1,000 Valuation	Tax Levy	Tax Levy Per Capita(1)
2023	\$1,367,780,641	\$22,662,650	\$1,390,443,291	\$11.03	\$15,336,589	\$3,408
2022	1,127,859,771	21,563,080	1,149,422,851	13.01	14,953,991	3,323
2021	982,672,801	19,051,250	1,001,724,051	14.88	14,905,654	3,312
2020 (2)	961,841,231	15,904,090	977,745,321	14.42	14,099,088	3,133
2019	930,604,678	15,814,620	946,419,298	14.57	13,789,329	3,064

(1) Based on the 2020 Federal Census.

(2) Revaluation year.

Classification of Property

The following is a breakdown of the Town's assessed valuation in fiscal years 2021, 2022 and 2023.

Property Type	2021		2022		2023	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
Residential	\$972,156,346	97.0 %	\$1,115,586,363	97.1 %	\$1,353,610,071	97.4 %
Commercial	8,415,055	0.8	9,968,808	0.9	11,333,470	0.8
Industrial	2,101,400	0.2	2,304,600	0.2	2,837,100	0.2
Personal	19,051,250	1.9	21,563,080	1.9	22,662,650	1.6
Total	\$1,001,724,051	100.0 %	\$1,149,422,851	100.0 %	\$1,390,443,291	100.0 %

(1) Revaluation year.

LARGEST TAXPAYERS

The following table lists the ten largest taxpayers in the Town based upon assessed valuation for fiscal 2023. All taxpayers are current in their payments with the exception of Jacalyn Realty Nominee Trust, which owes real estate taxes.

Name	Nature of Business	Valuation for Fiscal 2023	% of Total Value
Massachusetts Electric	Utility	\$ 11,570,950	0.83 %
New England Power Co.	Utility	7,995,290	0.58
Jacalyn Realty Nominee Trust	Residential	5,812,890	0.42
Mark Bilodeau	Residential	5,270,800	0.38
Newbury Land Holdings LLC	Residential	4,686,800	0.34
Kerry C. Glance Revocable Trust	Residential	2,985,600	0.21
Cherry Hill Nominee Trust	Residential	2,885,100	0.21
Verizon New England Inc. Utility	Utility	2,540,600	0.18
Albert Ting & Nancy Pau Residential	Residential	2,523,881	0.18
River Road Realty Trust Residential	Residential	2,364,700	0.17
Totals		\$ 48,636,611	3.50 %

State Equalized Valuation

In order to determine appropriate relative values for the purposes of certain distributions to and assessments upon cities and towns, the Commissioner of Revenue biennially makes a redetermination of the fair cash value of the taxable property in each municipality. This is known as the "equalized value".

The following table sets forth the trend in equalized valuations of the Town of West Newbury.

January 1,	State Equalized Valuation
2022	\$ 1,189,426,700
2020	1,027,055,700
2018	955,510,900
2016	878,936,100
2014	804,289,500
2012	761,418,600

Abatements and Overlay

The Town is authorized to increase each tax levy by an amount approved by the Commissioner of Revenue as an "overlay" to provide for tax abatements. If abatements are granted in excess of the applicable overlay, the resultant "overlay deficit" is required to be added to the next tax levy. Abatements are granted where exempt real or personal property has been assessed or where taxable real or personal property has been overvalued or disproportionately valued. The assessors may also abate uncollectible personal property taxes. They may abate real and personal property taxes on broad grounds (including inability to pay) with the approval of the State Commissioner of Revenue.

The table below sets forth the amount of the overlay reserve for the following fiscal years and actual abatements granted as of June 30, 2022.

Fiscal Year	Net Tax Levy(1)	Overlay Reserve		Abatements & Exemptions Granted through June 30, 2022
		Dollar Amount	As a % of Net Levy	
2022	\$14,835,236	\$118,755	0.80 %	\$40,221
2021	14,803,830	101,824	0.69	58,005
2020	13,934,087	165,001	1.18	45,547
2019	13,711,375	77,954	0.57	76,199 (2)
2018	12,949,632	74,255	0.57	45,784

(1) Net of overlay.

(2) Includes ATB ruling of \$30,890.

Tax Collections

Property tax bills are payable quarterly on August 1, November 1, February 1, and May 1 of each fiscal year. The Town delayed the payment date of the fourth quarter fiscal 2020 taxes from May 1 to June 1, 2020. Interest accrues on delinquent taxes at the rate of 14 percent per annum. Real property (land and buildings) is subject to a lien for the taxes assessed upon it, subject to any paramount federal lien and subject to bankruptcy and insolvency laws. If the property has been transferred, an unenforced lien expires on the fourth December 31 after the end of the fiscal year to which the tax relates. If the property has not been transferred by the fourth December 31, an unenforced lien expires upon a later transfer of the property. Provision is made, however, for continuation of the lien where it could not be enforced because of a legal impediment. The persons against whom real or personal property taxes are assessed are personally liable for the tax (subject to bankruptcy and insolvency laws). In the case of real property, this personal liability is effectively extinguished by sale or taking of the property as described below.

The following table compares the Town's net tax collections with its net (gross tax levy less overlay reserve for abatements) tax levies for each of the last five fiscal years.

Fiscal Year	Gross Tax Levy	Overlay Reserve for Abatements	Net Levy	Collections During Fiscal Year Payable (1)(2)	
				Dollar Amount	% of Net Levy
2022	\$ 14,953,991	\$ 118,755	\$ 14,835,236	\$ 14,820,768	99.9 %
2021	14,905,654	101,824	14,803,830	14,746,448	99.6
2020	14,099,088	165,001	13,934,087	13,911,642	99.8
2019	13,789,329	77,954	13,711,375	13,615,383	99.3
2018	13,023,887	74,255	12,949,632	12,908,451	99.7

(1) Actual collections. Does not include, abatements, proceeds of tax titles or tax possessions attributable to each levy or other non-cash credits.

(2) Collections for the current fiscal year are comparable to previous fiscal years.

Tax Titles and Possessions

Massachusetts law permits a municipality either to sell by public sale (at which the municipality may become the purchaser) or to take real property for non-payment of taxes. In either case the property owner can redeem the property by paying the unpaid taxes, with interest and other charges, but if the right of redemption is not exercised within six months (which may be extended an additional year in the case of certain installment payments) it can be foreclosed by petition to the Land Court.

Upon such foreclosure, a tax title purchased or taken by the municipality becomes a "tax possession" and may be held and disposed of in the same manner as other land held for municipal purposes. Uncollectible real property taxes are ordinarily not written off until they become municipal tax titles by purchase at the public sale or by taking, at which time the tax is written off in full by reserving the amount of tax and charging surplus. Legislation enacted in 1996 authorizes public sales by cities and towns of delinquent property tax receivables, either individually or in bulk.

The table below sets forth the amount of tax titles and possessions outstanding at the end of the following fiscal years.

Fiscal Year	Tax Title & Possessions	
	Tax Title	Foreclosure
2022	\$63,315	\$35,606
2021	95,288	35,606
2020	77,588	35,606
2019	94,216	35,606
2018	59,186	35,606

Taxation to Meet Deficits

Overlay deficits, i.e., tax abatements in excess of the overlay included in the tax levy to cover abatements, are required to be added to the next tax levy. It is generally understood that revenue deficits, i.e., those resulting from non-property tax revenues being less than anticipated, are also required to be added to the tax levy (at least to the extent not covered by surplus revenue).

Amounts lawfully expended since the prior tax levy and not included therein are also required to be included in the annual tax levy. The circumstances under which this can arise are limited since municipal departments are generally prohibited from incurring liabilities in excess of appropriations except for major disasters, mandated items, contracts in aid of housing and renewal projects and other long-term contracts. In addition, utilities must be paid at established rates, and certain established salaries, e.g. civil service, must legally be paid for work actually performed, whether or not covered by appropriations.

Cities and towns are authorized to appropriate sums, and thus to levy taxes, to cover deficits arising from other causes, such as "free cash" deficits arising from a failure to collect taxes. This is not generally understood, however, and it has not been the practice to levy taxes to cover free cash deficits. Except to the extent that such deficits have been reduced or eliminated by subsequent collections of uncollected taxes (including sales of tax titles and tax possessions), lapsed appropriations, non-property tax revenues in excess of estimates, other miscellaneous items or funding loans authorized by special act, they remain in existence.

Tax Limitations

Chapter 59, Section 21C of the General Laws, also known as Proposition 2½, imposes two separate limits on the annual tax levy of a city or town.

The primary limitation is that the tax levy cannot exceed 2½ percent of the full and fair cash value. If a city or town exceeds the primary limitation, it must reduce its tax levy by at least 15 percent annually until it is in compliance, provided that the reduction can be reduced in any year to not less than 7½ percent by majority vote of the voters, or to less than 7½ percent by two-thirds vote of the voters.

For cities and towns at or below the primary limit, a secondary limitation is that the tax levy cannot exceed the maximum levy limit for the preceding fiscal year as determined by the State Commissioner of Revenue by more than 2½ percent, subject to exceptions for property added to the tax rolls or property which has had an increase, other than as part of a general revaluation, in its assessed valuation over the prior year's valuation.

This "growth" limit on the tax levy may be exceeded in any year by a majority vote of the voters, but an increase in the secondary or growth limit under this procedure does not permit a tax levy in excess of the primary limitation, since the two limitations apply independently. In addition, if the voters vote to approve taxes in excess of the "growth" limit for the purpose of funding a stabilization fund, such increased amount may only be taken into account for purposes of calculating the maximum levy limit in each subsequent year if the board of selectmen or select board of a town or the city council of a city votes by a two-thirds vote to appropriate such increased amount in such subsequent year to the stabilization fund.

The applicable tax limits may also be reduced in any year by a majority vote of the voters.

The Commonwealth's Commissioner of Revenue may adjust any tax limit "to counterbalance the effects of extraordinary, non-recurring events which occurred during the base year".

The statute further provides that the voters may exclude from the taxes subject to the tax limits and from the calculation of the maximum tax levy (a) the amount required to pay debt service on bonds and notes issued before November 4, 1980, if the exclusion is approved by a majority vote of the voters, and (b) the amount required to pay debt service on any specific subsequent issue for which similar approval is obtained. Even with voter approval, the holders of the obligations for which unlimited taxes may be assessed do not have a statutory priority or security interest in the portion of the tax levy attributable to such obligations. It should be noted that Massachusetts General Laws Chapter 44, Section 20 requires that the taxes excluded from the levy limit to pay debt service on any such bonds and notes be calculated based on the true interest cost of the issue.

Voters may also exclude from the Proposition 2½ limits the amount required to pay specified capital outlay expenditures or for the city or town's apportioned share for certain capital outlay expenditures by a regional governmental unit. In addition,

the city council of a city, with the approval of the mayor if required, or the board of selectmen, select board, or the town council of a town may vote to exclude from the Proposition 2½ limits taxes raised in lieu of sewer or water charges to pay debt service on bonds or notes issued by the municipality (or by an independent authority, commission or district) for water or sewer purposes, provided that the municipality’s sewer or water charges are reduced accordingly.

In addition, Proposition 2½ limits the annual increase in the total assessments on cities and towns by any county, district, authority, the Commonwealth or any other governmental entity (except regional school districts, the MWRA and certain districts for which special legislation provides otherwise) to the sum of (a) 2½ percent of the prior year’s assessments and (b) “any increases in costs, charges or fees for services customarily provided locally or for services subscribed to at local option”. Regional water districts, regional sewerage districts and regional veterans districts may exceed these limitations under statutory procedures requiring a two-thirds vote of the district’s governing body and either approval of the local appropriating authorities (by two-thirds vote in districts with more than two members or by majority vote in two-member districts) or approval of the registered voters in a local election (in the case of two-member districts). Under Proposition 2½ any State law to take effect on or after January 1, 1981 imposing a direct service or cost obligation on a city or town will become effective only if accepted or voluntarily funded by the city or town or if State funding is provided. Similarly, State rules or regulations imposing additional costs on a city or town or laws granting or increasing local tax exemptions are to take effect only if adequate State appropriations are provided. These statutory provisions do not apply to costs resulting from judicial decisions.

Listed in the table below are debt exclusion overrides passed by the Town.

Principal		Issue Date	Authorization
Page School Renovation - Phase I	(1)	11/1/2011	\$ 1,679,960
Page School Renovation - Phase II	(1)	9/28/2012	6,701,000
Land Preservation/Growth Management		12/15/2005	1,005,000
Land Preservation/Growth Management		5/1/2003	1,750,000
Mill Pond Dredging		9/1/2002	85,000
Ball Fields		9/1/2002	600,000
Middle/High School Construction	(1)(2)	4/29/2019	146,332,328

(1) Pentucket Regional School District. A portion of the debt (approximately \$47M) has been issued. Another bond issue took place in early fall of 2020. The debt service will be allocated proportionally to all three towns. Debt service allocation is proportional to student enrollment. The issuance is expected to impact fiscal year 2021 and subsequent fiscal years.

(2) The District expects to receive approximately 57.63% reimbursement on eligible project costs from the MSBA.

Unused Levy Capacity (1)

The following table shows the calculation of levy limits for the most recent fiscal years:

	Fiscal Year				
	2023	2022	2021	2020	2019
Primary Levy Limit (2)	\$ 34,761,082	\$ 28,735,571	\$ 25,043,101	\$ 24,443,633	\$ 23,660,482
Prior Fiscal Year Levy Limit	15,339,296	14,732,479	14,138,156	13,653,481	13,212,301
2.5% Levy Growth	383,482	368,312	353,454	341,337	330,308
New Growth (3)	167,734	238,505	240,869	143,338	110,872
Overrides	-	-	-	-	-
Growth Levy Limit	15,890,512	15,339,296	14,732,479	14,138,156	13,653,481
Debt Exclusions	1,311,703	1,194,433	1,268,041	627,864	624,548
Capital Expenditure Exclusions	-	-	-	-	-
Other Adjustments	-	-	-	-	-
Tax Levy Limit	17,202,215	16,533,729	16,000,520	14,766,020	14,278,029
Tax Levy	15,336,589	14,953,991	14,905,654	14,099,088	13,789,329
Unused Levy Capacity (4)	1,865,626	1,579,738	1,094,866	666,932	488,700
Unused Primary Levy Capacity (5)	\$ 18,870,570	\$ 13,396,275	\$ 10,310,622	\$ 10,305,477	\$ 10,007,001

(1) Source: Massachusetts Department of Revenue.

(2) 2.5% of assessed valuation.

(3) Allowed increase for new valuations (or required reduction) - certified by the Department of Revenue.

(4) Tax Levy Limit less Tax Levy.

(5) Primary Levy Limit less Growth Levy Limit.

Sale of Tax Receivables

Cities and towns are authorized to sell delinquent property tax receivables by public sale or auction, either individually or in bulk.

Pledged Taxes

Taxes on the increased value of certain property in designated development districts may be pledged for the payment of costs of economic development projects within such districts and may therefore be unavailable for other municipal purposes.

Community Preservation Act

The Massachusetts Community Preservation Act (the "CPA") permits cities and towns that accept its provisions to levy a surcharge on its real property tax levy, dedicate revenue (other than state or federal funds), and to receive state matching funds for (i) the acquisition, creation, preservation, rehabilitation and restoration of land for recreational use, open space, and community housing and (ii) the acquisition, preservation, rehabilitation and restoration of historic resources. The provisions of the CPA must be accepted by the voters of the city or town at an election after such provisions have first been accepted by either a vote of the legislative body of the city or town or an initiative petition signed by 5% of its registered voters.

A city or town may approve a surcharge of up to 3% (but not less than 1% under certain circumstances) and may make an additional commitment of funds by dedicating revenue other than state or federal funds, provided that the total funds collected do not exceed 3% of the real property tax levy, less any exemptions adopted (such as an exemption for low-income individuals and families and for low and moderate-income senior citizens, an exemption for \$100,000 of the value of each taxable parcel of residential real property or \$100,000 of the value of each taxable parcel of class three, commercial property, and class four, industrial property as defined in Chapter 59, Section 2A of the General Laws, and an exemption for commercial and industrial properties in cities and towns with classified tax rates). In the event that the municipality shall no longer dedicate all or part of the additional funds to community preservation, the surcharge on the real property tax levy of not less than 1% shall remain in effect, provided that any such change must be approved pursuant to the same process as acceptance of the CPA. The surcharge is not counted in the total taxes assessed for the purpose of determining the permitted levy amount under Proposition 2½ (see "Tax Limitations" under "PROPERTY TAXATION" above). A city or town may revoke its acceptance of the provisions of the CPA at any time after 5 years from the date of such acceptance and may change the amount of the surcharge or the exemptions to the surcharge at any time, including reducing the surcharge to 1% and committing additional municipal funds as outlined above, provided that any such revocation or change must be approved pursuant to the same process as acceptance of the CPA.

Any city or town that accepts the provisions of the CPA will receive annual state matching grants to supplement amounts raised by its surcharge and dedication of revenue. The state matching funds are raised from certain recording and filing

fees of the registers of deeds. Those amounts are deposited into a state trust fund and are distributed to cities and towns that have accepted the provisions of the CPA, which distributions are not subject to annual appropriation by the state legislature. The amount distributed to each city and town is based on a statutory formula and the total state distribution made to any city or town may not exceed 100% of the amount raised locally by the surcharge on the real property tax levy.

The amounts raised by the surcharge on taxes, the amounts of other dedicated revenues and the amounts received in state matching funds are required to be deposited in a dedicated community preservation fund. Each city or town that accepts the provisions of the CPA is required to establish a community preservation committee to study the community preservation needs of the community and to make recommendations to the legislative body of the city or town regarding the community preservation projects that should be funded from the community preservation fund. Upon the recommendations of the committee, the legislative body of the city or town may appropriate amounts from the fund for permitted community preservation purposes or may reserve amounts for spending in future fiscal years, provided that at least 10% of the total annual revenues to the fund must be spent or set aside for open space purposes, 10% for historic resource purposes and 10% for community housing purposes.

The CPA authorizes cities and towns that accept its provisions to issue bonds and notes in anticipation of the receipt of surcharge and other dedicated revenues to finance community preservation projects approved under the provisions of the CPA. Bonds and notes issued under the CPA are general obligations of the city or town and are payable from amounts on deposit in the community preservation fund. In the event that a city or town revokes its acceptance of the provisions of the CPA, the surcharge shall remain in effect until all contractual obligations incurred by the city or town prior to such revocation, including the payment of bonds or notes issued under the CPA, have been fully discharged.

The Town adopted the Community Preservation Act at the October 17, 2005 Special Town Meeting and is currently charging a 3% surcharge. In fiscal 2022, the Town received revenues of \$342,531 in matching funds from the Commonwealth of Massachusetts as well as \$369,708 received in surcharge revenue. As of June 30, 2022, the CPA Fund Balance was \$3,484,215.

TOWN FINANCES

Budget and Appropriation Process

Town Meeting: The annual appropriations of the Town are ordinarily made at the annual meeting which takes place in April. Appropriations may also be voted at special meetings. The Town has a finance committee which submits reports and recommendations on proposed expenditures at town meetings.

Water department expenditures are included in the budgets adopted by town meetings. Under certain legislation any city or town which accepts the legislation may provide that the appropriation for the operating costs of any department may be offset, in whole or in part, by estimated receipts from fees charged for services provided by the department. It is assumed that this general provision does not alter the pre-existing power of an electric or gas department to appropriate its own receipts. The school budget is limited to the total amount appropriated by the town meeting, but the school committee retains full power to allocate the funds appropriated.

Mandatory Items: Mandatory items, such as state and county assessments, the overlay for abatements, abatements in excess of overlays, principal and interest not otherwise provided for and final judgments are included in the tax levy whether or not included in the budget.

Revenues: Revenues are not required to be set forth in the budget but estimated non-tax revenues are taken into account by the assessors in fixing the tax levy. (See "PROPERTY TAXATION—Tax Levy Computation".)

Budget Trends

The following table sets forth the trend in operating budgets for fiscal years 2020 through 2024 as voted at town meeting. As such, said budgets reflect neither revenues nor state and county assessments and other mandatory items. Also said budgets do not reflect expenditures authorized for non-recurring (generally capital) purposes under "special" warrant articles or transfers occurring subsequent to the annual town meeting.

BUDGET COMPARISON

	Fiscal 2020	Fiscal 2021	Fiscal 2022	Fiscal 2023 (2)	Fiscal 2024 (3)
General Government	\$1,052,020	\$1,171,472	\$1,272,400	\$1,360,910	\$1,288,482
Public Safety	1,964,662	2,013,506	2,051,285	2,073,700	2,040,176
Education	8,246,189	8,496,185	8,757,006	9,043,446	9,783,910
Public Works	1,145,525	1,258,043	1,273,171	1,374,192	1,550,438
Human Services	658,693	775,853	761,206	743,387	810,987
Culture & Recreation	382,313	395,646	403,737	427,484	471,306
Intergovernmental (1)	500,000	500,000	500,000	500,000	400,000
Debt Service	372,814	356,000	313,950	300,900	-
Employee Benefits and Insurance (1)	1,346,680	1,351,216	1,377,246	1,540,127	1,485,264
Total Expenditures	<u>\$15,668,896</u>	<u>\$16,317,921</u>	<u>\$16,710,001</u>	<u>\$17,364,146</u>	<u>\$17,830,563</u>

(1) Beginning in fiscal 2019 the Essex Regional Retirement System assessment was reclassified from intergovernmental to employment benefits. Intergovernmental for FY19 & FY20 represents the amount transferred to the Stabilization Fund.

(2) Town meeting authorized a \$397,325 payment from the School Stabilization Fund for a portion of the FY23 Pentucket Middle/High School debt service.

(3) Town meeting authorized a \$200,000 payment from the School Stabilization Fund for a portion of the FY24 Pentucket Middle/High School debt service.

Revenues

Property Taxes: Property taxes are the major source of revenue for the Town. The total amount levied is subject to certain limits prescribed by law; for a description of those limits see "PROPERTY TAXATION--Tax Limitations" above.

State Aid: In addition to grants for specified capital purposes (some of which are payable over the life of the bonds issued for the projects), the Commonwealth provides financial assistance to cities and towns for current purposes. Payments to cities and towns are derived primarily from a percentage of the State's personal income, sales and use, and corporate excise tax receipts, together with the net receipts from the State Lottery. A municipality's state aid entitlement is based on a number of different formulas, of which the "schools" and "lottery" formulas are the most important. Both of the major

formulas tend to provide more state aid to poorer communities. The formulas for determining a municipality's state aid entitlement are subject to amendment by the state legislature and, while a formula might indicate that a particular amount of state aid is owed, the amount of state aid actually paid is limited to the amount appropriated by the state legislature. The state annually estimates state aid, but the actual state aid payments may vary from the estimate.

In the fall of 1986, legislation was enacted placing limits on the growth of state tax revenues. In essence, the growth in state tax revenue is limited to the average rate of growth in wages and salaries in the Commonwealth over the previous three calendar years. The effect of this legislation could be to restrict the amount of state tax revenue available to provide state financial assistance to the Commonwealth's cities, towns and regional school districts.

The state annually estimates state aid, but the actual state aid payments may vary from the estimate. In fiscal 2022, distributions from state to the Town's general fund totaled \$410,121. The Town estimates to receive approximately \$438,821 in fiscal 2023.

See "Coronavirus ("COVID-19") above regarding the effect of the pandemic on revenues of the Town.

Education Reform

State legislation known as the Education Reform Act of 1993, as amended, imposes certain minimum expenditure requirements on municipalities with respect to funding for education. The requirements are determined on the basis of formulas affected by various measures of wealth and income, enrollments, prior levels of local spending and state aid, and other factors. Since its inception, the Town has funded its school operations at the level mandated by the Act.

Motor Vehicle Excise: An excise is imposed on the registration of motor vehicles (subject to exemptions) at a rate of \$25 per \$1,000 of valuation. Valuations are determined by a statutory formula based on manufacturer's list price and year of manufacture. Bills not paid when due bear interest at 12 per cent per annum. Provision is also made for non-renewal of license and registration by the registrar of motor vehicles. In fiscal 2022 the Town's motor vehicle excise receipts totaled \$858,791.

Water Rates and Service: The West Newbury Water Department is currently charging \$14.43 per 1,000 gallons of water from 0-35,000 gallons plus \$17.48 per 1,000 gallons over 35,000. Ordinarily, water revenues are sufficient to cover the costs of the water and all water operating costs, including debt service.

In the fiscal year ended June 30, 2022 water operating revenues were \$1,000,318 and expenditures, including debt service, were \$855,098. The Town appropriates funds from its water reserve fund to pay any expenses greater than its annual revenues.

Other: Other major sources of revenue in fiscal 2022 included investment income \$7,765, rental of excess property \$161,014, penalties and interest on taxes \$70,988, and licenses and permits \$192,043.

State School Building Assistance

Under its school building assistance program, The Commonwealth of Massachusetts provides grants to cities, towns and regional school districts for school construction projects. Until July 26, 2004, the State Board of Education was responsible for approving grants for school projects and otherwise administering the program. Grant amounts ranged from 50% to 90% of approved project costs. Municipalities generally issued bonds to finance the entire project cost, and the Commonwealth disbursed the grants in equal annual installments over the term of the related bonds.

Pursuant to legislation which became effective on July 26, 2004, the state legislature created the Massachusetts School Building Authority (the "Authority") to finance and administer the school building assistance program. The Authority has assumed all powers and obligations of the Board of Education with respect to the program. In addition to certain other amounts, the legislation dedicates a portion of Commonwealth sales tax receipts to the Authority to finance the program.

The range of reimbursement rates for new project grant applications submitted to the Authority is between 31% and 80% of approved project costs. The Authority promulgated new regulations with respect to the application and approval process for projects submitted after July 1, 2007. The Authority expects to pay grants for such projects as project costs are incurred pursuant to project funding agreements between the Authority and the municipalities. None of the interest expense incurred on debt issued by municipalities to finance their portion of the costs of new projects will be included in the approved project costs eligible for reimbursement.

Post Closure Landfill Monitoring Plan

The Town owns a closed landfill and is fully implementing a post-closure monitoring plan approved by the Massachusetts Department of Environmental Protection (MassDEP). Following the issuance of a notice of non-compliance issued by MassDEP in 2018, the Town expended \$22,646 in fiscal 2020, expended \$22,450 in fiscal 2021, expended \$29,708 in fiscal 2022 and budgeted \$33,555 in fiscal 2023 for additional resources as required to establish and maintain compliance with the post-closure monitoring plan.

Investment of Town Funds

Investments of funds of cities and towns, except for trust funds, are generally restricted by Massachusetts General Laws Chapter 44, §55. That statute permits investments of available revenue funds and bond and note proceeds in term deposits and certificates of deposits of banks and trust companies, in obligations issued or unconditionally guaranteed by the federal government or an agency thereof with a maturity of not more than one year, in repurchase agreements with a maturity of not more than 90 days secured by federal or federal agency securities, in participation units in the Massachusetts Municipal Depository Trust ("MMDT"), or in shares in SEC-registered money market funds with the highest possible rating from at least one nationally recognized rating organization.

MMDT is an investment pool created by the Commonwealth. The State Treasurer is the sole trustee, and the funds are managed under contract by an investment firm under the supervision of the State Treasurer's office. According to the State Treasurer the Trust's investment policy is designed to maintain an average weighted maturity of 90 days or less and is limited to high-quality, readily marketable fixed income instruments, including U.S. Government obligations and highly-rated corporate securities with maturities of one year or less.

Trust funds, unless otherwise provided by the donor, may be invested in accordance with §54 of Chapter 44, which permits a broader range of investments than §55, including any bonds or notes that are legal investments for savings banks in the Commonwealth. The restrictions imposed by §54 and §55 do not apply to city and town retirement systems.

Breakdown of the above investments may be obtained from the Finance Director. Pension funds are under the jurisdiction of the Essex Regional Retirement System. Investments and the retirement system are discussed in Appendix A.

Annual Audits

The Town's financial statements have been audited annually by Roselli, Clark & Associates, Certified Public Accountants. A copy of the fiscal 2022 audit is attached hereto as Appendix A.

The attached report speaks only as of its date, and only to the matters expressly set forth therein. The auditors have not been engaged to review this Official Statement or to perform audit procedures regarding the post-audit period, nor have the auditors been requested to give their consent to the inclusion of their report in Appendix A. Except as stated in their report, the auditors have not been engaged to verify the financial information set out in Appendix A and are not passing upon and do not assume responsibility for the sufficiency, accuracy or completeness of the financial information presented in that appendix.

Financial Statements

Set forth on the following pages are Governmental Funds Balance Sheets for fiscal years ended June 30, 2022, June 30, 2021 and June 30, 2020, and Statement of Revenues, Expenditures, and Changes in Fund Balances for fiscal year ended June 30, 2022, June 30, 2021, June 30, 2020, June 30, 2019 and June 30, 2018. All such financial statements have been compiled or extracted from the Town's annual audited financial statements.

**TOWN OF WEST NEWBURY, MASSACHUSETTS
GOVERNMENTAL FUNDS BALANCE SHEET
JUNE 30, 2022 (1)**

	General	Community Preservation	Library Trust Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets:					
Cash and cash equivalents	\$ 4,011,527	\$ 3,054,162	\$ 198,073	\$ 1,655,324	\$ 8,919,086
Investments	3,331,397	455,928	1,076,862	75,283	4,939,470
Receivables, net of allowance for uncollectibles					
Property taxes	82,787	137	-	-	82,924
Departmental and other	153,198	-	-	4,820	158,018
Intergovernmental	-	-	-	43,805	43,805
Total Assets	<u>7,578,909</u>	<u>3,510,227</u>	<u>1,274,935</u>	<u>1,779,232</u>	<u>14,143,303</u>
Total Deferred Outflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 7,578,909</u>	<u>\$ 3,510,227</u>	<u>\$ 1,274,935</u>	<u>\$ 1,779,232</u>	<u>\$ 14,143,303</u>
Liabilities:					
Warrants and accounts payable	\$ 365,247	\$ -	\$ -	\$ -	\$ 365,247
Accrued payroll and withholdings	52,283	-	-	-	52,283
Other liabilities	43,669	-	-	-	43,669
Unearned revenues	-	-	-	704,523	704,523
Total Liabilities	<u>461,199</u>	<u>-</u>	<u>-</u>	<u>704,523</u>	<u>1,165,722</u>
Deferred Inflows of Resources:					
Unavailable revenues - property taxes	82,787	137	-	-	82,924
Unavailable revenues - other	153,198	-	-	4,820	158,018
Total Deferred Inflows of Resources	<u>235,985</u>	<u>137</u>	<u>-</u>	<u>4,820</u>	<u>240,942</u>
Fund Balances:					
Nonspendable	-	-	7,500	10,620	18,120
Restricted	38,316	3,510,090	1,267,435	1,059,269	5,875,110
Committed	996,657	-	-	-	996,657
Assigned	222,779	-	-	-	222,779
Unassigned	5,623,973	-	-	-	5,623,973
Total Fund Balances	<u>6,881,725</u>	<u>3,510,090</u>	<u>1,274,935</u>	<u>1,069,889</u>	<u>12,736,639</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 7,578,909</u>	<u>\$ 3,510,227</u>	<u>\$ 1,274,935</u>	<u>\$ 1,779,232</u>	<u>\$ 14,143,303</u>

(1) Extracted from audited financial statements of the Town.

**TOWN OF WEST NEWBURY, MASSACHUSETTS
GOVERNMENTAL FUNDS BALANCE SHEET
JUNE 30, 2021 (1)**

	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>

(1) Extracted from audited financial statements of the Town.

**TOWN OF WEST NEWBURY, MASSACHUSETTS
GOVERNMENTAL FUNDS BALANCE SHEET
JUNE 30, 2020 (1)**

	General	Community Preservation	Library Trust Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets:					
Cash and cash equivalents	\$ 2,956,030	\$ 3,131,992	\$ 131,551	\$ 702,529	\$ 6,922,102
Investments	3,956,825	-	1,008,921	78,378	5,044,124
Receivables, net of allowance for uncollectibles					
Property taxes	186,297	3,539	-	-	189,836
Departmental and other	233,063	560	-	15,772	249,395
Intergovernmental	-	-	-	14,892	14,892
Total Assets	<u>7,332,215</u>	<u>3,136,091</u>	<u>1,140,472</u>	<u>811,571</u>	<u>12,420,349</u>
Total Deferred Outflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 7,332,215</u>	<u>\$ 3,136,091</u>	<u>\$ 1,140,472</u>	<u>\$ 811,571</u>	<u>\$ 12,420,349</u>
Liabilities:					
Warrants and accounts payable	\$ 224,176	\$ -	\$ -	\$ -	\$ 224,176
Accrued payroll and withholdings	17,766	-	-	-	17,766
Other liabilities	2,599	-	-	-	2,599
Total Liabilities	<u>244,541</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>244,541</u>
Deferred Inflows of Resources:					
Unavailable revenues - property taxes	186,297	3,539	-	-	189,836
Unavailable revenues - other	233,063	560	-	15,772	249,395
Total Deferred Inflows of Resources	<u>419,360</u>	<u>4,099</u>	<u>-</u>	<u>15,772</u>	<u>439,231</u>
Fund Balances:					
Nonspendable	-	-	7,500	10,620	18,120
Restricted	43,777	3,131,992	1,132,972	785,179	5,093,920
Committed	952,498	-	-	-	952,498
Assigned	117,985	-	-	-	117,985
Unassigned	5,554,054	-	-	-	5,554,054
Total Fund Balances	<u>6,668,314</u>	<u>3,131,992</u>	<u>1,140,472</u>	<u>795,799</u>	<u>11,736,577</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 7,332,215</u>	<u>\$ 3,136,091</u>	<u>\$ 1,140,472</u>	<u>\$ 811,571</u>	<u>\$ 12,420,349</u>

(1) Extracted from audited financial statements of the Town.

**TOWN OF WEST NEWBURY, MASSACHUSETTS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
JUNE 30, 2022 (1)**

	General	Community Preservation	Library Trust Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
Property taxes	\$ 15,114,834	\$ 371,423	\$ -	\$ -	\$ 15,486,257
Intergovernmental	428,820	342,531	-	667,663	1,439,014
Excise taxes	859,952	-	-	915	860,867
License and permits	201,438	-	-	-	201,438
Departmental and other revenue	268,829	-	-	169,214	438,043
Penalties and interest on taxes	70,988	-	-	-	70,988
Fines and forfeitures	13,604	-	-	-	13,604
Investment income	(191,370)	3,929	21,824	(3,522)	(169,139)
Contributions and donations	-	-	-	24,660	24,660
Total Revenues	16,767,095	717,883	21,824	858,930	18,365,732
Expenditures:					
Current:					
General government	1,325,918	11,853	-	22,908	1,360,679
Public safety	1,999,234	-	-	152,068	2,151,302
Education	9,151,440	-	-	-	9,151,440
Public works	2,073,854	-	-	381,132	2,454,986
Health and human services	674,681	363,367	-	30,067	1,068,115
Culture and recreation	395,063	257,916	15,000	63,572	731,551
Pension and other fringe benefits	1,206,280	-	-	-	1,206,280
State and county tax assessments	84,208	-	-	-	84,208
Debt service:					
Principal	305,000	-	-	10,363	315,363
Interest	8,950	-	-	-	8,950
Total Expenditures	17,224,628	633,136	15,000	660,110	18,532,874
Net Change in Fund Balances	(457,533)	84,747	6,824	198,820	(167,142)
Fund Balances - Beginning	7,339,258	3,425,343	1,268,111	871,069	12,903,781
Fund Balances - Ending	\$ 6,881,725	\$ 3,510,090	\$ 1,274,935	\$ 1,069,889	\$ 12,736,639

(1) Extracted from audited financial statements of the Town.

TOWN OF WEST NEWBURY, MASSACHUSETTS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
JUNE 30, 2021 (1)

	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

(1) Extracted from audited financial statements of the Town.

**TOWN OF WEST NEWBURY, MASSACHUSETTS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
JUNE 30, 2020 (1)**

	General	Community Preservation	Library Trust Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
Property taxes	\$ 14,037,744	\$ 337,816	\$ -	\$ -	\$ 14,375,560
Intergovernmental	391,999	169,258	-	202,123	763,380
Excise taxes	784,960	-	-	874	785,834
License and permits	267,024	-	-	-	267,024
Departmental and other revenue	176,248	1,005	-	145,673	322,926
Penalties and interest on taxes	55,885	-	-	-	55,885
Fines and forfeitures	12,097	-	-	-	12,097
Investment income	188,543	28,725	84,688	2,561	304,517
Contributions and donations	-	-	-	38,252	38,252
Total Revenues	<u>15,914,500</u>	<u>536,804</u>	<u>84,688</u>	<u>389,483</u>	<u>16,925,475</u>
Expenditures:					
Current:					
General government	1,107,674	292,858	-	138,010	1,538,542
Public safety	1,787,945	-	-	104,553	1,892,498
Education	8,262,254	-	-	19,036	8,281,290
Public works	1,278,583	-	-	2,025	1,280,608
Health and human services	632,166	-	-	43,704	675,870
Culture and recreation	373,459	28,280	-	52,106	453,845
Community preservation	-	-	-	-	-
Pension and other fringe benefits	1,091,456	-	-	-	1,091,456
State and county tax assessments	85,801	-	-	-	85,801
Debt service:					
Principal	350,614	-	-	105,578	456,192
Interest	20,825	-	-	950	21,775
Total Expenditures	<u>14,990,777</u>	<u>321,138</u>	<u>-</u>	<u>465,962</u>	<u>15,777,877</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	923,723	215,666	84,688	(76,479)	1,147,598
Net Change in Fund Balances	923,723	215,666	84,688	(76,479)	1,147,598
Fund Balances - Beginning	5,744,591	2,916,326	1,055,784	872,278	10,588,979
Fund Balances - Ending	<u>\$ 6,668,314</u>	<u>\$ 3,131,992</u>	<u>\$ 1,140,472</u>	<u>\$ 795,799</u>	<u>\$ 11,736,577</u>

(1) Extracted from audited financial statements of the Town.

TOWN OF WEST NEWBURY, MASSACHUSETTS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
JUNE 30, 2019 (1)

	General	Community Preservation Act Fund	Library Trust Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues					
Property taxes	\$ 13,739,453	\$ 327,337	\$ -	\$ -	\$ 14,066,790
Intergovernmental	463,299	144,418	-	126,365	734,082
Excise taxes	808,025	-	-	-	808,025
Licenses and permits	253,113	-	-	-	253,113
Departmental and other revenue	237,219	298	-	155,628	393,145
Penalties and interest on taxes	40,657	-	-	-	40,657
Fines and forfeitures	12,631	-	-	-	12,631
Investment Income	174,844	24,832	106,960	2,429	309,065
Contributions and donations	-	-	-	138,997	138,997
Total Revenues	\$ 15,729,241	\$ 496,885	\$ 106,960	\$ 423,419	\$ 16,756,505
Expenditures					
Current:					
General government	\$ 1,107,431	\$ -	\$ -	\$ 17,200	\$ 1,124,631
Public safety	1,900,210	-	-	62,180	1,962,390
Education	8,054,848	-	-	57,929	8,112,777
Public works	1,095,476	-	-	127	1,095,603
Health and human services	614,219	-	-	14,365	628,584
Culture and recreation	372,746	-	-	149,126	521,872
Community Preservation	-	139,368	-	-	139,368
Pension and other fringe benefits	1,100,000	-	-	-	1,100,000
State and county tax assessments	71,455	-	-	-	71,455
Debt Service:					
Principal	440,000	-	-	21,231	461,231
Interest	31,900	-	-	-	31,900
Total Expenditures	14,788,285	139,368	-	322,158	15,249,811
Excess (Deficiency) of Revenues Over Expenditures	\$ 940,956	\$ 357,517	\$ 106,960	\$ 101,261	\$ 1,506,694
Other Financing Sources (Uses):					
Transfers In	102,900	-	-	140,000	242,900
Transfers Out	(140,000)	-	-	(102,900)	(242,900)
Total Other Financing Sources (Uses)	(37,100)	-	-	37,100	-
Net Change in Fund Balances	903,856	357,517	106,960	138,361	1,506,694
Fund Balances - Beginning	4,840,735	2,558,809	948,824	733,917	9,082,285
Fund Balances - Ending	\$ 5,744,591	\$ 2,916,326	\$ 1,055,784	\$ 872,278	\$ 10,588,979

(1) Extracted from audited financial statements of the Town.

TOWN OF WEST NEWBURY, MASSACHUSETTS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
JUNE 30, 2018 (1)

	General	Community Preservation Act Fund	Library Trust Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues					
Property taxes	\$ 13,039,154	\$ 307,466	\$ -	\$ -	\$ 13,346,620
Intergovernmental	365,877	102,706	-	402,332	870,915
Excise taxes	776,894	-	-	-	776,894
Licenses and permits	156,494	-	-	-	156,494
Departmental and other revenue	264,434	299	-	119,330	384,063
Penalties and interest on taxes	46,203	-	-	-	46,203
Fines and forfeitures	17,278	-	-	-	17,278
Investment Income	37,845	12,512	(16,638)	(150)	33,569
Contributions and donations	-	-	-	9,840	9,840
Total Revenues	<u>\$ 14,704,179</u>	<u>\$ 422,983</u>	<u>\$ (16,638)</u>	<u>\$ 531,352</u>	<u>\$ 15,641,876</u>
Expenditures					
Current:					
General government	\$ 1,051,906	\$ 33,411	\$ -	\$ 194,472	\$ 1,279,789
Public safety	1,977,035	-	-	34,684	2,011,719
Education	7,759,992	-	-	-	7,759,992
Public works	1,267,816	-	-	216,492	1,484,308
Health and human services	570,104	-	-	12,365	582,469
Culture and recreation	359,826	22,380	-	64,084	446,290
Community Preservation	-	-	-	-	-
Pension and other fringe benefits	978,128	-	-	-	978,128
State and county tax assessments	91,460	-	-	-	91,460
Debt Service:					
Principal	470,000	-	-	21,192	491,192
Interest	41,000	-	-	-	41,000
Total Expenditures	<u>14,567,267</u>	<u>55,791</u>	<u>-</u>	<u>543,289</u>	<u>15,166,347</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 136,912</u>	<u>\$ 367,192</u>	<u>\$ (16,638)</u>	<u>\$ (11,937)</u>	<u>\$ 475,529</u>
Other Financing Sources (Uses):					
Transfers In	104,900	-	-	18,126	123,026
Transfers Out	(18,126)	-	-	(104,900)	(123,026)
Total Other Financing Sources (Uses)	<u>86,774</u>	<u>-</u>	<u>-</u>	<u>(86,774)</u>	<u>-</u>
Net Change in Fund Balances	<u>223,686</u>	<u>367,192</u>	<u>(16,638)</u>	<u>(98,711)</u>	<u>475,529</u>
Fund Balances - Beginning, as restated	4,617,049	2,191,617	965,462	832,628	8,606,756
Fund Balances - Ending	<u>\$ 4,840,735</u>	<u>\$ 2,558,809</u>	<u>\$ 948,824</u>	<u>\$ 733,917</u>	<u>\$ 9,082,285</u>

(1) Extracted from audited financial statements of the Town.

Unassigned General Fund Balances and Free Cash

Under Massachusetts law an amount known as "free cash" is certified as of the beginning of each fiscal year by the State Bureau of Accounts and this, together with certain subsequent tax receipts, is used as the basis for subsequent appropriations from available funds, which are not required to be included in the annual tax levy. Subject to certain adjustments, free cash is surplus revenue less uncollected and overdue property taxes from prior years.

The following table sets forth the unassigned general fund balance and certified free cash for the most recent fiscal years:

<u>July 1,</u>	<u>Unassigned General Fund Balance</u>	<u>Free Cash</u>
2022	\$5,623,973	\$2,128,806
2021	5,391,920	1,749,980
2020	5,554,054	1,954,878
2019	5,330,174	2,102,586
2018	4,139,580	1,718,985

Stabilization Fund

The Town maintains a stabilization fund which is accounted for in the Trust Funds. Funded by one or more annual appropriations, the stabilization fund plus interest income may be appropriated at an annual or special town meeting for any eligible municipal purpose.

<u>Fiscal Year (as of June 30)</u>	<u>Stabilization Fund</u>
2023 (1)	\$3,556,754
2022	4,003,021
2021	3,835,414
2020	3,959,962
2019	2,942,598
2018	2,434,577

(1) Estimated.

Tax Increment Financing for Development Districts

Under recent legislation, cities and towns are authorized to establish development districts to encourage increased residential, industrial and commercial activity. All or a portion of the taxes on growth in assessed value in such districts may be pledged and used solely to finance economic development projects pursuant to the city or town's development program for the district. This includes pledging such "tax increments" for the payment of bonds issued to finance such projects. As a result of any such pledge, tax increments raised from new growth properties in development districts are not available for other municipal purposes. Tax increments are taken into account in determining the total taxes assessed for the purpose of calculating the maximum permitted tax levy under Proposition 2 ½ (see "Property Tax Limitation" under "PROPERTY TAXATION" above.)

The Town currently has no such districts.

INDEBTEDNESS

Authorization of General Obligation Bonds and Notes

Serial bonds and notes are authorized by vote of two-thirds of all the members of the city council (subject to the mayor's veto where the mayor has a veto power) or a two-thirds vote of the town meeting. Provision is made in some cities and towns for a referendum on the borrowing authorization if there is a timely filing of a petition bearing the requisite number of signatures. Refunding bonds and notes are authorized by the city council, the selectmen or either the prudential committee or the commissioners of a district if there is no prudential committee. Borrowings for some purposes require State administrative approval.

When serial bonds or notes have been authorized, bond anticipation notes may be issued by the officers authorized to issue the serial bonds or notes. Temporary loans in anticipation of revenue of the fiscal year in which the debt is incurred or in anticipation of authorized federal and state aid generally may be incurred by the Treasurer with the approval of the selectmen.

Debt Limits

General Debt Limit. The general debt limit of the Town consists of a normal debt limit and a double debt limit. The normal debt limit is 5 percent of the valuation of taxable property as last equalized by the State Department of Revenue. The Town can authorize debt up to this amount without State approval. It can authorize debt up to twice this amount (the double debt limit) with the approval of the State Municipal Finance Oversight Board.

There are many categories of general obligation debt which are exempt from and do not count against the General Debt Limit if such debt is authorized by a two-thirds vote of the city or town and such debt is payable within the periods so specified in Mass. Gen. Laws. c. 44, §8. Among others, these exempt categories include revenue anticipation notes and grant anticipation notes; emergency loans; loans exempted by special laws; certain school bonds, certain sewer bonds, solid waste disposal facility bonds and economic development bonds supported by tax increment financing, bonds for water, housing, urban renewal and economic development (subject to various debt limits), and electric, gas, community antenna television systems, and telecommunications systems. Revenue bonds are not subject to these debt limits. The General Debt Limit applies at the time the debt is authorized. The special debt limits generally apply at the time the debt is incurred.

Revenue Anticipation Notes. The amount borrowed in each fiscal year by the issue of revenue anticipation notes is limited to the tax levy of the prior fiscal year, together with the net receipts in the prior fiscal year from the motor vehicle excise and certain payments made by the Commonwealth in lieu of taxes. The fiscal year ends on June 30. Notes may mature in the following fiscal year, and notes may be refunded into the following fiscal year to the extent of the uncollected, unabated current tax levy and certain other items, including revenue deficits, overlay deficits, final judgments and lawful unappropriated expenditures, which are to be added to the next tax levy, but excluding deficits arising from a failure to collect taxes of earlier years. (See "Taxation to Meet Deficits" above.) In any event, the period from an original borrowing to its final maturity cannot exceed one year.

Types Of Obligations

General Obligations. Massachusetts cities and towns are authorized to issue general obligation indebtedness of these types:

Serial Bonds and Notes. These are generally required to be payable in annual principal amounts beginning no later than the end of the next fiscal year commencing after the date of issue and ending within the terms permitted by law. A level debt service schedule, or a schedule that provides for a more rapid amortization of principal than level debt service, is permitted. The principal amounts of certain economic development bonds supported by tax increment financing may be payable in equal, diminishing or increasing amounts beginning within 5 years after the date of issue. The maximum terms of serial bonds and notes vary from one year to 40 years, depending on the purpose of the issue. The maximum terms permitted are set forth in the statutes. In addition, for many projects, the maximum term may be determined in accordance with useful life guidelines promulgated by the State Department of Revenue ("DOR"). Serial bonds and notes may be issued for the purposes set forth in the statutes. In addition, serial bonds and notes may be issued for any other public work improvement or asset not specifically listed in the Statutes that has a useful life of at least 5 years. Bonds or notes may be made callable and redeemed prior to their maturity, and a redemption premium may be paid. Refunding bonds or notes may be issued subject to the maximum applicable term measured from the date of the original bonds or notes and must produce present value savings over the debt service of the refunded bonds. Generally, the first required annual payment of principal of the refunding bonds cannot be later than the end of the fiscal year in which any of the bonds or notes being refunded thereby is payable, however, principal payments made before the first principal payment of any of the bonds or notes being refunded thereby may be in any amount.

Serial bonds may be issued as "qualified bonds" with the approval of the state Municipal Finance Oversight Board composed of the State Treasurer, the State Auditor, the Attorney General and the Director of Accounts, subject to such conditions and

limitations (including restrictions on future indebtedness) as may be required by the Board. Qualified bonds may mature not less than 10 nor more than 30 years from their dates and are not subject to the amortization requirements described above. The State Treasurer is required to pay the debt service on qualified bonds and thereafter to withhold the amount of the debt service paid by the State from state aid or other state payments; administrative costs and any loss of interest income to the State are to be assessed upon the city or town.

Tax Credit Bonds or Notes. Subject to certain provisions and conditions, the officers authorized to issue bonds or notes may designate any duly authorized issue of bonds or notes as “tax credit bonds” to the extent such bonds and notes are otherwise permitted to be issued with federal tax credits or other similar subsidies for all or a portion of the borrowing costs. Tax credit bonds may be made payable without regard to the annual installments required by any other law, and a sinking fund may be established for the payment of such bonds. Any investment that is part of such a sinking fund may mature not later than the date fixed for payment or redemption of the applicable bonds.

Bond Anticipation Notes. These generally must mature within two years of their original dates of issuance but may be refunded from time to time for a period not to exceed ten years from their original dates of issuance, provided that for each year that the notes are refunded beyond the second year they must be paid in part from revenue funds in an amount at least equal to the minimum annual payment that would have been required if the bonds had been issued at the end of the second year. The maximum term of bonds issued to refund bond anticipation notes is measured from the date of the original issue of the notes.

Revenue Anticipation Notes. These are issued to meet current expenses in anticipation of taxes and other revenues. They must mature within one year but, if payable in less than one year, may be refunded from time to time up to one year from the original date of issue.

Grant Anticipation Notes. These are issued for temporary financing in anticipation of federal grants and state and county reimbursements for any purpose for which the city or town may incur debt that may be payable over a term of five years or longer. Generally, they must mature within two years but may be refunded from time to time as long as the municipality remains entitled to the grant or reimbursement.

Revenue Bonds. Cities and towns may issue revenue bonds for solid waste disposal facilities and for projects financed under the Commonwealth's Clean Water or Drinking Water Revolving Loan Programs and for certain economic development projects supported by tax increment financing. In addition to general obligation bonds and notes, cities and towns which are members of the New England Power Pool may issue electric revenue bonds, and notes in anticipation of such bonds, subject to the approval of the Department of Public Utilities.

The Town has not issued revenue anticipation notes during the past six fiscal years and does not anticipate any issuance during the current fiscal year.

**TOWN OF WEST NEWBURY, MASSACHUSETTS
DIRECT DEBT SUMMARY
Projected as of June 30, 2023 (1)**

Long-Term Debt Outstanding:

Water (2)	\$ 1,535,000	
MCWT (3)	20,728	
Total Outstanding		\$ 1,555,728

Temporary Debt:

Bond Anticipation Notes (4)	1,060,000	
To Be Paid with Revenue Funds	(40,000)	
Total Temporary Debt after This Issue (5)		1,020,000

Total Direct Debt:

\$ 2,575,728

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- (1) Excludes lease and installment purchase obligations, overlapping debt, unfunded pension liability, and other post-employment benefits liability.
(2) Subject to a special debt limit of 10% of the Town's equalized valuation.
(3) Not subject to the debt limit and exempt from Proposition 2 ½.
(4) Payable July 13, 2023.
(5) This issue, payable July 12, 2024.

Debt Ratios

The following table sets forth the percentage of debt to assessed valuation and per capita debt at the end of the five most recent fiscal years. The table considers the principal amount of general obligation bonds of the Town of West Newbury only and does not reflect the issuance of the Bonds. The table does not deduct anticipated state grant payments applicable to the principal amount of outstanding bonds or debt that may be supported in whole, or part, by non-tax revenues.

Fiscal Year End	General Obligation Bonds Outstanding	State Equalized Valuation (1)	Per Capita Debt (2)	Debt as a % of Equalized Valuation
2023 (3)	\$ 1,555,728	\$ 1,189,426,700	\$ 346	0.13 %
2022	1,896,092	1,027,055,700	421	0.18
2021	2,258,484	1,027,055,700	502	0.22
2020	2,666,926	955,510,900	593	0.28
2019	3,165,146	955,510,900	703	0.33
2018	3,669,367	878,936,100	815	0.42

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- (1) 2016 equalized valuation used for fiscal year 2018; 2018 equalized valuation used for fiscal years 2019 and 2020; 2020 equalized valuation used for fiscal years 2021 and 2022. 2022 equalized valuation used for fiscal year 2023.
(2) Based on the 2020 Federal census of 4,500.
(3) Projected.

Principal Payments by Purpose

The following table sets forth the principal payments by purpose for the Town’s outstanding debt projected as of June 30, 2023.

**GENERAL OBLIGATION BONDS
PRINCIPAL PAYMENTS BY PURPOSE
Projected as of June 30, 2023 (1)**

Fiscal Year	Water (2)	MCWT	Total
2024	\$ 40,000	\$ 10,364	\$ 50,364
2025	40,000	10,364	50,364
2026	45,000	-	45,000
2027	45,000	-	45,000
2028	45,000	-	45,000
2029	50,000	-	50,000
2030	50,000	-	50,000
2031	50,000	-	50,000
2032	55,000	-	55,000
2033	55,000	-	55,000
2034	55,000	-	55,000
2035	60,000	-	60,000
2036	60,000	-	60,000
2037	60,000	-	60,000
2038	65,000	-	65,000
2039	65,000	-	65,000
2040	70,000	-	70,000
2041	70,000	-	70,000
2042	70,000	-	70,000
2043	75,000	-	75,000
2044	75,000	-	75,000
2045	80,000	-	80,000
2046	80,000	-	80,000
2047	85,000	-	85,000
2048	90,000	-	90,000
Total	\$ 1,535,000	\$ 20,728	\$ 1,555,728

- (1) Excludes lease and installment purchase obligations, overlapping debt, unfunded pension liability, and other post-employment benefits liability.
- (2) The Town anticipates that all debt service will be paid from departmental revenues.

Debt Service Requirements

The following table sets forth the required principal and interest payments on outstanding general obligation bonds of the Town of West Newbury.

**GENERAL OBLIGATION DEBT
Projected as of June 30, 2023**

Fiscal Year	Total Principal	Total Interest	Total Principal & Interest
2024	\$50,364	\$50,813	\$101,177
2025	50,364	48,813	99,177
2026	45,000	46,688	91,688
2027	45,000	44,438	89,438
2028	45,000	42,188	87,188
2029	50,000	40,313	90,313
2030	50,000	38,813	88,813
2031	50,000	37,313	87,313
2032	55,000	35,738	90,738
2033	55,000	34,088	89,088
2034	55,000	32,438	87,438
2035	60,000	30,713	90,713
2036	60,000	28,913	88,913
2037	60,000	27,113	87,113
2038	65,000	25,238	90,238
2039	65,000	23,247	88,247
2040	70,000	21,138	91,138
2041	70,000	18,950	88,950
2042	70,000	16,763	86,763
2043	75,000	14,497	89,497
2044	75,000	12,106	87,106
2045	80,000	9,588	89,588
2046	80,000	6,988	86,988
2047	85,000	4,306	89,306
2048	90,000	1,463	91,463
Total	\$1,555,728	\$692,656	\$2,248,385

Authorized Unissued Debt

The Town currently has approximately \$1,028,011 of authorized unissued debt for the balance for a water tank (\$1,020,000) and the balance for various municipal projects.

Overlapping Debt

The Town of West Newbury is a member of the Pentucket Regional School District and the Whittier Regional Vocational Technical School District. The following table sets forth the outstanding bonded debt, exclusive of temporary loans in anticipation of bonds or current revenue, of each of the overlapping entities, the Town of West Newbury's estimated gross share of such debt, and the fiscal 2023 dollar assessment for each.

Overlapping Entity	Outstanding Debt 6/30/22	West Newbury Estimated Share(1)	Fiscal 2023 Dollar Assessment(2)
Pentucket Regional School District(3)	\$97,169,841	30.28%	\$9,126,733
Whittier Regional Vocational Technical School District(4)	0	0.00%	270,734

(1) Estimated share based on debt service only.

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

(3) SOURCE: Pentucket Regional School District. Cities and Towns may organize regional school districts to carryout general or specialized educational functions. Pursuant to special laws a number of cities may also participate in regional school district, primarily for vocational education. The operating expenses and debt service of regional school districts are apportioned among the member municipalities in accordance with the agreements establishing the district. The municipal share is based on the ratio of that member's pupil enrollment to the total pupil enrollment from all the member municipalities in the regional school district as of October 1 of the year proceeding the year for which the apportionment is being determined. The Town pays 100% of the assessment for the Pentucket Regional School District's Page School project. The District authorized \$146,332,328 of which they expect to receive approximately 57.63% reimbursement on eligible project costs from the Massachusetts School Building Authority. The District plans to issue bonds in fiscal years 2021 & 2022 for the estimated remaining share of project costs (\$42,156,000).

(4) SOURCE: Whittier Regional Vocational School District. Cities and Towns may organize regional school districts to carry out general or specialized educational functions. Pursuant to special laws a number of cities may also participate in regional school district, primarily for vocational education. The operating expenses and debt service of regional school districts are apportioned among the member municipalities in accordance with the agreements establishing the district. The municipal share is based on the ratio of that member's pupil enrollment to the total pupil enrollment from all the member municipalities in the regional school district as of October 1 of the year proceeding the year for which the apportionment is being determined.

Contractual Obligations

Municipal contracts are generally limited to currently available appropriations. A city or town generally has authority to enter into contracts for the exercise of any of its corporate powers for any period of time deemed to serve its best interests, but generally only when funds are available for the first fiscal year; obligations for succeeding fiscal years generally are expressly subject to availability and appropriation of funds. Municipalities have specific authority in relatively few cases to enter long-term contractual obligations that are not subject to annual appropriation, including contracts for refuse disposal and sewage treatment and disposal. Municipalities may also enter into long-term contracts in aid of housing and renewal projects. There may be implied authority to make other long-term contracts required to carry out authorized municipal functions, such as contracts to purchase water from private water companies.

Municipal contracts relating to solid waste disposal facilities may contain provisions requiring the delivery of minimum amounts of waste and payments based thereon and requiring payments in certain circumstances without regard to the operational status of the facilities. Municipal electric departments have statutory power to enter into long-term contracts for joint ownership and operation of generating and transmission facilities and for the purchase or sale of capacity, including contracts requiring payments without regard to the operational status of the facilities.

Pursuant to the Home Rule Amendment to the Massachusetts Constitution, (see "CONSTITUTIONAL STATUS AND FORM OF GOVERNMENT" above), cities and towns may also be empowered to make other contracts and leases.

The Town of West Newbury, at present, has a limited number of contractual obligations. The Town has a solid waste disposal agreement to dispose of their municipal waste through June 30, 2023 at the Covanta Resource Recovery Facility in Haverhill, MA. The Town is reviewing proposed contract terms, including consideration of potential alternate vendors/proposals, for approval once the fiscal 2024 operating budget has been approved. The agreement does not contain any guaranteed annual tonnage provisions (formally known as GAT), so it is strictly a pay-as-you-go contract for the actual tons delivered.

The Town has a separate contract for solid waste disposal hauling with G. Mello that runs through June 30, 2025. The solid waste hauling disposal cost for fiscal 2022 was \$375,998 and \$401,940 is budgeted for fiscal 2023. The recycling contract cost for fiscal 2022 was \$1,670 and budgeted \$10,000 for fiscal 2023.

RETIREMENT PLAN

The Massachusetts General Laws provide for the establishment of contributory retirement systems for state employees, for teachers and for county, city and town employees other than teachers. Teachers are assigned to a separate statewide teachers' system and not to the city and town systems. For all employees other than teachers, this law is subject to acceptance in each city and town. Substantially all employees of an accepting city or town are covered. If a town has a population of less than 10,000 when it accepts the statute, its non-teacher employees participate through the county system and its share of the county cost is proportionate to the aggregate annual rate of regular compensation of its covered employees. In addition to the contributory systems, cities and towns provide non-contributory pensions to a limited number of employees, primarily persons who entered service prior to July 1, 1937 and their dependents. The Public Employee Retirement Administration Commission ("PERAC") provides oversight and guidance for and regulates all state and local retirement systems.

The obligations of a city or town, whether direct or through a county system, are contractual legal obligations and are required to be included in the annual tax levy. If a city or town, or the county system of which it is a member, has not established a retirement system funding schedule as described below, the city or town is required to provide for the payment of the portion of its current pension obligations which is not otherwise covered by employee contributions and investment income. "Excess earnings," or earnings on individual employees' retirement accounts in excess of a predetermined rate, are required to be set aside in a pension reserve fund for future, not current, pension liabilities. Cities and towns may voluntarily appropriate to their system's pension reserve fund in any given year up to five percent of the preceding year's tax levy. The aggregate amount in the fund may not exceed ten percent of the equalized valuation of the city or town.

If a city or town, or each member city and town of a county retirement system, has accepted the applicable law, it is required to annually appropriate an amount sufficient to pay not only its current pension obligations, but also a portion of its future pension liability. The portion of each such annual payment allocable to future pension obligations is required to be deposited in the pension reserve fund. The amount of the annual city or town appropriation for each such system is prescribed by a retirement system funding schedule which is periodically reviewed and approved by PERAC. A system (other than the state employees' retirement system and the teachers' retirement system) which conducts an actuarial valuation as of January 1, 2009, or later, may establish a revised schedule which reduces the unfunded actuarial liability to zero by not later than June 30, 2040, subject to certain conditions. If the schedule is so extended under such provisions and a later updated valuation allows for the development of a revised schedule with reduced payments, the revised schedule shall be adjusted to provide that the appropriation for each year shall not be less than that for such year under the prior schedule, thus providing for a shorter schedule rather than reduced payments.

City, town and county systems may choose to participate in the Pension Reserves Investment Trust Fund (the "PRIT Fund"), which receives additional state funds to offset future pension costs of participating state and local systems. If a local system participates in the PRIT Fund, it must transfer ownership and control of all assets of its system to the Pension Reserves Investment Management Board, which manages the investment and reinvestment of the PRIT Fund. Cities and towns with systems participating in the PRIT Fund continue to be obligated to fund their pension obligations in the manner described above. The additional state appropriations to offset future pension liabilities of state and local systems participating in the PRIT Fund are required to total at least 1.3 percent of state payroll. Such additional state appropriations are deposited in the PRIT Fund and shared by all participating systems in proportion to their interests in the assets of the PRIT Fund as of July 1 for each fiscal year.

Cost-of-living increases for each local retirement system may be granted and funded only by the local system, and only if it has established a funding schedule. Those statutory provisions are subject to acceptance by the local retirement board and approval by the local legislative body, which acceptance may not be revoked.

The Town participates in the Essex Regional Contributory Retirement System (the "System") that is partially funded by employee contributions. The Town's method of funding for the contributory plan is a combination of required pay-as-you-go contributions determined by the Public Employee Retirement Administration of the Commonwealth and optional funding of certain past service costs based on an actuarial valuation prepared for the Retirement system. Funding for the non-contributory pension plan is primarily on a pay-as-you-go basis. The pay-as-you-go amounts are legal obligations of the municipality and are required to be included in its annual tax levy. The System covers substantially all municipal employees except school teachers, whose pensions are paid by the Commonwealth.

The annual required contributions of the Town to the system for the current and last five fiscal years are as follows:

Year Ending June 30,	Contributory
2023 (Budgeted)	\$ 866,935
2022	778,764
2021	687,493
2020	660,171
2019	641,424
2018	563,649

As of January 1, 2022, the Essex Regional Retirement System had an actuarial accrued liability of \$1,052,734,165 less an actuarial value of assets of approximately \$634,937,450, which resulted in an estimated unfunded actuarial accrued liability of approximately \$417,796,715, assuming a 7.0% discount rate. The Town's estimated share of the unfunded actuarial accrued liability is approximately 1.958%. Additional information about the Essex Regional Retirement System may be obtained by contacting The Dahab Associates, Falmouth, Massachusetts.

The County expects to reduce the unfunded actuarial pension liability of the system to zero by not later than June 30, 2035. Please see the funding schedule below.

Essex Regional Retirement System Funding Schedule

(1) Fiscal Year Ended June 30	(2) Employer Normal Cost	(3) Amortization of ERI (2002) Liability	(4) Amortization of ERI (2003) Liability	(5) Amortization of Remaining Liability	(6) Actuarially Determined Contribution (ADC): (2)+(3)+(4)+(5)	(7) Total UAL at Beginning of Fiscal Year	(8) Percent Increase in ADC Over Prior Year
2023	\$9,856,270	\$10,049	\$9,333	\$34,637,093	\$44,512,745	\$432,172,282	--
2024	10,165,422	10,501	9,753	37,220,397	47,406,073	425,341,913	6.50%
2025	10,484,183	10,974	10,191	39,982,120	50,487,468	415,268,350	6.50%
2026	10,812,848	11,468	10,650	42,934,187	53,769,153	401,533,620	6.50%
2027	11,151,722	11,984	11,129	46,089,313	57,264,148	383,677,727	6.50%
2028	11,501,123	12,523	11,630	49,461,042	60,986,318	361,194,872	6.50%
2029	11,861,372	0	0	53,089,057	64,950,429	333,529,354	6.50%
2030	12,232,806	0	0	55,315,640	67,548,446	300,071,118	4.00%
2031	12,615,768	0	0	57,634,616	70,250,384	261,888,361	4.00%
2032	13,010,614	0	0	60,049,785	73,060,399	218,551,507	4.00%
2033	13,417,709	0	0	62,565,106	75,982,815	169,596,843	4.00%
2034	13,837,432	0	0	65,184,696	79,022,128	114,523,959	4.00%
2035	14,270,171	0	0	52,793,011	67,063,182	52,793,011	-15.13%
2036	14,716,326	0	0	0	14,716,326	0	-78.06%

Notes:

Fiscal 2023 Actuarially Determined Contribution set equal to budgeted amount

Actuarially Determined Contributions are assumed to be paid on July 1

Item (2) reflects 2.75% growth in payroll, plus an additional 0.15% adjustment to total normal cost to reflect the effects of mortality improvement due to generational mortality assumption

Projected normal cost does not reflect the impact of pension reform for future hires

Projected unfunded actuarial accrued liability does not reflect the recognition of deferred investment gains/losses

Other Post-Employment Benefits

In addition to pension benefits, cities and towns may provide retired employees with health care and life insurance benefits. The portion of the cost of such benefits paid by cities or towns is generally provided on a pay-as-you-go basis. The pay-as-you-go cost to the Town for such benefits in recent years has been as follows:

<u>Fiscal Year</u>	<u>Benefit Costs</u>
2023	\$ 60,798
2022	100,824
2021	87,769
2020	91,712
2019	84,924

The Governmental Accounting Standards Board (“GASB”) promulgated accounting standards that require public sector entities to report the future costs of these non-pension, post-employment benefits in their financial statements. These accounting standards do not require pre-funding the payment of these costs as the liability for such costs accrues, but the basis applied by the standards for measurement of costs and liabilities for these benefits is conservative if they continue to be funded on a pay-as-you-go basis and will result in larger yearly cost and liability accruals than if the cost of such benefits were pre-funded in a trust fund in the same manner as traditional pension benefits. Cities and towns that choose to self-insure all or a portion of the cost of the health care benefits they provide to employees and retirees may establish a trust fund for the purpose of paying claims. In addition, cities and towns may establish a trust fund for the purpose of pre-funding other post-employment benefits liability in the same manner as traditional pension benefits.

The Town has performed an actuarial valuation study of its non-pension, post-employment benefits. As of June 30, 2022, the total OPEB liability was \$2,907,896 and the fiduciary net position was \$2,564,519 resulting in a net OPEB of \$343,377, assuming a 6.0% investment rate of return. The Town maintains an OPEB Trust fund which had a balance of \$2,564,519 at June 30, 2022.

EMPLOYEE RELATIONS

The Town employs approximately 80 full-time and part-time workers, 17 of whom are employed by the police department, 7 by the DPW and the balance by various other town departments. Town employees (other than managerial and confidential employees) are entitled to join unions and to bargain collectively on questions of wages, hours and other terms and conditions of employment. Approximately 16 Town employees are represented by unions, including police, dispatchers and DPW employees. The police, dispatchers and DPW contracts expire June 30, 2025.

LITIGATION

At present there are various cases pending in various courts throughout the Commonwealth where the Town of West Newbury is a defendant. In the opinion of the Town, none of the pending litigation is likely to result, either individually or in the aggregate, in final judgments against the Town that would materially affect its financial position or its ability to pay its obligations.

Town of West Newbury, Massachusetts
/s/ Kaitlin Gilbert, Treasurer

June 13, 2023

ROSELLI, CLARK & ASSOCIATES
Certified Public Accountants

TOWN OF WEST NEWBURY, MASSACHUSETTS

Report on Examination of the Basic Financial Statements and
Additional Information

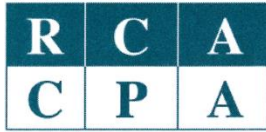
Year Ended June 30, 2022



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

Opinion

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, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Town as of June 30, 2022, and the respective changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements taken as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance

therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatements resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and 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 these 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.

Roselli Clark & Associates

Roselli, Clark and Associates
Certified Public Accountants
Woburn, Massachusetts
September 26, 2022

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, 2022.

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 over \$33.6 million (*total net position*). Nearly \$29.5 million represented net position of governmental activities and nearly \$4.2 million represented net position of the business-type activities.
- The government's total net position increased by over \$1.0 million. This was due to an increase of approximately \$0.9 million in governmental activities and over \$0.1 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 over \$5.6 million (32.7% of General Fund expenditures). Total Fund Balance in the General Fund was approximately \$6.9 million (40.0% 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 \$3.5 million, \$1.3 million and \$1.1 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 over \$33.6 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					
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
<u>Assets</u>						
Current and other assets	\$ 14,143,303	\$ 14,034,753	\$ 2,293,736	\$ 2,349,759	\$ 16,437,039	\$ 16,384,512
Capital assets, net	<u>24,051,241</u>	<u>22,956,973</u>	<u>5,155,472</u>	<u>5,006,453</u>	<u>29,206,713</u>	<u>27,963,426</u>
Total assets	<u>38,194,544</u>	<u>36,991,726</u>	<u>7,449,208</u>	<u>7,356,212</u>	<u>45,643,752</u>	<u>44,347,938</u>
<u>Deferred Outflows of Resources</u>	<u>1,360,736</u>	<u>1,049,444</u>	<u>127,078</u>	<u>98,884</u>	<u>1,487,814</u>	<u>1,148,328</u>
<u>Liabilities</u>						
Long term liabilities	7,030,886	7,731,087	2,144,892	2,219,589	9,175,778	9,950,676
Other liabilities	<u>1,165,722</u>	<u>531,311</u>	<u>1,100,000</u>	<u>1,100,000</u>	<u>2,265,722</u>	<u>1,631,311</u>
Total liabilities	<u>8,196,608</u>	<u>8,262,398</u>	<u>3,244,892</u>	<u>3,319,589</u>	<u>11,441,500</u>	<u>11,581,987</u>
<u>Deferred Inflows of Resources</u>	<u>1,898,452</u>	<u>1,213,275</u>	<u>165,886</u>	<u>115,219</u>	<u>2,064,338</u>	<u>1,328,494</u>
<u>Net Position</u>						
Net investment in capital assets	23,756,241	22,356,976	2,813,812	2,727,127	26,570,053	25,084,103
Restricted	5,854,914	5,564,524	-	-	5,854,914	5,564,524
Unrestricted	<u>(150,935)</u>	<u>643,997</u>	<u>1,351,696</u>	<u>1,293,161</u>	<u>1,200,761</u>	<u>1,937,158</u>
Net Position	<u>\$ 29,460,220</u>	<u>\$ 28,565,497</u>	<u>\$ 4,165,508</u>	<u>\$ 4,020,288</u>	<u>\$ 33,625,728</u>	<u>\$ 32,585,785</u>

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 \$1.2 million.

Condensed changes in net position data is presented as follows:

	<u>Governmental activities</u>		<u>Business activities</u>		<u>Total</u>	
			June 30			
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
<u>Revenues</u>						
Program revenues:						
Charges for services	\$ 506,918	\$ 679,753	\$ 1,016,139	\$ 1,097,425	\$ 1,523,057	\$ 1,777,178
Operating grants and contributions	680,939	863,527	-	-	680,939	863,527
Capital grants and contributions	409,385	150,000	4,500	6,000	413,885	156,000
General revenues:						
Property taxes	15,386,172	15,236,382	-	-	15,386,172	15,236,382
Intergovernmental	373,350	214,969	-	-	373,350	214,969
Other	762,716	1,057,837	(20,321)	6,182	742,395	1,064,019
Total revenues	<u>18,119,480</u>	<u>18,202,468</u>	<u>1,000,318</u>	<u>1,109,607</u>	<u>19,119,798</u>	<u>19,312,075</u>
<u>Expenses</u>						
General government	1,584,771	1,965,830	-	-	1,584,771	1,965,830
Public safety	2,718,022	2,980,644	-	-	2,718,022	2,980,644
Education	9,297,474	8,952,568	-	-	9,297,474	8,952,568
Public works	2,113,991	1,720,110	-	-	2,113,991	1,720,110
Health and human services	718,986	802,518	-	-	718,986	802,518
Culture and recreation	782,563	426,129	-	-	782,563	426,129
Debt service	8,950	15,900	-	-	8,950	15,900
Water	-	-	855,098	795,055	855,098	795,055
Total expenses	<u>17,224,757</u>	<u>16,863,699</u>	<u>855,098</u>	<u>795,055</u>	<u>18,079,855</u>	<u>17,658,754</u>
Change in net position	894,723	1,338,769	145,220	314,552	1,039,943	1,653,321
Net position, beginning of year	<u>28,565,497</u>	<u>27,226,728</u>	<u>4,020,288</u>	<u>3,705,736</u>	<u>32,585,785</u>	<u>30,932,464</u>
Net position, end of year	<u>\$ 29,460,220</u>	<u>\$ 28,565,497</u>	<u>\$ 4,165,508</u>	<u>\$ 4,020,288</u>	<u>\$ 33,625,728</u>	<u>\$ 32,585,785</u>

Governmental Activities - The Town relies significantly on property taxes, which, during 2022, made up approximately 84.9% of total governmental activities revenues, an increase of over \$0.1 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 54.0% of total expenses; this was consistent with the prior year amount of 53.1%. 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 decreased by 10% over the prior year due to decreased consumption and loss on investments. 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 over \$5.6 million, while total fund balance reached approximately \$6.9 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 32.7% of total general fund expenditures, while total fund balance represented approximately 40.0% of that same amount.

The Town's governmental funds balance sheet reported a combined ending fund balance of over \$12.7 million. In addition to the \$6.9 million in the general fund previously discussed, there were also restricted fund balances in the Community Preservation Fund, Library Trust Fund and combined Nonmajor funds of over \$3.5 million, nearly \$1.3 million and nearly \$1.1 million, respectively.

The General Fund balance decreased by about \$0.5 million primarily due to the timing of spending down Town Meeting articles in the Public Works department.

The Community Preservation Fund balance increased by nearly \$0.1 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 was consistent with the prior year as activity was minimal.

The combined Nonmajor funds increased by approximately \$0.2 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 \$4.2 million, which increased over \$0.1 million from the prior year.

Fiduciary funds - The Town's fiduciary funds include nearly \$2.6 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, 2022, amounts to over \$29.2 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.

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 \$1.9 million; this includes approximately \$0.3 million in governmental activities and approximately \$1.6 million in business-type activities. This represented a decrease of nearly \$0.4 million over the prior year due to regularly scheduled maturities.

The Town's bond rating was increased AAA 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 \$57.5 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 region's unemployment rate remains robust as a byproduct of stimulus activities from the Federal Government. Unemployment rates are at 40-year lows.
- Inflation is trending near 40-year highs and efforts to battle this by the Federal Government are causing borrowing rates to spike near 20-year highs.
- 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 2023 which was authorized by Annual Town Meeting in May 2022 and it expects to set its tax rate before December 31, 2022.

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, 2022

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 8,919,086	\$ 1,468,897	\$ 10,387,983
Investments	4,939,470	447,120	5,386,590
Receivables, net of allowance for uncollectibles:			
Property taxes	82,924	-	82,924
Departmental and other	158,018	-	158,018
Intergovernmental	43,805	-	43,805
User charges	-	377,719	377,719
Capital assets, not being depreciated	9,741,087	2,823,722	12,564,809
Capital assets, net of accumulated depreciation	14,310,154	2,331,750	16,641,904
Total Assets	38,194,544	7,449,208	45,643,752
Deferred Outflows of Resources			
Related to other postemployment benefit liability	441,708	77,999	519,707
Related to net pension liability	919,028	49,079	968,107
Total Deferred Outflows of Resources	1,360,736	127,078	1,487,814
Liabilities			
Warrants and accounts payable	365,247	-	365,247
Accrued payroll and withholdings	52,283	-	52,283
Other liabilities	43,669	-	43,669
Unearned revenues	704,523	-	704,523
Bond anticipation notes payable	-	1,100,000	1,100,000
Noncurrent liabilities:			
Due within one year	370,339	39,386	409,725
Due in more than one year	6,660,547	2,105,506	8,766,053
Total Liabilities	8,196,608	3,244,892	11,441,500
Deferred Inflows of Resources			
Related to net other postemployment benefit liability	181,534	20,170	201,704
Related to net pension liability	1,716,918	145,716	1,862,634
Total Deferred Inflows of Resources	1,898,452	165,886	2,064,338
Net Position			
Net investment in capital assets	23,756,241	2,813,812	26,570,053
Restricted:			
Nonexpendable permanent funds	18,120	-	18,120
Community preservation	3,510,090	-	3,510,090
Other purposes	2,326,704	-	2,326,704
Unrestricted	(150,935)	1,351,696	1,200,761
Total Net Position	\$ 29,460,220	\$ 4,165,508	\$ 33,625,728

See accompanying notes to basic financial statements.

TOWN OF WEST NEWBURY, MASSACHUSETTS

**STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022**

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	\$ 1,584,771	\$ 199,886	\$ 43,953	\$ -	\$ (1,340,932)		\$ (1,340,932)
Public safety	2,718,022	201,602	161,503	-	(2,354,917)		(2,354,917)
Education	9,297,474	-	5,263	-	(9,292,211)		(9,292,211)
Public works	2,113,991	18,072	200	409,385	(1,686,334)		(1,686,334)
Health and human services	718,986	11,814	413,010	-	(294,162)		(294,162)
Culture and recreation	782,563	75,544	57,010	-	(650,009)		(650,009)
Interest	8,950	-	-	-	(8,950)		(8,950)
Total Governmental Activities	17,224,757	506,918	680,939	409,385	(15,627,515)		(15,627,515)
<u>Business-Type Activities:</u>							
Water	855,098	1,016,139	-	4,500	-	\$ 165,541	165,541
Total Primary Government	\$ 18,079,855	\$ 1,523,057	\$ 680,939	\$ 413,885	(15,627,515)	165,541	(15,461,974)
<u>General Revenues:</u>							
					15,386,172	-	15,386,172
					860,867	-	860,867
					70,988	-	70,988
					373,350	-	373,350
					(169,139)	(20,321)	(189,460)
					16,522,238	(20,321)	16,501,917
					894,723	145,220	1,039,943
<u>Net Position:</u>							
					28,565,497	4,020,288	32,585,785
					\$ 29,460,220	\$ 4,165,508	\$ 33,625,728

See accompanying notes to basic financial statements.

TOWN OF WEST NEWBURY, MASSACHUSETTS

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2022**

	General	Community Preservation	Library Trust Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets:					
Cash and cash equivalents	\$ 4,011,527	\$ 3,054,162	\$ 198,073	\$ 1,655,324	\$ 8,919,086
Investments	3,331,397	455,928	1,076,862	75,283	4,939,470
Receivables, net of allowance for uncollectibles					
Property taxes	82,787	137	-	-	82,924
Departmental and other	153,198	-	-	4,820	158,018
Intergovernmental	-	-	-	43,805	43,805
Total Assets	<u>7,578,909</u>	<u>3,510,227</u>	<u>1,274,935</u>	<u>1,779,232</u>	<u>14,143,303</u>
Total Deferred Outflows of Resources	-	-	-	-	-
Total Assets and Deferred Outflows of Resources	<u>\$ 7,578,909</u>	<u>\$ 3,510,227</u>	<u>\$ 1,274,935</u>	<u>\$ 1,779,232</u>	<u>\$ 14,143,303</u>
Liabilities:					
Warrants and accounts payable	\$ 365,247	\$ -	\$ -	\$ -	\$ 365,247
Accrued payroll and withholdings	52,283	-	-	-	52,283
Other liabilities	43,669	-	-	-	43,669
Unearned revenues	-	-	-	704,523	704,523
Total Liabilities	<u>461,199</u>	<u>-</u>	<u>-</u>	<u>704,523</u>	<u>1,165,722</u>
Deferred Inflows of Resources:					
Unavailable revenues - property taxes	82,787	137	-	-	82,924
Unavailable revenues - other	153,198	-	-	4,820	158,018
Total Deferred Inflows of Resources	<u>235,985</u>	<u>137</u>	<u>-</u>	<u>4,820</u>	<u>240,942</u>
Fund Balances:					
Nonspendable	-	-	7,500	10,620	18,120
Restricted	38,316	3,510,090	1,267,435	1,059,269	5,875,110
Committed	996,657	-	-	-	996,657
Assigned	222,779	-	-	-	222,779
Unassigned	5,623,973	-	-	-	5,623,973
Total Fund Balances	<u>6,881,725</u>	<u>3,510,090</u>	<u>1,274,935</u>	<u>1,069,889</u>	<u>12,736,639</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 7,578,909</u>	<u>\$ 3,510,227</u>	<u>\$ 1,274,935</u>	<u>\$ 1,779,232</u>	<u>\$ 14,143,303</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, 2022

Total Governmental Fund Balances	\$ 12,736,639
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	24,051,241
Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the governmental funds.	240,942
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	919,028
Deferred inflows related to net pension liability	(1,716,918)
Deferred outflows related to net other postemployment benefits liability	441,708
Deferred inflows related to net other postemployment benefits liability	(181,534)
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	(326,091)
Net pension liability	(6,265,807)
Net other postemployment benefit liability	(309,039)
Compensated absences	(129,949)
Net Position of Governmental Activities	<u>\$ 29,460,220</u>

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, 2022**

	General	Community Preservation	Library Trust Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
Property taxes	\$ 15,114,834	\$ 371,423	\$ -	\$ -	\$ 15,486,257
Intergovernmental	428,820	342,531	-	667,663	1,439,014
Excise taxes	859,952	-	-	915	860,867
License and permits	201,438	-	-	-	201,438
Departmental and other revenue	268,829	-	-	169,214	438,043
Penalties and interest on taxes	70,988	-	-	-	70,988
Fines and forfeitures	13,604	-	-	-	13,604
Investment income	(191,370)	3,929	21,824	(3,522)	(169,139)
Contributions and donations	-	-	-	24,660	24,660
Total Revenues	<u>16,767,095</u>	<u>717,883</u>	<u>21,824</u>	<u>858,930</u>	<u>18,365,732</u>
Expenditures:					
Current:					
General government	1,325,918	11,853	-	22,908	1,360,679
Public safety	1,999,234	-	-	152,068	2,151,302
Education	9,151,440	-	-	-	9,151,440
Public works	2,073,854	-	-	381,132	2,454,986
Health and human services	674,681	363,367	-	30,067	1,068,115
Culture and recreation	395,063	257,916	15,000	63,572	731,551
Pension and other fringe benefits	1,206,280	-	-	-	1,206,280
State and county tax assessments	84,208	-	-	-	84,208
Debt service:					
Principal	305,000	-	-	10,363	315,363
Interest	8,950	-	-	-	8,950
Total Expenditures	<u>17,224,628</u>	<u>633,136</u>	<u>15,000</u>	<u>660,110</u>	<u>18,532,874</u>
Net Change in Fund Balances	(457,533)	84,747	6,824	198,820	(167,142)
Fund Balances - Beginning	<u>7,339,258</u>	<u>3,425,343</u>	<u>1,268,111</u>	<u>871,069</u>	<u>12,903,781</u>
Fund Balances - Ending	<u>\$ 6,881,725</u>	<u>\$ 3,510,090</u>	<u>\$ 1,274,935</u>	<u>\$ 1,069,889</u>	<u>\$ 12,736,639</u>

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, 2022**

		Total
Net Change in Fund Balances - Total Governmental Fund Balances	\$	(167,142)
<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	\$ 1,927,570	
Disposal of capital assets	(10,883)	
Depreciation expense	(822,421)	
Net effect of reporting capital assets		1,094,266
<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	315,363	
Net effect of reporting long-term debt		315,363
<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>		
		(246,252)
<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	(20,361)	
Other postemployment benefits	(68,689)	
Pension benefits	(12,462)	
Net effect of reporting long-term liabilities		(101,512)
Change in Net Position of Governmental Activities	\$	894,723

See accompanying notes to basic financial statements.

TOWN OF WEST NEWBURY, MASSACHUSETTS

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2022**

	Business-type Activities Enterprise fund
	Water
Assets:	
Current assets:	
Cash and cash equivalents	\$ 1,468,897
Investments	447,120
User fees receivable	377,719
Total current assets	2,293,736
Noncurrent assets:	
Capital assets, not being depreciated	2,823,722
Capital assets, net of accumulated depreciation	2,331,750
Total noncurrent assets	5,155,472
Total Assets	7,449,208
Deferred Outflows of Resources	
Related to net other postemployment benefit liability	77,999
Related to net pension liability	49,079
Total Deferred Outflows of Resources	127,078
Liabilities:	
Current liabilities:	
Bond anticipation notes payable	1,100,000
Bonds and notes payable	35,000
Compensated absences	4,386
Total current liabilities	1,139,386
Noncurrent liabilities:	
Bonds and notes payable	1,535,000
Compensated absences	4,385
Other postemployment benefit liability	34,338
Net pension liability	531,783
Total noncurrent liabilities	2,105,506
Total Liabilities	3,244,892
Deferred Inflows of Resources	
Related to net other postemployment benefit liability	20,170
Related to net pension liability	145,716
Total Deferred Inflows of Resources	165,886
Net Position:	
Net investment in capital assets	2,813,812
Unrestricted	1,351,696
Total Net Position	\$ 4,165,508

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, 2022**

	Business-type Activities Enterprise Fund <u>Water</u>
Operating Revenues:	
Charges for services	\$ 920,604
Other	95,535
Total Operating Revenues	<u>1,016,139</u>
Operating Expenses:	
Operating costs	670,067
Depreciation	108,349
Total Operating Expenses	<u>778,416</u>
Operating Income (Loss)	<u>237,723</u>
Nonoperating Revenues (Expenses):	
Investment income	(20,321)
Investment expense	(76,682)
Total Nonoperating Revenues (Expenses)	<u>(97,003)</u>
Income (Loss) Before Capital Contributions and Transfers	140,720
Capital Contributions:	
System development fees	4,500
Change in Net Position	<u>145,220</u>
Total Net Position - Beginning	<u>4,020,288</u>
Total Net Position - Ending	<u>\$ 4,165,508</u>

See accompanying notes to basic financial statements.

TOWN OF WEST NEWBURY, MASSACHUSETTS

**STATEMENT OF CASH FLOW
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2022**

	Business-type Activities Enterprise Fund
	Water
Cash Flows From Operating Activities:	
Receipts from users	\$ 971,007
Payments to employees	(351,241)
Payments to vendors	(283,331)
	336,435
Net Cash Provided by Operating Activities	
Cash Flows from Capital and Related Financing Activities	
System development fees	4,500
Acquisition and construction of capital assets	(257,368)
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	(76,682)
	(376,579)
Net Cash (Used for) Capital and Related Financing Activities	
Cash flows from Investing Activities	
Investment purchases	(447,120)
Investment income	(20,321)
	(467,441)
Net Cash Provided by (Used for) Investing Activities	
Net Change in Cash and Cash Equivalents	
	(507,585)
Cash and Cash Equivalents:	
Beginning of year	1,976,482
End of year	\$ 1,468,897
Reconciliation of Operating Income to Net Cash Provided By (Used for) Operating Activities:	
Operating loss	\$ 237,723
Depreciation expense	108,349
Changes in assets, deferred inflows, and liabilities:	
Receivables (net)	(16,938)
Deferred outflows of resources	(28,194)
Net other postemployment benefit asset	12,496
Payables	(1,388)
Deferred inflows of resources	50,667
Net other postemployment benefit liability	34,338
Net pension liability	(60,618)
	(60,618)
Net Cash Provided by (Used for) Operating Activities	
	\$ 336,435

See accompanying notes to basic financial statements.

TOWN OF WEST NEWBURY, MASSACHUSETTS

STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2022

	<u>Other Postemployment Benefits Trust</u>	<u>Private Purpose Trust Funds</u>
Assets:		
Cash and cash equivalents	\$ 203,779	\$ -
Certificates of deposit	-	229,939
Mutual funds	171,046	-
Equities	1,246,357	-
Fixed Income	478,024	-
Government securities	417,237	-
Other	48,076	-
Receivables	-	106,379
	<u>2,564,519</u>	<u>336,318</u>
Total Assets		
Net Position:		
Held in trust for other postemployment benefits	2,564,519	-
Held in trust for other purposes	-	336,318
	<u>-</u>	<u>336,318</u>
Total Net Position		
	<u><u>\$ 2,564,519</u></u>	<u><u>\$ 336,318</u></u>

See accompanying notes to basic financial statements.

TOWN OF WEST NEWBURY, MASSACHUSETTS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED JUNE 30, 2022

	Other Postemployment Benefits Trust	Private Purpose Trust Funds
Additions:		
Contributions:		
Employer	\$ 115,824	\$ -
Total contributions	115,824	-
Investment income:		
Interest and dividends	(305,703)	(13,112)
Total Additions	(189,879)	(13,112)
 Deductions:		
Benefits paid	100,824	-
Health and human services	-	825
Total Deductions	100,824	825
Change in Net Position	(290,703)	(13,937)
Net Position - Beginning	2,855,222	350,255
Net Position - Ending	\$ 2,564,519	\$ 336,318

See accompanying notes to basic financial statements.

TOWN OF WEST NEWBURY, MASSACHUSETTS

NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2022

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 2022, the Town's share of the operating, capital and debt service expenses was \$8,932,879. 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.

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 \$3,331,397, at June 30, 2022 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 \$447,120 at June 30, 2022 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 \$30,437 of encumbrances from normal purchasing activity in the general fund as assigned and \$996,657 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	-	-	-	602,845	602,845
Public safety	-	-	-	48,173	48,173
Public works	-	-	-	18,117	18,117
Health and human services	-	-	-	81,977	81,977
Culture and recreation	-	-	1,267,435	209,963	1,477,398
Community preservation	-	3,510,090	-	-	3,510,090
Municipal buildings	38,316	-	-	-	38,316
Other purposes	-	-	-	98,194	98,194
Committed:					
General government	158,267	-	-	-	158,267
Public safety	15,000	-	-	-	15,000
Public works	823,390	-	-	-	823,390
Assigned:					
General government	22,877	-	-	-	22,877
Public safety	4,313	-	-	-	4,313
Public works	3,047	-	-	-	3,047
Health and human services	200	-	-	-	200
Subsequent years' budget	192,342	-	-	-	192,342
Unassigned	5,623,973	-	-	-	5,623,973
	<u>\$ 6,881,725</u>	<u>\$ 3,510,090</u>	<u>\$ 1,274,935</u>	<u>\$ 1,069,889</u>	<u>\$ 12,736,639</u>

E. Excess of Expenditures Over Appropriations and Deficits

During Fiscal Year 2022, 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 \$10,591,762 and the bank balance was \$11,352,565. Of the Town's bank balance, \$7,684,235 was covered by either federal depository insurance or by the depositors' insurance fund and \$3,668,330 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 \$2,627,404, corporate bond holdings totaling \$853,236, and equity securities totaling \$2,119,630 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, 2022:

	Total	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Investments by fair value level				
Debt securities:				
U.S. Government obligations	\$ 2,627,404	\$ 2,627,404	\$ -	\$ -
Corporate bonds	853,236	-	853,236	-
Negotiable certificates of deposit	2,328,922	-	2,328,922	-
Total debt securities	5,809,562	2,627,404	3,182,158	-
Equity securities:				
Common stock	2,119,630	2,119,630	-	-
Exchange traded funds	48,076	48,076	-	-
Total equity securities	2,167,706	2,167,706	-	-
Total investments by fair value level	\$ 7,977,268	\$ 4,795,110	\$ 3,182,158	\$ -

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, 2022, the Town's investments had the following maturities:

Investments	Total	Time Until Maturity (Years)		
		<1	1 - 5	6 - 10 Years
U.S. Government obligations	\$ 2,627,404	\$ -	\$ 2,216,442	\$ 410,962
Corporate bonds	853,236	25,000	755,225	73,011
Negotiable certificates of deposit	2,328,922	823,268	1,505,654	-
Total Town Investments with Maturities	\$ 5,809,562	\$ 848,268	\$ 4,477,321	\$ 483,973

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, 2022, the credit quality ratings of the Town's investments were as follows:

Bond Ratings	Investments		
	Government Obligations	Corporate Fixed Income	Certificate of Deposit
Aaa	\$ 2,627,404	\$ -	\$ -
Aa2	-	75,047	-
Aa3	-	74,156	-
A1	-	121,871	-
A2	-	259,034	-
A3	-	77,529	-
Baa1	-	103,352	-
Baa2	-	118,195	-
Baa3	-	24,052	-
Not rated	-	-	2,328,922
	<u>\$ 2,627,404</u>	<u>\$ 853,236</u>	<u>\$ 2,328,922</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	\$ 82,787	\$ -	\$ 82,787
Tax liens, deferrals, and foreclosures	98,921	-	98,921
Excise	50,803	-	50,803
Other	4,544	-	4,544
Community preservation surcharges	137	-	137
Title V betterments	3,750	-	3,750
Intergovernmental	43,805	-	43,805
Total	<u>\$ 284,747</u>	<u>\$ -</u>	<u>\$ 284,747</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>\$ 377,719</u>	<u>\$ -</u>	<u>\$ 377,719</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 Fund	Other Governmental Funds	Total
Receivables type:			
Real estate and personal property taxes	\$ 82,787	\$ -	\$ 82,787
Tax liens, deferrals, and foreclosures	98,921	-	98,921
Excise	50,803	-	50,803
Other	3,474	1,070	4,544
Community preservation surcharges	-	137	137
Title V betterments	-	3,750	3,750
Total	\$ 235,985	\$ 4,957	\$ 240,942

C. Interfund Receivables, Payables and Transfers

The Town did not report any interfund receivables, payable or transfers for the fiscal year ended June 30, 2022.

D. Capital Assets

Capital assets for the year ended June 30, 2022, 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	232,184	(10,883)	287,605
Total capital assets not being depreciated	<u>9,519,786</u>	<u>232,184</u>	<u>(10,883)</u>	<u>9,741,087</u>
Capital assets being depreciated:				
Buildings	14,155,260	458,324	-	14,613,584
Improvements other than buildings	1,716,172	-	-	1,716,172
Infrastructure	9,379,975	729,996	-	10,109,971
Machinery and equipment	1,295,368	82,340	-	1,377,708
Vehicles	3,052,809	424,726	(246,950)	3,230,585
Total capital assets being depreciated	<u>29,599,584</u>	<u>1,695,386</u>	<u>(246,950)</u>	<u>31,048,020</u>
Less accumulated depreciation for:				
Buildings	(8,034,107)	(370,787)	-	(8,404,894)
Improvements other than buildings	(1,440,465)	(19,242)	-	(1,459,707)
Infrastructure	(3,354,649)	(180,466)	-	(3,535,115)
Machinery and equipment	(749,688)	(83,620)	-	(833,308)
Vehicles	(2,583,483)	(168,306)	246,950	(2,504,839)
Total accumulated depreciation	<u>(16,162,392)</u>	<u>(822,421)</u>	<u>246,950</u>	<u>(16,737,863)</u>
Total capital assets being depreciated, net	<u>13,437,192</u>	<u>872,965</u>	<u>-</u>	<u>14,310,157</u>
Governmental activities capital assets, net	<u>\$ 22,956,978</u>	<u>\$ 1,105,149</u>	<u>\$ (10,883)</u>	<u>\$ 24,051,244</u>
<i>Business Activities - Water:</i>				
Capital assets not being depreciated:				
Land	\$ 395,662	\$ -	\$ -	\$ 395,662
Construction in process	2,247,932	180,128	-	2,428,060
Total capital assets not being depreciated	<u>2,643,594</u>	<u>180,128</u>	<u>-</u>	<u>2,823,722</u>
Capital assets being depreciated:				
Infrastructure	5,418,598	26,819	-	5,445,417
Improvement other than buildings	5,570	-	-	5,570
Machinery and equipment	138,324	-	-	138,324
Vehicles	75,522	50,421	-	125,943
Total capital assets being depreciated	<u>5,638,014</u>	<u>77,240</u>	<u>-</u>	<u>5,715,254</u>
Less accumulated depreciation for:				
Infrastructure	(3,094,873)	(92,761)	-	(3,187,634)
Improvement other than buildings	(5,571)	-	-	(5,571)
Machinery and equipment	(104,006)	(5,728)	-	(109,734)
Vehicles	(70,705)	(9,860)	-	(80,565)
Total accumulated depreciation	<u>(3,275,155)</u>	<u>(108,349)</u>	<u>-</u>	<u>(3,383,504)</u>
Total capital assets being depreciated, net	<u>2,362,859</u>	<u>(31,109)</u>	<u>-</u>	<u>2,331,750</u>
Business activities capital assets, net	<u>\$ 5,006,453</u>	<u>\$ 149,019</u>	<u>\$ -</u>	<u>\$ 5,155,472</u>

Depreciation expense was charged to functions/programs as follows:

Governmental Activities:		Business-Type Activities:	
General government	\$ 104,496	Water	<u>\$ 108,349</u>
Public safety	232,668		
Education	135,151		
Public works	312,113		
Health and human services	12,113		
Culture and recreation	<u>25,880</u>		
	<u>\$ 822,421</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, 2021	Additions	Retirements	June 30, 2022
Business-type Activities - Water:						
BAN	2.00%	7/15/2021	\$ 1,100,000		\$ (1,100,000)	\$ -
BAN	1.50%	7/14/2022	<u>-</u>	<u>1,100,000</u>	<u>-</u>	<u>1,100,000</u>
Total Notes Payable			<u>\$ 1,100,000</u>	<u>\$ 1,100,000</u>	<u>\$ (1,100,000)</u>	<u>\$ 1,100,000</u>

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
Governmental Activities:					
Bond and note indebtedness	\$ 600,000	\$ -	\$ (305,000)	\$ 295,000	\$ 295,000
Notes from direct borrowings and placements	41,454	-	(10,363)	31,091	10,364
Compensated absences	109,589	75,155	(54,795)	129,949	64,975
Other post employment benefits liability/(asset)	(112,468)	707,282	(285,775)	309,039	-
Net pension liability	6,980,049	1,720,517	(2,434,759)	6,265,807	-
Total Governmental Activities	<u>\$ 7,618,624</u>	<u>\$ 2,502,954</u>	<u>\$ (3,090,692)</u>	<u>\$ 7,030,886</u>	<u>\$ 370,339</u>
Business-type Activities: Water					
Bond and note indebtedness	\$ 1,605,000	\$ -	\$ (35,000)	\$ 1,570,000	\$ 35,000
Notes from direct borrowings and placements	12,029	-	(12,029)	-	-
Compensated absences	10,159	3,692	(5,080)	8,771	4,386
Other post employment benefits liability/(asset)	(12,496)	78,587	(31,753)	34,338	-
Net pension liability	592,401	146,021	(206,639)	531,783	-
Total Business-type Activities: Water	<u>\$ 2,207,093</u>	<u>\$ 228,300</u>	<u>\$ (290,501)</u>	<u>\$ 2,144,892</u>	<u>\$ 39,386</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, 2022:

Description of Issue	Maturing Year	Interest Rate	Beginning Balance	Additions	Maturities	Ending Balance
Governmental Activities:						
General obligation bonds	2023	2.00 - 4.00%	\$ 600,000	\$ -	\$ (305,000)	\$ 295,000
MCWT notes (Title V)	2024	0.00 - 5.25%	41,454	-	(10,363)	31,091
Total Governmental Bond and Note Indebtedness			<u>641,454</u>	<u>-</u>	<u>(315,363)</u>	<u>326,091</u>
Business-type Activities - Water:						
FHA loan	2022	5.00%	12,029	-	(12,029)	-
General obligation bonds	2048	3.00 - 5.00%	1,605,000	-	(35,000)	1,570,000
Total Water Bond and Note Indebtedness			<u>1,617,029</u>	<u>-</u>	<u>(47,029)</u>	<u>1,570,000</u>
Total Long-Term Bond and Note Indebtedness - All			<u>\$ 2,258,483</u>	<u>\$ -</u>	<u>\$ (362,392)</u>	<u>\$ 1,896,091</u>

Governmental Activities - Total Bond and Note Indebtedness				
Year Ending <u>June 30,</u>	Principal		Interest	
	GO Bonds	Direct	GO Bonds	Direct
2023	\$ 295,000	\$ 10,364	\$ 2,950	\$ -
2024	-	10,364	-	-
2025	-	10,363	-	-
Total	<u>\$ 295,000</u>	<u>\$ 31,091</u>	<u>\$ 2,950</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
2023	\$ 35,000	\$ -	\$ 52,687	\$ -
2024	40,000	-	50,812	-
2025	40,000	-	48,812	-
2026	45,000	-	46,687	-
2027	45,000	-	44,437	-
2028-2032	250,000	-	194,360	-
2033-2037	290,000	-	153,260	-
2038-2042	340,000	-	105,334	-
2043-2047	395,000	-	47,487	-
2048	90,000	-	1,463	-
Total	<u>\$ 1,570,000</u>	<u>\$ -</u>	<u>\$ 745,339</u>	<u>\$ -</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, 2021 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, 2021, was as follows:

Retired participants and beneficiaries receiving benefits	2,039
Inactive participants entitled to a return of their employee contributions	972
Active members	<u>3,118</u>
Total	<u>6,129</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 \$778,764 to the System in fiscal year 2022, which was the actuarially determined contribution requirement for the fiscal year. The Town’s contributions as a percentage of covered payroll was approximately 27.6% in fiscal year 2022.

Net Pension Liability – At June 30, 2022, the Town reported a liability of \$6,797,590 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2022. These figures were updated by the

independent actuary as of December 31, 2021. 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 1.96% at December 31, 2021.

Pension Expense – The Town recognized \$792,283 in pension expense in the statement of activities in fiscal year 2022.

Deferred Outflows of Resources and Deferred Inflows of Resources – At June 30, 2022, 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	-	1,506,845
Changes in assumptions	752,978	-
Changes in proportion differences	243,483	-
Differences between expected and actual experience	566	207,997
Changes in proportion differences	-	147,792
	<u>\$ 997,027</u>	<u>\$ 1,862,634</u>

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

<u>Year Ended June 30,</u>	<u>Amount</u>
2022	\$ (38,080)
2023	(327,170)
2024	(320,090)
2025	<u>(180,267)</u>
Total	<u>\$ (865,607)</u>

Discount Rate – The discount rate used to measure the total pension liability was 7.0%. 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, 2022. The significant actuarial assumptions used in the January 1, 2022 actuarial valuation included:

Investment rate of return	Full prefunding: 7.0% per year, net of investment expenses
Discount Rate	7.0%
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 2021
Post-Retirement Mortality	RP-2014 Healthy Annuitant Mortality Table projected generationally with Scale MP 2021
Disabled Mortality	RP-2014 Healthy Annuitant Mortality Table set forward two years projected generationally with Scale MP 2021

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	22.00%	6.11%
International Equity	11.50%	6.49%
International Emerging Markets	4.50%	8.12%
Core fixed income	15.00%	0.38%
High Yield Fixed Income	8.00%	2.48%
Real Estate	10.00%	3.72%
Timberland	4.00%	3.44%
Hedge Fund, GTAA, Risk Parity	10.00%	2.63%
Private Equity	15.00%	9.93%
	100.00%	

Sensitivity Analysis – The following presents the Town’s proportionate share of the net pension liability calculated using the discount rate of 7.0% as well as the Town’s proportionate share of the net pension liability using a discount rate that is one percentage point lower or one percentage greater than the current rate of 7.0%.

Net Pension Liability			
Discount Rate			
Current Rate	1% lower	Current	1% greater
7.0%	\$ 9,192,852	\$ 6,797,590	\$ 4,786,131

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, 2022, 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, 2022:

Active employees	44
Inactives currently receiving	<u>18</u>
Total	<u>62</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	2.40%
Health Care Trend Rate	7.0%; trending down to 4.0%
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 – There were no significant assumption changes.

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 2022. 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, 2022, the Town’s average contribution rate was 3.8% of covered-employee payroll.

Net OPEB Liability – The Town’s net OPEB asset was measured as of June 30, 2022 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 Allocation	Expected Investment Rate of Return
Cash and equivalents	2.50%	0.00%
Large cap value stocks	24.00%	4.66%
Large cap growth stocks	24.00%	4.66%
International equity	9.00%	5.88%
Emerging equity	3.00%	5.88%
Short-term fixed income	10.00%	1.30%
Intermediate fixed income	27.50%	1.33%
	100.00%	

Sensitivity Analyses – The following presents the Town’s net OPEB liability as well as what the Town’s net OPEB liability would be if it were calculated using a discount rate that is 1.0% 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:

Net OPEB Liability (asset)					
Discount Rate					
Current Rate	1% lower	Current	1% greater		
6.00%	\$ 778,719	\$ 343,377	\$ (8,513)		
Health Care Rate					
Current Rate	1% lower	Current	1% greater		
7.0% trending to 4.0%	\$ (88,787)	\$ 343,377	\$ 891,352		

Changes in the Net OPEB Liability (Asset) – The following table summarizes the changes in the net OPEB liability for the year ended June 30, 2022:

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability/(Asset) (a) - (b)
Balances at June 30, 2021	\$ 2,730,258	\$ 2,855,222	\$ (124,964)
Changes for the year:			
Service cost	121,092	-	\$ 121,092
Interest	168,056	-	168,056
Changes in assumptions	(10,686)	-	(10,686)
Difference between expected and actual experience	-	-	-
Employer contributions	-	115,824	(115,824)
Benefit payments withdrawn from trust	-	(100,824)	100,824
Net investment income	-	(305,703)	305,703
Benefit payments	(100,824)	-	(100,824)
Net changes	177,638	(290,703)	468,341
Balances at June 30, 2022	\$ 2,907,896	\$ 2,564,519	\$ 343,377

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB – For the year ended June 30, 2022, the Town recognized OPEB expense of \$102,938. Deferred outflows of resources and deferred inflows of resources related to OPEB at June 30, 2022 were reported as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	\$ 234,003	\$ 10,117
Differences between actual and expected experience	66,793	191,587
Differences between expected and actual earnings	189,991	-
	\$ 490,787	\$ 201,704

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,	
2023	\$ 91,095
2024	98,004
2025	70,551
2026	84,681
2027	(36,614)
thereafter	(18,634)
	\$ 289,083

Net OPEB Liability/(Asset) – The components of the net OPEB liability/(asset) of the Town at June 30, 2022 were as follows:

Total OPEB Liability	\$	2,907,896
Plan fiduciary net position		<u>(2,564,519)</u>
Net OPEB liability	\$	<u>343,377</u>
Plan fiduciary net position as a percentage of the total OPEB liability		88.2%

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, 2022, the annual money-weighted rate of return on investments, net of investment expense, was negative 10.66%. 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, 2022, 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, 2022.

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 June 2017, the GASB issued GASB Statement No. 87, *Leases*. This Statement redefined the manner in which long-term leases are accounted and reported. As amended, the provisions of this Statement became effective in fiscal year 2022. The adoption of this standard did not have a material impact on the Town's 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 established accounting requirements for interest costs incurred before the end of a construction period. As amended, the provisions of this Statement became effective in fiscal year 2022. The adoption of this standard did not have a material impact on the Town's 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 was 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 became effective in fiscal year 2022. The adoption of this standard did not have a material impact on the Town's financial statements.

Future Year Implementations

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. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The objective of this Statement is to improve financial reporting by addressing issues 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 2022, the GASB issued GASB Statement No. 100, *Accounting Changes and Error Corrections – An Amendment of GASB Statement No 62*. The objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent and comparable information for decision making or assessing accountability. The provisions of this Statement are effective for financial reporting periods beginning after June 15, 2023 (fiscal year 2024). The Town is currently evaluating whether adoption will have a material impact on the financial statements.

In June 2022, the GASB issued GASB Statement No. 101, *Compensate Absences*. The objective of this Statement is to update the recognition and measurement guidance for compensated absences by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The provisions of this Statement are effective for financial reporting periods beginning after December 15, 2023 (fiscal year 2025). The Town is currently evaluating whether adoption will have a material impact on the financial statements.

TOWN OF WEST NEWBURY, MASSACHUSETTS

REQUIRED SUPPLEMENTARY INFORMATION - PENSIONS
YEAR ENDED JUNE 30, 2022

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

	Year Ended June 30,							
	2022	2021	2020	2019	2018	2017	2016	2015
Town's proportion of the net pension liability (asset)	1.960%	1.908%	1.969%	1.969%	1.823%	1.888%	1.853%	1.906%
Town's proportionate share of the net pension liability (asset)	\$ 6,798	\$ 7,572	\$ 8,297	\$ 8,316	\$ 6,835	\$ 7,274	\$ 6,733	\$ 6,466
Town's covered-employee payroll	\$ 2,827	\$ 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	240.5%	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	67.0%	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,							
	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 779	\$ 737	\$ 707	\$ 687	\$ 594	\$ 572	\$ 656	\$ 509
Contributions in relation to the actuarially determined contribution	779	737	707	687	594	572	656	509
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Town's covered-employee payroll	\$ 2,827	\$ 2,733	\$ 2,630	\$ 2,598	\$ 2,495	\$ 2,205	\$ 2,379	\$ 2,288
Contributions as a percentage of covered-employee payroll	27.6%	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, 2022**

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

	June 30					
	2022	2021	2020	2019	2018	2017
Total OPEB liability:						
Service cost	\$ 121,092	\$ 90,925	\$ 76,045	\$ 58,719	\$ 57,287	\$ 55,931
Interest	168,056	178,645	172,364	137,033	129,610	126,392
Difference between expected and actual experience	-	(261,637)	-	169,157	-	-
Changes in assumptions	(10,686)	(1,178)	278,802	207,010	-	-
Other	-	-	(56,374)	-	-	(58,609)
Benefit payments	(100,824)	(87,769)	(91,712)	(77,336)	(85,824)	(73,798)
Net change in total OPEB liability	177,638	(81,014)	379,125	494,583	101,073	49,916
Total OPEB liability - beginning of year	2,730,258	2,811,272	2,432,147	1,937,564	1,836,491	1,786,575
Total OPEB liability - end of year (a)	<u>\$ 2,907,896</u>	<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	\$ 115,824	\$ 87,769	\$ 91,712	\$ 77,336	\$ 85,824	\$ 73,798
Net investment income	(305,703)	475,222	131,132	179,419	209,981	133,214
Benefit payments	(100,824)	(87,769)	(91,712)	(77,336)	(85,824)	(73,798)
Net change in Plan fiduciary net position	(290,703)	475,222	131,132	179,419	209,981	133,214
Plan fiduciary net position - beginning of year	2,855,222	2,380,000	2,248,868	2,069,449	1,859,468	1,726,254
Plan fiduciary net position - end of year (b)	<u>\$ 2,564,519</u>	<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>\$ 343,377</u>	<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	88.19%	104.58%	84.66%	92.46%	106.81%	101.25%
Covered-employee payroll	\$ 3,029,899	\$ 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	11.33%	-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, 2022**

**SCHEDULE OF CONTRIBUTIONS
LAST 10 FISCAL YEARS**

	June 30					
	2022	2021	2020	2019	2018	2017
Actuarially-determined contribution	\$ 122,248	\$ 118,387	\$ 91,529	\$ -	\$ 59,869	\$ 121,807
Contributions in relation to the actuarially-determined contribution	(115,824)	(87,769)	(91,712)	(77,336)	(85,824)	(121,807)
Contribution deficiency (excess)	<u>\$ 6,424</u>	<u>\$ 30,618</u>	<u>\$ (183)</u>	<u>\$ (77,336)</u>	<u>\$ (25,955)</u>	<u>\$ -</u>
Covered-employee payroll	\$ 3,029,899	\$ 2,835,247	\$ 2,695,931	\$ 2,625,945	\$ 2,661,029	\$ 2,596,126
Contribution as a percentage of covered-employee payroll	3.82%	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%					
Inflation	2.40%					
Healthcare cost trend rates	7.0% to 4.0%					
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					
	2022	2021	2020	2019	2018	2017
investment expense	-10.66%	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, 2022

	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	\$ 14,835,236	\$ 14,835,236	\$ 15,114,834		\$ 15,114,834	\$ 279,598
Intergovernmental	400,718	400,718	428,820		428,820	28,102
Motor vehicle and other excises	776,600	776,600	859,952		859,952	83,352
License and permits	200,000	200,000	201,438		201,438	1,438
Departmental and other revenue	253,818	253,818	268,829		268,829	15,011
Penalties and interest on taxes	45,000	45,000	70,988		70,988	25,988
Fines, Fees and forfeitures	10,000	10,000	13,604		13,604	3,604
Investment income	20,000	20,000	7,765		7,765	(12,235)
Total Revenues	16,541,372	16,541,372	16,966,230		16,966,230	424,858
EXPENDITURES						
General government	1,818,079	1,846,079	1,360,428	\$ 181,144	1,541,572	304,507
Public safety	2,149,236	2,164,236	1,999,234	19,313	2,018,547	145,689
Education	9,152,788	9,152,788	9,151,440	-	9,151,440	1,348
Public works	2,814,191	2,993,281	2,092,240	826,437	2,918,677	74,604
Health and human services	764,580	764,580	674,681	200	674,881	89,699
Culture and recreation	403,737	403,737	395,063	-	395,063	8,674
Fringe Benefits	1,194,101	1,194,101	1,191,280	-	1,191,280	2,821
State and county tax assessments	84,268	84,268	84,208	-	84,208	60
Debt service	313,950	313,950	313,950	-	313,950	-
Total Expenditures	18,694,930	18,917,020	17,262,524	\$ 1,027,094	18,289,618	627,402
OTHER FINANCING SOURCES (USES)						
Transfers in	1,267,325	1,267,325	1,267,325		1,267,325	-
Transfers out	(1,291,261)	(1,291,261)	(1,291,261)		(1,291,261)	-
Total Other Financing Sources (Uses)	(23,936)	(23,936)	(23,936)		(23,936)	-
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES/USE OF PRIOR YEAR BUDGETARY FUND BALANCE						
	(2,177,494)	(2,399,584)	\$ (320,230)		\$ (1,347,324)	\$ 1,052,260
Other Budgetary Items:						
Undesignated surplus (free cash)	\$ 1,009,261	\$ 1,231,351				
Prior year encumbrances	1,117,761	1,117,761				
Miscellaneous	50,472	50,472				
Total Other Budgetary Items	2,177,494	2,399,584				
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, 2022**

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, 2022, is as follows:

	Basis of Accounting Differences	Fund Perspective Differences	Total
Revenues on a budgetary basis			\$ 16,966,230
Stabilization investment income	\$ -	\$ (199,135)	(199,135)
Revenues on a GAAP basis	<u>\$ -</u>	<u>\$ (199,135)</u>	<u>\$ 16,767,095</u>
Expenditures on a budgetary basis			\$ 17,262,524
Enterprise Fund indirect costs reported as expenditures	\$ (52,896)	\$ -	(52,896)
OPEB contribution	-	15,000	15,000
Expenditures on a GAAP basis	<u>\$ (52,896)</u>	<u>\$ 15,000</u>	<u>\$ 17,224,628</u>
Other financing sources (uses) on a budgetary basis			\$ (97,966)
OPEB contribution	\$ -	\$ 15,000	15,000
Stabilization transfers, net	-	82,966	82,966
Other financing sources (uses) on a GAAP basis	<u>\$ -</u>	<u>\$ 97,966</u>	<u>\$ -</u>