

**ROSELLI, CLARK & ASSOCIATES**  
Certified Public Accountants

**TOWN OF NEWBURY, MASSACHUSETTS**

Report on Examination of the  
Basic Financial Statements  
and Additional Information  
Year Ended June 30, 2023



**TOWN OF NEWBURY, MASSACHUSETTS**

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**YEAR ENDED JUNE 30, 2023**

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## INDEPENDENT AUDITORS' REPORT

The Honorable Members of the Select Board  
Town of 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 Newbury, Massachusetts, (the Town) as of and for the year ended June 30, 2023, 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, 2023, 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 the responsibility of management, and 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  
March 13, 2024

## 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, 2023.

### Financial Highlights

- The assets and deferred outflows of financial resources of the Town exceeded its liabilities and deferred inflows of financial resources at the close of the most recent fiscal year by nearly \$60.8 million (*total net position*). The majority of this, over \$60 million represents net position of governmental activities and the remainder, about \$0.8 million represents net position of the business-type activities.
- The government's total net position was approximately \$2.6 million greater than that of the prior year with the majority of this associated with governmental activities.
- The Town's Unassigned Fund Balance reported in the General Fund was nearly \$4.0 million (18.0% of General Fund expenditures). Total Fund Balance in the General Fund was approximately \$10.2 million (46.4% of General Fund expenditures). Furthermore, reported fund balances in the Town's Betterments, Capital Projects and the Combined Nonmajor Governmental Funds were approximately \$5.3 million, \$0.4 million and \$2.3 million, respectively.
- The Town's total long-term debt decreased by approximately \$0.7 million; the decrease was due to regularly scheduled maturities exceeding new issuances in the governmental activities.

### 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 ambulance 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, ARPA grant fund, betterment fund, and capital projects 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 ambulance 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 as its sole fiduciary fund. 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 nearly \$60.8 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					
	2023	2022	2023	2022	2023	2022
<b><u>Assets</u></b>						
Current and other assets	\$ 21,157,313	\$ 20,318,420	\$ 524,495	\$ 381,329	\$ 21,681,808	\$ 20,699,749
Capital assets, net	69,878,297	68,943,583	219,726	218,532	70,098,023	69,162,115
<b>Total assets</b>	<b>91,035,610</b>	<b>89,262,003</b>	<b>744,221</b>	<b>599,861</b>	<b>91,779,831</b>	<b>89,861,864</b>
<b><u>Deferred Outflows of Resources</u></b>	<b>2,603,918</b>	<b>2,463,745</b>	<b>-</b>	<b>-</b>	<b>2,603,918</b>	<b>2,463,745</b>
<b><u>Liabilities</u></b>						
Long term liabilities	29,601,256	2,590,670	-	-	29,601,256	2,590,670
Other liabilities	1,928,816	27,146,796	1,823	-	1,930,639	27,146,796
<b>Total liabilities</b>	<b>31,530,072</b>	<b>29,737,466</b>	<b>1,823</b>	<b>-</b>	<b>31,531,895</b>	<b>29,737,466</b>
<b><u>Deferred Inflows of Resources</u></b>	<b>2,062,391</b>	<b>4,409,985</b>	<b>-</b>	<b>-</b>	<b>2,062,391</b>	<b>4,409,985</b>
<b><u>Net Position</u></b>						
Net investment in capital assets	56,694,826	59,216,500	219,726	218,532	56,914,552	59,435,032
Restricted	4,654,844	5,940,645	-	40,000	4,654,844	5,980,645
Unrestricted	(1,302,605)	(7,578,848)	522,672	341,329	(779,933)	(7,237,519)
<b>Net Position</b>	<b>\$ 60,047,065</b>	<b>\$ 57,578,297</b>	<b>\$ 742,398</b>	<b>\$ 599,861</b>	<b>\$ 60,789,463</b>	<b>\$ 58,178,158</b>

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 deficit of nearly \$0.8 million.



Condensed changes in net position data is presented as follows:

	<u>Governmental activities</u>		<u>Business activities</u>		<u>Total</u>	
	June 30					
	2023	2022	2023	2022	2023	2022
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 1,419,447	\$ 1,124,392	\$ 402,538	\$ 417,729	\$ 1,821,985	\$ 1,542,121
Operating grants and contributions	1,050,318	1,995,741	-	-	1,050,318	1,995,741
Capital grants and contributions	1,047,915	258,015	-	4,500	1,047,915	262,515
General revenues:						
Property taxes	19,174,144	18,555,166	-	-	19,174,144	18,555,166
Intergovernmental	1,112,892	1,005,106	-	-	1,112,892	1,005,106
Other	1,670,648	1,459,864	999	-	1,671,647	1,459,864
Total revenues	<u>25,475,364</u>	<u>24,398,284</u>	<u>403,537</u>	<u>422,229</u>	<u>25,878,901</u>	<u>24,820,513</u>
<b>Expenses</b>						
General government	3,401,033	3,145,774	-	-	3,401,033	3,145,774
Public safety	4,244,773	4,649,754	261,000	210,651	4,505,773	4,860,405
Education	11,459,370	11,142,803	-	-	11,459,370	11,142,803
Public works	1,993,773	2,330,253	-	-	1,993,773	2,330,253
Health and human services	826,136	653,357	-	-	826,136	653,357
Culture and recreation	661,542	333,091	-	-	661,542	333,091
Debt service	419,969	272,703	-	-	419,969	272,703
Total expenses	<u>23,006,596</u>	<u>22,527,735</u>	<u>261,000</u>	<u>210,651</u>	<u>23,267,596</u>	<u>22,738,386</u>
Change in net position before transfers	2,468,768	1,870,549	142,537	211,578	2,611,305	2,082,127
Transfers	-	74,664	-	(59,046)	-	15,618
Change in net position	2,468,768	1,945,213	142,537	152,532	2,611,305	2,097,745
Net position, beginning of year, as restated	<u>57,578,297</u>	<u>55,633,084</u>	<u>599,861</u>	<u>447,329</u>	<u>58,178,158</u>	<u>56,080,413</u>
Net position, end of year	<u>\$ 60,047,065</u>	<u>\$ 57,578,297</u>	<u>\$ 742,398</u>	<u>\$ 599,861</u>	<u>\$ 60,789,463</u>	<u>\$ 58,178,158</u>

**Governmental Activities** - The Town relies significantly on property taxes, which, during 2023, made up approximately 75.3% of total governmental activities revenues, an increase of over \$0.3 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 49.8% of total expenses; this was consistent with the prior year amount of 49.5%. Education is provided by a regional school district which annually assesses the Town for its service. All other functional expense categories in aggregate were consistent with the prior year. The Town reclassified certain charges, thus categorically, amounts fluctuated up or down, but in total the amount is consistent.

**Business-type Activities** - Major revenue sources consist of revenue from ambulance user charges which represented approximately 100% of total revenues. Ambulance expenses represented 100% of total business-type expenses. Revenues were consistent with the prior year as the activity is static from year to 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 \$4.0 million, while total fund balance reached approximately \$10.2 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 18% of total general fund expenditures, while total fund balance represented approximately 46.4% of that same amount.

The Town's governmental funds balance sheet reported a combined ending fund balance of nearly \$14.8 million. In addition to the \$10.2 million in the general fund previously discussed, there were also restricted fund balances in the Betterment, Capital Projects and combined Nonmajor funds of about \$1.8 million, over \$0.4 million and nearly \$2.3 million, respectively.

All fund balances were approximately the same as the prior year as operations in all activities was consistent.

**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 ambulance fund was over \$0.7 million, which was consistent with the prior year.

**Fiduciary funds** - The Town's fiduciary funds include over \$1.1 million for a trust established to account for the Town's other postemployment benefit activities.

## **General Fund Budgetary Highlights**

The final budget was increased by \$1.3 million from the original budget. The majority of this was articles funded from free cash.

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, 2023, amounts to nearly \$70.1 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 the notes to the financial statements.

**Long-term Debt** - At the end of the current fiscal year, the Town had total debt outstanding of nearly \$12.7 million; all the debt is associated with governmental activities. This represented a decrease of nearly \$0.7 million over the prior year due to regularly scheduled maturities exceeding new debt.

The Town's bond rating was maintained at AAA from Standard and Poor; this means its investment grade is very strong and graded at the highest level.

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 \$110.8 million, which is significantly in excess of the Town's outstanding general obligation debt.

Additional information on the Town's debt can be found in the notes to the financial statements.

### **Economic Factors and Next Year's Budgets and Rates**

- The Town's property tax base is made up predominantly of residential real estate taxes, which comprise about 96% of the Town's property tax base. In addition, Chapter 580 of the Acts of 1980, more commonly referred to as Proposition 2 ½, limits the Town's ability to increase taxes in any one year by more than two and one-half percent (2 ½%) of the previous year tax levy.
- The Town's housing market has been very strong for the past several years. This has been bolstered by mortgage rates at historic lows. Current actions by the Federal Open Market Committee to soften the economy due to inflation have caused mortgage rates to spike during fiscal year 2023. Such trends may have an adverse effect on the housing market, and the Town is monitoring this.
- Inflation is peaking near 40-year historic highs. This is having adverse impacts on the Town. Wage inflation cannot guarantee that the Town will be able to maintain employees without increasing wages. Energy inflation is causing a spike in energy costs. Price inflation is causing a spike in the price of the delivery and cost of goods and services. The construction building index is nearing historic highs which may cause the estimates of major capital projects to increase, in addition to the financing costs of these projects. The Town continues to monitor this situation.

The above items were considered when the Town developed its budget for fiscal year 2024 which was authorized by Annual Town Meeting in May 2023. The tax rate was set in November 2023.

### **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 Administrator, Town Hall, 12 Kent Way, Byfield, Massachusetts, 01922.

**TOWN OF NEWBURY, MASSACHUSETTS**

**STATEMENT OF NET POSITION  
JUNE 30, 2023**

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 15,476,633	\$ 403,542	\$ 15,880,175
Investments	690,732	-	690,732
Receivables, net of allowance for uncollectibles:			
Property taxes	187,518	-	187,518
Departmental and other	193,417	-	193,417
Intergovernmental	1,032,353	-	1,032,353
User charges	-	120,953	120,953
Betterments	3,495,911	-	3,495,911
Tax foreclosures	80,749	-	80,749
Capital assets, not being depreciated	33,357,613	-	33,357,613
Capital assets, net of accumulated depreciation	36,520,684	219,726	36,740,410
<b>Total Assets</b>	<b>91,035,610</b>	<b>744,221</b>	<b>91,779,831</b>
<b>Deferred Outflows of Resources</b>			
Related to other postemployment benefit liability	969,758	-	969,758
Related to net pension liability	1,634,160	-	1,634,160
<b>Total Deferred Outflows of Resources</b>	<b>2,603,918</b>	<b>-</b>	<b>2,603,918</b>
<b>Liabilities</b>			
Warrants and accounts payable	187,284	1,823	189,107
Accrued payroll and withholdings	217,609	-	217,609
Other liabilities	62,934	-	62,934
Unearned revenues	1,329,995	-	1,329,995
Accrued interest	130,994	-	130,994
Noncurrent liabilities:			
Due within one year	1,213,747	-	1,213,747
Due in more than one year	28,387,509	-	28,387,509
<b>Total Liabilities</b>	<b>31,530,072</b>	<b>1,823</b>	<b>31,531,895</b>
<b>Deferred Inflows of Resources</b>			
Related to net other postemployment benefit liability	1,887,283	-	1,887,283
Related to net pension liability	175,108	-	175,108
<b>Total Deferred Inflows of Resources</b>	<b>2,062,391</b>	<b>-</b>	<b>2,062,391</b>
<b>Net Position</b>			
Net investment in capital assets	56,694,826	219,726	56,914,552
Restricted:			
Federal and State grants	464,392	-	464,392
Betterments	1,801,027	-	1,801,027
Revolving funds	1,243,591	-	1,243,591
Other purposes	1,145,834	-	1,145,834
Unrestricted	(1,302,605)	522,672	(779,933)
<b>Total Net Position</b>	<b>\$ 60,047,065</b>	<b>\$ 742,398</b>	<b>\$ 60,789,463</b>

See accompanying notes to basic financial statements.

TOWN OF NEWBURY, MASSACHUSETTS

STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Primary government:</b>							
<u>Governmental Activities:</u>							
General government	\$ 3,401,033	\$ 501,624	\$ 161,093	\$ 280,000	\$ (2,458,316)		\$ (2,458,316)
Public safety	4,244,773	826,669	227,090	90,037	(3,100,977)		(3,100,977)
Education	11,459,370	-	18,347	-	(11,441,023)		(11,441,023)
Public works	1,993,773	5,235	225,179	537,878	(1,225,481)		(1,225,481)
Health and human services	826,136	34,226	287,331	-	(504,579)		(504,579)
Culture and recreation	661,542	51,693	44,759	140,000	(425,090)		(425,090)
Interest	419,969	-	86,519	-	(333,450)		(333,450)
Total Governmental Activities	23,006,596	1,419,447	1,050,318	1,047,915	(19,488,916)		(19,488,916)
<u>Business-Type Activities:</u>							
Water	261,000	402,538	-	-	-	\$ 141,538	141,538
Total Primary Government	\$ 23,267,596	\$ 1,821,985	\$ 1,050,318	\$ 1,047,915	(19,488,916)	141,538	(19,347,378)
<u>General Revenues:</u>							
					19,174,144	-	19,174,144
					1,270,340	-	1,270,340
					130,255	-	130,255
					1,112,892	-	1,112,892
					270,053	999	271,052
					-	-	-
					21,957,684	999	21,958,683
					2,468,768	142,537	2,611,305
<u>Net Position:</u>							
					57,578,297	599,861	58,178,158
					\$ 60,047,065	\$ 742,398	\$ 60,789,463

See accompanying notes to basic financial statements.

TOWN OF NEWBURY, MASSACHUSETTS

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2023

	General	ARPA Grant	Betterments	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets:</b>						
Cash and cash equivalents	\$ 10,112,965	\$ 1,329,995	\$ 1,801,027	\$ 441,276	\$ 1,791,370	\$ 15,476,633
Investments	497,846	-	-	-	192,886	690,732
Receivables, net of allowance for uncollectibles						
Property taxes	183,609	-	3,909	-	-	187,518
Departmental and other	270,780	-	3,495,911	-	3,386	3,770,077
Intergovernmental	679,327	-	-	-	353,026	1,032,353
<b>Total Assets</b>	<u>11,744,527</u>	<u>1,329,995</u>	<u>5,300,847</u>	<u>441,276</u>	<u>2,340,668</u>	<u>21,157,313</u>
<b>Total Deferred Outflows of Resources</b>	-	-	-	-	-	-
<b>Total Assets and Deferred Outflows of Resources</b>	<u>\$ 11,744,527</u>	<u>\$ 1,329,995</u>	<u>\$ 5,300,847</u>	<u>\$ 441,276</u>	<u>\$ 2,340,668</u>	<u>\$ 21,157,313</u>
<b>Liabilities:</b>						
Warrants and accounts payable	\$ 130,607	\$ -	\$ -	\$ -	\$ 56,677	\$ 187,284
Accrued payroll and withholdings	209,271	-	-	-	8,338	217,609
Other liabilities	62,934	-	-	-	-	62,934
Unearned revenues	-	1,329,995	-	-	-	1,329,995
<b>Total Liabilities</b>	<u>402,812</u>	<u>1,329,995</u>	<u>-</u>	<u>-</u>	<u>65,015</u>	<u>1,797,822</u>
<b>Deferred Inflows of Resources:</b>						
Unavailable revenues - property taxes	183,609	-	-	-	-	183,609
Unavailable revenues - excise	155,558	-	-	-	-	155,558
Unavailable revenues - intergovernmental	679,327	-	-	-	-	679,327
Unavailable revenues - other	81,192	-	3,499,820	-	3,386	3,584,398
<b>Total Deferred Inflows of Resources</b>	<u>1,099,686</u>	<u>-</u>	<u>3,499,820</u>	<u>-</u>	<u>3,386</u>	<u>4,602,892</u>
<b>Fund Balances:</b>						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	1,801,027	441,276	2,272,267	4,514,570
Committed	5,905,655	-	-	-	-	5,905,655
Assigned	365,841	-	-	-	-	365,841
Unassigned	3,970,533	-	-	-	-	3,970,533
<b>Total Fund Balances</b>	<u>10,242,029</u>	<u>-</u>	<u>1,801,027</u>	<u>441,276</u>	<u>2,272,267</u>	<u>14,756,599</u>
<b>Total Liabilities, Deferred Inflows of Resources,         and Fund Balances</b>	<u>\$ 11,744,527</u>	<u>\$ 1,329,995</u>	<u>\$ 5,300,847</u>	<u>\$ 441,276</u>	<u>\$ 2,340,668</u>	<u>\$ 21,157,313</u>

See accompanying notes to basic financial statements.

**TOWN OF NEWBURY, MASSACHUSETTS**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TOTAL FUND BALANCES TO THE STATEMENT OF NET POSITION  
JUNE 30, 2023**

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<b>Total Governmental Fund Balances</b>	<b>\$ 14,756,599</b>
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	69,878,297
Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the governmental funds.	4,602,892
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	1,634,160
Deferred inflows related to net pension liability	(175,108)
Deferred outflows related to net other postemployment benefits liability	969,758
Deferred inflows related to net other postemployment benefits liability	(1,887,283)
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	(12,672,003)
Bond premium	(154,237)
Lease obligations	(623,507)
Accrued interest	(130,994)
Landfill post-closure care	(491,143)
Net pension liability	(10,014,069)
Net other postemployment benefit liability	(5,570,421)
Compensated absences	(75,876)
<b>Net Position of Governmental Activities</b>	<b><u>\$ 60,047,065</u></b>

See accompanying notes to basic financial statements.

TOWN OF NEWBURY, MASSACHUSETTS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2023

	General	ARPA Grant	Betterments	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues:</b>						
Property taxes	\$ 18,996,857	\$ -	\$ -	\$ -	\$ -	\$ 18,996,857
Intergovernmental	1,369,972	597,163	-	-	1,230,996	3,198,131
Excise taxes	1,248,712	-	-	-	-	1,248,712
License and permits	539,543	-	-	-	-	539,543
Departmental and other revenue	335,267	-	475,455	-	455,381	1,266,103
Penalties and interest on taxes	28,199	-	100,236	-	1,820	130,255
Fines and forfeitures	88,442	-	-	-	-	88,442
Investment income	237,671	26,832	-	-	5,550	270,053
Contributions and donations	-	-	-	-	104,061	104,061
<b>Total Revenues</b>	<b>22,844,663</b>	<b>623,995</b>	<b>575,691</b>	<b>-</b>	<b>1,797,808</b>	<b>25,842,157</b>
<b>Expenditures:</b>						
Current:						
General government	2,666,537	185,878	-	-	105,959	2,958,374
Public safety	2,791,622	103,092	-	-	321,558	3,216,272
Education	11,154,358	-	-	-	-	11,154,358
Public works	1,079,541	192,080	11,915	-	408,626	1,692,162
Health and human services	424,022	118,749	-	-	55,563	598,334
Culture and recreation	442,723	24,196	-	-	338,415	805,334
Pension and other fringe benefits	2,150,103	-	-	-	-	2,150,103
State and county tax assessments	169,807	-	-	-	-	169,807
Debt service:						
Principal	831,893	-	-	-	30,000	861,893
Interest	367,023	-	-	-	20,000	387,023
<b>Total Expenditures</b>	<b>22,077,629</b>	<b>623,995</b>	<b>11,915</b>	<b>-</b>	<b>1,280,121</b>	<b>23,993,660</b>
Transfers in	443,123	-	-	-	8,609	451,732
Transfers out	(8,609)	-	(442,705)	-	(418)	(451,732)
<b>Total Other Financing Sources (Uses)</b>	<b>434,514</b>	<b>-</b>	<b>(442,705)</b>	<b>-</b>	<b>8,191</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>1,201,548</b>	<b>-</b>	<b>121,071</b>	<b>-</b>	<b>525,878</b>	<b>1,848,497</b>
Fund Balances - Beginning, as restated	9,040,481	-	1,679,956	441,276	1,746,389	12,908,102
Fund Balances - Ending	<b>\$ 10,242,029</b>	<b>\$ -</b>	<b>\$ 1,801,027</b>	<b>\$ 441,276</b>	<b>\$ 2,272,267</b>	<b>\$ 14,756,599</b>

See accompanying notes to basic financial statements.



**TOWN OF 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, 2023**

		Total
<b>Net Change in Fund Balances - Total Governmental Fund Balances</b>	<b>\$</b>	<b>1,848,497</b>
<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	\$ 1,881,928	
Depreciation expense	(1,876,766)	
Net effect of reporting capital assets		5,162
<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>		
Amortization of bond premium	11,447	
Repayments of direct financing obligations	306,045	
Repayments of debt	861,893	
Net effect of reporting long-term debt		1,179,385
<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>		
		(366,793)
<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	21,248	
Accrued interest	(44,393)	
Landfill	37,095	
Other postemployment benefits	139,570	
Pension benefits	(351,003)	
Net effect of reporting long-term liabilities		(197,483)
<b>Change in Net Position of Governmental Activities</b>	<b>\$</b>	<b>2,468,768</b>

See accompanying notes to basic financial statements.

**TOWN OF NEWBURY, MASSACHUSETTS**

**STATEMENT OF NET POSITION  
PROPRIETARY FUNDS**

**JUNE 30, 2023**

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	Business-type Activities
	Enterprise fund
	Ambulance
<b>Assets:</b>	
Current assets:	
Cash and cash equivalents	\$ 403,542
User fees receivable	120,953
Total current assets	<u>524,495</u>
Noncurrent assets:	
Capital assets, net of accumulated depreciation	219,726
Total noncurrent assets	<u>219,726</u>
<b>Total Assets</b>	<u>744,221</u>
<b>Liabilities:</b>	
Current liabilities:	
Warrants and accounts payable	1,823
Total current liabilities	<u>1,823</u>
<b>Total Liabilities</b>	<u>1,823</u>
<b>Net Position:</b>	
Net investment in capital assets	219,726
Unrestricted	522,672
<b>Total Net Position</b>	<u><u>\$ 742,398</u></u>

See accompanying notes to basic financial statements.

**TOWN OF NEWBURY, MASSACHUSETTS**

**STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2023**

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	Business-type Activities
	Enterprise Fund
	Ambulance
<b>Operating Revenues:</b>	
Charges for services	\$ 402,538
<b>Total Operating Revenues</b>	<u>402,538</u>
<b>Operating Expenses:</b>	
Operating costs	222,366
Depreciation	38,634
<b>Total Operating Expenses</b>	<u>261,000</u>
<b>Operating Income (Loss)</b>	<u>141,538</u>
<b>Nonoperating Revenues (Expenses):</b>	
Investment income	999
<b>Total Nonoperating Revenues (Expenses)</b>	<u>999</u>
<b>Change in Net Position</b>	<u>142,537</u>
Total Net Position - Beginning	<u>599,861</u>
Total Net Position - Ending	<u>\$ 742,398</u>

See accompanying notes to basic financial statements.

**TOWN OF NEWBURY, MASSACHUSETTS**

**STATEMENT OF CASH FLOW  
PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2023**

	Business-type Activities Enterprise Fund Ambulance
<b>Cash Flows From Operating Activities:</b>	
Receipts from users	\$ 786,382
Payments to employees	(429,534)
Payments to vendors	(531,787)
	(174,939)
<b>Net Cash Provided by Operating Activities</b>	
<b>Cash Flows from Capital and Related Financing Activities</b>	
System development fees	-
Acquisition and construction of capital assets	(367,879)
Issuance of bonds and notes	1,060,000
Payment of bonds and notes	(1,100,000)
Principal payments on bonds and notes	(35,000)
Interest expense	-
	(442,879)
<b>Net Cash (Used for) Capital and Related Financing Activities</b>	
<b>Cash flows from Investing Activities</b>	
Investment purchases	447,120
Investment income	999
	448,119
<b>Net Cash Provided by (Used for) Investing Activities</b>	
<b>Net Change in Cash and Cash Equivalents</b>	(169,699)
<b>Cash and Cash Equivalents:</b>	
Beginning of year	1,468,897
	1,468,897
End of year	<b>\$ 1,299,198</b>
<b>Reconciliation of Operating Income to Net Cash Provided By (Used for) Operating Activities:</b>	
Operating loss	\$ 141,538
Depreciation expense	38,634
Changes in assets, deferred inflows, and liabilities:	
Receivables (net)	256,766
Deferred outflows of resources	127,078
Net other postemployment benefit asset	-
Payables	(6,948)
Deferred inflows of resources	(165,886)
Net other postemployment benefit liability	(34,338)
Net pension liability	(531,783)
	(174,939)
<b>Net Cash Provided by (Used for) Operating Activities</b>	<b>\$ (174,939)</b>

See accompanying notes to basic financial statements.

**TOWN OF NEWBURY, MASSACHUSETTS**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**JUNE 30, 2023**

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	<u>Other Postemployment Benefits Trust</u>
<b>Assets:</b>	
Cash and cash equivalents	\$ 5,659
Fixed Income Mutual funds	319,102
Equity Mutual Funds	<u>807,047</u>
<b>Total Assets</b>	<u>1,131,808</u>
<b>Net Position:</b>	
Held in trust for other postemployment benefits	<u>1,131,808</u>
<b>Total Net Position</b>	<u><u>\$ 1,131,808</u></u>

See accompanying notes to basic financial statements.

**TOWN OF NEWBURY, MASSACHUSETTS**

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
YEAR ENDED JUNE 30, 2023**

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	<u>Other Postemployment Benefits Trust</u>
<b>Additions:</b>	
Contributions:	
Employer	\$ 430,098
Other	<u>13,700</u>
Total contributions	<u>443,798</u>
Investment income:	
Interest and dividends	<u>77,210</u>
<b>Total Additions</b>	<u>521,008</u>
<b>Deductions:</b>	
Benefits paid	<u>243,798</u>
<b>Total Deductions</b>	<u>243,798</u>
<b>Change in Net Position</b>	277,210
Net Position - Beginning	<u>854,598</u>
Net Position - Ending	<u><u>\$ 1,131,808</u></u>

See accompanying notes to basic financial statements.

# TOWN OF NEWBURY, MASSACHUSETTS

## NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2023

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### **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 Newbury is located in Essex County and was incorporated as a town in 1635. An elected five-member Select Board governs the Town with an appointed Town Administrator that enforces the policies of the Select Board. Each Select Board member serves three-year terms. The Town provides governmental services for the territory within its boundaries, including police and fire protection, highway services, ambulance, trash collection, street maintenance, parks and recreational facilities. Ambulance 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 Triton Regional School District that provides educational services to the three-member communities of Newbury, Rowley and Salisbury. This joint venture assesses each community its share of operational and debt service costs based on student population and other factors. In fiscal year 2023, the Town's share of the operating, capital and debt service expenses was \$10,830,672. 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 112 Elm Street, Byfield, MA 01922. The Town also is assessed a much smaller amount from two regional vocational and technical schools.

#### **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.

ARPA Fund – is used to account for the activity for funds received from the Federal government in relation to the American Rescue Plan Act.

Betterment Fund – this fund is used to capture the betterment accounts receivable and related revenues and fund balances. The revenues in the betterment fund are utilized to pay betterment related debt service costs.

Capital Projects Fund – is used to account for the Town’s general capital projects.

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:

Ambulance Enterprise Fund – is used to account for user charges collected to finance costs associated with operating and maintaining the Town’s ambulance operations.

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.

**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 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:

*Federal and State Grants* represent assets that are restricted for activities related to Federal and State grants.

*Betterments* represent assets that are restricted to pay betterment related debt service costs.

*Revolving Funds* represent assets that are reserved for the fees that are collected for their intended activity.

*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 \$60,668, at June 30, 2023 and is reported as unassigned fund balance in the General 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 \$365,841 of encumbrances from normal purchasing activity in the general fund as assigned and \$5,905,655 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	ARPA Grant	Betterments	Capital Projects	Nonmajor Governmental Funds	Total
Nonspendable:						
Perpetual permanent funds	\$ -	\$ -	\$ -	\$ -	\$ 53,931	\$ 53,931
Restricted:						
General government	-	-	-	-	1,422,440	1,422,440
Public safety	-	-	-	441,276	150,687	591,963
Public works	-	-	-	-	131,384	131,384
Health and human services	-	-	1,801,027	-	254,663	2,055,690
Culture and recreation	-	-	-	-	369,436	369,436
Debt service	-	-	-	-	30,000	30,000
Committed:						
General government	5,280,280	-	-	-	-	5,280,280
Public safety	170,723	-	-	-	-	170,723
Public works	450,868	-	-	-	-	450,868
Culture and recreation	3,784	-	-	-	-	3,784
Assigned:						
General government	149,804	-	-	-	-	149,804
Public safety	2,453	-	-	-	-	2,453
Public works	213,255	-	-	-	-	213,255
Health and human services	168	-	-	-	-	168
Culture and recreation	161	-	-	-	-	161
Unassigned	3,970,533	-	-	-	(140,274)	3,830,259
Totals	<u>\$ 10,242,029</u>	<u>\$ -</u>	<u>\$ 1,801,027</u>	<u>\$ 441,276</u>	<u>\$ 2,272,267</u>	<u>\$ 14,756,599</u>

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

During Fiscal Year 2023, the Town incurred \$140,274 deficits in its nonmajor funds. These will be raised through future receipts.

**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 the 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. At year-end, the carrying amount of the Town's deposits was \$15,840,724 and the bank balance was \$16,298,399. Of the Town's bank balance, \$15,291,345 was covered by either federal depository insurance or by the depositors' insurance fund, \$151,568 was collateralized and the remainder 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 \$313,945, corporate bond holdings totaling \$283,388, and equity securities totaling \$89,932 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, 2023:

	Totals	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
<u>Investments by fair value level</u>				
Debt securities:				
U.S. Government obligations	\$ 313,945	\$ 259,650	\$ 54,295	\$ -
EFT Fixed income	6,466	-	6,466	-
Corporate bonds	283,389	-	283,389	-
Fixed income mutual funds	319,102	-	319,102	-
Total debt securities	922,902	259,650	663,252	-
Equity securities:				
Common stock	86,932	86,932	-	-
Equity mutual funds	807,047	807,047	-	-
Total equity securities	893,979	893,979	-	-
Total investments by fair value level	\$ 1,816,881	\$ 1,153,629	\$ 663,252	\$ -
<u>Investments measured at amortized cost</u>				
State Treasurer investment pool (MMDT)	45,110			
Total investments measured at fair value	\$ 1,861,991			

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, 2023, the Town's investments had the following maturities:

Investments	Totals	Time Until Maturity			
		< 1 Year	1 - 5 Years	6 - 10 Years	> 10 Years
Corp. Fixed Income Securities	\$ 283,389	\$ 50,602	\$ 198,927	\$ 33,860	\$ -
Government Obligations	313,945	59,456	254,489	-	-
Total investments with maturities	597,334	\$ 110,058	\$ 453,416	\$ 33,860	\$ -
Other Investments:					
Equities	86,932				
Equity Mutual Funds	807,047				
Fixed Income Mutual Funds	319,102				
EFT Fixed income	6,466				
Pooled Investments - MMDT	45,110				
Total investment without maturities	1,264,657				
Total Investments	\$ 1,861,991				



Concentration of Credit Risk – The Town does not maintain balances in any single investment that exceeds more than 5% of the Town’s total investments.

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

At June 30, 2023, the credit quality ratings of the Town’s investments were as follows:

Moody's Bond Ratings	Corporate Fixed Income	Government Obligations	Certificate of Deposit
Aaa	\$ -	\$ 313,945	\$ -
A1	70,110	-	-
A2	56,249	-	-
A3	34,342	-	-
Baa1	35,573	-	-
Baa2	87,115	-	-
Not rated	-	-	-
	<u>\$ 283,389</u>	<u>\$ 313,945</u>	<u>\$ -</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 and other asset type:			
Real estate and personal property taxes	\$ 90,295	\$ -	\$ 90,295
Tax liens and foreclosures	174,063	-	174,063
Excise taxes	155,558	-	155,558
Department and other	37,859	-	37,859
Intergovernmental	1,032,353	-	1,032,353
Betterments	3,499,820	-	3,499,820
Total	<u>\$ 4,989,948</u>	<u>\$ -</u>	<u>\$ 4,989,948</u>

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

	Gross Amount	Allowance for Uncollectibles	Net Amount
Receivables:			
Ambulance user fees	\$ 582,996	\$ (462,043)	\$ 120,953
Total	<u>\$ 582,996</u>	<u>\$ (462,043)</u>	<u>\$ 120,953</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	Nonmajor Governmental Funds	Total
Receivables and other asset type:			
Real estate and personal property taxes	\$ 90,295	\$ -	\$ 90,295
Tax foreclosures	80,749	-	80,749
Tax liens	93,314	-	93,314
Excise taxes	155,558	-	155,558
Department and other	443	3,386	3,829
Intergovernmental	679,327	-	679,327
Betterments	-	3,499,820	3,499,820
Total	<u>\$ 1,099,686</u>	<u>\$ 3,503,206</u>	<u>\$ 4,602,892</u>

### C. Interfund Receivables, Payables and Transfers

Interfund transfers for the fiscal year ended June 30, 2023, are summarized as follows:

Transfers Out	Transfers In		
	General Fund	Nonmajor Funds	Total
General Fund	\$ -	\$ 8,609	\$ 8,609 (1)
Nonmajor Governmental Funds	443,123	-	443,123 (2)
Total	<u>\$ 443,123</u>	<u>\$ 8,609</u>	<u>\$ 451,732</u>

(1) Transfer to nonmajor funds to supplement other activities.

(2) Transfers to General Fund to supplement operating budgets and return of unused capital project monies.

## D. Capital Assets

Capital assets for the year ended June 30, 2023, were as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<i><u>Governmental Activities:</u></i>				
Capital assets not being depreciated				
Land	\$ 31,636,544	\$ -	\$ -	\$ 31,636,544
Construction in process	1,291,253	429,816	-	1,721,069
Total capital assets not being depreciated	<u>32,927,797</u>	<u>429,816</u>	<u>-</u>	<u>33,357,613</u>
Capital assets being depreciated:				
Buildings and improvements	35,480,985	446,747	-	35,927,732
Infrastructure	30,219,990	477,927	-	30,697,917
Machinery and equipment	2,376,102	344,004	-	2,720,106
Vehicles	3,823,567	183,434	-	4,007,001
Total capital assets being depreciated	<u>71,900,644</u>	<u>1,452,112</u>	<u>-</u>	<u>73,352,756</u>
Less accumulated depreciation for:				
Buildings and improvements	(14,831,003)	(728,212)	-	(15,559,215)
Infrastructure	(17,910,698)	(428,581)	-	(18,339,279)
Machinery and equipment	(1,478,832)	(157,218)	-	(1,636,050)
Vehicles	(1,664,325)	(256,710)	-	(1,921,035)
Total accumulated depreciation	<u>(35,884,858)</u>	<u>(1,570,721)</u>	<u>-</u>	<u>(37,455,579)</u>
Total capital assets being depreciated, net	<u>36,015,786</u>	<u>(118,609)</u>	<u>-</u>	<u>35,897,177</u>
Right-to-use assets being amortized:				
Buildings and improvements	906,750			906,750
Machinery and equipment	339,063			339,063
Total right-to-use assets being amortized	<u>1,245,813</u>	<u>-</u>	<u>-</u>	<u>1,245,813</u>
Less accumulated amortization for:				
Buildings and improvements	(173,296)	(243,592)		(416,888)
Machinery and equipment	(142,965)	(62,453)		(205,418)
Total accumulated amortization	<u>(316,261)</u>	<u>(306,045)</u>	<u>-</u>	<u>(622,306)</u>
Total right-to-use assets being amortized, net	<u>929,552</u>	<u>(306,045)</u>	<u>-</u>	<u>623,507</u>
Governmental activities capital assets, net	<u>\$ 69,873,135</u>	<u>\$ 5,162</u>	<u>\$ -</u>	<u>\$ 69,878,297</u>
	Beginning Balance	Increases	Decreases	Ending Balance
<i><u>Business Activities - Ambulance:</u></i>				
Capital assets being depreciated:				
Machinery and equipment	\$ -	\$ 39,827	\$ -	\$ 39,827
Vehicles	346,512	-	-	346,512
Total capital assets being depreciated	<u>346,512</u>	<u>39,827</u>	<u>-</u>	<u>386,339</u>
Less accumulated depreciation for:				
Machinery and equipment	-	(3,983)	-	(3,983)
Vehicles	(127,979)	(34,651)	-	(162,630)
Total accumulated depreciation	<u>(127,979)</u>	<u>(38,634)</u>	<u>-</u>	<u>(166,613)</u>
Total capital assets being depreciated, net	<u>218,533</u>	<u>1,193</u>	<u>-</u>	<u>219,726</u>
Business activities capital assets, net	<u>\$ 218,533</u>	<u>\$ 1,193</u>	<u>\$ -</u>	<u>\$ 219,726</u>

Depreciation/amortization expense was charged to functions/programs as follows:

<u>Governmental Activities:</u>		<u>Business-Type Activities:</u>	
General government	\$ 212,560	Ambulance	\$ 38,634
Public safety	501,207	Total Business-Type Activities	<u>\$ 38,634</u>
Education	413,906		
Public works	566,794		
Health & Human Services	79,847		
Culture and recreation	102,452		
Total Governmental Activities	<u>\$ 1,876,766</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 did not have any temporary debt activity during the current fiscal year.

### **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	Deductions	Ending Balance	Due within one year
<b>Governmental Activities:</b>					
Bond and note indebtedness	\$ 7,845,000	\$ -	\$ (175,000)	7,670,000	\$ 185,000
Notes from direct borrowings/placements	5,493,269	195,627	(686,893)	5,002,003	707,845
Unamortized bond premium	165,684	-	(11,447)	154,237	10,980
Lease obligations	464,078	465,474	(306,045)	623,507	233,776
Post-closure landfill monitoring	528,238	-	(37,095)	491,143	38,208
Compensated absences	97,124	75,876	(97,124)	75,876	37,938
Other postemployment benefits	5,463,432	2,438,070	(2,331,081)	5,570,421	-
Net pension liability	7,421,858	3,727,617	(1,135,406)	10,014,069	-
Total Governmental Activities	<u>\$ 27,478,683</u>	<u>\$ 6,902,664</u>	<u>\$ (4,780,091)</u>	<u>\$ 29,601,256</u>	<u>\$ 1,213,747</u>

These governmental activities liabilities will be liquidated by the general fund. The following is a summary of long-term debt and future year maturities as of June 30, 2023:

Description of Issue	Interest Rate	Beginning Balance	Additions	Maturities and Deductions	Ending Balance
<b><u>Governmental Activities:</u></b>					
General Obligation Bonds	2.6 - 3.1%	\$ 7,845,000	\$ -	\$ (175,000)	\$ 7,670,000
Total Bond and Note Indebtedness		<u>7,845,000</u>	<u>-</u>	<u>(175,000)</u>	<u>7,670,000</u>
MCWT Notes Payable	Various	4,421,119	-	(495,856)	3,925,263
Direct Capital Financing	2.85 - 3.72%	1,072,150	195,627	(191,037)	1,076,740
Total Notes from Direct Borrowings and Placements		<u>5,493,269</u>	<u>195,627</u>	<u>(686,893)</u>	<u>5,002,003</u>
Total Governmental Activities Long-Term Debt Obligations		<u>13,338,269</u>	<u>195,627</u>	<u>(861,893)</u>	<u>12,672,003</u>
Total Long-Term Debt Obligations - All		<u>\$13,338,269</u>	<u>\$ 195,627</u>	<u>\$ (861,893)</u>	<u>\$12,672,003</u>

*Governmental Activities - Total Long-Term Debt Obligations*

Year Ending June 30,	Principal			Interest		
	GO Bonds	Direct	Total	GO Bonds	Direct	Total
2024	\$ 185,000	\$ 707,845	\$ 892,845	\$ 207,718	\$ 144,644	\$ 352,362
2025	195,000	724,563	919,563	200,543	120,169	320,712
2026	195,000	398,923	593,923	195,443	103,000	298,443
2027	205,000	415,181	620,181	187,768	89,042	276,810
2028	220,000	426,662	646,662	177,143	64,319	241,462
2029-2033	1,235,000	1,543,426	2,778,426	737,090	184,232	921,322
2034-2038	1,380,000	785,403	2,165,403	584,812	8,520	593,332
2039-2043	1,555,000	-	1,555,000	418,795	-	418,795
2044-2048	1,755,000	-	1,755,000	212,456	-	212,456
2049-2050	745,000	-	745,000	19,160	-	19,160
Total	<u>\$ 7,670,000</u>	<u>\$ 5,002,003</u>	<u>\$ 12,672,003</u>	<u>\$ 2,940,928</u>	<u>\$ 713,926</u>	<u>\$ 3,654,854</u>

**Authorized and Unissued Debt** – The Town’s had no authorized and unissued debt as of June 30, 2023.

**G. Lease Liabilities**

The Town has entered into non-cancelable leases for the right to use a fire truck and a building. These lease agreements qualify as lease liabilities for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date.

Assets presently in use by the Town having been acquired through leases are as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<i>Asset:</i>			
Buildings and improvements	\$ 906,750	\$ -	\$ 906,750
Machinery and equipment	339,063	-	339,063
Less: accumulated amortization	<u>(622,306)</u>	-	<u>(622,306)</u>
Total	<u>\$ 623,507</u>	<u>\$ -</u>	<u>\$ 623,507</u>

Payments on lease liabilities due in future years consists of the following at June 30, 2023:

Year Ended <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<i>Governmental Activities</i>			
2024	\$ 304,294	\$ 20,093	\$ 324,387
2025	148,956	10,270	159,226
2026	86,199	5,258	91,457
2027	<u>84,058</u>	<u>1,695</u>	<u>85,753</u>
Total	<u>\$ 623,507</u>	<u>\$ 37,316</u>	<u>\$ 660,823</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, 2022 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, 2022, 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 \$960,298 to the System in fiscal year 2023, which was the actuarially determined contribution requirement for the fiscal year. This represented approximately 27.6% of the Town’s covered payroll.

Net Pension Liability – The Town reported a liability of \$10,014,069 for its proportionate share of the net pension liability. This was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2022. These figures were updated by the independent actuary as of December 31, 2022. 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 2.16% at December 31, 2022.

Pension Expense – The Town recognized \$792,283 in pension expense, in the statement of activities in fiscal year 2023.

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.

Deferred Outflows of Resources and Deferred Inflows of Resources – At June 30, 2023, 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	928,578	-
Changes in assumptions	546,479	-
Changes in proportion differences	158,791	-
Differences between expected and actual experience	312	171,980
Changes in proportion differences	-	3,128
	<u>\$ 1,634,160</u>	<u>\$ 175,108</u>

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

Year Ended	
June 30,	Amount
2024	\$ 272,345
2025	257,237
2026	358,902
2027	<u>570,568</u>
Total	<u>\$ 1,459,052</u>

Actuarial Valuation – The measurement of the System's total pension liability is developed by an independent actuary. The latest actuarial valuation was performed as of January 1, 2022 with the following significant actuarial assumptions:

Investment rate of return	Full prefunding: 7.0% per year, net of investment expenses
Discount Rate	7.00%
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 \$16,000 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 one year 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 point higher than the current rate:

Net Pension Liability			
Discount Rate			
Current Rate	1% lower	Current	1% greater
7.00%	\$ 12,720,792	\$ 10,014,069	\$ 7,741,337

**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 MIAA (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. Other Postemployment Benefits (OPEB)**

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

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

OPEB Plan disclosures that impact the Town’s net OPEB liability using a measurement date of June 30, 2023, are summarized as follows:

Employees Covered by Benefit Terms – The following employees were covered by the benefit terms:

Retirees and beneficiaries	38
Active employees	<u>51</u>
Total	<u>89</u>

Contributions – The contribution requirements of OPEB Plan members and the Town are established and may be amended by the Town. Retirees contribute a variable portion of their post-retirement medical costs which vary by plan. The remainder of the cost is funded by general revenues of the Town.

The Town currently contributes enough money to the Plan to satisfy current obligations on a pay-as-you-go basis and annually anticipates contributing additional funding above that amount into the OPEB Trust Fund. The costs of administering the OPEB Plan are paid by the Town and the average contribution rate was approximately 12.7% of covered payroll.

Net OPEB Liability – The Town’s net OPEB liability was measured as of June 30, 2023, using an actuarial valuation as of July 1, 2021. The components of the net OPEB liability of the Town were as follows:

Total OPEB Liability	\$ 6,702,229
Plan fiduciary net position	<u>(1,131,808)</u>
Net OPEB liability	<u>\$ 5,570,421</u>
Plan fiduciary net position as a percentage of the total OPEB liability	16.89%

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	5.82%, net of OPEB plan investment expenses, including inflation.
Municipal Bond Rate	4.13% as of June 30, 2023
Single Equivalent Discount Rate	5.68%, net of OPEB plan investment expense, including inflation.
Inflation	2.50% annually as of June 30, 2023 and for future periods
Health Care Trend Rate	9% > 3.6%
Salary Increases	3.0% annually as of June 30, 2023 and for future periods
Pre-Retirement Mortality	General: RP-2014 Mortality Table for Blue Collar Employees generationally projected with scale MP-2016 for males and females, set forward 1 year for females
Post-Retirement Mortality	General: RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females, set forward 1 year for females
Disabled Mortality	General: RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females, set forward 1 year
Actuarial Cost Method	Individual entry age normal

Discount Rate – The discount rate used to measure the total OPEB liability increased to 5.14% from 3.00%. There were no other key changes in assumptions from the prior valuation.

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

Net OPEB Liability			
Current Rate	Healthcare Trend Rate		
	1% Decrease	Current Trend	1% Increase
9% > 3.6%	\$ 4,659,699	\$ 5,570,421	\$ 6,724,090

  

Current Rate	Discount Rate		
	1% Decrease	Current Discount	1% Increase
5.49%	\$ 6,570,927	\$ 5,570,421	\$ 4,765,712

Long Term Expected Rate of Return – The long-term expected rate of return on OPEB Plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB Plan investment expense and inflation) are developed for each major asset class.

These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return were as reflected in the following table:

Asset Class	Target Allocation	Expected Investment Rate of Return
Domestic equity - large cap	27.50%	4.10%
Domestic equity - small/mid cap	13.75%	4.55%
International equity - developed ma	13.75%	4.64%
International equity - emerging marl	6.75%	5.45%
Domestic fixed income	24.00%	1.05%
International fixed income	5.25%	96.00%
Alternative	8.50%	5.95%
Real estate	0.00%	6.25%
Cash	0.50%	0.00%
	100.00%	
Real rate of return		3.57%
Inflation assumption		2.50%
Total nominal rate of return		6.07%
Investment expense		-0.25%
Net investment return		5.82%

Changes in the Net OPEB Liability – The following table summarizes the changes in the net OPEB liability:

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at July 1, 2022	\$ 6,318,030	\$ 854,598	\$ 5,463,432
Changes for the year:			
Service cost	228,634	-	228,634
Interest	365,665	-	365,665
Changes in assumptions	33,698	-	33,698
Net investment income (loss)	-	77,210	(77,210)
Employer contributions	-	443,798	(443,798)
Benefit payments withdrawn from trust	-	(243,798)	243,798
Benefit payments	(243,798)	-	(243,798)
Net changes	384,199	277,210	106,989
Balances at June 30, 2023	\$ 6,702,229	\$ 1,131,808	\$ 5,570,421

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB – The Town recognized OPEB expense of \$304,228 and deferred outflows of resources and deferred inflows of resources related to OPEB were reported as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between actual and expected experience	\$ 30,923	\$ 1,702,106
Changes of assumptions	883,236	185,177
Differences between actual and expected earnings	<u>55,599</u>	<u>-</u>
Totals	<u>\$ 969,758</u>	<u>\$ 1,887,283</u>

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

Year Ended	
June 30,	Amount
2024	\$ (409,582)
2025	(333,041)
2026	(47,727)
2027	(82,309)
2028	(48,114)
Thereafter	<u>3,248</u>
Total	<u>\$ (917,525)</u>

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 – During the year ended June 30, 2023 the annual money-weighted rate of return on investments, net of investment expense, was negative 8.1%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**D. 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, 2023, 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, 2023.

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.

## **E. Implementation of New GASB Pronouncements**

### ***Current Year Implementations***

In May 2019, the GASB issued GASB Statement No. 91, *Conduit Debt Obligations*. The objective of this Statement was 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 became effective for financial reporting periods beginning after December 15, 2021 (fiscal year 2023). The adoption of this standard did not have a material impact on the Town's 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 was to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements. The provisions of this Statement became effective for financial reporting periods beginning after June 15, 2022 (fiscal year 2023). The adoption of this standard did not have a material impact on the Town's financial statements.

In May 2020, the GASB issued GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. The objective of this Statement was 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 became effective for financial reporting periods beginning after June 15, 2022 (fiscal year 2023). The adoption of this standard did not have a material impact on the Town's financial statements.

### ***Future Year Implementations***

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, *Compensated Absences*. The objective of this Statement is to update the recognition and measurement guidance for compensated absences by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The provisions of this Statement 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.

In December 2023, the GASB issued GASB Statement No. 102, *Certain Risk Disclosures*. The objective of this Statement is to provide users of governmental financial statements with essential information about risks related to a government’s vulnerabilities due to certain concentrations or restraints. The provisions of this Statement are effective for financial reporting periods beginning after June 15, 2024 (fiscal year 2025). The Town is currently evaluating whether adoption will have a material impact on the financial statements.

**IV. Restatement of Prior Year**

The following restatement was required in order for the beginning fund balances and net position balances to conform to the current year presentation:

	Government-Wide Financials		Fund-Wide Financials		Enterprise
	Governmental	Business-Type	General	Nonmajor	Ambulance
	Activities	Fund	Fund	Funds	Fund
Net position / fund balance at June 30, 2022 - as reported	58,306,160	1,015,104	9,040,481	2,406,017	1,015,104
Addition of MCWT debt principal subsidies receivable	770,394	-	770,394	-	-
Addition of MCWT debt principal subsidies deferred revenue	-	-	(770,394)	-	-
Reduction of Chapter 90 grant receivable recorded at award value	(443,765)	-	-	-	-
Adjustment of direct borrowing principal to minimum payments value	(195,627)	-	-	-	-
Adjustment of capital assets for present value of lease changes	465,474	-	-	-	-
Adjustment of present value of lease obligations reported	(465,474)	-	-	-	-
Reclass of unearned ARPA grant revenue to liability	(858,865)	-	-	(858,865)	-
Reduction of ambulance receivables for uncollectible allowance	-	(415,243)	-	-	(415,243)
Net position / fund balance at June 30, 2022 - as restated	<u>57,578,297</u>	<u>599,861</u>	<u>9,040,481</u>	<u>1,547,152</u>	<u>599,861</u>

\* \* \* \* \*

**TOWN OF NEWBURY, MASSACHUSETTS**

**REQUIRED SUPPLEMENTARY INFORMATION - PENSIONS  
YEAR ENDED JUNE 30, 2023**

**SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

Year Ended December 31,	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Liability	Covered Payroll	Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2022	2.16%	\$ 10,014,069	\$ 3,456,464	289.72%	57.60%
2021	2.14%	7,421,858	3,369,398	220.27%	67.01%
2020	2.11%	8,365,376	3,035,436	275.59%	59.73%
2019	2.11%	8,887,005	2,918,867	304.47%	55.46%
2018	2.08%	8,780,703	2,931,340	299.55%	51.89%
2017	1.87%	7,135,340	2,814,757	253.50%	55.40%
2016	1.95%	7,526,365	2,549,341	295.23%	51.12%
2015	1.97%	6,617,673	2,320,540	285.18%	51.01%
2014	1.91%	6,480,618	2,232,466	290.29%	52.27%

**SCHEDULE OF THE TOWN CONTRIBUTIONS TO PENSION PLAN**

Year Ended June 30,	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2023	\$ 960,298	\$ 960,298	\$ -	\$ 3,508,311	27.37%
2022	885,708	885,708	-	3,419,939	25.90%
2021	813,719	813,719	-	3,080,968	26.41%
2020	757,582	757,582	-	2,962,650	25.57%
2019	694,576	694,576	-	2,975,310	23.34%
2018	590,423	590,423	-	2,856,978	20.67%
2017	565,999	565,999	-	2,587,581	21.87%
2016	541,397	541,397	-	2,355,348	22.99%
2015	489,986	489,986	-	2,265,953	21.62%

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 NEWBURY, MASSACHUSETTS**

**REQUIRED SUPPLEMENTARY INFORMATION - UNAUDITED  
YEAR ENDED JUNE 30, 2023**

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

	June 30,						
	2023	2022	2021	2020	2019	2018	2017
Total OPEB liability:							
Service cost	\$ 228,634	\$ 183,635	\$ 182,091	\$ 179,131	\$ 318,609	\$ 303,274	\$ 309,897
Interest	365,665	397,366	381,290	390,808	376,776	356,150	270,314
Change in assumptions	33,698	1,222,979	-	(618,333)	-	-	-
Difference between expected and actual plan experience	-	(1,774,792)	-	(1,542,316)	-	795,150	-
Benefit payments	(243,798)	(296,267)	(297,695)	(273,383)	(247,896)	(233,310)	(229,364)
Net change in total OPEB liability	384,199	(267,079)	265,686	(1,864,093)	447,489	1,221,264	350,847
Total OPEB liability - beginning of year	6,318,030	6,585,109	6,319,423	8,183,516	7,736,027	6,514,763	6,163,916
Total OPEB liability - end of year (a)	<u>\$ 6,702,229</u>	<u>\$ 6,318,030</u>	<u>\$ 6,585,109</u>	<u>\$ 6,319,423</u>	<u>\$ 8,183,516</u>	<u>\$ 7,736,027</u>	<u>\$ 6,514,763</u>
Plan fiduciary net position:							
Contributions - employer	\$ 443,798	\$ 696,267	\$ 397,695	\$ 373,383	\$ 297,896	\$ 283,310	\$ 25,000
Net investment income	77,210	(124,139)	109,540	9,453	14,488	8,602	6,300
Benefit payments	(243,798)	(296,267)	(297,695)	(273,383)	(247,896)	(233,310)	-
Net change in Plan fiduciary net position	277,210	275,861	209,540	109,453	64,488	58,602	31,300
Plan fiduciary net position - beginning of year	854,598	578,737	369,197	259,744	195,256	136,654	105,354
Plan fiduciary net position - end of year (b)	<u>\$ 1,131,808</u>	<u>\$ 854,598</u>	<u>\$ 578,737</u>	<u>\$ 369,197</u>	<u>\$ 259,744</u>	<u>\$ 195,256</u>	<u>\$ 136,654</u>
Net OPEB liability (asset) - end of year (a) - (b)	<u>\$ 5,570,421</u>	<u>\$ 5,463,432</u>	<u>\$ 6,006,372</u>	<u>\$ 5,950,226</u>	<u>\$ 7,923,772</u>	<u>\$ 7,540,771</u>	<u>\$ 6,378,109</u>
Plan fiduciary net position as a percentage of the total OPEB liability	16.89%	13.53%	8.79%	5.84%	3.17%	2.52%	2.10%
Covered-employee payroll	\$ 3,501,334	\$ 3,399,353	\$ 3,131,657	\$ 3,040,444	\$ 2,729,195	\$ 2,649,704	\$ 2,500,000
Net OPEB liability/(asset) as a percentage of covered-employee payroll	159.09%	160.72%	191.80%	195.70%	290.33%	284.59%	255.12%

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 NEWBURY, MASSACHUSETTS**  
**REQUIRED SUPPLEMENTARY INFORMATION - UNAUDITED**  
**YEAR ENDED JUNE 30, 2023**

**SCHEDULE OF CONTRIBUTIONS**  
**LAST 10 FISCAL YEARS**

	2023	2022	2021	June 30, 2020	2019	2018	2017
Actuarially-determined contribution	\$ 149,245	\$ 122,248	\$ 118,387	\$ 91,529	\$ -	\$ 59,869	\$ 121,807
Contributions in relation to the actuarially-determined contribution	(87,137)	(115,824)	(87,769)	(91,712)	(77,336)	(85,824)	(121,807)
Contribution deficiency (excess)	<u>\$ 62,108</u>	<u>\$ 6,424</u>	<u>\$ 30,618</u>	<u>\$ (183)</u>	<u>\$ (77,336)</u>	<u>\$ (25,955)</u>	<u>\$ -</u>
Covered-employee payroll	\$ 3,062,556	\$ 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	2.85%	3.82%	3.10%	3.40%	2.95%	3.23%	4.69%
Valuation Date	July 1, 2022						
Amortization Period	30 years						
Investment rate of return	5.80%						
Single Equivalent Discount Rate	5.80%						
Inflation	2.50%						
Healthcare cost trend rates	8.0% to 6.0%						
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**

	2023	2022	2021	June 30, 2020	2019	2018	2017
Annual money-weighted rate of return, net of investment expense	8.65%	-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 NEWBURY, MASSACHUSETTS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - GENERAL FUND  
YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Actual Budgetary Amounts	Encumbrances and continuing appropriations	Actual Budgetary Adjusted	Variance Positive (Negative)
	Original Budget	Final Budget				
<b>REVENUES</b>						
Real estate and personal property taxes, net	\$ 19,062,061	\$ 19,062,061	19,096,481		\$ 19,096,481	\$ 34,420
Intergovernmental	1,146,711	1,146,711	1,192,386		1,192,386	45,675
Motor vehicle and other excises	1,216,000	1,216,000	1,248,712		1,248,712	32,712
License and permits	475,000	475,000	539,543		539,543	64,543
Departmental and other revenue	190,000	190,000	335,267		335,267	145,267
Penalties and interest on taxes	30,000	30,000	28,199		28,199	(1,801)
Fines, Fees and forfeitures	75,000	75,000	88,442		88,442	13,442
Investment income	32,000	32,000	229,771		229,771	197,771
Total Revenues	<u>22,226,772</u>	<u>22,226,772</u>	<u>22,758,801</u>		<u>22,758,801</u>	<u>532,029</u>
<b>EXPENDITURES</b>						
General government	7,244,307	8,414,685	2,675,051	\$ 5,430,084	8,105,135	309,550
Public safety	3,100,872	3,186,152	2,829,262	173,176	3,002,438	183,714
Education	11,165,192	11,165,192	11,154,358	-	11,154,358	10,834
Public works	1,837,144	1,915,828	1,079,541	664,123	1,743,664	172,164
Health and human services	499,934	505,034	424,022	168	424,190	80,844
Culture and recreation	445,552	454,394	442,723	3,945	446,668	7,726
Fringe Benefits	1,982,409	2,015,109	1,964,331	-	1,964,331	50,778
State and county tax assessments	156,471	156,471	169,807	-	169,807	(13,336)
Debt service	1,311,620	1,233,820	1,021,330	-	1,021,330	212,490
Total Expenditures	<u>27,743,501</u>	<u>29,046,685</u>	<u>21,760,425</u>	<u>\$ 6,271,496</u>	<u>28,031,921</u>	<u>1,014,764</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	503,087	725,732	717,541		717,541	(8,191)
Transfers out	(125,000)	(325,000)	(325,000)		(325,000)	-
Total Other Financing Sources (Uses)	<u>378,087</u>	<u>400,732</u>	<u>392,541</u>		<u>392,541</u>	<u>(8,191)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES/USE OF PRIOR YEAR BUDGETARY FUND BALANCE	<u>(5,138,642)</u>	<u>(6,419,181)</u>	<u>\$ 1,390,917</u>		<u>\$ (4,880,579)</u>	<u>\$ 1,538,602</u>
Other Budgetary Items:						
Undesignated surplus (free cash)	\$ -	\$ 1,280,539				
Prior year encumbrances	5,138,642	5,138,642				
Total Other Budgetary Items	<u>5,138,642</u>	<u>6,419,181</u>				
<b>Net Budget</b>	<u>\$ -</u>	<u>\$ -</u>				

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

**TOWN OF NEWBURY, MASSACHUSETTS**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
YEAR ENDED JUNE 30, 2023**

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**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 Select Board 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, 2023, is as follows:

	<u>Accounting Differences</u>	<u>Fund Perspective Differences</u>	<u>Total</u>
Revenue on a budgetary basis			\$ 22,758,801
Interest earned by stabilization funds	\$ -	\$ 7,900	7,900
MCWT on-behalf debt service subsidy	177,586	-	177,586
Property tax revenue recognition	(99,624)	-	(99,624)
Revenue on a GAAP basis	<u>\$ 77,962</u>	<u>\$ 7,900</u>	<u>\$ 22,844,663</u>
Expenditures on a budgetary basis			\$ 21,760,425
OPEB contribution	\$ -	\$ 200,000	200,000
MCWT on-behalf debt service subsidy	177,586	-	177,586
Indirect cost allocations	(60,382)	-	(60,382)
Expenditures on a GAAP basis	<u>\$ 117,204</u>	<u>\$ 200,000</u>	<u>\$ 22,077,629</u>
Transfers on a budgetary basis (net)			\$ 392,541
Stabilization transfers	\$ -	\$ (97,645)	(97,645)
OPEB contribution	-	200,000	200,000
Indirect cost allocations	(60,382)	-	(60,382)
Transfers on a GAAP basis (net)	<u>\$ (60,382)</u>	<u>\$ 102,355</u>	<u>\$ 434,514</u>