

The Preliminary Official Statement and the information contained herein are subject to completion or amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

**NEW ISSUE**

S&P Global Ratings: \_\_\_\_\_  
(See "Rating" herein)

**NOTICE OF SALE AND PRELIMINARY OFFICIAL STATEMENT DATED JUNE 5, 2024**

In the opinion of Hinckley, Allen & Snyder LLP, Bond Counsel, based upon an analysis of existing law and assuming, among other matters, compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under the Internal Revenue Code of 1986, as amended (the "Code"). Interest on the Bonds is not a specific preference item for purposes of the federal alternative minimum tax, although Bond Counsel observes that such interest will be taken into account in computing the alternative minimum tax imposed on certain corporations with respect to their tax years beginning after December 31, 2022. Under existing law, interest on the Bonds is exempt from Massachusetts personal income taxes, and the Bonds are exempt from Massachusetts personal property taxes. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds. The Bonds are **NOT** "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code. See "Tax Exemption" herein.

**TOWN OF NORTH ANDOVER  
Massachusetts**

**\$15,000,000\***

**GENERAL OBLIGATION SCHOOL BONDS OF 2024**

**Dated: June 26, 2024**

**Due: June 15, 2025 – 2049**

<u>Year</u>	<u>Principal Amount*</u>	<u>Interest Rate</u>	<u>Price/ Yield</u>	<u>CUSIP 657237</u>	<u>Year</u>	<u>Principal Amount*</u>	<u>Interest Rate</u>	<u>Price/ Yield</u>	<u>CUSIP 657237</u>
2025	\$600,000				2038	\$600,000			
2026	600,000				2039	600,000			
2027	600,000				2040	600,000			
2028	600,000				2041	600,000			
2029	600,000				2042	600,000			
2030	600,000				2043	600,000			
2031	600,000				2044	600,000			
2032	600,000				2045	600,000			
2033	600,000				2046	600,000			
2034	600,000				2047	600,000			
2035	600,000				2048	600,000			
2036	600,000				2049	600,000			
2037	600,000								

Principal of the Bonds will be payable on June 15 of the years in which the Bonds mature. Interest from the date of the Bonds will be payable on December 15, 2024, and semi-annually thereafter on each June 15 and December 15 until the final maturity of the Bonds. The Bonds will be subject to redemption prior to their stated dates of maturity as described herein.

The Bonds are issuable only in fully registered form without coupons, and, when issued, will be registered in the name of Cede & Co., as Bondowner and nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Bonds. Purchases of the Bonds will be made in book-entry form, in the denomination of \$5,000 or any integral multiple thereof. (See "Book-Entry Transfer System" herein.)

The legality of the Bonds will be approved by Hinckley, Allen & Snyder LLP, Boston, Massachusetts, Bond Counsel to the Town. UniBank Fiscal Advisory Services, Inc., Whitinsville, Massachusetts, serves as financial advisor to the Town. It is expected that the Bonds, in definitive form, will be delivered to DTC, or the offices of its custodial agent, on or after June 26, 2024, against payment in Federal Reserve funds.

\* Preliminary, subject to change.

**Electronic Bids Received  
11:00 a.m. (Eastern Daylight Savings Time)  
Wednesday, June 12, 2024**



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The information set forth herein has been obtained from the Town and from other sources which are believed to be reliable but it is not guaranteed as to accuracy or completeness. Any statements made in this Preliminary Official Statement involving matters of opinion, whether or not expressly stated, are intended merely as opinion and not as representations of fact. The information and expressions of opinion in this Preliminary Official Statement are subject to change without notice. Neither the delivery of this Preliminary Official Statement nor any sale of the Bonds shall, under any circumstances, create any implication that there has been no material change in the affairs of the Town since the date of this Preliminary Official Statement.

## ISSUE SUMMARY STATEMENT

Issuer: Town of North Andover, Massachusetts

Date of Sale: Wednesday, June 12, 2024, until 11:00 a.m. (Eastern Daylight Savings Time)

Method of Sale: Electronic Bids via Parity

Location of Sale: UniBank Fiscal Advisory Services, Inc., 49 Church Street, Whitinsville, MA

Issue: \$15,000,000\* General Obligation School Bonds of 2024, Book-Entry Only (See “Book-Entry Transfer System”, herein.)

Purpose: Renovations and reconstruction of the North Andover Middle School. (See “Authorization and Use of Proceeds” herein.)

Minimum Bid: 100.625 percent of par (\$15,093,750.00) plus accrued interest, if any, to the date of delivery.

Dated Date of Bonds: June 26, 2024

Maturity Date of Bonds: Serially on June 15, 2025 through 2049, as detailed herein.

Interest Payable: December 15 and June 15, commencing December 15, 2024.

Redemption: The Bonds are subject to redemption prior to their stated dates of maturity as described herein.

Credit Rating: The Town has applied for a rating from S&P Global Ratings.

Security: The Bonds are valid general obligations of the Town of North Andover, Massachusetts and the principal of and interest on the Bonds are payable from ad valorem taxes which may be levied upon all property within the territorial limits of the Town and taxable by it, subject to the limitations imposed by Chapter 59, Section 21C of the General Laws (Proposition 2½).

Tax Exemption: Refer to Tax Exemption and Appendix C – “Proposed Form of Legal Opinion” herein.

Continuing Disclosure: Refer to Continuing Disclosure and Appendix D – “Proposed Form of Continuing Disclosure Certificate” herein.

Bank Qualification: The Bonds will be **NOT** designated as “qualified tax-exempt obligations” for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

Paying Agent: U.S. Bank Trust Company, National Association, Boston, Massachusetts

Legal Opinion: Hinckley, Allen & Snyder LLP, Boston, Massachusetts

Delivery and Payment: It is expected that the Bonds will be delivered to DTC, or to the offices of its custodial agent, against payment to the account of the Town in Federal Reserve funds on or about June 26, 2024.

Issue Contacts: Kimberly Mackie, Treasurer, Town of North Andover, Massachusetts  
Telephone (978) 688-9552  
David M. Eisenthal, Vice President, UniBank Fiscal Advisory Services, Inc.,  
Telephone (508) 849-4222  
Kris A. Moussette, Esq., Hinckley, Allen & Snyder LLP, Boston,  
Telephone (617) 378-4194

Additional Information: Refer to the Preliminary Official Statement herein dated June 5, 2024.

*\* Preliminary, subject to change.*

**NOTICE OF SALE**

**TOWN OF NORTH ANDOVER  
Massachusetts**

**\$15,000,000\*  
GENERAL OBLIGATION SCHOOL BONDS OF 2024**

The Town of North Andover, Massachusetts, will receive electronic proposals until 11:00 a.m. (Eastern Daylight Savings Time), on

**Wednesday, June 12, 2024**

at UniBank Fiscal Advisory Services, Inc., Whitinsville, Massachusetts, for the purchase of the following described Bonds:

**\$15,000,000\* GENERAL OBLIGATION SCHOOL BONDS OF 2024** payable June 15 of the years and in the amounts as follows:

<u>Year</u>	<u>Principal Amount*</u>	<u>Interest Rate</u>	<u>Price/Yield</u>	<u>CUSIP 657237</u>	<u>Year</u>	<u>Principal Amount*</u>	<u>Interest Rate</u>	<u>Price/Yield</u>	<u>CUSIP 657237</u>
2025	\$600,000				2038	\$600,000			
2026	600,000				2039	600,000			
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2030	600,000				2043	600,000			
2031	600,000				2044	600,000			
2032	600,000				2045	600,000			
2033	600,000				2046	600,000			
2034	600,000				2047	600,000			
2035	600,000				2048	600,000			
2036	600,000				2049	600,000			
2037	600,000								

*\* Preliminary, subject to change.*

**Details of the Bonds**

The Bonds will be dated their date of delivery. Interest from the date of the Bonds will be payable on December 15, 2024, and semi-annually thereafter on each June 15 and December 15, until maturity or redemption prior to maturity. Principal of and interest on the Bonds will be paid as described below.

The Bonds will be issued by means of a book-entry system with no physical distribution of the Bonds made to the public. One certificate for each maturity of the Bonds will be issued to The Depository Trust Company, New York, New York (DTC), and immobilized in their custody. A book-entry system will be employed, evidencing ownership of the Bonds in principal amounts of \$5,000 or any integral multiple thereof, with transfers of ownership effected on the records of DTC and its participants pursuant to rules and procedures adopted by DTC and its participants. The winning bidder, as a condition to delivery of the Bonds, shall be required to deposit the Bonds with DTC, registered in the name of Cede & Co. Principal of and interest on the Bonds will be payable to DTC or its nominee as registered owner of the Bonds. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC; transfer of principal and interest payments to beneficial owners by participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. Neither the Town nor the Paying Agent will be responsible or liable for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants.

## Bank Qualification

The Bonds will **NOT** be designated as “qualified tax-exempt obligations” for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

## Optional Redemption of the Bonds

The Bonds are subject to redemption, at the option of the Town, upon the terms and conditions set forth in the Town’s Preliminary Official Statement dated June 5, 2024, prepared in connection with the issuance of the Bonds.

## Term Bonds

For Bonds maturing on and after June 15, 2032, bidders may specify that all of the principal amount of such Bonds having two or more consecutive maturities, may in lieu of having separate maturity dates, be combined to comprise one or more Term Bonds, and shall be subject to mandatory redemption or mature at par as described above, in each of the years and in the principal amounts specified in the foregoing maturity schedule (which is subject to change as described herein). Each mandatory redemption shall be allocated to the payment of the Term Bond having the earliest subsequent maturity date.

Term Bonds, if any, shall be subject to mandatory redemption on June 15 in the earliest year prior to the stated maturity of such Term Bond (the particular Bonds of such maturity to be redeemed to be selected by lot), as indicated in the foregoing maturity schedule (which is subject to change as described herein) at the principal amount thereof plus accrued interest to the redemption date, without premium.

## Form of Bid and Basis of Award

Bids must be submitted electronically. Electronic proposals will be submitted through *i-Deal*<sup>®</sup>. If any provisions in this Notice of Sale conflict with information provided by *i-Deal*<sup>®</sup>, this Notice of Sale shall control. Further information about *i-Deal*<sup>®</sup>, including any fees charged, may be obtained from *i-Deal*<sup>®</sup> at (212) 849-5000. The Town assumes no responsibility or liability for bids submitted through *i-Deal*<sup>®</sup>. An electronic bid made in accordance with this Notice of Sale shall be deemed an irrevocable offer to purchase the Bonds in accordance with the terms provided in this Notice of Sale and shall be binding upon the bidder as if made by a signed and sealed written bid delivered to the Town.

Bidders shall state the rate or rates of interest per annum which the Bonds are to bear in a multiple of 1/8th or 1/20th of 1% but shall not state (a) more than one interest rate for any Bonds having a like maturity, and (b) any interest rate which exceeds the interest rate stated for any other Bonds by more than 3%.

**No bid of less than 100.625 percent of par (\$15,093,750.00) and accrued interest to date of delivery, if any, will be considered.**

A good faith deposit is not required.

As between proposals which comply with this Notice of Sale, the award will be to the bidder who offers to purchase all the Bonds at the lowest net effective interest rate to the Town. Such interest rate shall be determined on a true interest cost (TIC) basis, which shall mean that rate which, as of June 26, 2024, discounts semi-annually all future payments on account of principal and interest to the price bid, not including interest accrued to the date of delivery, if any, which accrued interest shall be paid by the successful bidder. The award of the Bonds to the winning bidder will not be effective until the bid has been approved by the Treasurer and the Select Board of the Town. In the event that two or more bidders submit the same lowest true interest cost for the Bonds, the Town Treasurer shall determine the winning bidder by lot from among all such proposals.

## Par Amount Subject to Change

The Town reserves the right to adjust the aggregate par amount of the Bonds, as well as the par amounts of individual maturities of the Bonds. The purpose of such adjustment will be to limit the amount of Bond proceeds, including premium, to approximately the amount needed for the school project, and for costs of issuance.

Immediately following the opening of the bids, the Town, acting through its Municipal Advisor, will contact the apparent successful bidder by telephone to obtain the initial reoffering prices of each maturity of the Bonds, the premium to be paid on account of bond insurance, if any, and other information relevant to the sale of the Bonds. The apparent successful bidder shall then immediately deliver to the Town written confirmation by facsimile transmission as to such reoffering prices and bond insurance premium, if any. Upon being supplied with such initial reoffering prices and bond insurance premiums, if any, the Town will determine the need to adjust the principal amount of the Bonds or otherwise re-allocate the principal maturities of the Bonds. The Town expects to advise the successful bidder as soon as possible, but no later than 3:00 p.m., Eastern Daylight Savings Time, on the date of the sale of the amount, if any, of any changes in either the aggregate principal amount (which changes will be allocated among several maturities of the Bonds in a manner to be specified by the Town) or individual maturities (assuming no changes in the aggregate principal amount of the Bonds).

Any adjustment in either the aggregate principal amount or the individual maturities of the Bonds will be in an amount of \$5,000 or an integral multiple thereof. **Bidders should be advised that bidding with a large premium could result in a reduction in the par amount of the Bonds.**

The dollar amount bid by the successful bidder will be adjusted to reflect any adjustment in the aggregate principal amount of the Bonds to be issued. The adjusted bid price will reflect changes in the dollar amount of the underwriter's discount and original issue discount/premium, if any, but will not change the per-bond underwriter's discount as calculated from the bid and reoffering prices required to be delivered to the Town as stated herein. The successful bidder may not withdraw its bid or change the interest rates bid or initial reoffering prices as a result of any changes made to the principal amounts within these limits.

### **Bond Insurance**

The Town has not contracted for the issuance of any policy of municipal bond insurance for the Bonds. If the Bonds qualify for issuance of any such policy or commitment therefor, any purchase of such insurance or commitment shall be at the sole option and expense of the bidder. Proposals shall not be conditioned upon the issuance of any such policy or commitment. Any failure of the Bonds to be so insured or of any such policy or commitment to be issued shall not in any way relieve the purchaser of the contractual obligations arising from the acceptance of a proposal for the purchase of the Bonds. Should the successful bidder purchase municipal bond insurance, all expenses associated with such policy or commitment will be borne by the bidder, except for the fee paid to S&P Global Ratings for the rating of the Bonds. Any such fee paid to S&P Global Ratings would be borne by the Town.

### **Establishment of Issue Price**

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

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

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

Any bid submitted pursuant to this Notice of Sale shall be considered a firm offer for the purchase of the Bonds, as specified in the bid. Unless a bidder notifies the Town prior to submitting its bid or email to the Municipal Advisor ([david.eisenthal@unibank.com](mailto:david.eisenthal@unibank.com)) or in its bid submitted via Parity, that it will not be an “underwriter” (as defined below) of the Bonds, by submitting its bid, each bidder shall be deemed to confirm that it has an established industry reputation for underwriting new issuances of municipal bonds. Unless the bidder has notified the Town that it will not be an “underwriter” (as defined below) of the Bonds, in submitting a bid, each bidder is deemed to acknowledge that it is an “underwriter” that intends to reoffer the Bonds to the public.

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

**Failure to Meet the Competitive Sale Requirements – Option A – The Successful Bidder Intends to Reoffer the Bonds to the Public and the 10% Test to be Used.** If the competitive sale requirements are not satisfied and the successful bidder intends to reoffer the Bonds to the public, the successful bidder may use the first price at which 10% of a maturity of the Bonds (the “10% test”) is sold to the public as the issue price of that maturity, applied on a maturity-by-maturity basis, of the Bonds. The successful bidder shall advise the Municipal Advisor if any maturity of the Bonds satisfies the 10% test as of the date and time of the award of the Bonds. The Town will not require bidders to comply with the “hold-the-offering-price rule” set forth in the applicable Treasury Regulations if the competitive sale requirements are not met.

If the competitive sale requirements are not satisfied, then until the 10% test has been satisfied as to each maturity of the Bonds or all of the Bonds are sold to the public, the successful bidder agrees to promptly report to the Municipal Advisor the prices at which the unsold Bonds of each maturity have been sold to the public, which reporting obligation shall continue, whether or not the Closing Date has occurred, until the 10% test has been satisfied for each maturity of the Bonds or until all the Bonds of a maturity have been sold. The successful bidder shall be obligated to report each sale of Bonds to the Municipal Advisor until notified in writing by the Town or the Municipal Advisor that it no longer needs to do so. If the successful bidder chooses Option A, the successful bidder shall provide to the Town on or before the Closing Date an issue price certificate substantially in the form attached to this Notice of Sale as Exhibit 2.

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

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

“public” means any person other than an underwriter or a related party,

“underwriter” means (A) any person, including the successful bidder, that agrees pursuant to a written contract with the Town (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the public), and

“related party” – a purchaser of any of the Bonds is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).

**Failure to Meet the Competitive Sale Requirements – Option B – The Successful Bidder Intends to Reoffer the Bonds to the Public and Agrees to Hold the Price of Maturities of Bonds for Which the 10% Test in Option A Is Not Met as of the Sale Date.** The successful bidder may, at its option, notify the Municipal Advisor in writing, which may be by email (the “Hold the Price Notice”), not later than 4:00 p.m. (Eastern Daylight Savings Time) on the Sale Date, that it has not sold 10% of the maturities of the Bonds listed in the Hold the Price Notice (the “Unsold Maturities”) and that the successful bidder will not offer the Unsold Maturities to any person at a price that is higher than the initial offering price to the public during the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date or (ii) the date on which the successful bidder has sold at least 10% of the applicable Unsold Maturity to the public at a price that is no higher than the initial offering price to the public. If the successful bidder delivers a Hold the Price Notice to the Financial Advisor, the successful bidder must provide to the Town on or before the Closing Date, in addition to the certification described in Option A above, an issue price certificate substantially in the form attached to this Notice of Sale as Exhibit 3 with evidence that each underwriter of the Bonds, including underwriters in an underwriting syndicate or selling group, has agreed in writing to hold the price of the Unsold Maturities in the manner described in the preceding sentence.

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

## **Legal Opinion**

The legality of the Bonds will be approved by Hinckley, Allen & Snyder LLP, Boston, Massachusetts, whose opinion will be furnished to the purchaser without charge. The scope of engagement of Bond Counsel does not extend to passing upon or assuming responsibility for the accuracy or adequacy of any statements made in the Official Statement other than matters expressly set forth as their opinion, and they make no representation that they have independently verified the same.

## **Documents to be Delivered at Closing**

It shall be a condition to the obligation of the successful bidder to accept delivery of and pay for the Bonds that the bidder shall be furnished, without cost, with (a) the approving opinion of the firm of Hinckley, Allen & Snyder LLP, Boston, Massachusetts, substantially in the form of Appendix C of the Preliminary Official Statement dated June 5, 2024, included herein, (b) a certificate in form satisfactory to said firm dated as of June 26, 2024, the delivery date of the Bonds and receipt of payment therefor, to the effect that there is no litigation pending or, to the knowledge of the signers thereof, threatened affecting the validity of the Bonds or the power of the Town to levy and collect taxes to pay them, (c) a certificate of the Town Treasurer to the effect that, to the best of her knowledge and belief, the Preliminary Official Statement did not, as of its date and the date of sale, and the Final Official Statement referred to below, did not as of its date and does not as of the date of delivery of the Bonds, contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading; and (d) a Continuing Disclosure Certificate substantially in the form of Appendix D of the Preliminary Official Statement dated June 5, 2024, included herein.



## **CUSIP Identification Numbers**

It is anticipated that CUSIP identification numbers will be printed on the Bonds, but neither the failure to print such numbers on any Bond, nor any error with respect thereto shall constitute cause for a failure or refusal by the purchaser thereof to accept delivery of and pay for the Bonds. The Town assumes no responsibility for any CUSIP Service Bureau or other charge that may be imposed for the assignment of such numbers.

## **Continuing Disclosure**

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

## **Delivery**

The Bonds, in definitive form, will be delivered to the purchaser at DTC, or the offices of its custodial agent, on or about June 26, 2024, against payment in Federal Reserve funds.

## **Additional Information and Copies of the Official Statement**

Additional information concerning the Town and the Bonds is contained in the Preliminary Official Statement dated June 5, 2024, to which prospective bidders are directed. The Preliminary Official Statement is provided for informational purposes only and is not a part of this Notice of Sale. Such Preliminary Official Statement is deemed final by the Town as of its date for purposes of SEC Rule 15c2-12(b)(1).

Copies of the Preliminary Official Statement for the Bonds may be obtained from David M. Eisenthal, Vice President, UniBank Fiscal Advisory Services, Inc., 49 Church Street, Whitinsville, Massachusetts 01588, telephone (508) 849-4222.

Within seven (7) business days following the award of the Bonds in accordance herewith, up to ten (10) copies of a Final Official Statement will be furnished to the successful bidder. Additional copies may be obtained at the purchaser's expense.

The right is reserved to reject any or all bids and to reject any bid not complying with this Notice of Sale and, so far as permitted by law, to waive any irregularity with respect to any proposal.

**TOWN OF NORTH ANDOVER  
Massachusetts**

By: /s/ Kimberly Mackie  
Treasurer

Dated: June 5, 2024

## EXHIBIT TO THE NOTICE OF SALE

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

\$15,000,000\*

TOWN OF NORTH ANDOVER, MASSACHUSETTS  
GENERAL OBLIGATION SCHOOL BONDS OF 2024

Dated June 26, 2024

## ISSUE PRICE CERTIFICATE AND RECEIPT

The undersigned, on behalf of [NAME OF SUCCESSFUL BIDDER] (the “Successful Bidder”), hereby certifies as set forth below with respect to the sale of the above-captioned obligations (the “Bonds”) of the Town of North Andover, Massachusetts (the “Issuer”).

**Reasonably Expected Initial Offering Prices.**

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

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

The bid submitted by the Successful Bidder constituted a firm offer to purchase the Bonds.

**Defined Terms.**

“Maturity” means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

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

“Sale Date” means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is June 12, 2024.

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

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

*\*Preliminary, subject to change as described in Notice of Sale.*

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

Dated: \_\_\_\_\_, 2024

SUCCESSFUL BIDDER

By: \_\_\_\_\_

Name:

Title:

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**MODEL ISSUE PRICE DOCUMENTATION REPORT**

Schedule A – Expected Reoffering Prices (to be attached)

Schedule B – Copy of Successful Bidder's Bid (to be attached)

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

**\$15,000,000\***

**TOWN OF NORTH ANDOVER, MASSACHUSETTS  
GENERAL OBLIGATION SCHOOL BONDS OF 2024**

**Dated June 26, 2024**

**ISSUE PRICE CERTIFICATE AND RECEIPT**

The undersigned, on behalf of \_\_\_\_\_ (the (“Successful Bidder”)[, on behalf of itself and [NAMES OF OTHER UNDERWRITERS] ] hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the “Bonds”).

**Sale of the Bonds.**

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

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

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

**Defined Terms.**

“Issuer” means the Town of North Andover, Massachusetts.

“Maturity” means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

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

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

*\*Preliminary, subject to change as described in Notice of Sale.*

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

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

Dated: \_\_\_\_\_, 2024

SUCCESSFUL BIDDER

By: \_\_\_\_\_  
Name:  
Title:

Schedule A – Sale Prices (to be attached)

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

**\$15,000,000\***

**TOWN OF NORTH ANDOVER, MASSACHUSETTS  
GENERAL OBLIGATION SCHOOL BONDS OF 2024  
Dated June 26, 2024**

**ISSUE PRICE CERTIFICATE AND RECEIPT**

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

**Sale of the Bonds.**

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

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

For each Maturity of the Bonds as to which no price is listed in Schedule A (the “Unsold Maturities”), as set forth in the Notice of Sale for the Bonds, the Successful Bidder and any other Underwriter did not [and will not] reoffer the Unsold Maturities until the earlier of (i) \_\_\_\_\_, 2024 or (ii) the date on which the Successful Bidder or any other Underwriter sold at least 10% of each Unsold Maturity at a price that is no higher than the initial offering price to the Public.

**Defined Terms.**

“Maturity” means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

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

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

**Receipt.**

The Successful Bidder hereby acknowledges receipt from the Issuer of the Bonds and further acknowledges receipt of all certificates, opinion and other documents required to be delivered to the Successful Bidder, before or simultaneously with the delivery of the Bonds, which certificates, opinions and other documents are satisfactory to the Successful Bidder.

*\*Preliminary, subject to change as described in Notice of Sale.*

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

Dated: \_\_\_\_\_, 2024

SUCCESSFUL BIDDER

By: \_\_\_\_\_  
Name:  
Title:

Schedule A – Sale Prices (to be attached)

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**OFFICIAL STATEMENT**

**TOWN OF NORTH ANDOVER  
MASSACHUSETTS**

**\$15,000,000\*  
GENERAL OBLIGATION SCHOOL BONDS OF 2024**

**INTRODUCTION**

This Official Statement is provided for the purpose of presenting certain information relating to the Town of North Andover, Massachusetts (the “Town”) in connection with the sale of \$15,000,000\* General Obligation School Bonds of 2024 (the “Bonds”) dated the date of delivery, June 26, 2024.

The Bonds are being offered for sale at public bidding and Notices of Sale dated June 5, 2024, have been furnished to prospective bidders. Reference is hereby made to the Notices of Sale for the terms and conditions of bidding.

The Bonds will be general obligations of the Town for which its full faith and credit are pledged. They are not guaranteed by The Commonwealth of Massachusetts (the “Commonwealth”) or any other entity. The security for the Bonds is more fully described under the caption “Security and Remedies” herein. See also the caption “Opinion of Bond Counsel”.

Questions regarding information contained in this Official Statement or other matters should be directed to the following: Kimberly Mackie, Treasurer, Town of North Andover, Massachusetts (978) 688-9552; David M. Eisenthal, Vice President, UniBank Fiscal Advisory Services, Inc., (508) 849-4222; or Kris A. Moussette, Esq., Hinckley, Allen & Snyder LLP, (617) 378-4256.

The information contained herein has been obtained from the sources indicated or from the Town.

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\* Preliminary, subject to change.

## PART I

### THE BONDS

#### DESCRIPTION OF THE BONDS

The Bonds will be dated as of their date of delivery and will mature on June 15 of the years and in the principal amounts as follows:

<u>Year</u>	<u>Principal Amount*</u>	<u>Year</u>	<u>Principal Amount*</u>
2025	\$600,000	2038	\$600,000
2026	600,000	2039	600,000
2027	600,000	2040	600,000
2028	600,000	2041	600,000
2029	600,000	2042	600,000
2030	600,000	2043	600,000
2031	600,000	2044	600,000
2032	600,000	2045	600,000
2033	600,000	2046	600,000
2034	600,000	2047	600,000
2035	600,000	2048	600,000
2036	600,000	2049	600,000
2037	600,000		

*\* Preliminary, subject to change.*

The Bonds will bear interest at the rate or rates per annum specified by the successful bidder. Principal and semi-annual interest will be paid by U.S. Bank Trust Company, National Association, Boston, Massachusetts, or its successor acting as paying agent (the "Paying Agent") for the Town. Interest from the date of the Bonds will be payable on December 15, 2024 and semi-annually thereafter on each June 15 and December 15 until maturity. So long as The Depository Trust Company, New York, New York ("DTC") or its nominee, Cede & Co., is the Bondowner, such payments of principal of and interest on the Bonds will be made directly to such Bondowner. Disbursement of such payments to the DTC Participants is the responsibility of DTC and disbursement of such payments to the Beneficial Owners is the responsibility of the DTC Participants and Indirect Participants, as more fully described herein.

The Bonds are issuable only in fully registered form without coupons, and, when issued, will be registered in the name of Cede & Co., as Bondowner and nominee for DTC. DTC will act as securities depository for the Bonds. Purchases of the Bonds will be made in book-entry form, in the denomination of \$5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their interests in Bonds purchased. So long as Cede & Co. is the Bondowner, as nominee of DTC, references herein to the Bondowners or registered owner shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners (as defined herein) of the Bonds.

#### RECORD DATE

The record date for each payment of interest on the Bonds (the "Record Date") is the last business day of the month preceding the interest payment date, provided that, under certain circumstances, the Paying Agent may establish a special record date. The special record date may not be more than twenty (20) days before the date set for payment. The Paying Agent will mail notice of a special record date to the bondholders at least ten (10) days before the special record date.

#### BOOK-ENTRY TRANSFER SYSTEM

The Depository Trust Company, New York, New York ("DTC") will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One-fully registered certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

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

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

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

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

Redemption notices for the Bonds shall be sent to DTC. If less than all of a maturity is being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent to vote with respect to securities held by DTC unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the issuer of securities or its paying agent as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts such securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

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

may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the issuer of such securities or its paying agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

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

### **DTC PRACTICES**

The Town can make no assurances that DTC, Direct Participants, Indirect Participants or other nominees of the Beneficial Owners of the Bonds will act in a manner described in this Official Statement. DTC is required to act according to rules and procedures established by DTC and its participants which are on file with the Securities and Exchange Commission.

### **AUTHORIZATION AND USE OF PROCEEDS**

The Bonds are authorized pursuant to Chapter 44, Section 7(1), of the Massachusetts General Laws, as amended and a vote of Town Meeting on May 16, 2023 (Article 18) for the purpose of constructing an addition to and renovating the North Andover Middle School. The Town authorized \$21,808,344 for this project. The Town expects to finance the balance of the authorization with general obligation bonds in fiscal 2025. (See "AUTHORIZED UNISSUED DEBT AND PROSPECTIVE FINANCING" herein.)

### **OPTIONAL REDEMPTION**

Bonds maturing in the years 2025 through 2031, inclusive, are not subject to redemption prior to their stated dates of maturity. Bonds maturing on and after June 15, 2032, are subject to redemption prior to maturity, at the option of the Town, on and after June 15, 2031, either in whole or in part at any time, and if in part, by lot within a maturity, at par plus accrued interest to the date set for redemption.

### **MANDATORY REDEMPTION**

If the successful bidder designates principal amounts of the Bonds to be combined into Term Bonds which may be done only for principal amounts in consecutive years and only for the years after 2031, such Term Bonds will be subject to mandatory redemption on June 15 in the earliest year prior to the stated maturity of each such Term Bond (the particular Bonds of such maturity to be redeemed to be selected by lot) as indicated on the cover page of the Preliminary Official Statement at the principal amount thereof plus accrued interest to the redemption date.

### **NOTICE OF REDEMPTION**

So long as DTC is the registered owner of the Bonds, notice of any redemption of Bonds, prior to their maturities, specifying the Bonds (or portions thereof) to be redeemed shall be mailed, or sent in such other manner acceptable to DTC, to DTC not more than 60 days nor less than 30 days prior to the redemption date. Any failure on the part of DTC to notify the DTC Participants of the redemption or failure on the part of the DTC Participants or of a nominee of a Beneficial Owner (having received notice from a DTC Participant or otherwise) to notify the Beneficial Owner shall not affect the validity of the redemption. If moneys for the redemption are held by the Paying Agent on the redemption date and if notice of the redemption shall have been duly mailed, then from and after the redemption date interest on the Bonds (or portions thereof) called for redemption shall cease to accrue.

## **SECURITY AND REMEDIES**

**Full Faith and Credit.** General obligation bonds and notes of a Massachusetts city or town constitute a pledge of its full faith and credit, and nothing shall exempt a city or town from its liability to pay debts contracted for purposes for which it may lawfully expend money. To the extent not paid from other sources, the Bonds are payable from taxes which may be levied upon all property within the Town and taxable by it subject to the limitations imposed by Chapter 59, Section 21C of the General Laws (Proposition 2½). Payment is not limited to a particular fund or revenue source. Except for “qualified bonds” as described below (see “Types of Obligations – Serial Bonds and Notes”) and setoffs of state distributions as described below (see “State Distributions”), no provision is made by the Massachusetts statutes for priorities among bonds and notes and other general obligations, although the use of certain moneys may be restricted as described below (see “Restricted Funds” below).

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

The total amount of a tax levy is limited by statute. However, the voters in each municipality may vote to exclude from the limitation any amounts required to pay debt service on specific bond issues (see “PROPERTY TAXATION – Tax Levies – Tax Limitations” herein). **The Town has voted to exclude the debt service on \$455,000 principal amount of currently outstanding bonds from the limitations of Proposition 2½.**

**No Lien.** Except for taxes on the increased value of certain property in designated development districts which may be pledged for the payment of debt service on bonds issued to finance economic development projects within such districts, no provision is made for a lien on any portion of the tax levy or any other funds of the Town to secure particular bonds or notes or bonds and notes generally (or judgments on bonds or notes) in priority to other claims. Provision is made, however, for borrowing to pay judgments, subject to the General Debt Limit (see “Debt Limits” herein). Subject to the approval of the State Director of Accounts for judgments above \$10,000, judgments may also be paid from available funds without appropriation and included in the next tax levy unless other provision is made.

**Court Proceedings.** Massachusetts cities and towns are subject to suit on their general obligation bonds and notes and courts of competent jurisdiction have power in appropriate proceedings to order payment of a judgment on the bonds or notes from lawfully available funds or, if necessary, to order the city or town to take lawful action to obtain the required money, including the raising of it in the next annual tax levy, within the limits prescribed by law (see “PROPERTY TAXATION – Tax Levies – Tax Limitations” herein). In exercising their discretion as to whether to enter such an order, the courts could take into account all relevant factors including the current operating needs of the city or town and the availability and adequacy of other remedies. The Massachusetts Supreme Judicial Court has stated in the past that a judgment against a municipality can be enforced by the taking and sale of the property of any inhabitant. However, there has been no judicial determination as to whether this remedy is constitutional under current due process and equal protection standards.

**Restricted Funds.** Massachusetts statutes also provide that certain water, gas and electric, community antenna television system, telecommunications, sewer, parking meter, passenger ferry, affordable housing, ambulance, recreational facility, handicap parking and cable television receipts may be used only for costs related to those respective purposes; accordingly, moneys derived from these sources may be unavailable to pay general obligation bonds and notes issued for other purposes. A city or town that accepts certain other statutory provisions may establish an enterprise fund for a utility, cable television, public access, health care, recreation or transportation facility; under those provisions any surplus in the fund is restricted to use for capital expenditures or reduction of user charges. In addition, subject to certain limits, a city or town may annually authorize the establishment of one or more revolving funds in connection with use of certain revenues for programs that produce those revenues; interest earned on a revolving fund is treated as general fund revenue. A city or town may also establish an energy revolving loan fund to provide loans to owners of privately-held property in the city or town for certain energy conservation and renewable energy projects, and may borrow to establish such a fund. The loan repayments and interest earned on the investment of amounts in the fund shall be credited to the fund. Also, the annual allowance for depreciation of a gas and electric plant or a community antenna television and telecommunications system is restricted to use for plant or system renewals and improvements, for nuclear decommissioning costs, and costs of contractual commitments, or, with the approval of the State

Department of Public Utilities, to pay debt incurred for plant or system reconstruction or renewals. If a city or town has adopted the Community Preservation Act, revenues from the surcharge on the real property tax, state matching funds and other amounts dedicated or received for deposit in the community preservation fund may only be expended or reserved for community preservation purposes permitted by that Act (See “PROPERTY TAXATION – Community Preservation Act” below). In addition, property tax revenues generated from increased property value in certain development districts established by a city or town may be dedicated to a development program fund to pay costs related to projects within the development district (See “Tax Increment Financing for Development Districts” below). Grants or gifts of funds to a city or town may only be expended for the purposes of such grants or gifts. Revenue bonds and notes issued in anticipation of them may be secured by a prior lien on specific revenues (See “Types of Obligations – Revenue Bonds” below). Receipts from industrial users in connection with industrial revenue financings are also not available for general municipal purposes.

**State Distributions.** State grants and distributions may in some circumstances be unavailable to pay general obligation bonds and notes of a city or town in that the State Treasurer is empowered to deduct from such grants and distributions the amount of any debt service paid on “qualified bonds” (see “Types of Obligations - Serial Bonds and Notes” herein) and any other sums due and payable by the city or town to the Commonwealth, or certain other public entities, including any unpaid assessments for costs of any public transportation authority (such as the Massachusetts Bay Transportation Authority or a regional transit authority) of which it is a member, for costs of the Massachusetts Water Resources Authority if the city or town is within the territory served by the Authority, for any amount due to the Massachusetts School Building Authority, or for charges necessary to meet obligations issued to the Massachusetts Clean Water Trust, including obligations issued by another local governmental unit that provides wastewater collection or treatment services or drinking water services to the city or town.

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

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

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

## **OPINION OF BOND COUNSEL**

A copy of the legal opinion of the firm of Hinckley, Allen & Snyder LLP, of Boston, Massachusetts, (see Appendix C) will be furnished to the successful bidder. The opinion will be dated and given on and will speak only as of the date of original delivery of the Bonds.

The scope of engagement of Bond Counsel does not extend to passing upon or assuming responsibility for the accuracy or adequacy of any statements made in this Official Statement other than matters expressly set forth as their opinion and they make no representation that they have independently verified the same.

## **TAX EXEMPTION**

In the opinion of Hinckley, Allen & Snyder LLP, Bond Counsel to the Town (“Bond Counsel”), based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”). Bond Counsel is of the further opinion that interest on the Bonds is not a specific preference item for purposes of the federal alternative minimum tax, although Bond Counsel observes that under Section 56A of the Code such interest will be included in the computation of “adjusted financial statement income” of applicable corporations (as defined in Section 59(k) of the Code) and accordingly will be taken into account in the computation of the alternative minimum tax applicable to such corporations with respect to their tax years beginning after December 31, 2022. The Bonds will **NOT** be “qualified tax-exempt obligations” for purposes of Section 265(b)(3) of the Code. Bond Counsel expresses no opinion regarding any other federal tax consequences arising with respect to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds.

The Code imposes various requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds. Failure to comply with these requirements may result in interest on the Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Bonds. The Town has covenanted to comply with such requirements to ensure that interest on the Bonds will not be included in federal gross income. The opinion of Bond Counsel assumes compliance with these requirements.

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

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

Bonds purchased, whether at original issuance or otherwise, for an amount greater than the stated principal amount to be paid at maturity of such Bonds, or, in some cases, at the earlier redemption date of such Bonds (“Premium Bonds”), will be treated as having amortizable bond premium for federal income tax purposes and Massachusetts personal income tax purposes. No deduction is allowable for the amortizable bond premium in the case of obligations, such as the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, a Bondholder’s

basis in a Premium Bond will be reduced by the amount of amortizable bond premium properly allocable to such Bondholder. Holders of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

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

Prospective Bondholders should be aware that from time to time legislation is or may be proposed which, if enacted into law, could result in interest on the Bonds being subject directly or indirectly to federal income taxation, or otherwise prevent Bondholders from realizing the full benefit provided under current federal tax law of the exclusion of interest on the Bonds from gross income. To date, no such legislation has been enacted into law. However, it is not possible to predict whether any such legislation will be enacted into law in the future. Further, no assurance can be given that any pending or future legislation, including amendments to the Code, if enacted into law, or any proposed legislation, including amendments to the Code, or any future judicial, regulatory or administrative interpretation or development with respect to existing law, will not adversely affect the market value and marketability of, or the tax status of interest on, the Bonds. Prospective Bondholders are urged to consult their own tax advisors with respect to any such legislation, interpretation or development.

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

## **RATING**

The Town has applied to S&P Global Ratings for a rating on the Bonds. Such rating, if assigned, would reflect only the view of the rating agency and would be subject to revision or withdrawal, which could affect the market price of the Bonds.

## **CONTINUING DISCLOSURE**

In order to assist the Underwriters in complying with Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission (the "Rule"), the Town will covenant for the benefit of owners of the Bonds to provide certain financial information and operating data relating to the Town by not later than 270 days after the end of each fiscal year (the "Annual Report"), and to provide notices of the occurrence of certain enumerated events. The covenants will be contained in a Continuing Disclosure Certificate, the proposed form of which is provided in Appendix D. The Certificate will be executed by the signers of the Bonds, and incorporated by reference in the Bonds. The Town is the only "obligated person" with respect to the Bonds within the meaning of the Rule.

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



## PART II

### TOWN OF NORTH ANDOVER, MASSACHUSETTS

The Town of North Andover (the “Town”) is located in Essex County, approximately 24 miles north of Boston. It is bordered on the north by the Cities of Methuen and Haverhill, on the east by the Town of Boxford, on the west by the Town of Andover and the City of Lawrence, and on the south by the Towns of Middleton and North Reading. North Andover occupies a land area of 26.63 square miles and, according to the 2020 Federal Census, has a population of 30,915. Incorporated as a town in 1855, North Andover is governed by an open town meeting form of government, a five-member Select Board and a Town Manager pursuant to a Home Rule Charter.

#### CONSTITUTIONAL STATUS AND FORM OF GOVERNMENT

Massachusetts cities and towns are subject to the plenary legislative power of the Commonwealth. As stated by the Supreme Judicial Court:

A town is not an independent sovereignty. It is merely a subordinate agency of the State government. It is a creature of the Commonwealth, from which are derived all its powers and those of its voters and officers.

Cities and towns provide general governmental services at the local level. Municipalities were traditionally authorized to exercise only those powers granted by the State legislature, but Massachusetts adopted a Home Rule Amendment to its Constitution in 1966, under which a city or town may exercise by ordinance or by-law any power which the State legislature could confer upon it, provided that the ordinance or by-law is consistent with the laws enacted by the State legislature. Certain powers are excluded from home rule and may still be exercised only when authorized by State law; these powers include the power to levy taxes, the power to borrow money, and the power to enact private or civil law governing civil relationships except as an incident to the exercise of an independent municipal power. Under the Home Rule Amendment the State legislature may enact general laws relating to a class of two or more municipalities but (except in limited circumstances) may enact a special law relating to a particular city or town only on request of the city or town or on recommendation of the governor and passage by a two-thirds vote of both houses of the legislature.

An amendment to the State Constitution provides that any law imposing additional costs on two or more cities or towns by regulating aspects of municipal employment will not be effective within a city or town until the city council or town meeting accepts the law. Local acceptance will not be required if the legislature has either passed the law by a two-thirds vote or provided that the additional costs would be assumed by the State.

Cities and towns may change their form of government by adopting home rule charters or amending existing charters. A town of less than 12,000 population may not change to a city form of government and a town of less than 6,000 inhabitants may not change from the open town meeting form of government to a limited or representative town meeting form.

Cities are generally governed by a city council and an elected mayor who has the power to veto council actions; the council may override a mayoral veto by a two-thirds vote of the councilors. Some cities are governed by a city council and an appointed city manager who has no power to veto council actions; some municipalities, although still called “towns,” have adopted a similar city form of government with a town council and town manager or administrator. Provision is often made for a referendum on council actions, and for initiation of measures, upon petition of a sufficient number of voters.

Most towns are governed by open town meetings in which any voter may participate. Others have an elected representative town meeting, often with public officers serving as ex officio members of the town meeting. Provision is usually made for a referendum on actions of the representative town meeting upon petition of a sufficient number of voters. Administrative affairs are generally managed by a board of three or more selectmen, sometimes with the assistance of a town manager or executive secretary.

School affairs of cities and towns are administered by an elected school committee, except in those towns whose educational functions are carried out entirely through a regional school district.

## **GOVERNING BODIES AND OFFICERS**

Local legislative decisions for the Town are made by an open town meeting. Subject to the legislative decisions made by the town meeting, the affairs of the Town are generally administered by a five-member select board who are elected on an at-large basis for staggered three-year terms.

School affairs are administered by an elected school committee of five persons, while local taxes are assessed by a board of three assessors.

The following is a list of the principal executive officers:

<b><u>Office</u></b>	<b><u>Name</u></b>	<b><u>Manner of Selection and Term</u></b>	<b><u>Term Expires</u></b>
Select Board	Laura M. Bates, Chair	Elected/3 years	3/30/2026
	Rosemary Smedile, Vice Chair	Elected/3 years	3/30/2025
	Brian E. Roache	Elected/3 years	3/30/2026
	Dave Kres	Elected/3 years	3/30/2027
	Janice Phillips	Elected/3 years	3/30/2027
Town Manager	Melissa Rodrigues	Appointed/3 years	
Finance Director	Lyne M. Savage <sup>(1)</sup>	Appointed	2024
Treasurer/Collector	Kimberly Mackie	Appointed	Indefinite
Town Accountant	Kyle Warne	Appointed/3 years	2027
Town Clerk	Dawne Warren	Appointed	Indefinite
Town Counsel	Christine O'Connor	Appointed	Indefinite

*(1) Ms. Savage will be retiring from her role as Finance Director, effective June 30, 2024. The Town has appointed Dennis Keohane, the current Finance Director in the Town of Sudbury, Massachusetts, as her successor.*

## **SERVICES**

The Town provides general governmental services for the territory within its boundaries, including police and fire protection, disposal of rubbish, public education in grades kindergarten through twelve, water and sewer service, street maintenance, library services, parks, and recreational facilities. The Town is also a member of the Greater Lawrence Regional Vocational Technical High School District, the Greater Lawrence Sanitary District and the Merrimac Valley Regional Transit Authority.

The Town's Public Works Department provides water and sewer services to commercial, industrial and residential users in the Town. Approximately 95% of the Town is provided with water service and approximately 75% of the Town is provided with sewer service.

The Town's water and sewer services are provided through fully self-supporting utilities, whose finances are accounted under an Enterprise Fund system. The Town sets its water and sewer rates to cover the operating and capital costs of providing these services.

The North Andover Housing Authority was established in 1949 to address the housing needs of low and moderate income families in the Town, as well as to administer programs to achieve overall housing objectives in a fiscally responsible manner. The Authority administers publicly-owned units and rental subsidy programs through the use of federal and state funds, working to coordinate the private and public sectors to provide affordable housing for low and moderate income families residing in the Town.

Legislation enacted in 1997 abolished the county governments of Franklin and Middlesex Counties as of July 1, 1997, with their assets, functions, debts and other obligations being assumed by the Commonwealth. The abolishment of the Middlesex County government was in part response to a default by the County in the payment of general obligation notes of the County.

The legislation also abolished the county governments of Hampden and Worcester Counties as of July 1, 1998. Legislation enacted in 1998 abolished the county governments of Hampshire, Essex and Berkshire counties as of January 1, 1999, July 1, 1999 and July 1, 2000, respectively. The legislation requires the state secretary for administration and finance to establish a plan to recover the Commonwealth's expenditures for the liabilities and other debts assumed and paid by the Commonwealth on behalf of an abolished county. Unless these provisions are changed by further legislation, the state treasurer shall assess upon each city and town within the jurisdiction of an abolished county an amount not exceeding or equal to the county tax paid by each such city and town for the fiscal year immediately prior to the abolishment of the county (or two years prior in the case of Essex County) until such expenditures by the Commonwealth are recovered. It is possible that similar legislation will be sought to provide for the abolishment of county government in other counties.

## **COVID-19**

COVID-19 is a respiratory disease caused by a novel coronavirus not previously seen in humans. On March 10, 2020, the Governor of The Commonwealth of Massachusetts declared a state of emergency to support the Commonwealth's response to the outbreak of the virus. On March 11, 2020 the World Health Organization declared COVID-19 a pandemic. On March 13, 2020, the President declared a national emergency due to the outbreak, which enabled disaster funds to be made available to states to fight the pandemic. On May 18, 2020, the Governor announced a phased plan to reopen businesses and services. As of May 29, 2021, all remaining COVID-19 restrictions in Massachusetts were lifted and the State of Emergency in the Commonwealth ended June 15, 2021. The national emergency ended on May 11, 2023.

In response to the COVID-19 pandemic, federal and state legislation was enacted to provide various forms of financial assistance and other relief to state and local governments. For example, the U.S. Congress enacted the Coronavirus Aid, Relief and Economic Security Act (the "CARES Act") which included various forms of financial relief. The Town has received \$2,830,359 in CARES Act funding to date.

In addition to the CARES Act, the American Rescue Plan Act of 2021 ("ARPA") provided \$350 billion to state and local governments to mitigate the fiscal disruptions created by the pandemic. Such funds may be used to replace revenues lost or reduced as a result of the pandemic and fund COVID-related costs, among other purposes. The Town was eligible to receive \$9,322,306 in ARPA funds and has received the full amount. The Town used these funds in fiscal years 2023 and 2024 for stormwater, culverts, a fire engine, police equipment, schools and technology. While the Town's Fiscal Years 2020 through 2023 results were not negatively affected by the COVID-19 pandemic, the virus and the resulting actions by national, state and local governments have altered and may continue to alter the behavior of businesses and people in a manner that may have negative impacts on global and local economies. There can be no assurances regarding the extent to which COVID-19, or any other national health crisis or pandemic, will impact the national and state economies and, accordingly, how it will adversely impact municipalities, including the Town.

## **CYBERSECURITY**

The Town has procedures and policies in place regarding cyber security as well as training for Town employees. The Town reports no successful cybersecurity attacks.

## **ENVIRONMENTAL FACTORS**

In August 2023, the Town sustained flooding that caused damage to Town facilities and infrastructure, as well as private properties. The estimated cost of the damages was \$31 million. The Town received approval from the Massachusetts Department of Revenue to deficit spend up to \$3 million. The Town used free cash for its share of the expenses to municipal buildings which totaled \$1.5 million.

## **AUTHORIZATION OF GENERAL OBLIGATION BONDS AND NOTES**

Serial bonds and notes are authorized by a two-thirds vote of the town meeting. Refunding bonds and notes are authorized by the select board. Borrowings for some purposes require State administrative approval.

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

## DEBT LIMITS

**General Debt Limit.** The General Debt Limit of a city or town consists of a Normal Debt Limit and a Double Debt Limit. The Normal Debt Limit is 5 percent of the valuation of taxable property as last equalized by the State Department of Revenue. A city or town can authorize debt up to this amount without state approval. It can authorize debt up to twice this amount (the Double Debt Limit) with the approval of the State Municipal Finance Oversight Board composed of the State Treasurer, the State Auditor, the Attorney General and the Director of Accounts.

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

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

## TYPES OF OBLIGATIONS

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

**Serial Bonds and Notes.** Serial bonds and notes are generally required to be payable in annual principal amounts beginning no later than the end of the next fiscal year commencing after the date of issue and ending within the terms permitted by law. The principal amount of serial bonds and notes must be amortized in accordance with a level debt service schedule or a schedule that provides for a more rapid amortization of principal. The principal amounts of certain economic development bonds supported by tax increment financing may be payable in equal, diminishing or increasing amounts beginning within five years after the date of issue. The maximum terms of serial bonds and notes vary from one year to 40 years, depending on the purpose of the issue and, in some cases, in accordance with useful life guidelines promulgated by the State Department of Revenue. Serial bonds and notes may be issued for the purposes set forth specified by law. In addition, serial bonds and notes may be issued for any other public work improvement or asset not specifically listed in the statutes that has a useful life of at least five years. Bonds or notes may be made callable and redeemed prior to their maturity, and a redemption premium may be paid.

Refunding bonds or notes may be issued subject to the maximum applicable term measured from the date of the original bonds or notes and must produce present value savings over the debt service of the refunded bonds. Generally, the first required annual payment of principal of the refunding bonds or notes cannot be later than the first principal payment of any of the bonds or notes being refunded thereby, however, principal payments made before the first principal payment of any of the bonds or notes being refunded thereby may be in any amount.

Serial bonds may be issued as “qualified bonds” with the approval of the State Municipal Finance Oversight Board composed of the State Treasurer, the State Auditor, the Attorney General and the Director of Accounts subject to such conditions and limitations (including restrictions on future indebtedness) as may be required by the board. Qualified bonds may mature not less than 10 nor more than 30 years from their dates and are not subject to the amortization requirements

described above. The State Treasurer is required to pay the debt service on qualified bonds and thereafter to withhold the amount of the debt service from state aid or other state payments; administrative costs and any loss of interest income to the State are to be assessed upon the city or town.

The Town has no outstanding state qualified bonds.

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

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

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

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

**Revenue Bonds.** Cities and towns may issue revenue bonds for limited purposes, including for solid waste disposal facilities, water and sewer projects financed through the Massachusetts Clean Water Trust, and for certain economic development projects supported by tax increment financing. Cities and towns having electric departments may also issue revenue bonds for electric power facilities, subject to the approval of the State Department of Public Utilities. The Town does not have an electric department.

**DEBT (1)**

The following shows the direct debt to be outstanding as of June 26, 2024, including the Bonds:

General Obligation Bonds Outstanding		
Within General Debt Limit (2)		
Buildings	\$ 14,374,207	
Departmental Equipment	640,297	
School Buildings	3,134,405	
School Other	155,000	
Sewer (3)	904,407	
Other Inside	4,017,084	
The Bonds*	<u>15,000,000</u>	
Total Within the General Debt Limit		\$ 38,225,400
Outside General Debt Limit		
Water (3)	<u>\$ 2,111,691</u>	
Total Outside the General Debt Limit		<u>\$ 2,111,691</u>
Total Outstanding General Obligation Bonds (4)		<u>\$ 40,337,091</u>
Temporary Loans in Anticipation of		
Revenue	\$ 0	
Bonds	0	
Grants	<u>0</u>	
Total Temporary Loans		<u>\$ 0</u>
Total Direct Debt		<u><u>\$ 40,337,091</u></u>

(1) *Principal amount only. Excludes lease and installment purchase obligations, overlapping debt, unfunded pension liability and other post-employment benefits liability. Includes the Bonds.*

(2) *At the present time, the Normal General Debt Limit is \$319,441,170 and the Double General Debt Limit is \$638,882,340.*

(3) *\$3,016,098 is self-supporting.*

(4) **The Town has voted to exclude the debt service on \$455,000 principal amount of currently outstanding bonds from the limitations of Proposition 2½.**

\* Preliminary, subject to change.

**AUTHORIZED UNISSUED DEBT AND PROSPECTIVE FINANCING**

Following the delivery of the Bonds, the Town will have \$8,558,344 authorized unissued debt. \$6,808,344 of the authorized unissued debt is the remaining authorization for the project bring financed by the Bonds. The Town expects to finance this remaining amount in fiscal 2025. The remaining authorized unissued debt is for acquisition of a ladder truck for the Town's Fire Department. This is expected to be financed in fiscal 2025.

**FIVE YEARS OUTSTANDING DEBT (1)**

	<b>As of June 30:</b>				
	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
<i>Within the General Debt Limit:</i>					
Buildings	\$ 15,964,927	\$ 17,607,360	\$ 19,285,494	\$ 21,043,677	\$ 21,967,659
Departmental Equipment	919,388	1,203,479	1,541,827	2,078,841	1,845,815
School Buildings	3,824,348	4,448,241	5,101,340	5,785,223	6,479,107
School Other	269,500	399,800	550,100	807,700	666,500
Sewer	1,193,158	1,486,940	2,073,521	2,825,103	3,801,684
Other Inside	4,792,079	5,830,580	7,011,636	8,309,692	8,865,788
Total Within General Debt Limit	<u>\$ 26,963,400</u>	<u>\$ 30,976,400</u>	<u>\$ 35,563,918</u>	<u>\$ 40,850,236</u>	<u>\$ 43,626,554</u>
<i>Outside the General Debt limit</i>					
Sewer	\$ 0	\$ 0	\$ 0	\$ 0	\$ 25,000
Water	2,610,882	3,108,990	3,811,618	4,534,601	5,276,856
Total Outside General Debt Limit	<u>\$ 2,610,882</u>	<u>\$ 3,108,990</u>	<u>\$ 3,811,618</u>	<u>\$ 4,534,601</u>	<u>\$ 5,301,856</u>
Total Long Term Indebtedness	<u>\$ 29,574,282</u>	<u>\$ 34,085,390</u>	<u>\$ 39,375,536</u>	<u>\$ 45,384,837</u>	<u>\$ 48,928,410</u>
Debt As a Percentage of Assessed Value (2)	0.42%	0.58%	0.72%	0.85%	0.94%
Debt As a Percentage of Equalized Value (3)	0.46%	0.59%	0.68%	0.90%	0.97%
Per Capita Debt Using 2020 Census	\$ 957	\$ 1,103	\$ 1,274	\$ 1,468	\$ 1,583
Per Capita Debt as a percentage of per capita income	1.45%	1.68%	1.94%	2.23%	2.41%
Assessed Value(\$000)	\$ 7,021,740	\$ 5,885,641	\$ 5,431,500	\$ 5,354,295	\$ 5,218,232
Equalized Value(\$000)	\$ 6,388,823	\$ 5,762,246	\$ 5,762,246	\$ 5,031,244	\$ 5,031,244
2020 Census Population	30,915	30,915	30,915	30,915	30,915
Per Capita Income (4)	\$ 65,756	\$ 65,756	\$ 65,756	\$ 65,756	\$ 65,756

(1) Principal amount only. Excludes lease and installment purchase obligations, overlapping debt, unfunded pension liability, and other post-employment benefits liability.

(2) Source: Board of Assessors - Assessed valuation as of the prior January 1.

(3) Source: Massachusetts Department of Revenue - Equalized valuation in effect for that fiscal year (equalized valuations are established for January 1 of each even-numbered year).

(4) Source: Per Capita Income from U.S. Census Bureau. Used 2018-22 average, 2022 dollars.

**ANNUAL DEBT SERVICE (1)**

The following table presents the outstanding debt service payable by the Town as of June 26, 2024.

<b>Fiscal Year</b>	<b>Outstanding as of 6/26/2024 (2)(3)</b>		<b>Current Issue</b>		<b>Total Debt Service</b>	<b>% Principal Retired (5)</b>
	<b>Principal</b>	<b>Interest</b>	<b>Principal*</b>	<b>Interest (4)</b>		
2025	\$3,778,397	\$720,254	\$600,000	\$675,000	\$5,773,651	10.9%
2026	3,124,729	619,448	600,000	648,000	4,992,177	20.1%
2027	2,881,188	529,064	600,000	621,000	4,631,252	28.7%
2028	2,697,777	443,024	600,000	594,000	4,334,801	36.9%
2029	2,075,000	373,679	600,000	567,000	3,615,679	43.5%
2030	1,690,000	316,534	600,000	540,000	3,146,534	49.2%
2031	1,520,000	270,239	600,000	513,000	2,903,239	54.5%
2032	1,535,000	226,669	600,000	486,000	2,847,669	59.8%
2033	1,515,000	181,469	600,000	459,000	2,755,469	65.0%
2034	1,505,000	136,694	600,000	432,000	2,673,694	70.2%
2035	1,130,000	91,044	600,000	405,000	2,226,044	74.5%
2036	785,000	57,175	600,000	378,000	1,820,175	77.9%
2037	550,000	33,500	600,000	351,000	1,534,500	80.8%
2038	325,000	16,750	600,000	324,000	1,265,750	83.1%
2039	225,000	6,750	600,000	297,000	1,128,750	85.1%
2040	0	0	600,000	270,000	870,000	86.6%
2041	0	0	600,000	243,000	843,000	88.1%
2042	0	0	600,000	216,000	816,000	89.6%
2043	0	0	600,000	189,000	789,000	91.1%
2044	0	0	600,000	162,000	762,000	92.6%
2045	0	0	600,000	135,000	735,000	94.1%
2046	0	0	600,000	108,000	708,000	95.5%
2047	0	0	600,000	81,000	681,000	97.0%
2048	0	0	600,000	54,000	654,000	98.5%
2049	0	0	600,000	27,000	627,000	100.0%
	<u>\$25,337,091</u>	<u>\$ 4,022,291</u>	<u>\$ 15,000,000</u>	<u>\$ 8,775,000</u>	<u>\$ 53,134,382</u>	

(1) Excludes revenue anticipation notes, grant anticipation notes, bond anticipation notes, lease and installment purchase obligations, overlapping debt, unfunded pension liability, and other post-employment liabilities. Includes the Bonds.

(2) Principal totaling \$455,000 and interest totaling \$10,875 has been exempted from the provisions of Proposition 2 1/2.

(3) Principal totaling \$3,016,098 and interest totaling \$181,652 is self-supporting.

(4) Average coupon rate for this issue is estimated at approximately 4.50%

(5) Includes the current issue.

\* Par amount subject to change.

**REVENUE ANTICIPATION BORROWING**

The Town has not issued revenue anticipation notes in any of the last five fiscal years.



## CONTRACTS

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

Municipal contracts relating to solid waste disposal facilities may contain provisions requiring the delivery of minimum amounts of waste and payments based thereon and requiring payments in certain circumstances without regard to the operational status of the facilities.

Municipal electric departments have statutory power to enter into long-term contracts for joint ownership and operation of generating and transmission facilities and for the purchase or sale of capacity, including contracts requiring payments without regard to the operational status of the facilities. The Town does not have an electric department.

Cities and towns are authorized to lease (as lessee) off-street parking facilities, school buildings, hospital equipment, data processing equipment, energy conservation equipment and educational equipment for periods ranging up to 10 years. They may also lease equipment, with option to purchase, for a period up to 10 years. Contracts may also be made for the installment purchase of energy conservation equipment over a period up to 10 years. Cities and towns may also lease various properties as lessor.

The Town has the following contract of a material nature. The Town has a contract for solid waste disposal with Wheelabrator, Inc. The current contract expires June 30, 2026.

Expenditures for this purpose have totaled as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2024 (budgeted)	\$840,000
2023	600,242
2022	627,545
2021	624,658
2020	587,728
2019	573,859

The Town has a contract for school bus transportation with North Reading Transportation. Expenditures for this purpose have totaled as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2024 (budgeted)	\$3,625,397
2023	2,962,856
2022	3,029,703
2021	2,511,076
2020	2,520,363
2019	2,646,052

Pursuant to the Home Rule Amendment to the Massachusetts Constitution, cities and towns may also be empowered to make other contracts and leases.

## OVERLAPPING DEBT (1)

The following table indicates the portion of overlapping debt relating to the Town:

	<u>Outstanding</u>	<u>Authorized Unissued</u>	<u>Assessment for Operations and Debt Service FY 2024</u>
Greater Lawrence Regional Vocational- Technical School District (2)	\$ 1,835,000		\$ 11,287
Greater Lawrence Sanitary District (3)	\$22,153,860		\$1,942,072

(1) Excludes temporary loans in anticipation of revenue. Omits debt of the Commonwealth.

(2) Source: Greater Lawrence Regional Vocational-Technical School District. Debt is as of June 26, 2024. Other member communities are Andover, Lawrence, and Methuen. Towns may organize regional school districts to carry out general or specialized educational functions. Pursuant to special laws a number of cities may also participate in regional school districts, primarily for vocational education. The operating expenses and debt service of regional school districts are apportioned among the member municipalities in accordance with agreements establishing the districts, subject to the provisions of Education Reform Act of 1993. The Commonwealth has approved a school building assistance grant to the District reimbursing 85.5% of eligible project costs, including interest.

(3) Source: The District. Debt is as of June 26, 2024. Other member communities are Andover, Lawrence, Methuen, and Salem, New Hampshire. Each member community pays for its proportionate share of the District's operating costs based on the percent of wastewater received from each community. The District recently completed construction of a sludge bioprocessing facility. The Town's share of capital costs for the District is 7 percent. This percentage is set by statute.

## RETIREMENT PLAN

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

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

If a city or town, or each member city and town of a county retirement system, has accepted the applicable law, it is required to annually appropriate an amount sufficient to pay not only its current pension obligations, but also a portion of its future pension liability. The portion of each such annual payment allocable to future pension obligations is required to be deposited in the pension reserve fund. The amount of the annual city or town appropriation for each such system is prescribed by a retirement system funding schedule which is periodically reviewed and approved by PERAC. Each system's retirement funding schedule is designed to reduce the unfunded actuarial pension liability of the system to zero by not later than June 30, 2040, with annual increases in the scheduled payment amounts of not more than four percent. The funding schedule must provide that payment in any year of the schedule is not less than the payment made in a prior fiscal year under the then current schedule. If a later updated valuation allows for the development of a revised schedule with reduced payments, the revised schedule shall be adjusted to provide that the appropriation for each year shall not be less than that for such year under the prior schedule, thus providing for a shorter schedule rather than reduced payments. City, town and county systems which have an approved retirement funding schedule receive annual pension funding grants from the Commonwealth for the first 16 years of such funding schedule.

City, town and county systems may choose to participate in the Pension Reserves Investment Trust Fund (the “PRIT Fund”), which receives additional state funds to offset future pension costs of participating state and local systems. In addition, city, town and county systems receiving state pension funding grants or with a funding ratio below 65% that are underperforming relative to the performance of the PRIT Fund based on certain statutorily prescribed measures are required to participate in the PRIT Fund. If a local system participates in the PRIT Fund, it must transfer ownership and control of all assets of its system to the Pension Reserves Investment Management Board, which manages the investment and reinvestment of the PRIT Fund. Cities and towns with systems participating in the PRIT Fund continue to be obligated to fund their pension obligations in the manner described above. The additional state appropriations to offset future pension liabilities of state and local systems participating in the PRIT Fund are required to total at least 1.3 percent of state payroll. Such additional state appropriations are deposited in the PRIT Fund and shared by all participating systems in proportion to their interests in the assets of the PRIT Fund as of July 1 for each fiscal year, subject to certain adjustments.

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

The Town participates in the Essex Regional Retirement System (the “System”); the System has approved a retirement funding schedule which reduces the unfunded actuarial liability to zero as of 2036. The System is a member of the Massachusetts Contributory System and is governed by Chapter 32 of the Massachusetts General Laws. The System issues a publicly available financial report in accordance with guidelines established by the Commonwealth’s Public Employee Retirement Administration Commission. That report is available to the public at:

<https://www.mass.gov/doc/essex-regional-retirement-board-valuation-report-2022/download>.

Plan members of the System are required to contribute at rates ranging from 5% to 11% of annual covered compensation. The Town is required to pay into the System its share of the system-wide actuarial determined contribution that is apportioned among the employers based on active current payroll.

The Town’s contributions to the Essex Regional Retirement System for the last four fiscal years and the amount budgeted for fiscal 2024 are set forth below.

<u>Fiscal Year</u>	<u>Total</u>
2024 (budgeted)	\$ 7,443,634
2023	6,963,588
2022	6,295,153
2021	5,862,993
2020	5,636,824

The foregoing data does not include the retirement system costs or liabilities attributable to employees of the County or the retirement system costs or liabilities of any other entity of which the Town is a constituent part. The Actuarial Accrued Liability (AAL) of the Essex Regional Contributory Retirement System as of January 1, 2022 was estimated at \$1,052,734,165 using a discount rate of return of 7.00%, the Assets were \$634,937,450 and the Unfunded Actuarial Accrued Liability of the System was estimated at \$417,796,715. The Town reported a liability of \$72,509,270 for its share of the net pension liability. The funding schedule for the System is set forth below:

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

Notes:

Fiscal 2023 Actuarially Determined Contribution set equal to budgeted amount

Actuarially Determined Contributions are assumed to be paid on July 1

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

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

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

**OTHER POST-EMPLOYMENT BENEFITS**

In addition to pension benefits, cities and towns may provide retired employees with health care and life insurance benefits.

The Governmental Accounting Standards Board (“GASB”) Statement Nos. 43 and 45 require public sector entities to report the future costs of these non-pension, post-employment benefits in their financial statements. These accounting standards do not require pre-funding the payment of these costs as the liability for such costs accrue, but the basis applied by the standards for measurement of costs and liabilities for these benefits is conservative if they continue to be funded on a pay-as-you-go basis and will result in larger yearly cost and liability accruals than if such benefits were pre-funded in a trust fund in the same manner as traditional pension benefits. Cities and towns that choose to self-insure all or a portion of the cost of the health care benefits they provide to employees and retirees may establish a trust fund for the purpose of paying claims. Cities and towns are authorized to establish such a trust fund for the purpose of pre-funding other post-employment benefits liability.

The Town created an OPEB Stabilization Fund under the state statute at its 2015 annual town meeting. The Town subsequently created an OPEB Trust Fund, which is fully compliant with the provisions of GASB Statements 74 and 75. The Town transferred balances in the OPEB Stabilization Fund into the OPEB Trust Fund in fiscal 2023. The balance in the OPEB Trust Fund as of June 30, 2023 was \$5,926,519.

GASB Statements Nos. 74 and 75 changed how the Town reports OPEB liabilities, beginning with the fiscal year ending June 30, 2018. Among other changes are the establishment of a total OPEB liability and other enhanced disclosures regarding OPEB.

During fiscal year 2023, the Town had approximately 461 retirees (including survivors and dependents) that received such benefits. As of June 30, 2023, the total OPEB liability was \$125,737,283 at a discount rate of 4.17%. Plan assets totaled \$5,926,519. The total OPEB expense, which includes increases in OPEB liabilities not paid on a current basis, was \$6,988,114 for fiscal 2023.

**PROPERTY TAXATION**

**Tax Rate and Valuation – General.** Property is classified for the purpose of taxation according to its use. The legislature has in substance created five classes of taxable property: (1) residential real property, (2) open space land, (3) commercial real property; (4) industrial real property; and (5) personal property. Within limits, cities and towns are given the option of determining the share of the annual levy to be borne by each class of taxable property. The share required to be borne by residential real property is at least 50 per cent of its share of the total taxable valuation; the effective rate for open space must be at least 75 percent of the effective rate for residential real property; and the share of commercial, industrial and personal property must not exceed 175 percent of their share of the total valuation. A city or town may also exempt up to 35 percent of the valuation of residential real property (where used as the taxpayer’s principal residence) and up to 10 percent of the valuation of commercial real property (where occupied by certain small businesses). Property may not be classified in a city or town until the State Commissioner of Revenue certifies that all property in the city or town has been assessed at its fair cash value. Such certification must take place every five years, or pursuant to a revised schedule as may be issued by the Commissioner.

Related statutes provide that certain forest land used for forest production (assessed at the value it has for this purpose) shall be taxed at the rate applicable to commercial property, unless the city or town opts to tax such forest land at the rate applicable to open space. Agricultural or horticultural land (assessed at the value it has for these purposes) and recreational land (assessed on the basis of its use at a maximum of 25 percent of its fair cash value) are all to be taxed at the rate applicable to commercial property.

**State Equalized Valuation.** In order to determine appropriate relative values for the purposes of certain distributions to and assessments upon cities and towns, the Commissioner of Revenue biennially makes a determination of the fair cash value of the taxable property in each municipality as of January 1 of even numbered years. This is known as the “equalized value”. See “Debt Limits” herein

**VALUATIONS**

The following shows the assessed and equalized valuations for the current and most recent fiscal years:

	<b>Fiscal Year Ending June 30: (\$000)</b>				
	<b><u>2024</u></b>	<b><u>2023</u></b>	<b><u>2022</u></b>	<b><u>2021</u></b>	<b><u>2020</u></b>
Real Property (1)	\$ 7,839,441	\$ 6,838,541	\$ 5,705,350	\$ 5,247,902	\$ 5,190,323
Personal Property (1)	197,028	183,198	180,291	183,598	163,971
Total Assessed Value	<u>\$ 8,036,470</u>	<u>\$ 7,021,740</u>	<u>\$ 5,885,641</u>	<u>\$ 5,431,500</u>	<u>\$ 5,354,295</u>
Equalized Value (2)	\$ 6,388,823	\$ 6,388,823	\$ 5,762,246	\$ 5,762,246	\$ 5,031,244

(1) As of January 1 of Prior Fiscal Year.

(2) Based on the equalized valuation in effect for each year as determined every even numbered year by State Department of Revenue.

The following table shows the breakdown of the total assessed valuation for fiscal years 2024, 2023 and 2022 by classification:

	<b>Fiscal Year Ending June 30: (\$000)</b>					
	<b><u>2024</u></b>		<b><u>2023</u></b>		<b><u>2022</u></b>	
	<b><u>Valuation</u></b>	<b><u>% of Total</u></b>	<b><u>Valuation</u></b>	<b><u>% of Total</u></b>	<b><u>Valuation</u></b>	<b><u>% of Total</u></b>
Residential	\$ 6,746,723	83.95%	\$ 5,869,014	83.58%	\$ 5,140,468	87.34%
Open Space	0	0.00%	0	0.00%	0	0.00%
Commercial	466,778	5.81%	433,501	6.17%	378,446	6.43%
Industrial	625,940	7.79%	536,026	7.63%	186,436	3.17%
Personal	<u>197,028</u>	<u>2.45%</u>	<u>183,198</u>	<u>2.61%</u>	<u>180,291</u>	<u>3.06%</u>
Total	<u>\$ 8,036,470</u>	<u>100.00%</u>	<u>\$ 7,021,740</u>	<u>100.00%</u>	<u>\$ 5,885,641</u>	<u>100.00%</u>

(1) Source: Massachusetts Department of Revenue.

## TAX RATES

The following shows the actual tax rates per \$1,000 of assessed valuation and the full value rate based on the equalized valuations for the current and most recent fiscal years:

<u>Fiscal Year</u>	<u>Residential</u>	<u>Open Space</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Personal Property</u>	<u>Average Tax Rate</u>	<u>Full Value Tax Rate (2)</u>
2024	11.09	0.00	15.60	15.60	15.60	11.81	14.86
2023	12.24	0.00	17.25	17.25	17.25	13.06	14.36
2022	13.53	0.00	18.73	18.73	18.73	14.19	14.49
2021	14.17	0.00	19.29	19.29	19.29	14.84	13.98
2020	13.74	0.00	18.53	18.53	18.53	14.37	15.29

(1) Source: Massachusetts Department of Revenue.

(2) Based on the equalized valuation in effect for each year.

## LARGEST TAXPAYERS (1)

The following is a list of the ten largest taxpayers for fiscal year 2024:

<u>Name</u>	<u>Nature of Business</u>	<u>Fiscal 2024 Assessed Valuation</u>	<u>Amount of Tax</u>	<u>% of Levy</u>
Osgood Rte-125 Project LLC	Distribution Facility	\$407,513,800	\$ 6,547,932	6.90%
Aimco/TTA MS235	Apartments	137,968,200	1,575,903	1.66
Eversource	Utility	56,054,950	874,457	0.92
Edgewood Retirement Community	Congregate Care/Nursing Home	71,778,600	855,203	0.90
Massachusetts Electric	Utility	52,758,800	823,037	0.87
LIPT Osgood Street	Logistics	60,661,700	692,887	0.73
North Andover Holdings DE, LLC	Apartments	56,373,400	644,678	0.68
1600 Osgood Street LLC	Industrial	30,506,100	490,172	0.52
Delta MB LLC	Shopping Mall	27,723,000	461,528	0.49
North Andover Avalon, LLC	Apartments	36,694,300	419,081	0.44
		<u>\$939,032,850</u>	<u>\$13,384,878</u>	<u>14.11%</u>

(1) All of the above tax payers are current in their real and personal property taxes.

## TAX LEVIES

**Tax Levy Computation.** One of the principal revenue sources of Massachusetts cities and towns is the tax on real and personal property. The amount to be levied in each year is the amount appropriated or required by law to be raised for municipal expenditures less estimated receipts from other sources and less appropriations voted from funds on hand. The total amount levied is subject to certain limits prescribed by law; for a description of those limits see “PROPERTY TAXATION – Tax Levies – Tax Limitations” herein. As to the inclusion of debt service and final judgments, see “Security and Remedies” herein.

The estimated receipts for a fiscal year from sources other than the property tax may not exceed the actual receipts during the preceding fiscal year from the same sources unless approved by the State Commissioner of Revenue. Excepting special funds the use of which is otherwise provided for by law, the deduction for appropriations voted from funds on hand for a fiscal year cannot exceed the “free cash” as of the beginning of the prior fiscal year as certified by the State Director of Accounts plus up to nine months' collections and receipts on account of earlier years' taxes after that date. Subject to certain adjustments, free cash is surplus revenue less uncollected overdue property taxes from earlier years.

Although an allowance is made in the tax levy for abatements (see “Abatements and Overlay” herein) no reserve is generally provided for uncollectible real property taxes. Since some of the levy is inevitably not collected, this creates a cash deficiency which may or may not be offset by other items (see “Taxation to Meet Deficits” herein).

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

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

It has not been the practice of cities and towns to levy taxes to cover deficits arising from other causes, such as “free cash” deficits arising from a failure to collect taxes. Except to the extent that such deficits have been reduced or eliminated by subsequent collections of uncollected taxes (including sales of tax titles and tax possessions), lapsed appropriations, non-property tax revenues in excess of estimates, deficit funding loans authorized by special act or other sources, these deficits remain in existence.

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

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

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

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

The State Commissioner of Revenue may adjust any tax limit “to counterbalance the effects of extraordinary, non-recurring events which occurred during the base year”.

Proposition 2 ½ further provides that the voters may exclude from the taxes subject to the tax limits and from the calculation of the maximum tax levy the amount required to pay debt service on specific issues of bonds and notes, if the exclusion is approved by a majority vote of the voters. Even with voter approval, the holders of the obligations for which unlimited taxes may be assessed do not have a statutory priority or security interest in the portion of the tax levy attributable to such obligations.

**The Town has voted to exclude the debt service on \$455,000 principal amount of currently outstanding bonds from the limitations of Proposition 2½, as described herein.**

It should be noted that Massachusetts General Laws Chapter 44, Section 20 requires that the taxes excluded from the levy limit to pay debt service on any such bonds and notes be calculated based on the true interest cost of the issue. Accordingly, the Department of Revenue limits the amount of taxes which may be levied in each year to pay debt service on any such bonds and notes to the amount of such debt service, less a pro rata portion of any original issue premium received by the city or town that was not applied to pay costs of issuance or to pay project costs and thereby reduce the principal amount borrowed. Voters may also exclude from the Proposition 2½ limits the amount required to pay specified capital outlay expenditures. In addition, the city council of a city, with the approval of the mayor if required, or the board of selectmen or

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

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

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

**Initiative Petitions.** Various other proposals have been made in recent years for legislative amendments to the Massachusetts Constitution to impose limits on state and local taxes. To be adopted such amendments must be approved by two successive legislatures and then by the voters at a state election.

**CALCULATION OF TAX LEVIES AND LEVY LIMITS**

The following table shows the details of the calculation of the tax levies for the current and most recent fiscal years:

	<b>Fiscal Year Ending June 30: (\$000)</b>				
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Gross Amount to be Raised					
Appropriations	\$ 142,014	\$ 134,406	\$ 127,934	\$ 123,164	\$ 115,038
Other Local Expenditures	837	1,762	56	1,361	36
State and County Charges	762	670	642	590	590
Overlay Reserve	986	597	488	537	571
Total Amount to be Raised	<u>\$ 144,599</u>	<u>\$ 137,435</u>	<u>\$ 129,119</u>	<u>\$ 125,652</u>	<u>\$ 116,235</u>
Less Estimated Receipts From:					
State	15,105	13,746	12,145	11,909	11,887
Local	26,518	25,004	24,464	26,192	24,517
Available Funds Appropriated:					
Free Cash	7,502	6,736	8,738	6,445	2,176
Other Available Funds	533	227	265	523	712
Free Cash & Other Revenue Used to Reduce the Tax Rate	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Estimated Receipts and Revenue	<u>49,658</u>	<u>45,713</u>	<u>45,612</u>	<u>45,070</u>	<u>39,293</u>
Net Amount to be Raised (Tax Levy)	<u>\$ 94,941</u>	<u>\$ 91,721</u>	<u>\$ 83,508</u>	<u>\$ 80,582</u>	<u>\$ 76,942</u>

(1) Source: Massachusetts Department of Revenue.



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

	<b>Fiscal Year Ending June 30: (\$000)</b>				
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Primary Levy Limit (1)	\$ 200,912	\$ 175,543	\$ 147,141	\$ 135,788	\$ 133,857
Prior Fiscal Year Levy Limit	92,136	83,255	80,371	77,465	74,268
2.5% Levy Growth	2,303	2,081	2,009	1,937	1,857
New Growth (2)	2,082	6,799	876	969	1,341
Overrides	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Growth Levy Limit	96,522	92,136	83,255	80,371	77,465
Current Fiscal Year Debt Exclusions	275	289	309	335	346
Capital Expenditure Exclusion	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Tax Levy Limit	96,796	92,425	83,565	80,706	77,810
Tax Levy	94,941	91,721	83,508	80,582	76,942
Unused Levy Capacity (3)	<u>1,855</u>	<u>704</u>	<u>57</u>	<u>123</u>	<u>869</u>
Unused Primary Levy Capacity (4)	<u>\$ 104,390</u>	<u>\$ 83,408</u>	<u>\$ 63,886</u>	<u>\$ 55,417</u>	<u>\$ 56,393</u>

(1) 2.5% of assessed valuation.

(2) Allowed increase for new valuations - certified by Department of Revenue.

(3) Tax Levy Limit less Tax Levy.

(4) Primary Levy Limit less Growth Levy Limit.

## **TAX COLLECTIONS AND ABATEMENTS**

**Payment Dates.** Property tax bills are payable quarterly on August 1, November 1, February 1 and May 1 of each fiscal year. Interest accrues on delinquent taxes at the rate of 14 percent per annum.

**Lien.** Real property (land and buildings) is subject to a lien for the taxes assessed upon it, subject to any paramount federal lien and subject to bankruptcy and insolvency laws. In addition, real property is subject to a lien for certain unpaid municipal charges or fees. If the property has been transferred, an unenforced lien expires on the fourth December 31 after the end of the fiscal year to which the tax relates. If the property has not been transferred by the fourth December 31, an unenforced lien expires upon a later transfer of the property. Provision is made, however, for continuation of the lien where it could not be enforced because of a legal impediment.

**Personal Liability.** The persons against whom real or personal property taxes are assessed are personally liable for the tax (subject to bankruptcy and insolvency laws). In the case of real property, this personal liability is effectively extinguished by sale or taking of the property as described in "Taking and Sale" herein.

The following shows the total tax levy, the reserve for abatements, the net levy and the percent collected during each fiscal year for the current and most recent fiscal years:

	<b>Fiscal Year Ending June 30: (\$000)</b>				
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Total Tax Levy	\$ 94,941	\$ 91,721	\$ 83,508	\$ 80,582	\$ 76,942
Overlay Reserve for Abatements	986	597	488	537	571
Net Tax Levy (1)	<u>\$ 93,955</u>	<u>\$ 91,124</u>	<u>\$ 83,020</u>	<u>\$ 80,045</u>	<u>\$ 76,371</u>
Amount Collected					
During Fiscal Year Payable (2)	\$ 75,899	\$ 90,765	\$ 82,314	\$ 80,129	\$ 71,162
Percent of Net Tax Levy	80.78%	99.61%	99.15%	100.10%	93.18%

(1) Net after deduction of overlay reserve for abatements.

(2) Actual collections of levy less refunds and amounts refundable as of April 24, 2024. Includes proceeds of tax titles and tax possessions attributed to levy but not including abatements or other credits.

**Abatements and Overlay.** Cities and towns are authorized to increase each tax levy by an amount approved by the State Commissioner of Revenue as an “overlay” to provide for tax abatements. If abatements are granted in excess of the applicable overlay the resulting “overlay deficit” is required to be added to the next tax levy. An abatement granted after a tax payment has been made is accounted for as a refund on the books of the city or town. Abatements are granted where exempt real or personal property has been assessed or where taxable real or personal property has been overvalued or disproportionately valued. The assessors may also abate uncollectible personal property taxes. They may abate real and personal property taxes on broad grounds (including inability to pay) with the approval of the State Commissioner of Revenue.

The following shows the abatements granted during the current fiscal year and most recent fiscal years:

	<b>Fiscal Year Ending June 30: (\$000)</b>				
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Total Tax Levy	\$ 94,941	\$ 91,721	\$ 83,508	\$ 80,582	\$ 76,942
Overlay Reserve for Abatements	\$ 986	\$ 597	\$ 488	\$ 537	\$ 571
Percent of Tax Levy	1.04%	0.65%	0.58%	0.67%	0.74%
Abatements Granted:					
During Fiscal Year of Levy (2)	\$ 421	\$ 348	\$ 134	\$ 344	\$ 521

(1) Source: Massachusetts Department of Revenue.

(2) As of April 24, 2024 for fiscal 2024.

**Taking and Sale.** Massachusetts law permits a municipality either to sell by public sale (at which the municipality may become the purchaser) or to take real property for non-payment of taxes. In either case the property owner can redeem the property by paying the unpaid taxes, with interest and other charges, but if the right of redemption is not exercised within six months (which may be extended an additional two years in the case of certain installment payments), it can be foreclosed by petition to the Land Court. Upon such foreclosure, a tax title purchased or taken by the municipality becomes a “tax possession” and may be held and disposed of in the same manner as other land held for municipal purposes. If the fair market value of the property at the time of the foreclosure decree is less than the amount of unpaid taxes, interest and other charges related to the property, the delinquent property owner remains personally liable for the unsatisfied balance and the municipality may seek to recover through a civil lawsuit.

**Sales of Tax Receivables.** Cities and town are authorized to sell delinquent property tax receivables either individually or in bulk.

## TAXES OUTSTANDING

	Fiscal Year				
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Aggregate (1)	\$1,016,665	\$94,610	\$47,591	\$43,840	\$24,971
For Current Year (1)	172,096	219,149	735,269	350,516	392,182
Tax Titles & Possessions	2,126,432	1,962,029	2,182,239	2,918,867	2,758,903

*(1) Excludes tax titles, tax possessions and abated taxes. Includes taxes in litigation, if any.*

## TOWN FINANCES

**Budget and Appropriation Process.** The annual appropriations of a town are ordinarily made at the annual meeting which takes place in May. Appropriations may also be voted at special meetings. Every town must have an appropriation, advisory or finance committee. The committee (or the board of selectmen if authorized by by-law) is required to submit a budget of proposed expenditures at the annual town meeting.

Under certain circumstances and subject to certain limits and requirements, the city council of a city, upon the recommendation of the mayor, may transfer amounts appropriated for the use of one department (except for a municipal light department or a school department) to another appropriation for the same department or for the use of any other department. In a town, the town meeting may at any time vote to transfer any amount previously appropriated to any other authorized use by law, and, under certain circumstances and subject to certain limits and requirements, the selectmen of a town, with the concurrence of the finance committee, may transfer amounts appropriated for the use of any department to any other appropriation for the same department or to any other department.

Water and sewer department expenditures are generally included in the budgets adopted by town meetings but electric and gas department funds may be appropriated by the municipal light boards. Under certain legislation any city or town which accepts the legislation may provide that the appropriation for the operating costs of any department may be offset, in whole or in part, by estimated receipts from fees charged for services provided by the department.

The school budget is limited to the total amount appropriated by the town meeting, but the school committee retains full power to allocate the funds appropriated. Statelaw imposes certain minimum expenditure requirements on municipalities with respect to funding for education. The requirements are determined on the basis of formulas affected by various measures of wealth and income, enrollments, prior levels of local spending and state aid, and other factors. From fiscal 1994 to the present, the Town's net school spending has exceeded the minimum required local contribution.

Mandatory items, such as state and county assessments, the overlay for abatements, abatements in excess of overlays, principal and interest not otherwise provided for and final judgments are included in the tax levy whether or not included in the budget. Revenues are not required to be set forth in the budget but estimated non-tax revenues are taken into account by the assessors in fixing the tax levy. (See "Property Taxation" herein.)

## **BUDGET COMPARISON**

The following table sets forth the amounts appropriated (in \$000s) for fiscal years 2023 through 2020 and proposed for fiscal 2024:

<b><u>Category</u></b>	<b><u>2024</u></b>	<b><u>2023</u></b>	<b><u>2022</u></b>	<b><u>2021</u></b>	<b><u>2020</u></b>
General Government	\$ 3,417	\$ 2,849	\$ 2,993	\$ 3,042	\$ 2,656
Public Safety	14,166	12,664	11,898	11,859	11,323
Public Health and Sanitation	1,460	1,434	1,276	1,270	1,200
Public Works	6,150	5,997	6,364	5,323	4,949
Schools	60,364	57,236	56,818	54,228	50,699
Culture/Recreation	1,268	1,183	1,183	1,168	1,073
Support Services	2,767	2,249	1,820	1,922	1,760
Employee Benefits	21,945	20,124	18,915	18,107	16,967
Unclassified (1)	15,117	12,864	7,204	9,435	4,642
Interest and Debt	4,211	4,597	5,028	5,707	5,464
	<u>\$ 130,865</u>	<u>\$ 121,197</u>	<u>\$ 113,500</u>	<u>\$ 112,062</u>	<u>\$ 100,734</u>

(1) Includes overlay, state assessments, liability insurance, transfers to Stabilization Fund, transfers for deficits, and the assessment for the Greater Lawrence Regional Vocational Technical School District.

## **STATE AID**

State aid is also a major source of revenue for Massachusetts cities and towns.. A municipality's state aid entitlement is based upon a number of different formulas, and while a formula might indicate that a particular amount of state aid is owed, the amount of state aid actually paid is limited to the amount appropriated by the state legislature. The State annually estimates State aid but actual payments may vary from the estimate.

The following table sets forth the actual State aid received in each of the most recent fiscal years and the amount budgeted for fiscal year 2024:

<b><u>Fiscal Year</u></b>	<b><u>Total From State</u></b>
2024 (estimated)	\$ 15,038,237
2023	13,746,341
2022	12,144,891
2021	11,964,971
2020	11,887,266
2019	11,647,922

## **STATE SCHOOL BUILDING ASSISTANCE PROGRAM**

The Massachusetts School Building Authority (the "Authority") administers the state's school building assistance program for the purpose of providing financial assistance to cities, towns and regional school districts for approved school projects. Cities, towns and regional school districts may submit a statement of interest to the Authority for financial assistance for a proposed school project, and the Authority may, within its discretion, invite any such applicant to apply for a school facilities grant to fund a portion of the cost of the school project. The Authority is required to prioritize certain types of projects, including, but not limited to, projects that replace or renovate structurally unsound school buildings and projects that eliminate severe overcrowding or anticipated overcrowding from increased enrollment. For any project approved by the Authority for a school facilities grant, the amount of the grant is calculated based on a formula that takes into account approved project costs (which may be less than actual project costs), community income, wealth and poverty levels, and certain incentive factors, such as energy efficient and sustainable design and construction. The maximum school facilities grant for an approved school project is 80% of approved project costs. The Authority makes school facilities grant payments to a municipality as project costs are incurred pursuant to a project funding agreement between the Authority and the municipality, and the municipality is responsible for financing its share of the total project costs. For certain school projects approved by the State Board of Education before July 1, 2004 and prior to the establishment of the Authority, the Authority disburses the grant amounts previously approved in equal installments to pay a portion of the annual debt service on the bonds issued by the municipalities to finance the entire cost of the projects.

The Town does not currently have any projects underway which are receiving assistance from the Authority.

### **MOTOR VEHICLE EXCISE**

An excise is imposed on the registration of motor vehicles (subject to exemptions) at a rate of \$25 per \$1,000 of valuation. The excise is collected by and for the benefit of the municipality in which the motor vehicle is customarily kept. Valuations are determined by a statutory formula based on manufacturer's list price and year of manufacture. Bills not paid when due bear interest at 12 percent per annum. Provision is also made for the nonrenewal of registration and operating license by the Registrar of Motor Vehicles.

The following table shows the actual receipts in each of the most recent fiscal years and the amount budgeted to be received in fiscal year 2024:

<b><u>Fiscal Year</u></b>	<b><u>Receipts</u></b>
2024 (estimated)	\$ 4,900,000
2023	5,054,682
2022	5,099,166
2021	4,701,350
2020	4,767,131
2019	5,149,362

### **ROOM OCCUPANCY TAX**

Massachusetts cities and towns have the option of imposing a local excise tax on the provision of bed and breakfast, hotel, lodging house, short-term rental and motel rooms at a rate not to exceed six percent (6%) of the total amount of rent for each such occupancy. The tax is paid by the operator of the establishment (together with its payment of the state room occupancy excise tax) to the State Commissioner of Revenue, and the state in turn pays the local excise tax back to the municipality in which the rooms are located.

### **MARIJUANA TAX**

Massachusetts cities and towns have the option of imposing a local sales tax on the sale of marijuana or marijuana products by a marijuana retailer to a non-marijuana establishment at a rate no greater than 3% of the total sales price received by the marijuana retailer. The marijuana retailer shall pay the local sales tax (together with its payment of the state sales tax on marijuana) to the State Commissioner of Revenue, and the state in turn pays the local sales tax receipts to the city or town in which the marijuana was sold.

## MEALS TAX

Massachusetts cities and towns have the option of imposing a local sales tax on the sale of restaurant meals originating within the city or town by a vendor at the rate of .75 percent of the gross receipts of the vendor from the sale of restaurant meals. The tax is paid by the vendor (together with its payment of the state sales tax on meals) to the State Commissioner of Revenue, and the state in turn pays the tax to the city or town in which the meal was sold.

The local meals excise tax, effective for sales of restaurant meals on or after October 1, 2009, is a three-fourths percent tax on the gross receipts of a vendor from the sale of restaurant meals. The tax is paid by the vendor to the State Commissioner of Revenue, who in turn pays the tax to the municipality in which the meal was sold. The Town voted in November 2011 to adopt the local option meals tax, to be effective fiscal 2013. The amounts collected in fiscal 2019 through 2023, and the amount budgeted for fiscal year 2024 is listed below.

<u>Fiscal Year</u>	<u>Receipts</u>
2024 (estimated)	\$ 650,000
2023	742,671
2022	661,220
2021	500,732
2020	561,099
2019	602,715

## ENTERPRISE FUNDS

The Town operates enterprise funds for its water and sewer utilities, and for the operations of the Stevens Estate at Osgood Hill, a Town-owned event and conference center.

The Town's Department of Public Works operates the water and sewer utilities. Effective July 16, 2012, the water rate is \$3.80 per 100 cubic feet of metered water consumption for the first 2,000 cubic feet of consumption (for each three-month billing cycle) and \$5.55 per 100 cubic feet for consumption beyond 2,000 cubic feet; the sewer rate is \$5.95 per 100 cubic feet of metered water consumption for the first 2,000 cubic feet of consumption (for each three-month billing cycle) and \$9.24 per 100 cubic feet for consumption beyond 2,000 cubic feet. In fiscal 2023, water revenues totaling \$6,005,830 (operating and non-operating) exceeded total water expenses (excluding depreciation but including debt service) of \$4,747,473. Sewer revenues (operating and non-operating) totaling \$4,971,994 exceeded total sewer expenses (excluding depreciation but including debt service) of \$3,314,780.

The following table shows water revenues in the most recent fiscal years:

<u>Fiscal Year</u>	<u>Receipts</u>
2023	\$ 6,005,830
2022	5,550,281
2021	6,360,051
2020	5,371,068
2019	5,419,105

The following table shows sewer revenues in the most recent fiscal years:

<u>Fiscal Year</u>	<u>Receipts</u>
2023	\$ 4,971,994
2022	4,894,525
2021	5,189,037
2020	4,690,068
2019	4,630,099

The Town owns and operate the Stevens Estate at Osgood Hill. This facility consists of a mansion house, outbuildings, and 153 acres of wooded property. The facility was available to the public for conferences, weddings, and other social events.

In 2022 the Town discontinued the Osgood Hill conference center as an enterprise fund, the remaining balances were transferred to the Town's governmental activities.

### **COMMUNITY PRESERVATION ACT**

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

A city or town may approve a surcharge of up to 3% of the real property tax levy for CPA purposes. As an alternative, a city or town may approve a surcharge of not less than 1% of the real property tax levy and make an additional commitment of funds by dedicating revenue other than state or federal funds for CPA purposes, provided that the total funds collected and committed do not exceed 3% of the real property tax levy. A city or town may also adopt certain exemptions from the real property tax surcharge, including: (i) an exemption for low-income individuals and families and for low and moderate-income senior citizens, (ii) an exemption for \$100,000 of the value of each taxable parcel of residential real property, (iii) an exemption for \$100,000 of the value of each taxable parcel of commercial and industrial property, and (iv) an exemption for all commercial and industrial properties in cities and towns with classified tax rates. The surcharge is not counted in the total taxes assessed for the purpose of determining the permitted levy amount under Proposition 2½ (see "Tax Limitations" under "TAX LEVIES" herein). A city or town may revoke its acceptance of the provisions of the CPA at any time after 5 years from the date of such acceptance and may change the amount of the surcharge or the exemptions to the surcharge at any time, including reducing the surcharge to 1% and committing additional municipal funds as outlined above, provided that any such revocation or change must be approved pursuant to the same process as acceptance of the CPA.

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

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

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

The Town of North Andover adopted the CPA in March 2001 and has authorized a total of \$6,810,000 of bonds under the CPA for community preservation purposes. As of June 30, 2023, the CPA fund had a balance of \$16,130,695

## **TAX INCREMENT FINANCING FOR DEVELOPMENT DISTRICTS**

Cities and towns are authorized to establish development districts to encourage increased residential, industrial and commercial activity. All or a portion of the taxes on growth in assessed value in such districts may be retained and pledged solely for the purpose of financing development projects pursuant to the city or town’s development program for the district. This includes retaining and pledging such “tax increments” for the payment of bonds and notes issued to finance such projects. As a result of any such retention and pledge, tax increments raised from new growth properties in development districts are not available for other municipal purposes. Tax increments are taken into account in determining the total taxes assessed for the purpose of calculating the maximum permitted tax levy under Proposition 2½. (see “PROPERTY TAXATION – Tax Levies – Tax Limitations” herein.)

The Commonwealth's Economic Development Incentive Program is designed to foster job creation and stimulate business growth. A company that participates in that program may receive local property tax incentives in exchange for a commitment to new job creation and private investment in the project. As authorized by Massachusetts General Law Ch 40 Section 59 a TIF agreement is a local real estate property tax exemption negotiated and executed between a host municipality and a company that is making a significant private investment that increases the base assessed value of the property as the tax abatement is given only on the incremental increase in the property value. The Town voted in 2020 to enter into a tax increment financing agreement for development at Osgood Landing, which is the former site of a Lucent manufacturing facility. Hillwood Enterprises, LLP (“Hillwood”) has developed the site as a 3.8 million square foot e-commerce storage, warehouse, and distribution facility for Amazon.com, Inc. (“Amazon”) (See “ECONOMIC DEVELOPMENT – Route 125 Corridor” herein.)

Under the agreement, which goes into effect in fiscal year 2025, the Town will levy incremental taxes on the property as follows:

<b><u>Fiscal Years</u></b>	<b><u>Percentage Levied</u></b>
2025 and 2026	20%
2027 and 2028	40%
2029 and 2030	60%
2031 and 2032	80%
2033 and thereafter	100%

The TIF is for real estate property only, and Amazon is required to pay full taxes on their personal property.

## **INVESTMENTS**

Massachusetts cities and towns may only invest or deposit available revenue funds and bond and note proceeds in the following: term deposits or certificates of deposit having a maturity date of up to three years; trust companies, national banks, savings banks, banking companies or cooperative banks; obligations issued or unconditionally guaranteed by the federal government or an agency thereof with a maturity of not more than one year; repurchase agreements for federal or federal agency securities with a trust company, national bank or banking company with a term of not more than 90 days; participation units in the Massachusetts Municipal Depository Trust (“MMDT”); and shares in SEC-registered money market funds with the highest possible rating from at least one nationally recognized rating organization.

MMDT is an investment pool created by the Commonwealth. The State Treasurer is the sole trustee, and the funds are managed under contract by an investment firm under the supervision of the State Treasurer’s office. More information about MMDT can be found online at [mymmdt.com](http://mymmdt.com).

Trust funds, unless otherwise provided by the donor, may be invested in a broader range of investments, including any bonds or notes that are legal investments for savings banks in the Commonwealth. The restrictions described above do not apply to investments made by city and town retirement systems. See “RETIREMENT PLAN” below.



## UNASSIGNED GENERAL FUND BALANCE AND FREE CASH

Under Massachusetts law an amount known as “free cash” is certified as of the beginning of each fiscal year by the State Bureau of Accounts and this, together with certain subsequent tax receipts, is used as the basis for subsequent appropriations from available funds, which are not required to be included in the annual tax levy. Subject to certain adjustments, free cash is surplus revenue less accumulated uncollected and overdue property taxes from prior years. Surplus revenue and free cash are calculated without regard to any overlay deficit (from tax abatements in excess of the overlay) or revenue deficit (generally a result of nonproperty tax receipts being less than estimates), both of which are added to the next tax levy. The Town Accountant may certify as available for appropriation an adjusted free cash figure by adding back those uncollected and overdue property taxes which are subsequently collected between July 1 and the following March 31 of any year.

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

	<b>Unassigned General</b>	
<b><u>July 1,</u></b>	<b><u>Fund Balance</u></b>	<b><u>Free Cash</u></b>
2023	\$24,231,137	\$12,104,543
2022	22,630,226	12,697,037
2021	22,294,210	12,961,921
2020	20,277,686	10,835,562
2019	20,712,553	12,441,091

Excerpts from the audited financial statements for fiscal years 2019 through 2023 are presented in Appendix A herein. In addition, the complete audited financial statements for June 30, 2023, are presented in Appendix B.

## STABILIZATION FUNDS

The Town maintains a Stabilization Fund. Under Massachusetts statutes, funds may be appropriated from the Fund for any municipal purpose by a two-thirds vote of the town meeting. The following table presents the balance in the Fund at the end of the most recent fiscal years.

<b><u>Fiscal Year</u></b>	<b><u>Balance (1)</u></b>
2023	\$5,711,557
2022	5,367,781
2021	5,196,761
2020	5,134,824
2019	4,782,026

*(1) Included in unassigned general fund balance.*

The Town created a Capital Stabilization Fund during fiscal 2012. While monies in this fund are intended to be used for capital purposes, monies may be appropriated from the Fund for any municipal purpose by a two thirds vote of the town meeting. Balances at the end of fiscal 2019 through 2023 are as follows:

<b><u>Fiscal Year</u></b>	<b><u>Balance</u></b>
2023	\$4,688,684
2022	1,390,135
2021	1,031,854
2020	611,204
2019	558,057

In addition, the Town implemented a Special Education Stabilization Fund at its 2015 annual town meeting. Monies in this fund are intended to stabilize the effects of any unexpected increase in special education costs. However, as with the other Stabilization Funds, monies may be appropriated from these funds for any municipal purpose by a two thirds vote of the town meeting. Balances for fiscal 2019 through 2023 are as follows:

<u>Fiscal Year</u>	<u>Balance</u>
2023	\$ 785,017
2022	769,535
2021	764,503
2020	758,374
2019	163,229

**COLLECTIVE BARGAINING**

Employees (other than managerial and confidential employees) are entitled to join unions, and to bargain collectively on questions of wages, hours and other terms and conditions of employment.

The Town has approximately 1,371 employees of which approximately 58 percent belong to unions or other collective bargaining groups as follows:

<u>Employee Category</u>	<u>Represented by</u>	<u>Number of Employees</u>	<u>Contract Expires</u>
General Government			
Public Works	AFSCME, Council 93	33	6/30/25
Administrative	AFSCME, Council 93	28	6/30/25
Patrol Officers	NEPBA, Local 2 A	35	6/30/24
Sergeants	NEPBA, Local 2 B	5	6/30/24
Firefighters	IAFF, Local 2035	61	6/30/24
Communications Officers	NEPBA, Local 102	10	6/30/25
Police Lieutenants	North Andover Police Lieutenants	5	6/30/24
Professional Librarians	AFSCME, Council 93	9	6/30/25
School Department			
Teachers	Massachusetts Teachers Association	404	8/31/27
Teaching Assistants	North Andover Professional Support Association	154	8/31/26
Educational Secretaries	North Andover Education Secretaries Assoc.	19	6/30/26
Custodians	North Andover Custodial Association	<u>27</u>	6/30/27
Total		<u>790</u>	

## PHYSICAL AND ECONOMIC CHARACTERISTICS

### General

The Town is located in the Merrimack Valley of northeastern Massachusetts, approximately 24 miles north of Boston. Located in Essex County, the Town is bordered on the north by the Cities of Methuen and Haverhill, on the east by the Town of Boxford, on the west by the Town of Andover and the City of Lawrence, and on the south by the Towns of Middleton and North Reading.

### Principal Employers (1)

Other than the Town itself, the following are the principal employers located in the Town:

<u>Company</u>	<u>Nature of Business</u>	<u>Approximate Current Employees</u>
Merrimack College	Higher Education	638
Market Basket Supermarkets, Inc.	Grocery Store	604
Bake & Joy Mfg	Food Manufacturing	410
Edgewood Retirement Community	Healthcare	290
National Grid	Utility Service	233
Watts Water Technology	Manufacturing	170
Eagle Tribune	Newspaper	160
Brooks School	Education	150
6K, Inc	Manufacturing/Clean	137
Brightview North Andover	Healthcare	131
Converse, Inc	Footwear/Apparel	N/A
Genesis Healthcare	Healthcare	N/A
Stop & Shop	Grocery Store	N/A

(1) Source: Fiscal Year 2023 ACFR.

### Employment and Payrolls

<b>Industry</b>	<b>Establishments</b>	<b>Average Employment</b>	<b>Average Weekly Wage (\$)</b>
Total, All Industries	567	5,553	961
Construction	33	183	989
Manufacturing	11	97	997
Utilities	3	30	2,525
Wholesale Trade	10	164	1,302
Retail Trade	52	933	668
Transportation and Warehousing	7	131	906
Information	17	110	1,015
Finance and Insurance	16	160	2,156
Real Estate and Rental and Leasing	16	104	871
Professional and Technical Services	30	148	1,087
Administrative and Waste Services	9	45	743
Educational Services	4	666	1,373
Health Care and Social Assistance	263	1,544	1,062
Arts, Entertainment, and Recreation	10	195	708
Accommodation and Food Services	45	659	453
Other Services, Except Public Administration	25	137	634

Source: Mass. Dept of Economic Research, Executive Office of Labor and Workforce Development, 2022 Data.

## Building Permits

<u>Fiscal Year</u>	<u>Number</u>	<u>Estimated Value (1)</u>
2023	1,326	\$ 68,811,493
2022	1,374	237,730,179
2021	1,599	1,048,560,599
2020	1,402	19,419,242
2019	1,869	47,824,236

(1) Fiscal 2021 includes \$947,386,751 and fiscal 2022 includes \$120,729,842 for the Amazon project described in "**ECONOMIC DEVELOPMENT – Route 125 Corridor**" herein.

## **ECONOMIC DEVELOPMENT**

The Town of North Andover has four primary commercial and industrial areas. These include: the Route 114 corridor; the Central Business District (i.e., Downtown); the airport industrial area; and the Route 125/Osgood Street corridor. These business and industrial corridors allow for the ability to support redevelopment of existing business locations and for the development of new commercial and industrial facilities.

North Andover has many assets that help it compete favorably with other communities in the region. First and foremost, the community has a strong economic development department and a pro-business attitude. Located in close proximity to Interstate 93 with direct access to Interstate 495 via Massachusetts Avenue, Route 114, and from Sutton Street, North Andover has a significant locational advantage in terms of transportation access. North Andover also benefits from access to public transportation, with fare free bus service provided by the Merrimack Valley Regional Transit Authority and Commuter Rail service to/from Boston serviced by the Massachusetts Bay Transportation Authority with stations in nearby Lawrence, Haverhill, and Andover.

North Andover has a highly educated workforce, with more than 59.6% having at least a Bachelor's degree and 26.4% having at least a Master's degree. Quality of life is an important part of attracting and retaining business and industry in the community, particularly for those employees that want to live in town. North Andover's schools, quality housing, open space preservation, recreation programs, and the availability of shopping and entertainment/dining options all contribute to the town's attractiveness. Finally, the town has a diverse business base that includes small and large businesses in a variety of industry sectors.

North Andover was awarded "Platinum" status from the Massachusetts Biotechnology Council for the ability to be shovel-ready when allowing new biotechnology and life sciences businesses to locate in North Andover.

### **Route 114 Corridor**

The Route 114 corridor runs southeasterly through North Andover from the City of Lawrence border to the Middleton town line. It is the town's primary retail corridor, in addition to supporting a variety of other uses. There are many national and regional retailers and restaurants located along the Route 114 Corridor, including but not limited to Staples, Panera Bread, Dollar Tree, Burton's Grill, Five Guys, CVS, and Walgreens. The Route 114 Corridor has a number of single- and multi-tenant office facilities, and also serves as the location for several of the town's key employers, including the Eagle Tribune, Watts Water Technologies, and Merrimack College. The Route 114 Corridor is also one of the town's primary industrial areas and is home to one of its largest manufacturing employers, Bake'n Joy Foods, as well as a variety of other industrially-focused enterprises, including United Plastics Fabricating, Material Installations, and Chemineer.

Specific retail plazas, office parks, and commercial developments include: *North Andover Mall*; *Eaglewood Shops*; *The Crossroads at North Andover*; and *Jasmine Plaza*, as well as a standalone Stop & Shop grocery store. The professional office parks that line Route 114 include the *North Andover Office Park*, *Chestnut Green at the Andovers*, and *Jefferson Park*. Industrial businesses are located primarily within the *North Andover Business Park* and *The Willows Professional Park*, which encompass a combined 110 acres of land.

In recent years, Rt. 114 has experienced, and is still experiencing redevelopment. Examples include the redevelopment of 419/435 Andover Street (former location of an Ethan Allen store) into two structures totaling approximately 10,800 square feet that now houses an urgent care facility, a drive thru Chase Bank branch, and a drive thru Starbucks location (completed in May of 2022); and a renovation of

It is important to point out that Merrimack College is located along Route 114 and it plays a significant role as an economic engine for the town and continues to expand. The latest example of this is the College recently received approvals from the Planning Board and Zoning Board of Appeals for a project to construct two buildings at the corner of Turnpike Street (Route 114) and Elm Street, comprised of a total of 540 dormitory beds for students of the college as well as 10,800 square feet of academic space. Finally, there is an 85-acre industrial zone located on the southern end of Route 114. The Town operates the Cyr Recycling Facility on a portion of this property and electronics manufacturer Eastern Technologies is located here.

### **Route 125 Corridor**

The Route 125 Corridor crosses through the northwestern part of town running in a south - north direction from Andover to the Haverhill town line. While it contains a mix of small local retailers and numerous restaurants, as well as small industrial users, it is dominated by an airport industrial area and the 168-acre Osgood Landing property.

The airport industrial area is sufficient to support most corporate jets, allowing for large companies to land their corporate aircraft locally. It is an asset for companies evaluating a location for a new or expanded facility. Among industrial properties abutting the airport site is 25 Commerce Way, which houses Peabody Supply Company, a large regional distribution center for commercial and residential gas and plumbing products, as well as clean tech startup 6K, which develops engineered materials into revolutionary products that will advance industries across additive manufacturing, renewable energy, aerospace, consumer electronics and more.

The largest parcel along Route 125 is the Osgood Landing property. A former manufacturing facility for Western Electric/Lucent, the two million square foot property now operates as a multi-tenant office and industrial complex. Expedited Permitting under M.G.L. 43D allows the Town to identify the portion of commercial property at Osgood Landing as a Priority Development Site (PDS). The goal of the PDS is to recognize property in town that is specifically identified for commercial development and has a distinct set of permitting regulations for potential developers to "fast-track" applications through the regulatory boards and commissions. The Osgood Landing site is "shovel ready" and is a preferred site for development. Osgood Landing has extensive parking areas surrounding the facility and a 6-megawatt solar array was placed on the site in 2016.

At the June 2020 annual town meeting, voters approved a tax increment financing (the "TIF") and community benefits agreement, respectively, to support redevelopment of 110 acres at the rear of the Osgood Landing site by Hillwood, into a 3.8 million square foot, five story, e-commerce storage, warehouse, and distribution facility for Amazon. The TIF, valued at approximately \$27 million over 10 years, leverages an investment of over \$400 million into the site, which will net the Town approximately \$85 million over the 20-year lease to Amazon, and create upwards of 1,500 jobs.

Route 125 has experienced an influx of new multi-family housing with a mix of commercial uses. At 505 Sutton Street, located within 250 feet of Route 125, developer Minco Corporation completed construction of 136 market rate rental apartments spread across three buildings. Directly adjacent to this parcel, along Sutton Street, is the Town's new Senior Community Center; a two story building at 13,550 square feet. Down the road at 1252 Osgood Street, Princeton Properties constructed 192 units of market rate rental apartments, in front of which is a new 40,000 square foot commercial building with a restaurant and new retailers, as well as a drive-thru Starbucks location.

Specific retail plazas along Route 125 include *The Shops at Butcher Boy Marketplace*; *Osgood Crossing*, *Great Pond Crossing*, *Signature Commons* and *Osgood Plaza*. This corridor also includes public institutional facilities, including the Town's police station, fire station, middle school, and high school. Also, within this corridor are health care/assisted living facilities; and Barker's Farm, one of the nation's oldest farming operations.

Since 2018, the Town has been able to leverage all of the above progress and development with over \$6.2 million in State infrastructure grants to support projects along Route 125 that include new sidewalk connections and paving, extended sewer access from Great Pond Road to the border of neighboring Haverhill, and reconstruction of the intersection of Great Pond Road and Osgood Street (currently in design).

## Downtown District

The Downtown District hosts Town Hall, as well as some religious and institutional uses, financial services companies, restaurants, and personal services businesses. While there are a number of older mixed-use buildings, many of which include first floor retail or office space with housing located on upper stories, the district is anchored by the major properties of *First & Main*; *Bradstreet on Main*; and, most prominently, the *East/West Mill Complex*. The area continues to experience incremental growth and benefits from favorable zoning through a Downtown Overlay District.

The 35.3-acre East/West Mill Complex (former Davis & Furber site) is leading the transformation and revitalization of the downtown area. The 500,000 square foot complex is home to over 100 operating businesses, ranging from restaurants to fitness centers, and from law offices to tech startups. The development offers flexible spaces with brick and beam character, cutting-edge technology, and a quality of life that attracts the most desirable professionals in a highly competitive labor market. Some of the larger tenants include Schylling Toy, L-Com Global Connectivity, CUBE 3 Studio, Semcasting, Ivenix, and ERS Inc. There are 66 loft-style apartments in the mills with an additional 221 market rate units that were recently constructed between two buildings by national developer Avalon Bay.

Other key properties for the downtown revitalization include: *Bradstreet on Main*, the 1.15-acre former Bradstreet School property, which includes a 15-unit market-rate apartment building and an 18,000± square foot two-story commercial building that includes a local cable access network studio, dentist office, and physical therapy office, among other businesses; and the 3.3-acre *First & Main Plaza*, which includes both retail and second floor office space that is anchored by a CVS store and has long been the center of commercial activity within the downtown corridor. In 2023, the Planning Board approved another proposed redevelopment project at 129 Main Street, which is the site of a former Santander Bank branch. That building will be demolished and make way for a three-story, mixed-use building with approximately 6,500 square feet of ground floor commercial space below 24 units of multi-family housing, three units of which will be deed restricted affordable. Abatement and demolition operations for the project have already begun and construction is expected to commence in later in 2024.

## PUBLIC SCHOOL ENROLLMENTS

The following table presents the enrollments in the school of the Town as of October 1 of each year.

<u>Grades</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Elementary School (K-5)	1,958	1,970	1,980	2,056	2,081
Middle School (6-8)	1,043	1,091	1,114	1,109	1,099
High School (9-12)	<u>1,363</u>	<u>1,365</u>	<u>1,402</u>	<u>1,377</u>	<u>1,462</u>
Total	<u>4,364</u>	<u>4,426</u>	<u>4,496</u>	<u>4,542</u>	<u>4,642</u>

The Town's public school facilities include seven schools: one high school serving students in grades 9-12, a middle school for students in grades 6-8, and five elementary schools serving students in grades kindergarten through five. Capacity in the schools is presently adequate to meet the Town's needs.

## OTHER DATA

### Employment

Year	Labor Force	Employed	Unemployment Rate			
			Town	County	State	U.S.
2024 (1)	16,680	16,173	3.0 %	3.6 %	3.7 %	3.9 %
2023	16,601	16,134	2.8	3.2	3.4	3.6
2022	16,559	16,022	3.2	3.9	3.7	3.6
2021	16,530	15,771	4.6	6.1	5.4	5.3
2020	16,361	15,106	7.7	10.4	9.3	8.1
2019	16,934	16,491	2.6	3.1	3.0	3.7

(1) Month of February, not seasonally adjusted for Town and County

Sources: Mass.Executive Office of Labor and Workforce Development (Town, County) and U.S. Bureau of Labor Statistics (State, U.S.)

### Population and Income

	North Andover	Massachusetts	United States
Recent Population Estimate (2022)	31,295	6,981,974	333,287,557
Census Population:			
2020	30,915	7,029,917	331,449,281
2010	28,352	6,547,629	308,745,538
2000	27,202	6,349,097	281,421,906
1990	22,792	6,016,425	248,709,873
Inter-Census Population Growth:			
2020	9.04%	7.37%	7.35%
2010	4.23%	3.13%	9.71%
2000	19.35%	5.53%	13.15%
Population Per Square Mile:			
2020	1,176	901	94
2010	1,078	839	87
Median Age:			
2022	39.1	40.3	39.0
Persons under 18 years, 2022	22.6%	19.2%	21.7%
Persons over 65 years, 2022	15.7%	18.1%	17.3%
Persons per Household	2.64	2.46	2.57
Annual Median Household Income:			
2018-22 Average (in 2022 dollars)	\$131,852	\$96,505	\$75,149
Annual Per Capita Income:			
2018-22 Average (in 2022 dollars)	\$65,756	\$53,513	\$41,261
Total Retail Sales Per Capita, 2017	\$9,625	\$16,055	\$15,224
Median value of owner-occupied housing units, 2018-22	\$621,100	\$483,900	\$281,900
In civilian labor force, age 16+, 2018-22	68.9%	67.0%	63.0%
High School Graduate or Higher, age 25+, 2018-22	96.6%	91.2%	89.1%
Bachelor's Degree or Higher, age 25+, 2018-22	59.6%	45.9%	34.3%
Owner-occupied housing unit rate, 2018-22	69.6%	62.4%	64.8%
Persons in Poverty (2022)	7.4%	10.4%	11.5%

Source: U.S. Census Bureau.

**LITIGATION**

In the opinion of the Town Counsel, there is no pending litigation that is likely to result, either individually or in the aggregate, in final judgments against the Town that would materially affect its financial condition.

**TOWN OF NORTH ANDOVER  
Massachusetts**

By: /s/ Kimberly Mackie  
Treasurer

Dated: June 5, 2024



## **APPENDIX A**

The General Fund Balance Sheets for June 30, 2019 through 2023, and the General Fund Statement of Revenues, Expenditures and Changes in Fund Balance for the fiscal years June 30, 2019 through 2023, on the following pages have been excerpted from the final audited financial statements of those years.

The audited financial statements for the Town for June 30, 2023, are included in the Comprehensive Annual Financial Report in Appendix B.

**TOWN OF NORTH ANDOVER  
MASSACHUSETTS  
BALANCE SHEET  
GENERAL FUND (1)  
June 30,**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
<b><u>Assets</u></b>					
Cash and Cash Equivalents	\$ 35,477,021	\$ 37,901,385	\$ 35,419,771	\$ 32,424,216	\$ 27,711,283
Investments	3,759,046	0	0	0	0
Receivables, Net of Uncollectibles:					
Real Estate and Personal Property Taxes	1,500,552	1,686,436	915,669	1,182,453	727,155
Tax Liens	1,471,404	1,307,001	1,527,210	2,263,838	2,103,875
Motor Vehicle and Other Excise Taxes	656,977	452,224	923,084	710,507	502,629
Departmental and Other	1,027,210	838,858	748,956	538,223	623,162
Tax Foreclosures	655,028	655,028	655,028	655,028	655,028
Due From Other Funds	41,643	232,377	161,854	196,282	836,691
Total Assets	<u>\$44,588,881</u>	<u>\$43,073,309</u>	<u>\$40,351,572</u>	<u>\$37,970,547</u>	<u>\$33,159,823</u>
<b><u>Liabilities, Deferred Inflow of Resources, and Fund Balances</u></b>					
<b>Liabilities</b>					
Warrants Payable	\$ 412,994	\$ 1,765,306	\$ 899,199	\$ 1,064,498	\$ 1,289,900
Accrued Payroll	3,685,687	4,682,899	4,308,396	4,053,353	3,771,171
Tax Refunds Payable	1,971,000	243,890	0	625,000	0
Other Liabilities	5,980	1,193	2,952	4,590	7,586
Total Liabilities	<u>\$ 6,075,661</u>	<u>\$ 6,693,288</u>	<u>\$ 5,210,547</u>	<u>\$ 5,747,441</u>	<u>\$ 5,068,657</u>
<b>Deferred Inflow of Resources</b>					
Taxes Paid in Advance	\$ 1,065,798	\$ 816,842	\$ 0	\$ 0	\$ 0
Unavailable Revenue	4,952,835	4,600,551	4,402,835	4,920,940	4,520,173
Total Deferred Inflow of Resources	<u>\$ 6,018,633</u>	<u>\$ 5,417,393</u>	<u>\$ 4,402,835</u>	<u>\$ 4,920,940</u>	<u>\$ 4,520,173</u>
<b>Fund Balances</b>					
Restricted	\$ 141,989	\$ 210,915	\$ 279,841	\$ 348,767	\$ 417,693
Assigned	8,121,461	8,121,487	8,164,139	6,675,713	2,440,747
Unassigned	24,231,137	22,630,226	22,294,210	20,277,686	20,712,553
Total Fund Balances	<u>\$32,494,587</u>	<u>\$30,962,628</u>	<u>\$30,738,190</u>	<u>\$27,302,166</u>	<u>\$23,570,993</u>
Total Liabilities, Deferred Inflow of Resources, and Fund Balances	<u>\$44,588,881</u>	<u>\$43,073,309</u>	<u>\$40,351,572</u>	<u>\$37,970,547</u>	<u>\$33,159,823</u>

(1) Taken from the audited financial statements of the Town prepared by Powers & Sullivan, LLC, Certified Public Accountants.

**TOWN OF NORTH ANDOVER, MASSACHUSETTS**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**GENERAL FUND <sup>(1)</sup>**  
**June 30,**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
<b><u>Revenues</u></b>					
Real Estate and Personal Property Taxes, Net of Tax Refunds	\$ 89,393,305	\$ 82,276,005	\$ 80,721,427	\$ 75,154,143	\$ 72,874,030
Tax Liens	226,670	276,326	810,164	374,339	397,869
Motor Vehicle and Other Excise Taxes	5,808,791	5,768,761	5,206,083	5,331,025	5,752,127
Charges for Services	1,555,811	1,373,696	1,104,047	1,128,629	1,222,553
Penalties and Interest On Taxes	536,290	593,584	858,750	410,416	448,601
Payments in Lieu of Taxes	2,054,842	2,022,066	1,990,236	2,269,928	1,900,665
Licenses and Permits	319,572	331,873	315,732	288,056	313,922
Fines and Forfeitures	40,083	29,264	35,091	48,592	60,577
Intergovernmental - State Aid	13,897,180	12,013,098	11,847,635	12,215,039	11,599,428
Intergovernmental - Teachers Retirement	9,783,170	8,296,762	15,344,530	13,235,338	10,300,336
Departmental and Other	2,374,689	4,745,076	8,908,665	2,100,976	1,742,647
Investment Income (Loss)	1,497,122	218,740	454,631	1,080,128	741,316
Total Revenues	<u>\$ 127,487,525</u>	<u>\$ 117,945,251</u>	<u>\$ 127,596,991</u>	<u>\$ 113,636,609</u>	<u>\$ 107,354,071</u>
<b><u>Expenditures</u></b>					
Current:					
General Government	\$ 2,323,845	\$ 2,523,307	\$ 2,470,082	\$ 2,121,507	\$ 2,226,065
Public Safety	12,677,970	11,975,258	11,759,374	11,382,620	10,499,034
Education	58,391,400	58,288,908	54,768,998	51,462,440	49,857,194
Public Works	5,678,286	5,758,945	4,721,868	4,429,594	5,062,388
Health and Human Services	1,434,851	1,274,632	1,271,166	1,199,604	1,198,762
Culture and Recreation	1,184,344	1,102,849	1,169,207	1,071,955	1,077,112
Support Services	2,257,420	1,733,642	1,913,220	1,784,861	1,762,782
Pension Benefits	6,761,052	6,116,498	5,695,260	5,470,929	5,038,000
Pension Benefits - Teachers Retirement	9,783,170	8,296,762	15,344,530	13,235,338	10,300,336
Property and Liability Insurance	451,590	390,458	367,540	362,545	476,384
Employee Benefits	12,885,794	12,345,820	12,072,658	10,975,794	11,158,165
State and County Assessments	757,171	659,387	656,011	589,839	606,945
Debt Service:					
Principal	3,719,219	4,000,936	4,534,733	4,274,736	4,282,591
Interest	877,766	1,027,115	1,171,876	1,188,863	1,043,105
Total Expenditures	<u>\$ 119,183,878</u>	<u>\$ 115,494,517</u>	<u>\$ 117,916,523</u>	<u>\$ 109,550,625</u>	<u>\$ 104,588,863</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 8,303,647</u>	<u>\$ 2,450,734</u>	<u>\$ 9,680,468</u>	<u>\$ 4,085,984</u>	<u>\$ 2,765,208</u>
<b><u>Other Financing Sources (Uses):</u></b>					
Transfers In	\$ 158,055	\$ 1,526,425	\$ 154,177	\$ 955,189	\$ 150,394
Transfers Out	(6,929,743)	(4,047,827)	(6,398,621)	(1,310,000)	(2,083,505)
Total Other Financing Sources (Uses)	<u>\$ (6,771,688)</u>	<u>\$ (2,521,402)</u>	<u>\$ (6,244,444)</u>	<u>\$ (354,811)</u>	<u>\$ (1,933,111)</u>
Change in Fund Balances	<u>\$ 1,531,959</u>	<u>\$ (70,668)</u>	<u>\$ 3,436,024</u>	<u>\$ 3,731,173</u>	<u>\$ 832,097</u>
Fund Balances at Beginning of Year (2)	<u>30,962,628</u>	<u>31,033,296</u>	<u>27,302,166</u>	<u>23,570,993</u>	<u>22,738,896</u>
Fund Balances at End of Year	<u>\$ 32,494,587</u>	<u>\$ 30,962,628</u>	<u>\$ 30,738,190</u>	<u>\$ 27,302,166</u>	<u>\$ 23,570,993</u>

(1) Taken from the audited financial statements of the Town prepared by Powers & Sullivan, LLC, Certified Public Accountants.

(2) Fiscal Year 2022 Fund Balance at Beginning of Year was restated.

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## **APPENDIX B**

There follows in this Appendix audited financial statements of the Town of North Andover, Massachusetts, as of June 30, 2023 together with the auditor's report of Powers & Sullivan, LLC, Certified Public Accountants.

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

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*The Town of North Andover  
Massachusetts*

*Annual Comprehensive Financial Report  
For the Year Ending June 30, 2023*

# TOWN OF NORTH ANDOVER, MASSACHUSETTS

## ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Year Ended  
June 30, 2023



Prepared by:

**Lyne M. Savage, Finance Director/Town Accountant**



TOWN OF NORTH ANDOVER, MASSACHUSETTS  
ANNUAL COMPREHENSIVE FINANCIAL REPORT

JUNE 30, 2023

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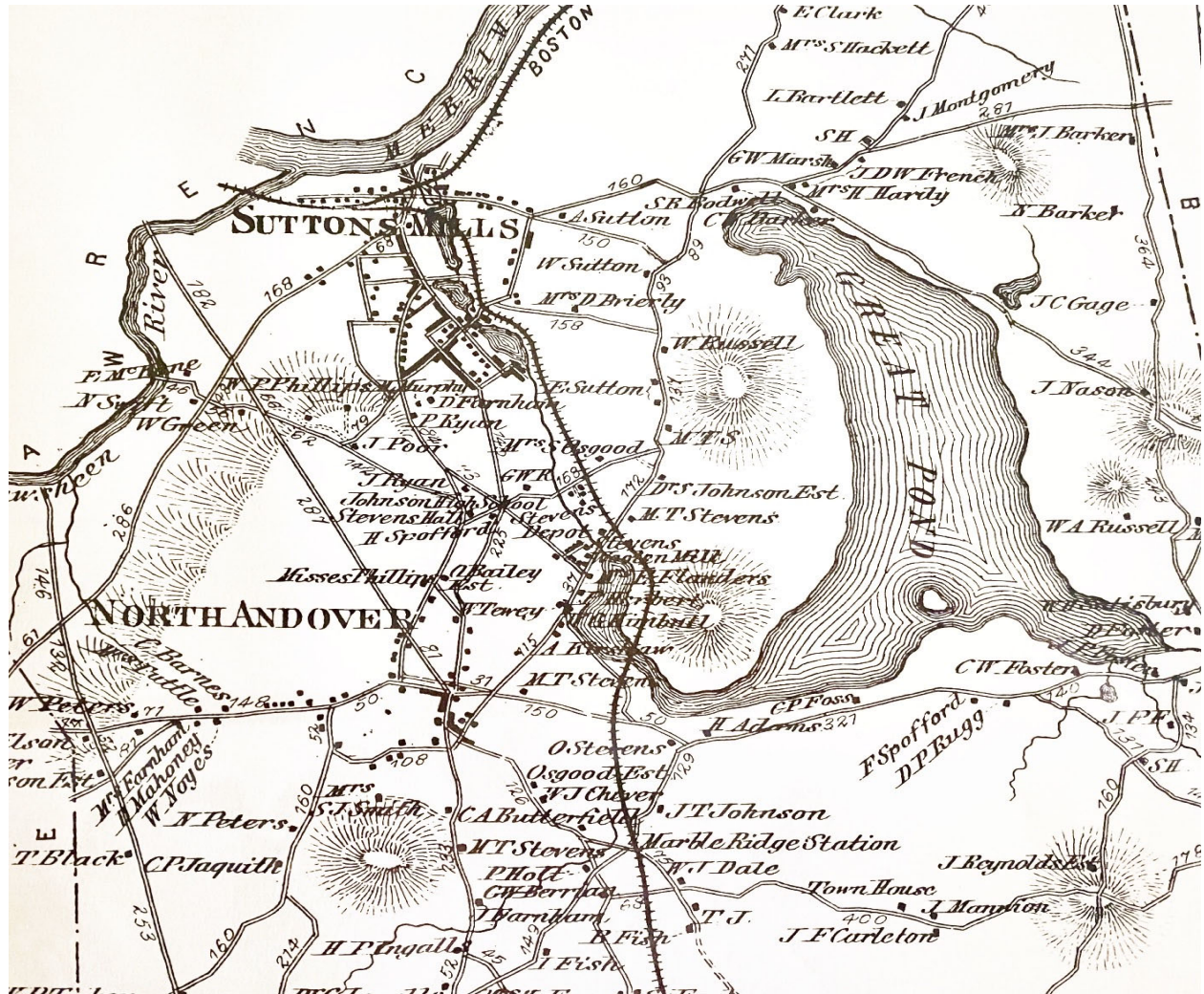
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# Introductory Section

## North Andover Map

(formerly known as Andover)



North Andover (formerly Andover) began as the original settlement in 1640 becoming incorporated as Andover in 1646. The town was centered in what is now North Andover, but the spread of settlement south and west of the old town center created much conflict in the early years about the location of the parish church. In 1709, the matter was brought to the General Court which set aside two parish churches, north and south. The parishes grew apart as the years went on and on April 7, 1855, the North parish separated from the south and was incorporated as North Andover. In 1825 the original map of Andover was commissioned. After the 1855 incorporation of North Andover, this new map was then issued and can be seen in the first floor conference room.

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# ***Introductory Section***

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# Town of North Andover



120 Main Street  
North Andover, Massachusetts 01845  
(978) 688-9523  
FAX (978) 688-9522

## Letter of Transmittal

November 30, 2023

To Members of the Select Board and Citizens of the Town of North Andover:

At the close of each fiscal year, state law requires the Town of North Andover to publish a complete set of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP), and that are audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the Annual Comprehensive Financial Report (ACFR) of the Town of North Andover, Massachusetts, for the fiscal year ending June 30, 2023, for your review.

This report consists of management's representations concerning the finances of the Town of North Andover. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of the Town of North Andover has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the Town of North Andover's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the Town of North Andover's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements for the fiscal year ended June 30, 2023, are fairly presented in conformity with GAAP.

The Town of North Andover's financial statements have been audited by Powers & Sullivan, LLC, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town of North Andover for the fiscal year ended June 30, 2023, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the Town of North Andover's financial statements for the fiscal year ended June 30, 2023, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the Town of North Andover was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of

the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the Town of North Andover's separately issued Single Audit Report.

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

## **Profile of the Town**

The Town of North Andover is located in Essex County, approximately 24 miles north of Boston. The Town is 26.63 square miles and lies along the banks of the Merrimack River and is surrounded by the Towns of Boxford, Andover, Middleton, North Reading, and the Cities of Lawrence, Methuen and Haverhill. The settlement of the Town began in 1640 and was incorporated as Andover in 1646. The community was split into the North Parish (now North Andover) and South Parish (now Andover) in 1709 and North Andover was incorporated as a separate entity in 1855. Although North Andover contains several Commercial Office Parks, the Town has retained a rural character and contains over 3,000 acres of preserved open space and farmland. North Andover is served by the following interstates: Route 495, Route 125, Route 133 and Route 114. North Andover is a thriving community with an excellent school system, efficient services and a strong commitment to its citizens. As of the 2010 and 2020 U.S. Census', the Town's population is 28,352, and 30,915, respectively.

North Andover is governed by an open Town Meeting form of government, a five-member Select Board and a Town Manager pursuant to a Home Rule Charter that went into effect in 1986. Town Meeting is defined as the Legislative body, Select Board as the Executive body and the Town Manager as the chief administrative officer. In accordance with Chapter 2 of the Town Charter "the legislative powers of the town shall be exercised by a town meeting open to all registered voters of the town". As defined in Chapter 3 "the Select Board shall serve as the chief goal-setting and policy-making agency of the town and, as such, shall not normally administer the day-to-day affairs of the town, but shall instead regularly direct the Town Manager to help it in carrying out its administrative duties, and make recommendations to the town meeting relating to actions required to be taken by that body." As defined in Chapter 4 "the Town Manager shall be the chief administrative officer of the town and shall be responsible for administering and coordinating all employees, activities and departments placed by general law, this charter or by-law under the control of the Select Board and of the Town Manager."

The School Committee has general charge and superintendence of the public schools of the Town. The School Committee is comprised of five members elected at large. The School Committee has the power to select and terminate a superintendent of schools, along with all the powers and duties given to school committees by the laws of the Commonwealth. The School Committee is responsible for establishing educational goals and policies for the schools consistent with the laws of the Commonwealth and standards established by the Commonwealth.

In addition to being shaped and influenced by the Town's elected officials and appointed staff, Town policy and programs are impacted by the actions of the Town's Boards and Commissions. The size, responsibility and source of authority of the Town's Boards and Commissions vary. With the exception of those members who derive their appointments as a result of their position in Town government and the Town Charter mandating their membership, the Select Board and Town Manager appoint members in accordance with the Town Charter or Massachusetts General Law.

The Town provides a full array of high quality services to the general public, including: full-time police and fire protection; schools for grades pre- kindergarten through 12, (one pre-kindergarten, five elementary, one middle, one senior high, and two regional vocational technical high schools); solid waste disposal and recycling; street



maintenance and snow removal; public health and natural resource protection; community development and planning; elder, youth and veteran services; a full service library; and various parks, playgrounds, conservation lands, and recreational programs. The Town also operates its own water supply, purification, and distribution system, and provides sanitary waste disposal via connections to a regional treatment facility which serves six communities but is located in North Andover (Greater Lawrence Sanitary District). Thirty percent of the Town's land area is designated conservation land and/or open space. The Town has more than seventy miles of recreational trails. During the summer months the Town operates Steven's Pond, a family and youth-oriented recreation area located off Pleasant Street, which includes recreational and instructional swimming, shaded picnic tables, volleyball, horseshoe pits and a children's playground. The Merrimack Valley Regional Transit Authority ("MVRTA") provides bus coverage for certain routes around the Town with connections to the surrounding communities within the Merrimack Valley area. The MVRTA also provides a commuter bus service directly to and from the Town and Boston. The Town of North Andover is committed to a high degree of community responsiveness, providing high quality services to its citizens, and conducting all its affairs in a professional manner.

### **Factors Affecting Economic Condition**

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

On September 13, 2018, the Town of North Andover experienced the Merrimack Valley Gas Disaster. This disaster displaced residents from their homes and routines and closed businesses for many weeks. The community came together to help one another, and the Town has emerged stronger. Through negotiations with Columbia Gas the Town received a settlement of \$15.9 million to reimburse for costs incurred during the disaster and to rebuild and make improvements in the gas effected areas. The Town continues to use settlement funds to restore approximately 13 miles of roadways and repair and replace sidewalks on effected roads as needed. The Town has until December 31, 2023 to complete the paving restoration. Any proceeds not appropriated by the legislative body and expended in accordance with the agreement will close to the general fund. See Note 15 for additional details.

The Town has been selected as the site for an Amazon distribution warehouse, which will be located at the former Lucent site on Osgood Street. Construction is underway, and it is anticipated that it will be completed by 2024. The Town has entered into a Community Partnership Agreement as well as a ten-year Tax Increment Financing Agreement. See Note 17 for additional details.

### **Local Economy**

North Andover is most well-known for its residential friendly neighborhoods and rich natural beauty; however, the Town also has a well-balanced mix of commercial development situated in three distinct areas. The Downtown/Historic Mill district is centered on Main and High Streets and serves the local community with small retail and office space as well as providing a mix of fast food and full-service restaurants. This district is also home to a large mix-use mill complex that houses larger companies, rental housing, manufacturing, restaurants and offices.

North Andover is bisected by two state highways that connect to an interstate highway. These two corridors, which comprise the other commercial districts, boast three industrial parks that serve larger national and international businesses. The state highways also provide a mix of regional commercial and retail businesses that serve residents and neighboring communities. Located at the intersection of the two state highways, on a 220-acre campus, is Merrimack College with nearly 3,500 undergraduate students and a total enrollment of more than 4,000. The college is in the midst of a major infrastructure improvement campaign, has started the process to offer Division 1 athletics, and is ranked as one of the nation's best regional liberal arts colleges.

## **Long-term Financial Planning**

The Town of North Andover is committed to maintaining a solid financial position in all economies and has steadily improved its financial position during the past eight years. As a result, in 2016 the Town received a “AAA” bond rating from Standard and Poor’s for the first time in its history. The Town’s financial actions are generally guided by a number of formal financial policies and strengthened by long range planning tools such as a five year Capital Improvement Program, Five Year Financial Forecast, pay-as-you go financing strategies, Facilities Master Plan, and long-term planning for all liabilities including pension and health insurance reserves.

Using the lessons learned during the difficult times of the first decade of this century, the Town has been able to maximize municipal and school services through a combination of prudent budgeting, user fee adjustments, strong tax collections, modification of employee health benefits and continued property growth. The Town’s general fund unassigned fund balance as of June 30, 2023, (excluding the stabilization funds), was \$13,045,879 and the certified free cash was \$12,104,543. Over the last several years, the Town has been able to make transfers from free cash into existing reserves as well as establish and fund new reserve accounts such as the capital stabilization fund and the special education (SPED) stabilization fund. As of June 2023, the general stabilization fund balance is \$5,711,557, the capital stabilization fund balance is \$4,688,684, and the special education stabilization fund balance is \$785,017.

The Town is currently managing approximately \$30.3 million worth of long-term debt. This indebtedness consists of approximately \$28.0 million of general obligation bonds and \$710,000 of unamortized premiums on bonds, as well as \$1.6 million of water bonds issued through the Massachusetts Clean Water Trust. Of the \$30.3 million of long-term debt, \$26.5 million is for governmental activities and \$3.8 million is for business-type activities. Approximately \$4.2 million of debt principal, or 14.3%, is scheduled to be paid by the end of 2024 and the remaining \$25.3 million by 2039. Approximately \$3.8 million is self-supported through enterprise fund revenues.

The Town of North Andover has enhanced its revenue flexibility by establishing enterprise funds and many other user supported programs. This has allowed the Town to shift the operating costs to the users of certain services so that little or no tax support goes towards providing these services. By doing so, the Town is able to provide the maximum tax dollars available to all other services.

In May 2004, Town Meeting adopted an article which established the Revenue/Fixed Cost Review Committee whose main purpose is to advise the Town Manager and other Town officials on projected revenues, other financial sources and fixed costs to facilitate the annual budget development process.

## **Cash Management Policies and Practices**

It is the policy of the Town of North Andover to comply with the laws of the Commonwealth of Massachusetts regarding the investment of public funds while achieving the highest return with the maximum security and meeting the daily cash flow demands of the Town.

As of June 30, 2023, General Fund cash and cash equivalents totaled \$35.5 million, while the balance of unrestricted cash and cash equivalents for all of the Town’s funds totaled \$103.3 million.

## **Risk Management**

The Town of North Andover manages its risk through premium based coverage with commercial insurance carriers. With the move from the Town’s self-insured health plan to the Group Insurance Commission (GIC) in 2014, the Town has further reduced their risk related to health insurance claims. The Town is exposed to various risks of loss related to general liability, property and casualty, workers’ compensation and unemployment compensation claims. Buildings and property are fully insured against fire, theft and natural disaster to the extent

that losses exceed the Town's deductible per incident. These deductibles vary by type of incident, none of which exceed \$25,000.

### **Pension and Other Post-employment Benefits**

The Town of North Andover contributes to the Essex Regional Retirement System (ERRS) which manages retirement benefits for all Town employees other than those covered by the Massachusetts Teachers' Retirement System. ERRS recently reported that the Unfunded Actuarial Accrued Liability (UAAL), using the actuarial value of assets, decreased from \$437.1 million as of January 1, 2020, to \$417.8 million as of January 1, 2022, using an estimated 7.0% annual return on funds. The Funded Ratio increased during the same time period from 54% to 60%. By comparison the Funded Ratio as of January 1, 2018, was 53%. North Andover's share of this liability is determined annually based on payroll cost and as of December 31, 2022, was approximately 15.6% which extrapolates to a Net Pension Liability (NPL) of \$72.5 million.

The Town of North Andover also provides postemployment health care benefits for certain retirees and their dependents. There were 461 retired employees receiving these benefits, which are financed on a pay-as-you-go basis for its unfunded liability. For 2023, the Town's net other postemployment benefits liability (OPEB) totaled \$119.8 million. The OPEB liability increased by \$7.0 million from the prior year and the discount rate was increased from 4.14% to 4.17%. In May 2015, the Town established an OPEB Trust Fund; which was authorized by Town Meeting. The balance in the OPEB Trust Fund was \$5.9 million as of June 30, 2023. In 2018, based on the recommendation of the Town Manager, the Select Board created an OPEB advisory committee. That committee was charged with establishing a target funding level for the OPEB Trust Fund and to identify ways to meet that target. Until the committee issues its report and the Select Board chooses to implement some or all of the recommendations, the Town will continue to contribute to the OPEB Trust Fund based on the Financial Reserve Policy as last amended in February 2015. Additional information on the Town of North Andover's pension and post-employment benefits can be found in the notes to the financial statements.

### **Annual Budget Process and Controls**

The Town Manager is responsible for preparing and presenting the budget to the Select Board and the Finance Committee. The Select Board reviews all requests and Town wide issues and presents a budget to Town Meeting for approval. A nine-member Finance Committee reviews the budget and makes its independent recommendations to Town Meeting.

The level of budgetary control is established by Town Meeting and this approval defines the level at which expenditures may not exceed appropriations. The Town votes general fund appropriations annually with a legal level of budgetary control which is at the functional line-item level such as general government, public safety, education, etc. The Town Accountant is responsible for ensuring all payroll and invoices are within the budgetary control level before authorizing payment. Additional appropriations may be approved at subsequent Town Meetings. These controls ensure compliance with the budget approved by residents at Town Meeting.

### **Awards and Acknowledgements**

The Town is committed to reporting information in a transparent and professional manner following accepted best practices. As evidence of this, the Town has complied with the standards set forth by the Government Finance Officers Association of the United States and Canada (GFOA) and has been awarded the Distinguished Budget Presentation Award for the past eleven consecutive years beginning with 2012.

The GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of North Andover, Massachusetts for its annual comprehensive financial report for the fiscal year ended June 30, 2022. This was the eleventh consecutive year that the government has achieved this prestigious award. In order to be

awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efficient and dedicated services of the Finance and Accounting department staffs. We would like to express our appreciation to all the members of the departments who assisted and contributed to the preparation of this report. Credit must also be given to the Select Board and Finance Committee for their unfailing support for maintaining the highest standards of professionalism in the management of the Town of North Andover's finances.

Respectfully submitted,

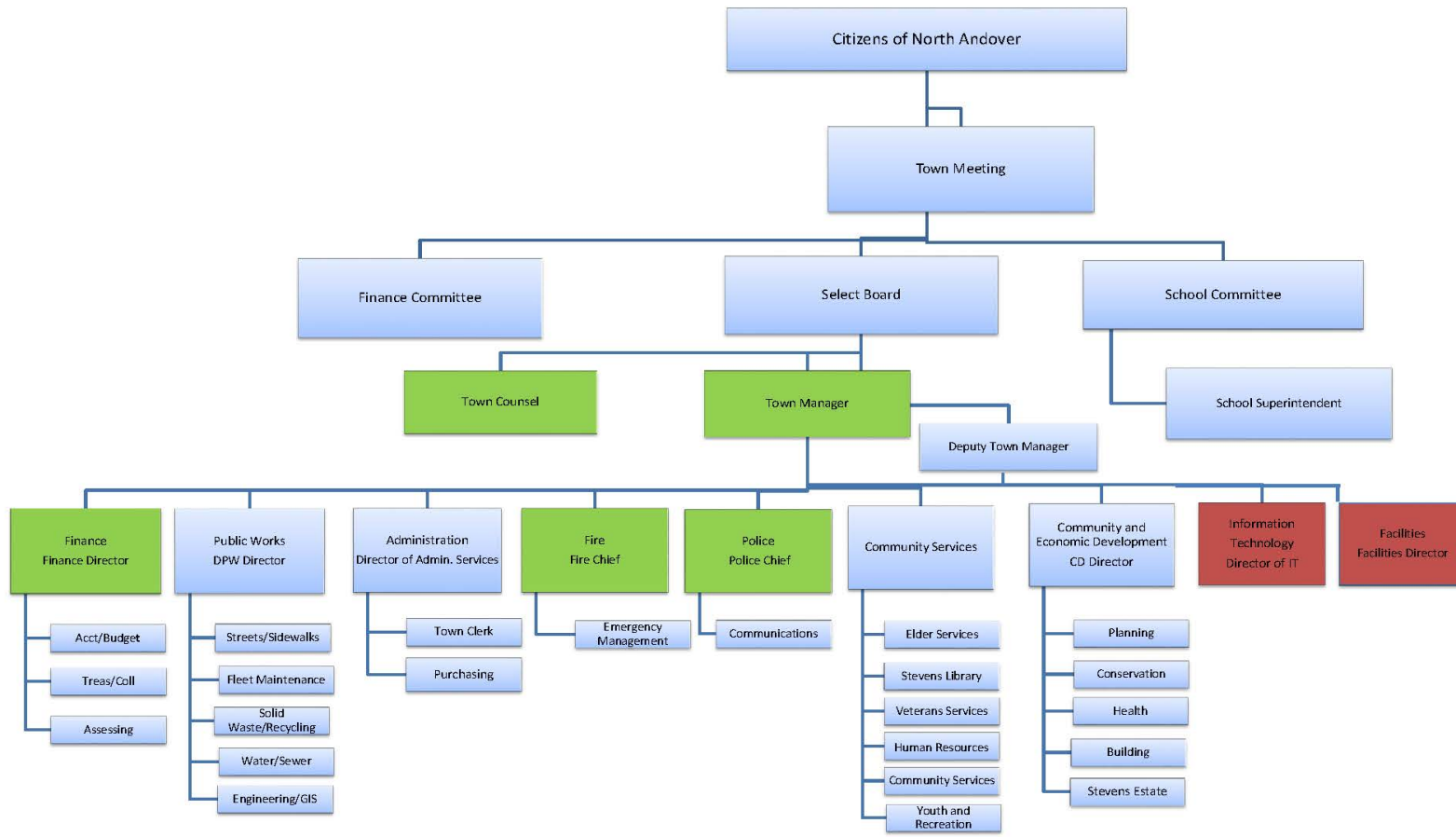


Melissa M. Rodrigues  
Town Manager



Lyne M. Savage  
Finance Director/Town Accountant

TOWN OF NORTH ANDOVER  
ORGANIZATIONAL CHART



Boxes in Red indicate joint Town/School departments.  
Boxes in Green represent Department Head Appointed by Selectmen

# Principal Town Officials as of June 30, 2023

## Elected Officials

Select Board

Laura Bates, Chairman  
Rosemary Connelly Smedile, Clerk  
Chris Nobile, Licensing, Chair  
Janice Phillips  
Richard M. Vaillancourt

Town Moderator

Mark DiSalvo

School Committee

Andrew McDevitt, Chair  
Amy Mabley, Vice-Chair  
Pamela Pietrowski, Clerk  
Helen Pickard, Member  
Holly Vietzke-Lynch, Member

## Appointed Officials – by School Committee

Superintendent

Gregg T. Gilligan

## Appointed Officials – by Select Board

Town Manager  
Town Accountant  
Fire Chief  
Police Chief  
Town Counsel

Melissa Murphy-Rodrigues  
Lyne M Savage  
John Weir  
Charles Gray  
Christin O'Connor

## Appointed Officials – by Town Manager

Deputy Town Manager  
Community Development Director  
Conservation Administrator  
Director of Elder Services  
Finance Director  
Facilities Director  
Human Resources  
Inspector of Building  
Library Director  
Public Works Director  
Public Health Director  
Town Clerk  
Town Treasurer  
Town Planner  
Veterans Director  
Youth Services Director

Denise Casey  
Andrew Shapiro  
Amy Maxner  
Kathy Shelp  
Lyne M Savage  
Steve Foster  
Kerry Meisinger  
Paul Hutchins  
Kathleen Keenan  
James Stanford  
Brian Lagrasse  
Dawne Warren  
Kimberly Mackie  
Jean Enright  
Joseph LeBlanc  
Richard Gorman



Government Finance Officers Association

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**Town of North Andover  
Massachusetts**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2022

*Christopher P. Morill*

Executive Director/CEO



GOVERNMENT FINANCE OFFICERS ASSOCIATION

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Budget Presentation  
Award*

PRESENTED TO

**Town of North Andover  
Massachusetts**

For the Fiscal Year Beginning

**July 01, 2022**

*Christopher P. Morill*

Executive Director



# Financial Section



The Library's Reading Room on the top floor overlooks Patriots Memorial Park. New study tables, comfortable for one or which can be put together for a larger group; new chairs; and power-charging towers arrived in 2023. Audiobooks, DVDs, magazines and newspapers are spaced around the Room.

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# ***Financial Section***

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## **Independent Auditor's Report**

To the Honorable Select Board  
Town of North Andover, Massachusetts

### **Report on the Audit of the Financial Statements**

#### **Opinions**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of North Andover, Massachusetts (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 governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinions**

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

#### **Responsibilities of Management for the Financial Statements**

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

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

## **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

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

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

## **Required Supplementary Information**

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

## **Supplementary Information**

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

## **Other Information**

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

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

## **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2023, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.



November 30, 2023

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



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

As management of the Town of North Andover, we offer readers of these financial statements this narrative overview and analysis of the financial activities for the year ended June 30, 2023. We encourage readers to consider the information presented in this report. All amounts, unless otherwise indicated, are expressed in whole dollars.

The Governmental Accounting Standards Board (GASB) is the authoritative standard setting body that provides guidance on how to prepare financial statements in conformity with generally accepted accounting principles (GAAP) for states and local governmental entities. Users of these financial statements (such as investors, rating agencies and management) rely on the GASB to establish consistent reporting standards for all governments in the United States. This consistent application is the only way users (including citizens, the media, legislators and others) can assess the financial condition of one government compared to others.

### **Financial Overview**

- At the close of the current year, the Town's general fund reported an ending fund balance of \$32.5 million, an increase of \$1.5 million in comparison with the prior year. Total fund balance represents 27% of general fund expenditures.
- The Town's governmental debt (short-term and long-term combined) decreased by \$3.9 million during the current year. This was due to scheduled principal payments and amortization of premiums.
- The Town's business-type debt (short-term and long-term combined) decreased by \$792,000 during the current year, which was due to scheduled principal payments.
- The Town made additional contributions, in excess of the pay-as-you-go required contribution, to the OPEB trust fund in 2023 totaling \$165,000. The OPEB trust fund totaled \$5.9 million at year-end, an increase of \$492,000, which was the result of the contributions and net investment income.
- The Town reported liabilities related to net pension and net other postemployment benefits. These liabilities totaled \$72.5 million and \$119.8 million at June 30, 2023, respectively.
- The Town expended approximately \$2.8 million in paving restoration efforts as a result of the Columbia Gas Disaster. These costs were funded from revenues received from the settlement agreement with Columbia Gas (See Note 15) and were capitalized in the government-wide financial statements.

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

This discussion and analysis are intended to serve as an introduction to the Town of North Andover's basic financial statements. These basic financial statements comprise of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

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

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

The *statement of activities* presents information showing how the government's net position changed during the most recent 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 periods (e.g., uncollected taxes and earned but unused vacation leave).

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

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. All of the funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as governmental activities in the governmental-wide financial statements. However, unlike the government-wide financial statements, governmental fund statements focus on near-term inflows of spendable resources, as well as on balances of spendable resources available at the end of the year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Town of North Andover adopts an annual appropriated budget for its general fund. A budget to actual schedule has been provided for the general fund to demonstrate compliance with this budget.

**Proprietary funds.** The Town maintains two types of proprietary funds.

*Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Town uses enterprise funds to account for its water and sewer operations, both of which are considered to be major funds. The Town of North Andover adopts annual appropriated budgets for each enterprise fund.

The *Internal Service fund* is used to account for the financing of services provided by one department to other departments or governmental units. This fund is used to account for risk-financing activities related to active employees' and retirees' health insurance; however, in 2013 the Town joined the Commonwealth of Massachusetts' group insurance plan which is a premium based health insurance plan. Since that time, the internal service fund has accounted for residual health insurance claims and assisted in the funding of the OPEB Trust.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial 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.

The other postemployment benefits trust fund is used to account for assets accumulated to provide funding for future other postemployment benefits liabilities. The Private-purpose trust fund is used to report resources held in trust for the benefit of private individuals or organizations.

**Notes to the basic 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.

### ***Government-wide Financial Analysis***

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. North Andover's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$79.2 million at the close of 2023.

Net position includes \$185.7 million as the net investment in capital assets (e.g., land, buildings and building improvements, machinery and equipment and infrastructure); less any related debt used to acquire those assets that are still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in its capital assets is reported net of its related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the net position, \$34.9 million, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position has a year-end deficit balance of \$141.4 million. The primary reason for the deficit balance is the recognition of the \$119.8 million net OPEB liability and the \$72.5 million net pension liability.

At the end of the current year, the Town is able to report positive balances in two of the three categories of net position, for the Town as a whole and for its governmental activities. Its business-type activities report a positive balance in the net investment in capital assets and in unrestricted net position.

The governmental activity and business-type activity components of the Town are presented on the following pages.

**Governmental Activities.** The Town of North Andover’s assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources for governmental activities by \$15.6 million at the close of 2023.

	2023	2022
<b>Assets:</b>		
Current assets.....	\$ 99,683,774	\$ 95,141,498
Capital assets, nondepreciable.....	41,352,320	34,557,710
Capital assets, net of accumulated depreciation.....	120,603,381	121,633,075
<b>Total assets.....</b>	<b>261,639,475</b>	<b>251,332,283</b>
<b>Deferred outflows of resources:</b>		
Deferred outflows for refunding debt.....	20,436	27,693
Deferred outflows related to pensions.....	11,621,644	5,899,256
Deferred outflows related to other postemployment benefits.....	21,572,543	22,461,735
<b>Total deferred outflows of resources.....</b>	<b>33,214,623</b>	<b>28,388,684</b>
<b>Liabilities:</b>		
Current liabilities (excluding debt).....	20,955,311	17,811,805
Noncurrent liabilities (excluding debt).....	186,798,204	160,112,048
Current debt.....	3,590,058	3,893,454
Noncurrent debt.....	22,889,724	26,479,782
<b>Total liabilities.....</b>	<b>234,233,297</b>	<b>208,297,089</b>
<b>Deferred inflows of resources:</b>		
Taxes paid in advance.....	1,091,567	833,016
Deferred inflows related to pensions.....	1,948,811	13,783,913
Deferred inflows related to other postemployment benefits.....	42,025,815	46,866,210
<b>Total deferred inflows of resources.....</b>	<b>45,066,193</b>	<b>61,483,139</b>
<b>Net position:</b>		
Net investment in capital assets.....	135,930,374	127,941,125
Restricted.....	34,867,613	42,520,179
Unrestricted.....	(155,243,379)	(160,520,565)
<b>Total net position.....</b>	<b>\$ 15,554,608</b>	<b>\$ 9,940,739</b>

The governmental net position increased by \$5.6 million during the current year. The increase was primarily due to increases of \$8.3 million in the general fund (excluding interfund transfers), \$2.7 million in the community preservation fund, and \$1.2 million in the nonmajor funds, as well as the recognition of \$2.1 million of capital grants and contributions. These increases were offset by a \$3.9 million decrease from the change in the net OPEB liability and the related deferred outflows/inflows of resources, a \$1.2 million decrease from the change in the net pension liability and the related deferred outflows/inflows of resources and a \$3.0 million decrease from the excess of depreciation expense over debt principal payments.

The governmental expenses totaled \$144.8 million, of which \$44.5 million (31%) was directly supported by program revenues consisting of charges for services, operating and capital grants and contributions. General revenues totaled \$105.9 million, primarily coming from property taxes, motor vehicle excise taxes and non-restricted state aid.

	2023	2022
<b>Program Revenues:</b>		
Charges for services.....	\$ 9,266,507	\$ 10,666,078
Operating grants and contributions.....	33,095,045	29,324,983
Capital grants and contributions.....	2,128,322	2,740,169
<b>General Revenues:</b>		
Real estate and personal property taxes, net of tax refunds payable.....	89,188,082	83,073,430
Tax and other liens.....	457,002	108,109
Motor vehicle and other excise taxes.....	6,013,544	5,299,358
Community preservation tax.....	2,298,458	1,955,299
Penalties and interest on taxes.....	536,290	593,584
Payments in lieu of taxes.....	2,259,842	2,223,941
Grants and contributions not restricted to specific programs.....	3,139,680	2,651,942
Unrestricted investment income.....	2,031,137	163,265
<b>Total revenues.....</b>	<b>150,413,909</b>	<b>138,800,158</b>
<b>Expenses:</b>		
General government.....	5,532,955	4,996,860
Public safety.....	20,482,630	18,434,241
Education.....	101,146,052	97,132,725
Public works.....	8,723,180	8,804,087
Health and human services.....	2,836,891	2,486,754
Culture and recreation.....	2,435,772	2,343,660
Support services.....	2,955,507	2,343,777
Interest.....	687,053	802,298
<b>Total expenses.....</b>	<b>144,800,040</b>	<b>137,344,402</b>
<b>Change in net position.....</b>	<b>5,613,869</b>	<b>1,455,756</b>
<b>Net position, beginning of year.....</b>	<b>9,940,739</b>	<b>8,484,983</b>
<b>Net position, end of year.....</b>	<b>\$ 15,554,608</b>	<b>\$ 9,940,739</b>

Governmental activities recognized a \$3.8 million increase in operating grants and contributions and a \$1.4 million decrease in charges for services. The increase in operating grants and contributions is primarily due to a \$1.5 million increase in the Commonwealth of Massachusetts on behalf payments to the Massachusetts Teachers' Retirement System and a \$1.4 million increase in receipts from the state's Chapter 70 program. The Town also recognized \$2.4 million in COVID funding through the elementary and secondary school emergency relief program (ESSER), an increase of \$686,000 compared to the prior year. The decrease in charges for services is primarily due to inspection fees received in 2022 related to the construction of the new Amazon facility.

Governmental activities recognized a \$4.0 million increase in education expense and a \$2.0 million increase in public safety expense. The increase in education expense is primarily due to a \$1.5 million increase in nonemployer contributions made to the Massachusetts Teachers' Retirement System on behalf of the Town by the Commonwealth of Massachusetts, \$647,000 related to the school lunch program, \$500,000 related to the ESSER program, \$636,000 related to the student activity programs and various increases in other education grants. The increase in public safety expense is primarily due to an increase of \$703,000 related to the operating budget, and an increase of \$514,000 due to the change in the net pension liability and related deferred inflows/outflows of resources.

**Business-type Activities.** The Town of North Andover’s assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources for business-type activities by \$63.6 million at the close of 2023.

	2023	2022
<b>Assets:</b>		
Current assets.....	\$ 20,437,793	\$ 22,353,320
Capital assets, nondepreciable.....	13,170,345	6,894,506
Capital assets, net of accumulated depreciation.....	40,934,181	42,697,432
<b>Total assets.....</b>	<b>74,542,319</b>	<b>71,945,258</b>
<b>Deferred outflows of resources:</b>		
Deferred outflows related to pensions.....	610,148	304,393
Deferred outflows related to other postemployment benefits.....	505,495	731,315
<b>Total deferred outflows of resources.....</b>	<b>1,115,643</b>	<b>1,035,708</b>
<b>Liabilities:</b>		
Current liabilities (excluding debt).....	731,162	1,561,271
Noncurrent liabilities (excluding debt).....	6,426,090	6,203,398
Current debt.....	787,942	791,890
Noncurrent debt.....	3,016,095	3,804,037
<b>Total liabilities.....</b>	<b>10,961,289</b>	<b>12,360,596</b>
<b>Deferred inflows of resources:</b>		
Deferred inflows related to pensions.....	102,315	711,230
Deferred inflows related to other postemployment benefits.....	984,762	1,525,882
<b>Total deferred inflows of resources.....</b>	<b>1,087,077</b>	<b>2,237,112</b>
<b>Net position:</b>		
Net investment in capital assets.....	49,802,587	43,733,203
Unrestricted.....	13,807,009	14,650,055
<b>Total net position.....</b>	<b>\$ 63,609,596</b>	<b>\$ 58,383,258</b>

Business-type net position of \$49.8 million represents the net investment in capital assets and unrestricted net position is \$13.8 million. The Town’s business-type activities net position increased by \$5.2 million in the current year.

The water enterprise fund net position increased by \$1.4 million which is primarily due to positive operating results. Actual revenues exceeded budgeted revenues by \$1.2 million and actual expenses were less than appropriations by \$316,000.

The sewer enterprise fund net position increased by \$3.8 million. The increase is primarily due to \$2.0 million of capital contributions related to the Amazon facility sewer lines, an \$856,000 increase from the change in the net OPEB liability and related deferred outflows/inflows of resources and positive operating results. The positive budgetary results related to actual revenues exceeding budgeted revenues by \$191,000 and appropriations exceeding actual expenses by \$1.3 million, which was mainly due to the sewer assessment.

	2023		2022
<b>Program Revenues:</b>			
Charges for services.....	\$ 10,977,824	\$	10,444,806
Capital grants and contributions.....	2,041,954		230,000
<b>General Revenues:</b>			
Unrestricted investment income.....	268,813		10,710
<b>Total revenues.....</b>	<b>13,288,591</b>		<b>10,685,516</b>
<b>Expenses:</b>			
Water.....	4,747,473		4,930,238
Sewer.....	3,314,780		3,968,637
<b>Total expenses.....</b>	<b>8,062,253</b>		<b>8,898,875</b>
<b>Change in net position.....</b>	<b>5,226,338</b>		<b>1,786,641</b>
<b>Net position, beginning of year.....</b>	<b>58,383,258</b>		<b>56,596,617</b>
<b>Net position, end of year.....</b>	<b>\$ 63,609,596</b>	\$	<b>58,383,258</b>

### ***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 of North Andover’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 of North Andover’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 year.

As of the end of the current year, governmental funds reported combined ending fund balances of \$70.1 million, of which \$32.5 million is for the general fund, \$16.1 million is for the community preservation fund, \$6.7 million is for the municipal capital projects fund, \$4.5 million is for the gas disaster paving restoration fund, and \$10.2 million is for nonmajor governmental funds. Cumulatively there was an increase of \$370,000 in fund balances from the prior year.

The general fund is the chief operating fund. At the end of the current year, unassigned fund balance of the general fund totaled \$24.2 million, while total fund balance was \$32.5 million. \$142,000 of fund balance was restricted for debt service while \$8.1 million was assigned for subsequent years’ expenditures and encumbrances. Total fund balance represents 27% of general fund expenditures.

The general fund experienced an increase of \$1.5 million which was primarily due to an increase of \$3.7 million in the stabilization funds, which are reported as a component of the general fund for GAAP. The increase was offset by a \$1.7 million increase in the liability for appellate tax board cases and a \$418,000 decrease from budgetary operating results. The decrease in budgetary operating results was due to revenues exceeding the budget by \$3.4 million, appropriations exceeding actual expenditures by \$2.3 million and a \$615,000 increase in carryforwards. These surpluses were offset by the use of \$6.7 million of reserves to fund appropriations.

The community preservation fund increased by \$2.7 million, which is due to expected timing differences between the receipt and expenditure of surcharge and state grant revenues.

The highway chapter 90 fund recognized revenues and expenditures totaling \$213,000 and accordingly did not reflect a net change in fund balance at year-end.

The performance bond and escrow deposit fund reported \$3.7 million of cash and cash equivalents and corresponding liabilities. The fund accounts for deposits held by the Town and accordingly did not reflect a net change in fund balance at year-end.

The American Rescue Plan Act (ARPA) fund recognized revenues and expenditures totaling \$687,000 and accordingly did not reflect a net change in fund balance at year-end.

The municipal capital projects fund decreased by \$2.2 million, which is due to expected timing differences between the receipt and expenditure of bond proceeds and other financing sources.

In 2019, in accordance with a Final Settlement and Release of all Claims Agreement (Settlement Agreement) with Bay State Gas Company d/b/a Columbia Gas of Massachusetts (Columbia) following a gas explosion (See Note 15 for additional information), the Town received \$11,287,500, which was reported in the Gas Disaster Paving Restoration Fund. The gas disaster paving restoration fund incurred \$2.8 million of expenditures during 2023 and ending fund balance totaled \$4.5 million.

The nonmajor governmental funds increased by \$1.2 million, which is due to timing differences between the receipt and expenditure of state and federal grant funds and other special revenues.

### ***General Fund Budgetary Highlights***

The original 2023 approved budget for the General Fund authorized \$124.5 million in appropriations and other amounts to be raised. This includes \$485,000 of encumbrances and continuing appropriations carried forward from the prior year. Additionally, Town Meeting authorized supplemental appropriations of \$208,000 during the year.

The Town experienced operating surpluses for both revenues and expenditures. Revenues were higher than anticipated by \$3.4 million, with the largest surpluses relating to departmental receipts and investment income. Expenditures were under budget by \$2.3 million, with the largest surplus relating to non-departmental reserves.

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

**Capital Assets.** In conjunction with the annual operating budget, the Town annually prepares a capital budget for the upcoming year and a five-year Capital Improvement Plan (CIP) that is used as a guide for future capital expenditures.

The Town's investment in capital assets for its governmental and business-type activities as of June 30, 2023, amounts to \$216.1 million (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, land improvements, buildings, building improvements, machinery and equipment, library books, vehicles, pump stations, and other infrastructure. The Town invested \$18.9 million for capital asset additions in 2023.

The most significant governmental capital events relate to street paving and construction of the new Senior Center. The most significant business-type capital events relate to the purchase of a 7.8 acre parcel of land on Lake Cochichewick to protect the Town's water supply and ongoing water and sewer infrastructure improvements.



**Debt Administration.** Outstanding long-term governmental debt totaled \$26.5 million, a decrease of \$3.9 million from the prior year. This was due to principal payments and amortization of premiums.

There was no outstanding governmental or business-type short-term debt at year-end.

Outstanding long-term debt of the water enterprise fund totaled \$2.6 million, a decrease of \$498,000 from the prior year, which was due to scheduled principal payments.

Outstanding long-term debt of the sewer enterprise fund totaled \$1.2 million, a decrease of \$294,000 from the prior year, which was due to scheduled principal payments.

Please refer to notes 4, 6 and 7 to the basic financial statements for further discussion of the major capital and debt activity.

### ***Requests for Information***

This financial report is designed to provide a general overview of the Town of North Andover's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, Town Hall, 120 Main Street, North Andover, Massachusetts 01845.

# ***Basic Financial Statements***

**STATEMENT OF NET POSITION**

JUNE 30, 2023

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
<b>CURRENT:</b>			
Cash and cash equivalents.....	\$ 85,803,241	\$ 17,411,664	\$ 103,214,905
Investments.....	4,693,880	58,158	4,752,038
Receivables, net of allowance for uncollectibles:			
Real estate and personal property taxes.....	1,500,552	-	1,500,552
Tax and utility liens.....	1,471,404	143,745	1,615,149
Motor vehicle and other excise taxes.....	656,977	-	656,977
User charges.....	-	2,824,226	2,824,226
Community preservation fund surtax.....	28,938	-	28,938
Departmental and other.....	1,116,900	-	1,116,900
Intergovernmental.....	3,363,854	-	3,363,854
Community preservation state share.....	393,000	-	393,000
Tax foreclosures.....	655,028	-	655,028
Total current assets.....	99,683,774	20,437,793	120,121,567
<b>NONCURRENT:</b>			
Capital assets, nondepreciable.....	41,352,320	13,170,345	54,522,665
Capital assets, net of accumulated depreciation.....	120,603,381	40,934,181	161,537,562
Total noncurrent assets.....	161,955,701	54,104,526	216,060,227
<b>TOTAL ASSETS.....</b>	<b>261,639,475</b>	<b>74,542,319</b>	<b>336,181,794</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows for refunding debt.....	20,436	-	20,436
Deferred outflows related to pensions.....	11,621,644	610,148	12,231,792
Deferred outflows related to other postemployment benefits.....	21,572,543	505,495	22,078,038
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES.....</b>	<b>33,214,623</b>	<b>1,115,643</b>	<b>34,330,266</b>
<b>LIABILITIES</b>			
<b>CURRENT:</b>			
Warrants payable.....	1,571,668	643,208	2,214,876
Accrued payroll.....	3,685,687	-	3,685,687
Tax refunds payable.....	1,971,000	-	1,971,000
Accrued interest.....	139,707	22,954	162,661
Other liabilities.....	3,728,430	-	3,728,430
Unearned revenue.....	8,747,819	-	8,747,819
Compensated absences.....	1,111,000	65,000	1,176,000
Bonds payable.....	3,590,058	787,942	4,378,000
Total current liabilities.....	24,545,369	1,519,104	26,064,473
<b>NONCURRENT:</b>			
Compensated absences.....	838,000	66,000	904,000
Net other postemployment benefits liability.....	117,067,853	2,743,171	119,811,024
Net pension liability.....	68,892,351	3,616,919	72,509,270
Bonds payable.....	22,889,724	3,016,095	25,905,819
Total noncurrent liabilities.....	209,687,928	9,442,185	219,130,113
<b>TOTAL LIABILITIES.....</b>	<b>234,233,297</b>	<b>10,961,289</b>	<b>245,194,586</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Taxes paid in advance.....	1,091,567	-	1,091,567
Deferred inflows related to pensions.....	1,948,811	102,315	2,051,126
Deferred inflows related to other postemployment benefits.....	42,025,815	984,762	43,010,577
<b>TOTAL DEFERRED INFLOWS OF RESOURCES.....</b>	<b>45,066,193</b>	<b>1,087,077</b>	<b>46,153,270</b>
<b>NET POSITION</b>			
Net investment in capital assets.....	135,930,374	49,802,587	185,732,961
Restricted for:			
Debt service.....	141,989	-	141,989
Community preservation.....	16,552,634	-	16,552,634
Highway chapter 90.....	3,312,077	-	3,312,077
Gas disaster paving restoration.....	4,528,463	-	4,528,463
Other restricted nonmajor funds.....	10,332,450	-	10,332,450
Unrestricted.....	(155,243,379)	13,807,009	(141,436,370)
<b>TOTAL NET POSITION.....</b>	<b>\$ 15,554,608</b>	<b>\$ 63,609,596</b>	<b>\$ 79,164,204</b>

See notes to basic financial statements.

**STATEMENT OF ACTIVITIES**

YEAR ENDED JUNE 30, 2023

<u>Functions/Programs</u>	Program Revenues				<u>Net (Expense) Revenue</u>
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
<b>Primary Government:</b>					
<i>Governmental Activities:</i>					
General government.....	\$ 5,532,955	\$ 675,751	\$ 1,298,478	\$ 359,998	\$ (3,198,728)
Public safety.....	20,482,630	4,474,054	81,265	-	(15,927,311)
Education.....	101,146,052	3,789,868	30,301,252	-	(67,054,932)
Public works.....	8,723,180	149,618	83,278	1,180,914	(7,309,370)
Health and human services.....	2,836,891	137,808	1,135,510	-	(1,563,573)
Culture and recreation.....	2,435,772	37,381	179,701	587,410	(1,631,280)
Support services.....	2,955,507	2,027	15,561	-	(2,937,919)
Interest.....	687,053	-	-	-	(687,053)
<b>Total Governmental Activities.....</b>	<b>144,800,040</b>	<b>9,266,507</b>	<b>33,095,045</b>	<b>2,128,322</b>	<b>(100,310,166)</b>
<i>Business-Type Activities:</i>					
Water.....	4,747,473	6,005,830	-	-	1,258,357
Sewer.....	3,314,780	4,971,994	-	2,041,954	3,699,168
<b>Total Business-Type Activities.....</b>	<b>8,062,253</b>	<b>10,977,824</b>	<b>-</b>	<b>2,041,954</b>	<b>4,957,525</b>
<b>Total Primary Government.....</b>	<b>\$ 152,862,293</b>	<b>\$ 20,244,331</b>	<b>\$ 33,095,045</b>	<b>\$ 4,170,276</b>	<b>\$ (95,352,641)</b>

See notes to basic financial statements.

(Continued)

**STATEMENT OF ACTIVITIES (continued)**

YEAR ENDED JUNE 30, 2023

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>Changes in net position:</b>			
Net (expense) revenue from previous page.....	\$ <b>(100,310,166)</b>	\$ <b>4,957,525</b>	\$ <b>(95,352,641)</b>
<i>General revenues:</i>			
Real estate and personal property taxes, net of tax refunds payable.....	89,188,082	-	89,188,082
Tax and other liens.....	457,002	-	457,002
Motor vehicle and other excise taxes.....	6,013,544	-	6,013,544
Community preservation taxes.....	2,298,458	-	2,298,458
Penalties and interest on taxes.....	536,290	-	536,290
Payments in lieu of taxes.....	2,259,842	-	2,259,842
Grants and contributions not restricted to specific programs.....	3,139,680	-	3,139,680
Unrestricted investment income.....	2,031,137	268,813	2,299,950
Total general revenues.....	<u>105,924,035</u>	<u>268,813</u>	<u>106,192,848</u>
Change in net position.....	5,613,869	5,226,338	10,840,207
<i>Net position:</i>			
Beginning of year.....	<u>9,940,739</u>	<u>58,383,258</u>	<u>68,323,997</u>
End of year.....	\$ <u><u>15,554,608</u></u>	\$ <u><u>63,609,596</u></u>	\$ <u><u>79,164,204</u></u>

See notes to basic financial statements.

(Concluded)

**GOVERNMENTAL FUNDS  
BALANCE SHEET**

JUNE 30, 2023

	General	Community Preservation	Highway Chapter 90	Performance Bond and Escrow Deposit Fund	American Rescue Plan Act (ARPA)
<b>ASSETS</b>					
Cash and cash equivalents.....	\$ 35,477,021	\$ 16,184,943	\$ 480	\$ 3,683,984	\$ 8,763,819
Investments.....	3,759,046	-	-	-	-
Receivables, net of uncollectibles:					
Real estate and personal property taxes.....	1,500,552	-	-	-	-
Tax liens.....	1,471,404	-	-	-	-
Community preservation fund surtax.....	-	28,938	-	-	-
Motor vehicle and other excise taxes.....	656,977	-	-	-	-
Departmental and other.....	1,027,210	-	-	-	-
Intergovernmental.....	-	-	3,320,297	-	-
Community preservation state share.....	-	393,000	-	-	-
Tax foreclosures.....	655,028	-	-	-	-
Due from other funds.....	41,643	-	-	-	-
<b>TOTAL ASSETS.....</b>	<b>\$ 44,588,881</b>	<b>\$ 16,606,881</b>	<b>\$ 3,320,777</b>	<b>\$ 3,683,984</b>	<b>\$ 8,763,819</b>
<b>LIABILITIES</b>					
Warrants payable.....	\$ 412,994	\$ 28,478	\$ 8,700	\$ -	\$ 16,000
Accrued payroll.....	3,685,687	-	-	-	-
Tax refunds payable.....	1,971,000	-	-	-	-
Due to other funds.....	-	-	-	-	-
Other liabilities.....	5,980	-	-	3,683,984	-
Unearned revenue.....	-	-	-	-	8,747,819
<b>TOTAL LIABILITIES.....</b>	<b>6,075,661</b>	<b>28,478</b>	<b>8,700</b>	<b>3,683,984</b>	<b>8,763,819</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Taxes paid in advance.....	1,065,798	25,769	-	-	-
Unavailable revenue.....	4,952,835	421,939	3,312,077	-	-
<b>TOTAL DEFERRED INFLOWS OF RESOURCES.....</b>	<b>6,018,633</b>	<b>447,708</b>	<b>3,312,077</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES</b>					
Restricted.....	141,989	16,130,695	-	-	-
Assigned.....	8,121,461	-	-	-	-
Unassigned.....	24,231,137	-	-	-	-
<b>TOTAL FUND BALANCES.....</b>	<b>32,494,587</b>	<b>16,130,695</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES.....</b>	<b>\$ 44,588,881</b>	<b>\$ 16,606,881</b>	<b>\$ 3,320,777</b>	<b>\$ 3,683,984</b>	<b>\$ 8,763,819</b>

See notes to basic financial statements.

Municipal Capital Projects	Gas Disaster Paving Restoration	Nonmajor Governmental Funds	Total Governmental Funds
\$ 7,153,158	\$ 4,851,351	\$ 9,688,485	\$ 85,803,241
-	-	934,834	4,693,880
-	-	-	1,500,552
-	-	-	1,471,404
-	-	-	28,938
-	-	-	656,977
-	-	89,690	1,116,900
-	-	43,557	3,363,854
-	-	-	393,000
-	-	-	655,028
-	-	-	41,643
<u>\$ 7,153,158</u>	<u>\$ 4,851,351</u>	<u>\$ 10,756,566</u>	<u>\$ 99,725,417</u>
\$ 438,601	\$ 322,888	\$ 344,007	\$ 1,571,668
-	-	-	3,685,687
-	-	-	1,971,000
-	-	41,643	41,643
-	-	38,466	3,728,430
-	-	-	8,747,819
<u>438,601</u>	<u>322,888</u>	<u>424,116</u>	<u>19,746,247</u>
-	-	-	1,091,567
-	-	89,690	8,776,541
-	-	89,690	9,868,108
6,714,557	4,528,463	10,242,760	37,758,464
-	-	-	8,121,461
-	-	-	24,231,137
<u>6,714,557</u>	<u>4,528,463</u>	<u>10,242,760</u>	<u>70,111,062</u>
<u>\$ 7,153,158</u>	<u>\$ 4,851,351</u>	<u>\$ 10,756,566</u>	<u>\$ 99,725,417</u>

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

JUNE 30, 2023

Total governmental fund balances.....		\$ 70,111,062
Capital assets (net) used in governmental activities are not financial resources and, therefore, are not reported in the funds.....		161,955,701
Accounts receivable are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.....		8,776,541
The statement of net position includes certain deferred inflows of resources and deferred outflows of resources that will be amortized over future periods. In governmental funds, these amounts are not deferred.....		(10,760,003)
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.....		(139,707)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds:		
Bonds payable.....	(26,479,782)	
Net pension liability.....	(68,892,351)	
Net other postemployment benefits liability.....	(117,067,853)	
Compensated absences.....	<u>(1,949,000)</u>	
Net effect of reporting long-term liabilities.....		<u>(214,388,986)</u>
Net position of governmental activities.....		<u>\$ 15,554,608</u>

See notes to basic financial statements.

**GOVERNMENTAL FUNDS**  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2023

	General	Community Preservation	Highway Chapter 90	American Rescue Plan Act (ARPA)	Municipal Capital Projects
<b>REVENUES:</b>					
Real estate and personal property taxes, net of tax refunds.....	\$ 89,393,305	\$ -	\$ -	\$ -	\$ -
Tax liens.....	226,670	-	-	-	-
Motor vehicle and other excise taxes.....	5,808,791	-	-	-	-
Charges for services.....	1,555,811	-	-	-	-
Penalties and interest on taxes.....	536,290	-	-	-	-
Fees and rentals.....	-	-	-	-	-
Payments in lieu of taxes.....	2,054,842	-	-	-	-
Licenses and permits.....	319,572	-	-	-	-
Fines and forfeitures.....	40,083	-	-	-	-
Intergovernmental - state aid.....	13,897,180	-	-	-	-
Intergovernmental - teachers retirement.....	9,783,170	-	-	-	-
Intergovernmental.....	-	-	213,180	-	-
Intergovernmental - COVID-19 relief.....	-	-	-	686,709	-
Departmental and other.....	2,374,689	-	-	-	-
Community preservation taxes.....	-	2,304,381	-	-	-
Community preservation state match.....	-	854,410	-	-	-
Contributions and donations.....	-	-	-	-	-
Investment income.....	1,497,122	390,663	-	-	-
<b>TOTAL REVENUES.....</b>	<b>127,487,525</b>	<b>3,549,454</b>	<b>213,180</b>	<b>686,709</b>	<b>-</b>
<b>EXPENDITURES:</b>					
Current:					
General government.....	2,323,845	-	-	643,704	1,678,559
Public safety.....	12,677,970	-	-	-	621,927
Education.....	58,391,400	-	-	7,425	-
Public works.....	5,678,286	-	213,180	-	648,131
Health and human services.....	1,434,851	-	-	35,580	4,753,036
Culture and recreation.....	1,184,344	814,914	-	-	14,234
Support services.....	2,257,420	-	-	-	-
Pension benefits.....	6,761,052	-	-	-	-
Pension benefits - teachers retirement.....	9,783,170	-	-	-	-
Property and liability insurance.....	451,590	-	-	-	-
Employee benefits.....	12,885,794	-	-	-	-
State and county charges.....	757,171	-	-	-	-
Debt service:					
Principal.....	3,719,219	-	-	-	-
Interest.....	877,766	-	-	-	-
<b>TOTAL EXPENDITURES.....</b>	<b>119,183,878</b>	<b>814,914</b>	<b>213,180</b>	<b>686,709</b>	<b>7,715,887</b>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	8,303,647	2,734,540	-	-	(7,715,887)
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in.....	158,055	-	-	-	5,469,743
Transfers out.....	(6,929,743)	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES).....</b>	<b>(6,771,688)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,469,743</b>
<b>EXTRAORDINARY ITEMS:</b>					
Gas disaster expenditures.....	-	-	-	-	-
<b>NET CHANGE IN FUND BALANCES.....</b>	<b>1,531,959</b>	<b>2,734,540</b>	<b>-</b>	<b>-</b>	<b>(2,246,144)</b>
<b>FUND BALANCES AT BEGINNING OF YEAR.....</b>	<b>30,962,628</b>	<b>13,396,155</b>	<b>-</b>	<b>-</b>	<b>8,960,701</b>
<b>FUND BALANCES AT END OF YEAR.....</b>	<b>\$ 32,494,587</b>	<b>\$ 16,130,695</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 6,714,557</b>

See notes to basic financial statements.

Gas Disaster Paving Restoration	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 89,393,305
-	-	226,670
-	-	5,808,791
-	5,082,446	6,638,257
-	-	536,290
-	65,929	65,929
-	205,000	2,259,842
-	118,974	438,546
-	-	40,083
-	-	13,897,180
-	-	9,783,170
-	8,577,621	8,790,801
-	2,440,577	3,127,286
-	248,387	2,623,076
-	-	2,304,381
-	-	854,410
-	949,165	949,165
-	145,568	2,033,353
-	17,833,667	149,770,535
-	450,495	5,096,603
-	1,610,669	14,910,566
-	14,190,546	72,589,371
-	582,550	7,122,147
-	785,037	7,008,504
-	100,959	2,114,451
-	254,255	2,511,675
-	-	6,761,052
-	-	9,783,170
-	-	451,590
-	-	12,885,794
-	-	757,171
-	-	3,719,219
-	-	877,766
-	17,974,511	146,589,079
-	(140,844)	3,181,456
-	1,460,000	7,087,798
-	(158,055)	(7,087,798)
-	1,301,945	-
(2,811,886)	-	(2,811,886)
(2,811,886)	1,161,101	369,570
7,340,349	9,081,659	69,741,492
\$ 4,528,463	\$ 10,242,760	\$ 70,111,062

**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

Net change in fund balances - total governmental funds.....	\$	369,570
<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.</p>		
Capital outlay.....		12,501,220
Depreciation expense.....		<u>(6,736,304)</u>
Net effect of reporting capital assets.....		5,764,916
<p>Revenues in the Statement of Activities that do not provide current financial resources are unavailable in the Statement of Revenues, Expenditures and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable differ between the two statements. This amount represents the net change in unavailable revenue.....</p>		
		645,590
<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 transaction has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are unavailable and amortized in the Statement of Activities.</p>		
Net amortization of premium from issuance of bonds.....		174,235
Net change in deferred charge on refunding.....		(7,257)
Debt service principal payments.....		<u>3,719,219</u>
Net effect of reporting long-term debt.....		3,886,197
<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>		
Net change in compensated absences accrual.....		29,000
Net change in accrued interest on long-term debt.....		23,735
Net change in deferred outflow/(inflow) of resources related to pensions.....		17,557,490
Net change in net pension liability.....		(18,795,924)
Net change in deferred outflow/(inflow) of resources related to other postemployment benefits...		3,951,203
Net change in net other postemployment benefits liability.....		<u>(7,802,232)</u>
Net effect of recording long-term liabilities.....		(5,036,728)
The net activity of internal service funds is reported with governmental activities.....		<u>(15,676)</u>
Change in net position of governmental activities.....	\$	<u><u>5,613,869</u></u>

See notes to basic financial statements.

**PROPRIETARY FUNDS**  
STATEMENT OF NET POSITION

JUNE 30, 2023

	Business-type Activities - Enterprise Funds		
	Water	Sewer	Total
<b>ASSETS</b>			
<b>CURRENT:</b>			
Cash and cash equivalents.....	\$ 8,675,805	\$ 8,735,859	\$ 17,411,664
Investments.....	-	58,158	58,158
Receivables, net of allowance for uncollectibles:			
Liens - user charges.....	79,877	63,868	143,745
User charges.....	1,366,395	1,457,831	2,824,226
Total current assets.....	<u>10,122,077</u>	<u>10,315,716</u>	<u>20,437,793</u>
<b>NONCURRENT:</b>			
Capital assets, nondepreciable.....	5,800,624	7,369,721	13,170,345
Capital assets, net of accumulated depreciation.....	24,185,356	16,748,825	40,934,181
Total noncurrent assets.....	<u>29,985,980</u>	<u>24,118,546</u>	<u>54,104,526</u>
<b>TOTAL ASSETS.....</b>	<u>40,108,057</u>	<u>34,434,262</u>	<u>74,542,319</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pensions.....	443,047	167,101	610,148
Deferred outflows related to other postemployment benefits.....	360,147	145,348	505,495
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES.....</b>	<u>803,194</u>	<u>312,449</u>	<u>1,115,643</u>
<b>LIABILITIES</b>			
<b>CURRENT:</b>			
Warrants payable.....	71,226	571,982	643,208
Accrued interest.....	13,726	9,228	22,954
Compensated absences.....	43,000	22,000	65,000
Bonds payable.....	499,191	288,751	787,942
Total current liabilities.....	<u>627,143</u>	<u>891,961</u>	<u>1,519,104</u>
<b>NONCURRENT:</b>			
Compensated absences.....	44,000	22,000	66,000
Net pension liability.....	2,626,353	990,566	3,616,919
Net other postemployment benefits liability.....	1,954,410	788,761	2,743,171
Bonds payable.....	2,111,691	904,404	3,016,095
Total noncurrent liabilities.....	<u>6,736,454</u>	<u>2,705,731</u>	<u>9,442,185</u>
<b>TOTAL LIABILITIES.....</b>	<u>7,363,597</u>	<u>3,597,692</u>	<u>10,961,289</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to pensions.....	74,294	28,021	102,315
Deferred inflows related to other postemployment benefits.....	701,607	283,155	984,762
<b>TOTAL DEFERRED INFLOWS OF RESOURCES.....</b>	<u>775,901</u>	<u>311,176</u>	<u>1,087,077</u>
<b>NET POSITION</b>			
Net investment in capital assets.....	27,384,912	22,417,675	49,802,587
Unrestricted.....	5,386,841	8,420,168	13,807,009
<b>TOTAL NET POSITION.....</b>	<u>\$ 32,771,753</u>	<u>\$ 30,837,843</u>	<u>\$ 63,609,596</u>

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2023

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Water	Sewer	Total	
<b>OPERATING REVENUES:</b>				
Charges for services.....	\$ 5,973,296	\$ 4,936,344	\$ 10,909,640	\$ -
Penalties and interest.....	32,534	35,650	68,184	-
<b>TOTAL OPERATING REVENUES .....</b>	<b>6,005,830</b>	<b>4,971,994</b>	<b>10,977,824</b>	<b>-</b>
<b>OPERATING EXPENSES:</b>				
Cost of services and administration.....	2,057,847	553,337	2,611,184	-
Salaries and wages.....	1,157,907	436,721	1,594,628	-
GLSD assessment.....	-	1,942,072	1,942,072	-
Repairs and maintenance.....	222,733	119,561	342,294	-
Depreciation.....	996,109	856,407	1,852,516	-
Employee benefits.....	228,585	(626,169) (A)	(397,584)	13,460
<b>TOTAL OPERATING EXPENSES.....</b>	<b>4,663,181</b>	<b>3,281,929</b>	<b>7,945,110</b>	<b>13,460</b>
<b>OPERATING INCOME (LOSS).....</b>	<b>1,342,649</b>	<b>1,690,065</b>	<b>3,032,714</b>	<b>(13,460)</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
Investment income (loss).....	133,621	135,192	268,813	(2,216)
Interest expense.....	(84,292)	(32,851)	(117,143)	-
<b>TOTAL NONOPERATING REVENUES (EXPENSES), NET.....</b>	<b>49,329</b>	<b>102,341</b>	<b>151,670</b>	<b>(2,216)</b>
<b>INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS.....</b>	<b>1,391,978</b>	<b>1,792,406</b>	<b>3,184,384</b>	<b>(15,676)</b>
<b>CAPITAL CONTRIBUTIONS.....</b>	<b>-</b>	<b>2,041,954</b>	<b>2,041,954</b>	<b>-</b>
<b>CHANGE IN NET POSITION.....</b>	<b>1,391,978</b>	<b>3,834,360</b>	<b>5,226,338</b>	<b>(15,676)</b>
<b>NET POSITION AT BEGINNING OF YEAR.....</b>	<b>31,379,775</b>	<b>27,003,483</b>	<b>58,383,258</b>	<b>15,676</b>
<b>NET POSITION AT END OF YEAR.....</b>	<b>\$ 32,771,753</b>	<b>\$ 30,837,843</b>	<b>\$ 63,609,596</b>	<b>\$ -</b>

(A) The negative employee benefits expense is due to the change in the net OPEB liability and related deferred inflows/outflows of resources.

See notes to basic financial statements.

**PROPRIETARY FUNDS**  
STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2023

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Water	Sewer	Total	
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES:</u></b>				
Receipts from customers and users.....	\$ 6,179,549	\$ 4,990,521	\$ 11,170,070	\$ -
Payments to vendors.....	(2,740,529)	(2,799,683)	(5,540,212)	-
Payments to employees.....	(1,164,907)	(432,721)	(1,597,628)	-
Payments for interfund services used.....	-	-	-	(13,460)
<b>NET CASH FROM OPERATING ACTIVITIES.....</b>	<b><u>2,274,113</u></b>	<b><u>1,758,117</u></b>	<b><u>4,032,230</u></b>	<b><u>(13,460)</u></b>
<b><u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u></b>				
Capital contributions.....	-	2,041,954	2,041,954	-
Acquisition and construction of capital assets.....	(2,843,066)	(4,308,414)	(7,151,480)	-
Principal payments on bonds.....	(498,108)	(293,782)	(791,890)	-
Interest expense.....	(86,753)	(36,155)	(122,908)	-
<b>NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES.....</b>	<b><u>(3,427,927)</u></b>	<b><u>(2,596,397)</u></b>	<b><u>(6,024,324)</u></b>	<b><u>-</u></b>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES:</u></b>				
Purchase of investments.....	-	(58,158)	(58,158)	-
Investment income (loss).....	133,621	135,192	268,813	(2,216)
<b>NET CASH FROM INVESTING ACTIVITIES.....</b>	<b><u>133,621</u></b>	<b><u>77,034</u></b>	<b><u>210,655</u></b>	<b><u>(2,216)</u></b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS.....</b>	<b>(1,020,193)</b>	<b>(761,246)</b>	<b>(1,781,439)</b>	<b>(15,676)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR.....</b>	<b><u>9,695,998</u></b>	<b><u>9,497,105</u></b>	<b><u>19,193,103</u></b>	<b><u>15,676</u></b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR.....</b>	<b><u>\$ 8,675,805</u></b>	<b><u>\$ 8,735,859</u></b>	<b><u>\$ 17,411,664</u></b>	<b><u>\$ -</u></b>
<b><u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH</u></b>				
<b><u>FROM OPERATING ACTIVITIES:</u></b>				
Operating income (loss).....	\$ 1,342,649	\$ 1,690,065	\$ 3,032,714	\$ (13,460)
Adjustments to reconcile operating income to net cash from operating activities:				
Depreciation.....	996,109	856,407	1,852,516	-
Deferred (outflows)/inflows related to pensions.....	(666,766)	(247,904)	(914,670)	-
Deferred (outflows)/inflows related to OPEB.....	(127,599)	(187,701)	(315,300)	-
Changes in assets and liabilities:				
Tax liens.....	9,994	318	10,312	-
User charges.....	163,725	18,209	181,934	-
Warrants payable.....	(24,183)	(5,785)	(29,968)	-
Compensated absences.....	(7,000)	4,000	(3,000)	-
Net pension liability.....	732,884	299,135	1,032,019	-
Net other postemployment benefits liability.....	(145,700)	(668,627)	(814,327)	-
<b>Total adjustments.....</b>	<b><u>931,464</u></b>	<b><u>68,052</u></b>	<b><u>999,516</u></b>	<b><u>-</u></b>
<b>NET CASH FROM OPERATING ACTIVITIES.....</b>	<b><u>\$ 2,274,113</u></b>	<b><u>\$ 1,758,117</u></b>	<b><u>\$ 4,032,230</u></b>	<b><u>\$ (13,460)</u></b>
<b><u>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:</u></b>				
Acquisition of capital assets on account.....	\$ -	\$ (558,077)	\$ (558,077)	\$ -

See notes to basic financial statements.

**FIDUCIARY FUNDS**  
STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2023

	Other Postemployment Benefit Trust Fund	Private Purpose Trust Fund
<b>ASSETS</b>		
Cash and cash equivalents.....	\$ -	\$ 103,270
Investments:		
Investments in Pension Reserve Investment Trust.....	5,926,519	-
U.S. treasuries.....	-	166,886
Corporate bonds.....	-	246,328
Equity securities.....	-	58,942
Bond mutual funds.....	-	4,129
TOTAL ASSETS.....	<u>5,926,519</u>	<u>579,555</u>
<b>NET POSITION</b>		
Restricted for other postemployment benefits.....	5,926,519	-
Held in trust for other purposes.....	-	579,555
TOTAL NET POSITION.....	<u>\$ 5,926,519</u>	<u>\$ 579,555</u>

See notes to basic financial statements.



**FIDUCIARY FUNDS**  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

YEAR ENDED JUNE 30, 2023

	Other Postemployment Benefit Trust Fund	Private Purpose Trust Fund
<b><u>ADDITIONS:</u></b>		
Contributions:		
Employer contributions to the trust.....	\$ 165,000	\$ -
Employer contributions for other postemployment benefit payments.....	4,101,712	-
Private donations.....	-	420,000
<b>Total contributions.....</b>	<b>4,266,712</b>	<b>420,000</b>
Net investment income:		
Investment income.....	355,639	22,969
Less: investment expense.....	(28,261)	-
<b>Net investment income.....</b>	<b>327,378</b>	<b>22,969</b>
<b>TOTAL ADDITIONS.....</b>	<b>4,594,090</b>	<b>442,969</b>
<b><u>DEDUCTIONS:</u></b>		
Other postemployment benefit payments.....	4,101,712	-
Education scholarships.....	-	4,500
<b>TOTAL DEDUCTIONS.....</b>	<b>4,101,712</b>	<b>4,500</b>
<b>NET INCREASE (DECREASE) IN NET POSITION.....</b>	<b>492,378</b>	<b>438,469</b>
<b>NET POSITION AT BEGINNING OF YEAR.....</b>	<b>5,434,141</b>	<b>141,086</b>
<b>NET POSITION AT END OF YEAR.....</b>	<b>\$ 5,926,519</b>	<b>\$ 579,555</b>

See notes to basic financial statements.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying basic financial statements of the Town of North Andover, Massachusetts (Town) have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the recognized standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting policies are described herein.

**A. Reporting Entity**

The Town is a municipal corporation that is governed by an elected Select Board (Board). For financial reporting purposes, the Town has included all funds, organizations, agencies, boards, commissions and institutions. The Town has also considered all potential component units for which it is financially accountable as well as other organizations for which the nature and significance of their relationship with the Town are such that exclusion would cause the basic financial statements to be misleading or incomplete. As required by GAAP, these basic financial statements present the Town (the primary government) and its component units. It has been determined that there are no component units that meet the requirements for inclusion in the Town's financial statements.

**Joint Ventures**

A joint venture is an organization (resulting from a contractual arrangement) that is owned, operated and governed by two or more participants as a separate and specific activity subject to joint control in which the participants retain an ongoing financial interest or ongoing financial responsibility. Joint control means that no single participant has the ability to unilaterally control the financial or operating policies of the joint venture.

The Town participates in the following joint ventures to pool resources and share the costs, risks, and rewards of providing goods and services to venture participants directly, or for the benefit of the general public or specified recipients.

***Greater Lawrence Sanitary District (GLSD)***

GLSD operates a wastewater treatment plant for five member communities and is located within the Town. The GLSD is governed by a seven-member board consisting of one appointed representative from the Town. The Town is indirectly liable for the GLSD's debt and other expenditures and is assessed annually for its share of operating and capital costs. For the year ended June 30, 2023, the Town's assessment, net of community credits, totaled \$1,942,072. Separate financial statements may be obtained by writing to the Treasurer of the GLSD at 240 Charles Street, North Andover, MA 01845.

***Greater Lawrence Technical School (GLTS)***

The Town is a member of the GLTS that serves the members' students seeking an education that is technical in nature. The GLTS is governed by a seven-member school committee consisting of one elected representative from the Town. The Town is indirectly liable for the GLTS' debt and other expenditures and is assessed annually for its share of operating and capital costs. For the year ended June 30, 2023, the Town's assessment totaled \$723,360. Separate financial statements may be obtained by writing to the Treasurer of the GLTS at 57 River Road, Andover, MA 01810.

## B. Government-Wide and Fund Financial Statements

### *Government-Wide Financial Statements*

The government-wide financial statements (i.e., statement of net position and statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. *Governmental activities*, which are primarily supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which are supported primarily by user fees and charges.

### *Fund Financial Statements*

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 governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and displayed in a single column.

#### *Major Fund Criteria*

Major funds must be reported if the following criteria are met:

- If the total assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, or expenditures/expenses of an individual governmental or enterprise fund are at least 10 percent of the corresponding element (assets, deferred outflows of resources, liabilities, deferred inflows of resources, etc.) for all funds of that category or type (total governmental or total enterprise funds), *and*
- If the total assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding element for all governmental and enterprise funds combined.

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

Fiduciary funds are reported by fund type.

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

### *Government-Wide Financial Statements*

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded when the liabilities are incurred. Real estate and personal property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The statement of activities demonstrates the degree to which the direct expenses of a particular function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include the following:

- Charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment.

- Grants and contributions that are restricted to meeting the operational requirements of a particular function or segment.
- Grants and contributions that are restricted to meeting the capital requirements of a particular function or segment.

Taxes and other items not identifiable as program revenues are reported as general revenues.

For the most part, the effect of interfund activity has been removed from the government-wide financial statements. However, the effect of interfund services provided and used between functions is not eliminated as the elimination of these charges would distort the direct costs and program revenues reported for the functions affected.

### *Fund Financial Statements*

*Governmental* fund financial statements are reported using the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, and certain compensated absences, claims and judgments which are recognized when the obligations are expected to be liquidated with current expendable available resources.

Real estate and personal property tax revenues are considered available if they are collected within 60 days after year-end. Investment income is susceptible to accrual. Other receipts and tax revenues become measurable and available when the cash is received and are recognized as revenue at that time.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria is met. Expenditure driven grants recognize revenue when the qualifying expenditures are incurred, and all other grant requirements are met.

The following major governmental funds are reported:

The *general fund* is the primary operating fund. It is used to account for all financial resources, except those that are required to be accounted for in another fund.

The *community preservation fund* is used to account for the 3% local real estate tax surcharge on nonexempt property (and matching state trust fund distribution) that can be used for open space, historic resource and affordable housing purposes. Property exempt from the surcharge consists of the first \$100,000 of all residential property and also property owned by low income seniors with a low or moderate income as defined by Massachusetts Department of Revenue (DOR) guidelines. Disbursements from this fund must originate from the Community Preservation Committee and be approved by Town Meeting.

The *highway chapter 90 fund* is used to account for activities reimbursed through the State's Chapter 90 highway improvement program.

The *performance bond and escrow deposit fund* is used to account for funds held by the Town on deposit until a project is completed and the work performed is deemed satisfactory.

The *American Rescue Plan Act (ARPA) fund* is used to account for federal funding awarded to the Town in response to the COVID-19 pandemic. Funding received is not earned until costs are incurred. Therefore, until spending occurs, funds received are reported as unearned revenue.

The *municipal capital projects fund* is used to account for the acquisition and construction of non-school related capital assets that are funded through both appropriations and borrowings.

The *gas disaster paving restoration fund* is used to account for the settlement revenue Columbia Gas was ordered to pay the Town for costs associated with repaving and restoring all streets, roadways, sidewalks and other areas affected by the disaster.

The nonmajor governmental funds consist of other special revenue and capital project funds that are aggregated and presented in the *nonmajor governmental funds* column on the governmental funds financial statements. The following describes the general use of these fund types:

The *special revenue fund* is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than capital projects.

The *capital projects fund* is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets of the governmental funds.

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary funds principle ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The following major proprietary funds are reported:

The *water enterprise fund* is used to account for the water activities.

The *sewer enterprise fund* is used to account for the sewer activities.

Additionally, the following proprietary fund type is reported:

The *internal service fund* is used to account for the financing of services provided by one department to other departments or governmental units. This fund is used to account for risk-financing activities related to active employees' and retirees' health insurance; however, in 2013 the Town joined the Commonwealth of Massachusetts' group insurance plan which is a premium based health insurance plan. Since that time, the internal service fund has accounted for residual health insurance claims and assisted in the funding of the OPEB Trust.

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

The following fiduciary fund types are reported:

The *other postemployment benefit trust fund* accumulates resources to provide funding for future OPEB (other postemployment benefits) liabilities.

The *private-purpose trust fund* is used to account for trust arrangements that exclusively benefit individuals, private organizations, or other governments. Some of these trusts have donor restrictions and trustee policies that do not allow the endowment portion and any unrealized appreciation to be spent. The donor restrictions and trustee policies only allow the trustees to authorize spending of the realized investment earnings. The Town's educational scholarship trusts are accounted for in this fund.

#### D. Cash and Investments

##### *Government-Wide and Fund Financial Statements*

Cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with an original maturity of three months or less from the date of acquisition. Investments are carried at fair value.

#### E. Fair Value Measurements

The Town reports required types of financial instruments in accordance with the fair value standards. These standards require an entity to maximize the use of observable inputs (such as quoted prices in active markets) and minimize the use of unobservable inputs (such as appraisals or valuation techniques) to determine fair value. Fair value standards also require the government to classify these financial instruments into a three-level hierarchy, based on the priority of inputs to the valuation technique or in accordance with net asset value practical expedient rules, which allow for either Level 2 or Level 3 depending on lock up and notice periods associated with the underlying funds.

Instruments measured and reported at fair value are classified and disclosed in one of the following categories:

Level 1 – Quoted prices are available in active markets for identical instruments as of the reporting date. Instruments, which are generally included in this category, include actively traded equity and debt securities, U.S. government obligations, and mutual funds with quoted market prices in active markets.

Level 2 – Pricing inputs are other than quoted in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies. Certain fixed income securities, primarily corporate bonds, are classified as Level 2 because fair values are estimated using pricing models, matrix pricing, or discounted cash flows.

Level 3 – Pricing inputs are unobservable for the instrument and include situations where there is little, if any, market activity for the instrument. The inputs into the determination of fair value require significant management judgment or estimation.

In some instances, the inputs used to measure fair value may fall into different levels of the fair value hierarchy and is based on the lowest level of input that is significant to the fair value measurement. Market price is affected by a number of factors, including the type of instrument and the characteristics specific to the instrument. Instruments with readily available active quoted prices generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value. It is reasonably possible that change in values of these instruments will occur in the near term and that such changes could materially affect amounts reported in these financial statements. For more information on the fair value of the Town's financial instruments, see Note 2 Cash and Investments.

## F. Accounts Receivable

### *Government-Wide and Fund Financial Statements*

The recognition of revenue related to accounts receivable reported in the government-wide financial statements and the proprietary funds and fiduciary funds financial statements are reported under the accrual basis of accounting. The recognition of revenue related to accounts receivable reported in the governmental funds financial statements are reported under the modified accrual basis of accounting.

### *Real Estate, Personal Property Taxes and Tax Liens*

Real estate and personal property taxes are levied and based on values assessed on January 1<sup>st</sup> of every year. Assessed values are established by the Board of Assessor's for 100% of the estimated fair market value. Taxes are due on August 1<sup>st</sup>, November 1<sup>st</sup>, February 1<sup>st</sup> and May 1<sup>st</sup> and are subject to penalties and interest if they are not paid by the respective due date.

Real estate tax liens are processed one year after the close of the valuation year on delinquent properties and are recorded as receivables in the year they are processed.

Real estate receivables are secured via the tax lien process and are considered 100% collectible. Accordingly, an allowance for uncollectibles is not reported.

Personal property taxes cannot be secured through the lien process. The allowance for uncollectibles is estimated based on historical trends and specific account analysis.

### *Motor Vehicle and Other Excise*

Motor vehicle excise taxes are assessed annually for each vehicle registered and are recorded as receivables in the year of the levy. The Commonwealth is responsible for reporting the number of vehicles registered and the fair values of those vehicles. The tax calculation is the fair value of the vehicle multiplied by \$25 per \$1,000 of value.

The allowance for uncollectibles is estimated based on historical trends and specific account analysis.

### *Community Preservation Surcharges*

Community preservation surcharges are levied annually at a rate of 3% of resident's real estate tax bills with exemptions for the first \$100,000 of residential property and property owned by qualified persons with low income and seniors (60+) with low or moderate income defined by DOR guidelines. The surcharge is due with the real estate tax on August 1<sup>st</sup>, November 1<sup>st</sup>, February 1<sup>st</sup> and May 1<sup>st</sup> and are subject to penalties and interest if they are not paid by the respective due date. Overdue surcharges are included on the tax liens processed on delinquent real estate taxes. Surcharges are recorded as receivables in the year of the levy.

Since the receivables are secured via the lien process, these accounts are considered 100% collectible and therefore do not report an allowance for uncollectibles.

### *Water and Sewer User Charges and Utility Liens*

User fees are levied monthly based on individual meter readings and are subject to penalties and interest if they are not paid by the respective due date. Water and sewer liens are processed approximately six months after the end of the year and are included as a lien on the property owner's tax bill. Water and sewer charges and liens are recorded as receivables in the year of the levy.

Since the receivables are secured via the lien process, these accounts are considered 100% collectible and therefore do not report an allowance for uncollectibles.

*Departmental and Other*

Departmental and other receivables consist primarily of amounts due from ambulance charges and police details. These receivables are recorded when the applicable service has been performed.

The allowance for uncollectibles is estimated based on historical trends and specific account analysis.

*Intergovernmental*

Various federal and state grants for operating and capital purposes are applied for and received annually. For non-expenditure driven grants, receivables are recorded as soon as all eligibility requirements imposed by the provider have been met. For expenditure driven grants, receivables are recorded when the qualifying expenditures are incurred, and all other grant requirements are met.

These receivables are considered 100% collectible and therefore do not report an allowance for uncollectibles.

G. Inventories

*Government-Wide and Fund Financial Statements*

Inventories are recorded as expenditures at the time of purchase. Such inventories are not material in total to the government-wide and fund financial statements, and therefore are not reported.

H. Capital Assets

*Government-Wide and Proprietary Fund Financial Statements*

Capital assets, which include land, land improvements, buildings and improvements, machinery and equipment, library books, vehicles, infrastructure (e.g., roads, treatment plants, pump stations, sewer mains and similar items) and construction-in-progress, are reported in the applicable governmental or business-type activity column of the government-wide financial statements and in the proprietary fund financial statements. Capital assets are recorded at historical cost, or at estimated historical cost, if actual historical cost is not available. Donated capital assets; donated works of art, historical treasures and similar assets; and capital assets received in service concession arrangements are recorded at acquisition value. Capital assets (excluding land) are depreciated on a straight-line basis.

The estimated useful lives of capital assets are as follows:

<u>Capital Asset Type</u>	<u>Estimated Useful Life (in years)</u>
Land improvements.....	20-30
Buildings and improvements.....	7-50
Machinery and equipment.....	3-20
Library books.....	10
Vehicles.....	5
Treatment plants.....	10-40
Pump stations and reservoirs.....	20-40
Infrastructure.....	20-60



All purchases and construction costs in excess of \$10,000 are capitalized at the date of acquisition or construction, respectively, with expected useful lives of greater than one year.

The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized and are treated as expenses when incurred. Improvements are capitalized.

#### *Governmental Fund Financial Statements*

Capital asset costs are recorded as expenditures in the acquiring fund in the year of the purchase.

#### I. Deferred Outflows/Inflows of Resources

##### *Government-Wide Financial Statements (Net Position)*

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 assets that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The Town has reported deferred charges on refunding and deferred outflows of resources related to pensions and OPEB in this category.

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 assets 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 reported taxes paid in advance and deferred inflows of resources related to pensions and OPEB in this category.

##### *Governmental Fund Financial Statements*

In addition to liabilities, the governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents assets that have been recorded in the governmental fund financial statements, but the revenue is not available and so will *not* be recognized as an inflow of resources (revenue) until it becomes available. The Town has reported unavailable revenues from property taxes, excise taxes, departmental receivables, and state agencies in this category. The Town has also reported taxes paid in advance in this category.

#### J. Interfund Receivables and Payables

During the course of its operations, transactions occur between and within individual funds that may result in amounts owed between funds.

##### *Government-Wide Financial Statements*

Transactions of a buyer/seller nature between and within governmental funds are eliminated from the governmental activities in the statement of net position. Any residual balances outstanding between the governmental activities and business-type activities are reported in the statement of net position as "internal balances".

##### *Fund Financial Statements*

Transactions of a buyer/seller nature between and within funds are *not* eliminated from the individual fund statements. Receivables and payables resulting from these transactions are classified as "Due from other funds" or "Due to other funds" on the balance sheet.

### K. Interfund Transfers

During the course of operations, resources are permanently reallocated between and within funds. These transactions are reported as transfers in and transfers out.

#### *Government-Wide Financial Statements*

Transfers between and within governmental funds are eliminated from the governmental activities in the statement of net position. Any residual balances outstanding between the governmental activities and business-type activities are reported in the statement of activities as “Transfers, net”.

#### *Fund Financial Statements*

Transfers between and within funds are not eliminated from the individual fund statements and are reported as transfers in and transfers out.

### L. Net Position and Fund Equity

#### *Government-Wide Financial Statements (Net Position)*

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 assets.

Net position is reported as restricted when amounts are not available for appropriation or are legally restricted by outside parties for a specific future use.

Net position has been “restricted for” the following:

“Debt service” represents amounts accumulated from the Massachusetts School Building Authority (MSBA) to reduce school construction excluded debt service costs over the life of the loans.

“Community preservation” represents amounts restricted for the purpose of ongoing community preservation activities.

“Highway chapter 90” represents amounts restricted for road construction and resurfacing.

“Municipal capital projects” represents amounts restricted for the acquisition and construction of non-school related capital assets.

“Gas disaster paving restoration” represents amounts restricted for repaving and restoring streets, roadways, sidewalks and other areas affected by the gas disaster.

“Other restricted nonmajor funds” represents other restrictions placed on assets from outside parties.

Sometimes the Town will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town’s policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

*Fund Financial Statements (Fund Balances)*

Governmental fund balances are classified as nonspendable, restricted, committed, assigned, or unassigned based on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

The governmental fund balance classifications are as follows:

“Nonspendable” fund balance includes amounts that cannot be spent because they are either not in spendable form or they are legally or contractually required to be maintained intact.

“Restricted” fund balance includes amounts subject to constraints placed on the use of resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or that are imposed by law through constitutional provisions or enabling legislation.

“Committed” fund balance includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government’s highest level of decision-making authority. Town Meeting is the highest level of decision-making authority for the government that can, by adoption of an article prior to the end of the year, commit fund balance. Once adopted, the limitation imposed by the article remains in place until a similar action is taken to remove or revise the limitation.

“Assigned” fund balance includes amounts that are constrained by the Town’s intent to be used for specific purposes but are neither restricted nor committed. Town Meeting may 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. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

“Unassigned” fund balance includes the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

The Town’s spending policy is to spend restricted fund balance first, followed by committed, assigned and unassigned fund balance. Most governmental funds are designated for one purpose at the time of their creation. Therefore, any expenditure from the fund will be allocated to the applicable fund balance classifications in the order of the aforementioned spending policy. The general fund and certain other funds may have more than one purpose.

M. Long-term Debt*Government-Wide and Proprietary Fund Financial Statements*

Long-term debt is reported as liabilities in the government-wide and proprietary fund statement of net position. Material bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

*Governmental Fund Financial Statements*

The face amount of governmental funds long-term debt is reported as other financing sources. Bond premiums and discounts, as well as issuance costs, are recognized in the current period. Bond premiums are reported as other financing sources and bond discounts are reported as other financing uses. Issuance costs, whether or not withheld from the actual bond proceeds received, are reported as general government expenditures.

#### N. Pensions

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

#### O. Investment Income

Investment income derived from major and nonmajor governmental funds is legally assigned to the general fund unless otherwise directed by Massachusetts General Law (MGL).

#### P. Compensated Absences

Employees are granted vacation and sick leave in varying amounts based on collective bargaining agreements, state laws and executive policies. Compensated absence liabilities related to both governmental and business-type activities are normally paid from the funds reporting payroll and related expenditures. Compensated absences are reported in governmental funds only if they have matured.

##### *Government-Wide and Proprietary Fund Financial Statements*

Vested or accumulated vacation and sick leave are reported as liabilities and expensed as incurred.

##### *Governmental Fund Financial Statements*

Vested or accumulated vacation and sick leave, which will be liquidated with expendable available financial resources, are reported as expenditures and fund liabilities upon maturity of the liability.

#### Q. Use of Estimates

##### *Government-Wide and Fund Financial Statements*

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 year. Actual results could vary from estimates that were used.

#### R. Total Column

##### *Government-Wide Financial Statements*

The total column presented on the government-wide financial statements represents consolidated financial information.

##### *Fund Financial Statements*

The total column on the fund financial statements is presented only to facilitate financial analysis. Data in this column is not the equivalent of consolidated financial information.

**NOTE 2 - CASH 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 the trust funds are held separately from those of other funds.

Statutes authorize the investment in obligations of the U.S. Treasury, agencies, and instrumentalities, certificates of deposit, repurchase agreements, money market accounts, bank deposits and the State Treasurer's Investment Pool (Pool). The Treasurer may also invest trust funds in securities, other than mortgages or collateral loans, which are legal for the investment of funds of savings banks under the laws of the Commonwealth. In addition, there are various restrictions limiting the amount and length of deposits and investments.

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

The Town participates in the Pension Reserve Investment Trust (PRIT), which meets the criteria of an external investment pool. PRIT is administered by the Pension Reserves Investment Management Board, which was established by the Treasurer of the Commonwealth of Massachusetts who serves as Trustee. The fair value of the position in the PRIT is the same as the value of the PRIT shares.

Custodial Credit Risk – Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town's policy is to minimize custodial credit risk by only investing in highly rated banks, which is determined through the utilization of a bank rating service. At year-end, the carrying amount of deposits totaled \$93,754,363 and the bank balance totaled \$94,751,946. Of the bank balance, \$1,862,130 was covered by Federal Depository Insurance, \$45,478,505 was covered by the Depositor's Insurance Fund, \$10,695,445 was covered by an Insured Cash Sweep, \$25,000,000 was collateralized and \$11,715,866 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Interest Rate Risk

The Town's investment policy limits investment maturities to one year as a means of managing its exposure to fair value losses arising from increasing interest rates. The Town participates in MMDT, which maintains a cash portfolio, and at June 30, 2023, MMDT's cash portfolio had a weighted average maturity of 33 days. The Town participates in PRIT. The effective weighted duration rate for PRIT investments ranged from 1.98 to 14.64.

As of June 30, 2023, the Town had the following investments and maturities:

Investment Type	Fair Value	Maturities		
		Under 1 Year	1-5 Years	6-10 Years
<b>Debt Securities:</b>				
U.S. Treasury bonds.....	\$ 2,717,799	\$ 2,546,063	\$ 171,736	\$ -
Government sponsored enterprises.....	1,247,570	1,247,570	-	-
Corporate bonds.....	304,539	88,603	182,729	33,207
Bond mutual funds.....	163,419	-	47,969	115,450
<b>Total Debt Securities.....</b>	<b>4,433,327</b>	<b>\$ 3,882,236</b>	<b>\$ 402,434</b>	<b>\$ 148,657</b>
<b>Other Investments:</b>				
Equity securities.....	72,871			
Equity mutual funds.....	722,125			
Money market mutual funds.....	1,312,871			
Pension Reserve Investment Trust (PRIT).....	5,926,519			
MMDT.....	8,250,941			
<b>Total Investments.....</b>	<b>\$ 20,718,654</b>			

Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of a failure by the counterparty, the Town will not be able to recover the value of its investments or collateral security that are in the possession of an outside party. The Town’s investments in U.S. Treasury bonds, government sponsored enterprises, corporate bonds and equities have custodial credit risk exposure of \$4,342,779 because the securities are uninsured, unregistered and held by a counterparty. The Town’s policy to minimize custodial credit risk is to obtain from brokerage houses and broker/dealers 1) audited financial statements, 2) proof of National Association of Security Dealers certification, 3) a statement that the dealer has read the Town’s investment policy and will comply with it and 4) be in business for no less than five years and have a minimum capitalization of \$10 million.

Credit Risk

The Town’s investment policy limits investments in debt securities to U.S. Treasuries and U.S. Agency Obligations, which are AA rated, and like-kind investments that are fully collateralized. As of June 30, 2023, Standard and Poor’s Investors Service rated the Town’s investments as follows:

Quality Rating	Corporate Bonds	Bond Mutual Funds
AAA.....	\$ 30,597	\$ 115,450
A+.....	53,065	-
A.....	22,037	-
A-.....	62,278	47,969
BBB+.....	54,760	-
BBB.....	81,802	-
<b>Total.....</b>	<b>\$ 304,539</b>	<b>\$ 163,419</b>

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the Town’s investment in a single issuer. Accounting standards require disclosure of investments in any one issuer that represents 5 percent or more of total investments. As of June 30, 2022, the Town had investments of \$1,247,570 in the Federal Home Loan Bank which was 6% of total investments. The Town limits the amount that may be invested in any one issuer to 10%. The Town does not have investments in any one issuer exceeding 10% of its total investments.

Fair Value of Investments

The Town holds investments that are measured at fair value on a recurring basis. Because investing is not a core part of the Town’s mission, the Town determines that the disclosures related to these investments only need to be disaggregated by major type. The Town chooses a tabular format for disclosing the levels within the fair value hierarchy.

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The Town has the following recurring fair value measurements as of June 30, 2023:

Investment Type	June 30, 2023	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Investments measured at fair value:</b>				
<u>Debt securities:</u>				
U.S. Treasury bonds.....	\$ 2,717,799	\$ 2,717,799	\$ -	\$ -
Government sponsored enterprises.....	1,247,570	1,247,570	-	-
Corporate bonds.....	304,539	-	304,539	-
Bond mutual funds.....	163,419	163,419	-	-
Total debt securities.....	4,433,327	4,128,788	304,539	-
<u>Other investments:</u>				
Equity securities.....	72,871	72,871	-	-
Equity mutual funds.....	722,125	722,125	-	-
Money market mutual funds.....	1,312,871	1,312,871	-	-
Total other investments.....	2,107,867	2,107,867	-	-
Total investments measured at fair value.....	6,541,194	\$ 6,236,655	\$ 304,539	\$ -
<b>Investments measured at amortized cost:</b>				
MMDT.....	8,250,941			
<b>Investments measured at net asset value:</b>				
PRIT.....	5,926,519			
Total investments.....	\$ 20,718,654			

U.S. Treasury bonds, government sponsored enterprises, bond mutual funds, equity securities, equity mutual funds and money market mutual funds classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Corporate bonds classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

PRIT investments are valued using the net asset value. This investment pool was established by the Treasurer of the Commonwealth of Massachusetts, who serves as Trustee. PRIT is administered by the Pension Reserves Investment Management Board (PRIM). The fair values of the positions in each investment Pool are the same as the value of each Pool's shares. The Town does not have the ability to control any of the investment decisions relative to its funds in PRIT.

MMDT investments are valued at amortized cost. Under the amortized cost method, an investment is valued initially at its cost and adjusted for the amount of interest income accrued each day over the term of the investment to account for any difference between the initial cost and the amount payable at its maturity. If amortized cost is determined not to approximate fair value, the value of the portfolio securities will be determined under procedures established by the Advisor.

**NOTE 3 - RECEIVABLES**

At June 30, 2023, receivables for the individual major and non-major governmental funds, including the applicable allowances for uncollectible accounts, are as follows:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
Real estate and personal property taxes.....	\$ 1,628,387	\$ (127,835)	\$ 1,500,552
Tax liens.....	1,471,404	-	1,471,404
Community preservation fund surtax.....	28,938	-	28,938
Motor vehicle and other excise taxes.....	825,370	(168,393)	656,977
Departmental and other.....	1,116,900	-	1,116,900
Intergovernmental.....	3,363,854	-	3,363,854
Community preservation state share.....	393,000	-	393,000
 Total.....	 <u>\$ 8,827,853</u>	 <u>\$ (296,228)</u>	 <u>\$ 8,531,625</u>

At June 30, 2023, receivables for the water and sewer enterprise funds are as follows:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
Water liens - user charges.....	\$ 79,877	\$ -	\$ 79,877
Water user charges.....	1,366,395	-	1,366,395
Sewer liens - user charges.....	63,868	-	63,868
Sewer user charges.....	1,457,831	-	1,457,831
 Total.....	 <u>\$ 2,967,971</u>	 <u>\$ -</u>	 <u>\$ 2,967,971</u>



Governmental funds report *unavailable revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. At the end of the current year, the various components of *unavailable revenue* reported in the governmental funds were as follows:

	General Fund	Other Governmental Funds	Total
<u>Receivables and Other Asset Type:</u>			
Real estate and personal property taxes.....	\$ 1,142,216	\$ -	\$ 1,142,216
Tax liens.....	1,471,404	-	1,471,404
Community preservation fund.....	-	421,938	421,938
Motor vehicle and other excise taxes.....	656,977	-	656,977
Departmental and other.....	1,027,210	89,690	1,116,900
Intergovernmental.....	-	3,312,078	3,312,078
Tax foreclosures.....	655,028	-	655,028
<b>Total.....</b>	<b>\$ 4,952,835</b>	<b>\$ 3,823,706</b>	<b>\$ 8,776,541</b>

**NOTE 4 - CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2023, is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities:</b>				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 26,624,664	\$ -	\$ -	\$ 26,624,664
Construction in progress.....	7,933,046	6,869,823	(75,213)	14,727,656
<b>Total capital assets not being depreciated....</b>	<b>34,557,710</b>	<b>6,869,823</b>	<b>(75,213)</b>	<b>41,352,320</b>
<u>Capital assets being depreciated:</u>				
Land improvements.....	8,153,999	262,410	-	8,416,409
Buildings and building improvements.....	175,980,070	415,695	-	176,395,765
Machinery and equipment.....	12,988,298	635,105	(130,284)	13,493,119
Vehicles.....	8,674,453	695,652	(177,140)	9,192,965
Library books.....	5,177,165	111,790	-	5,288,955
Infrastructure.....	50,886,708	3,585,958	(1,746,322)	52,726,344
<b>Total capital assets being depreciated.....</b>	<b>261,860,693</b>	<b>5,706,610</b>	<b>(2,053,746)</b>	<b>265,513,557</b>
<u>Less accumulated depreciation for:</u>				
Land improvements.....	(4,347,447)	(253,713)	-	(4,601,160)
Buildings and building improvements.....	(85,307,616)	(3,765,070)	-	(89,072,686)
Machinery and equipment.....	(11,072,697)	(525,016)	130,284	(11,467,429)
Vehicles.....	(5,466,345)	(691,026)	177,140	(5,980,231)
Library books.....	(4,703,138)	(96,419)	-	(4,799,557)
Infrastructure.....	(29,330,375)	(1,405,060)	1,746,322	(28,989,113)
<b>Total accumulated depreciation.....</b>	<b>(140,227,618)</b>	<b>(6,736,304)</b>	<b>2,053,746</b>	<b>(144,910,176)</b>
<b>Total capital assets being depreciated, net.....</b>	<b>121,633,075</b>	<b>(1,029,694)</b>	<b>-</b>	<b>120,603,381</b>
<b>Total governmental activities capital assets, net.....</b>	<b>\$ 156,190,785</b>	<b>\$ 5,840,129</b>	<b>\$ (75,213)</b>	<b>\$ 161,955,701</b>

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-Type Activities:</b>				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 2,097,262	\$ 1,700,000	\$ -	\$ 3,797,262
Construction in progress.....	4,797,244	4,575,839	-	9,373,083
Total capital assets not being depreciated...	<u>6,894,506</u>	<u>6,275,839</u>	<u>-</u>	<u>13,170,345</u>
<u>Capital assets being depreciated:</u>				
Buildings and improvements.....	1,140,947	-	-	1,140,947
Machinery and equipment.....	3,670,937	55,800	-	3,726,737
Vehicles.....	687,713	33,465	(72,498)	648,680
Treatment plants.....	18,787,887	-	-	18,787,887
Pump stations.....	7,446,672	-	-	7,446,672
Reservoirs.....	1,477,296	-	-	1,477,296
Infrastructure.....	55,613,097	-	-	55,613,097
Total capital assets being depreciated.....	<u>88,824,549</u>	<u>89,265</u>	<u>(72,498)</u>	<u>88,841,316</u>
<u>Less accumulated depreciation for:</u>				
Buildings and improvements.....	(426,221)	(66,891)	-	(493,112)
Machinery and equipment.....	(2,829,944)	(146,793)	-	(2,976,737)
Vehicles.....	(492,420)	(71,794)	-	(564,214)
Treatment plants.....	(14,439,882)	(476,644)	72,498	(14,844,028)
Pump stations.....	(3,483,374)	(147,493)	-	(3,630,867)
Reservoirs.....	(1,426,241)	(16,971)	-	(1,443,212)
Infrastructure.....	(23,029,035)	(925,930)	-	(23,954,965)
Total accumulated depreciation.....	<u>(46,127,117)</u>	<u>(1,852,516)</u>	<u>72,498</u>	<u>(47,907,135)</u>
Total capital assets being depreciated, net.....	<u>42,697,432</u>	<u>(1,763,251)</u>	<u>-</u>	<u>40,934,181</u>
Total business-type activities capital assets, net..	<u>\$ 49,591,938</u>	<u>\$ 4,512,588</u>	<u>\$ -</u>	<u>\$ 54,104,526</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

<b>Governmental Activities:</b>	
General government.....	\$ 537,219
Public safety.....	934,497
Education.....	2,658,039
Public works.....	2,177,271
Human services.....	122,599
Culture and recreation.....	<u>306,679</u>
Total depreciation expense - governmental activities.....	<u>\$ 6,736,304</u>
<b>Business-Type Activities:</b>	
Water.....	\$ 996,109
Sewer.....	<u>856,407</u>
Total depreciation expense - business-type activities.....	<u>\$ 1,852,516</u>

**NOTE 5 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

Interfund receivables and payables totaled \$41,643 as of June 30, 2023, and consisted of amounts due to the general fund from the COVID-19 nonmajor grant fund. The outstanding balance resulted from the time lag between when reimbursable expenditures were incurred and when reimbursements were received.

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

Transfers Out:	Transfers In:			Total
	General Fund	Municipal Capital Projects	Nonmajor Governmental Funds	
General Fund.....	\$ -	\$ 5,469,743	\$ 1,460,000	\$ 6,929,743 (1)
Nonmajor Governmental Funds.....	158,055	-	-	158,055 (2)
<b>Total.....</b>	<b>\$ 158,055</b>	<b>\$ 5,469,743</b>	<b>\$ 1,460,000</b>	<b>\$ 7,087,798</b>

(1) Budgeted transfers from the general fund to fund municipal and school capital projects.

(2) Budgeted transfer to the general fund from receipts reserved for appropriation.

**NOTE 6 - SHORT-TERM FINANCING**

Short-term debt may be authorized and issued to fund the following:

- Current operating costs prior to the collection of revenues through issuance of revenue or tax anticipation notes (RANS or TANS).
- Capital project costs and other approved expenditures incurred prior to obtaining permanent financing through issuance of bond anticipation notes (BANS) or grant anticipation notes (GANS).

Short-term loans are general obligations and carry maturity dates that are limited by statute. Interest expenditures and expenses for short-term borrowings are accounted for in the general fund and enterprise funds, respectively.

The Town did not have any short-term debt activity during the year ended June 30, 2023.

**NOTE 7 - LONG-TERM DEBT**

State law permits the Town, under the provisions of Chapter 44, Section 10, to authorize indebtedness up to a limit of 5% of its equalized valuation. Debt issued in accordance with this section of the law is designated as being "inside the debt limit." In addition, however, a Town may authorize debt in excess of that limit for specific purposes. Such debt, when issued, is designated as being "outside the debt limit."

Details related to the outstanding indebtedness at June 30, 2023, and the debt service requirements are noted below.

**Bonds Payable – Governmental Funds**

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2023
General Obligation Bonds:				
Municipal Purpose Loan 2012.....	2029	\$ 3,255,348	2.00 - 2.50	\$ 600,001
Municipal Purpose Loan 2014 - refunding.....	2026	4,010,000	2.00 - 3.25	780,000
Municipal Purpose Loan 2014.....	2034	8,181,497	2.00 - 3.25	3,912,998
Municipal Purpose Loan 2015 - refunding.....	2028	68,526	2.00 - 4.00	65,343
Municipal Purpose Loan 2015.....	2035	8,365,000	2.00 - 4.00	4,200,000
Municipal Purpose Loan 2016 - refunding.....	2029	1,695,000	2.00 - 3.00	885,000
Municipal Purpose Loan 2016.....	2036	5,759,364	2.00 - 3.00	3,126,500
Municipal Purpose Loan 2017.....	2037	7,135,000	2.00 - 3.00	3,750,002
Municipal Purpose Loan 2018 - refunding.....	2029	1,457,624	3.00 - 3.25	1,080,400
Municipal Purpose Loan 2018.....	2038	3,820,000	3.00 - 3.25	1,860,000
Municipal Purpose Loan 2019.....	2039	6,710,000	2.00 - 5.00	4,240,000
Municipal Purpose Loan 2020.....	2030	2,475,000	2.00 - 5.00	1,270,000
Total Bonds Payable.....				25,770,244
Add: Unamortized premium on bonds.....				709,538
Total Bonds Payable, net.....				\$ 26,479,782

Debt service requirements for principal and interest for Governmental bonds payable in future years are as follows:

Year	Principal	Interest	Total
2024..... \$	3,449,249 \$	761,273 \$	4,210,522
2025.....	3,010,899	649,827	3,660,726
2026.....	2,362,199	566,332	2,928,531
2027.....	2,202,625	494,896	2,697,521
2028.....	2,036,373	426,017	2,462,390
2029.....	2,013,901	369,296	2,383,197
2030.....	1,605,000	313,982	1,918,982
2031.....	1,520,000	274,239	1,794,239
2032.....	1,535,000	226,669	1,761,669
2033.....	1,515,000	181,468	1,696,468
2034.....	1,504,998	136,695	1,641,693
2035.....	1,130,000	91,043	1,221,043
2036.....	785,000	57,175	842,175
2037.....	550,000	33,500	583,500
2038.....	325,000	16,750	341,750
2039.....	225,000	6,750	231,750
Total..... \$	<u>25,770,244</u> \$	<u>4,605,912</u> \$	<u>30,376,156</u>

**Bonds Payable – Water Enterprise Fund**

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2023
From direct borrowing and placements:				
MCWT.....	2028	\$ 5,532,228	2.00	<u>\$ 1,599,282</u>
General Obligation Bonds:				
Municipal Purpose Loan of 2014.....	2024	267,191	2.00 - 4.00	22,000
Municipal Purpose Loan of 2018 - Refunding...	2030	597,376	3.00 - 3.25	464,600
Municipal Purpose Loan of 2018.....	2028	1,090,000	3.00 - 3.25	<u>525,000</u>
Total from general obligation bonds.....				<u>1,011,600</u>
Total Bonds Payable.....				<u>\$ 2,610,882</u>

Debt service requirements for principal and interest for Water Enterprise fund bonds and notes payable in future years are as follows:

Year	General Obligation Bonds			From Direct Borrowing and Placements			Total
	Principal	Interest	Total	Principal	Interest	Total	
2024.....	\$ 192,000	\$ 30,238	\$ 222,238	\$ 307,191	\$ 28,914	\$ 336,105	\$ 558,343
2025.....	170,000	24,588	194,588	313,397	22,708	336,105	530,693
2026.....	168,700	19,488	188,188	319,729	16,377	336,106	524,294
2027.....	167,400	14,427	181,827	326,188	9,917	336,105	517,932
2028.....	167,400	9,405	176,805	332,777	3,328	336,105	512,910
2029.....	61,100	4,383	65,483	-	-	-	65,483
2030.....	85,000	2,550	87,550	-	-	-	87,550
Total.....	\$ 1,011,600	\$ 105,079	\$ 1,116,679	\$ 1,599,282	\$ 81,243	\$ 1,680,525	\$ 2,797,204

**Bonds Payable – Sewer Enterprise Fund**

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2023
Municipal Purpose Loan of 2015 - Refunding..	2028	1,001,474	2.00 - 4.00	\$ 954,655
Municipal Purpose Loan of 2016.....	2026	870,683	2.00 - 3.00	238,500
Total Bonds Payable.....				\$ 1,193,155

Debt service requirements for principal and interest for Sewer Enterprise fund bonds and notes payable in future years are as follows:

Year	General Obligation Bonds		
	Principal	Interest	Total
2024.....	\$ 288,751	\$ 28,912	\$ 317,663
2025.....	284,101	23,136	307,237
2026.....	274,101	17,250	291,351
2027.....	184,976	9,822	194,798
2028.....	161,226	4,272	165,498
Total.....	\$ 1,193,155	\$ 83,392	\$ 1,276,547

The Town is subject to various debt limits by statute and may issue additional general obligation debt under the normal debt limit. At June 30, 2023, the Town had authorized and unissued debt related to middle school construction and renovations totaling \$21,808,344.

Changes in Long-term Liabilities

During the year ended June 30, 2023, the following changes occurred in long-term liabilities:

	Beginning Balance	Bonds and Notes Issued	Bonds and Notes Redeemed	Other Increases	Other Decreases	Ending Balance	Due Within One Year
<b>Governmental Activities:</b>							
Long-term bonds payable.....	\$ 29,489,463	\$ -	\$ (3,719,219)	\$ -	\$ -	\$ 25,770,244	\$ 3,449,249
Add: Unamortized premium on bonds.....	883,773	-	(174,235)	-	-	709,538	140,809
Total bonds payable.....	30,373,236	-	(3,893,454)	-	-	26,479,782	3,590,058
Net other postemployment benefits liability.....	109,265,621	-	-	11,971,255	(4,169,023)	117,067,853	-
Compensated absences.....	1,978,000	-	-	1,199,000	(1,228,000)	1,949,000	1,111,000
Net pension liability.....	50,096,427	-	-	25,412,153	(6,616,229)	68,892,351	-
Total governmental activity long-term liabilities.....	\$ 191,713,284	\$ -	\$ (3,893,454)	\$ 38,582,408	\$ (12,013,252)	\$ 214,388,986	\$ 4,701,058
<b>Business-Type Activities:</b>							
General obligation bonds.....	\$ 2,695,537	\$ -	\$ (490,782)	\$ -	\$ -	\$ 2,204,755	\$ 480,751
Direct borrowing and placements.....	1,900,390	-	(301,108)	-	-	1,599,282	307,191
Total bonds payable.....	4,595,927	-	(791,890)	-	-	3,804,037	787,942
Net other postemployment benefits liability.....	3,557,498	-	-	159,998	(974,325)	2,743,171	-
Compensated absences.....	134,000	-	-	70,000	(73,000)	131,000	65,000
Net pension liability.....	2,584,900	-	-	1,379,378	(347,359)	3,616,919	-
Total business-type activity long-term liabilities.....	\$ 10,872,325	\$ -	\$ (791,890)	\$ 1,609,376	\$ (1,394,684)	\$ 10,295,127	\$ 852,942

The governmental activities long-term liabilities are generally liquidated by the general fund and the business-type activities long-term liabilities are generally liquidated by the applicable enterprise fund.

**NOTE 8 - GOVERNMENTAL FUND BALANCE CLASSIFICATIONS**

GASB 54 provides for two major types of fund balances, which are nonspendable and spendable. Nonspendable fund balances are balances that cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact. Examples of this classification are prepaid items, inventories, and principal (corpus) of an endowment fund.

In addition to the nonspendable fund balance, GASB 54 has provided a hierarchy of spendable fund balances, based on a hierarchy of spending constraints.

- Restricted: fund balances that are constrained by external parties, constitutional provisions, or enabling legislation.
- Committed: fund balances that contain self-imposed constraints of the government from its highest level of decision-making authority.
- Assigned: fund balances that contain self-imposed constraints of the government to be used for a particular purpose.
- Unassigned: fund balance of the general fund that is not constrained for any particular purpose

Massachusetts General Law Ch.40 §5B allows for the establishment of stabilization funds for one or more different purposes. The creation of a fund requires a two-thirds vote of the legislative body and must clearly define the purpose of the fund. Any change to the purpose of the fund along with any additions to or appropriations from the fund requires a two-thirds vote of the legislative body.

At year-end, the balance of the general stabilization fund, capital stabilization fund, and special education stabilization fund was \$5,711,557, \$4,688,684, and \$785,017, respectively. All are reported as unassigned fund balance within the general fund.

The Town has classified its fund balances within the following hierarchy.

	General	Community Preservation	Municipal Capital Projects	Gas Disaster Paving Restoration	Nonmajor Governmental Funds	Total Governmental Funds
Fund Balances:						
Restricted for:						
Community preservation fund.....	\$ -	\$ 16,130,695	\$ -	\$ -	\$ -	\$ 16,130,695
Municipal capital projects.....	-	-	6,714,557	-	-	6,714,557
Gas disaster paving restoration fund.....	-	-	-	4,528,463	-	4,528,463
Municipal federal and state grants.....	-	-	-	-	868,128	868,128
Education federal and state grants.....	-	-	-	-	103,564	103,564
Receipts reserved for appropriation.....	-	-	-	-	197,973	197,973
Municipal revolving funds.....	-	-	-	-	1,428,726	1,428,726
Education revolving funds.....	-	-	-	-	537,229	537,229
School lunch funds.....	-	-	-	-	1,410,072	1,410,072
Other special revenue funds.....	-	-	-	-	2,368,331	2,368,331
Affordable housing trust fund.....	-	-	-	-	942,612	942,612
Other trust funds.....	-	-	-	-	1,122,226	1,122,226
Education capital projects.....	-	-	-	-	1,263,899	1,263,899
Debt service.....	141,989	-	-	-	-	141,989
Assigned to:						
General government.....	29,155	-	-	-	-	29,155
Public safety.....	58,183	-	-	-	-	58,183
Education.....	372,797	-	-	-	-	372,797
Public works.....	363,646	-	-	-	-	363,646
Health and human services.....	935	-	-	-	-	935
Culture and recreation.....	2,225	-	-	-	-	2,225
Support services.....	258,796	-	-	-	-	258,796
Employee benefits.....	13,949	-	-	-	-	13,949
Free cash used for subsequent year budget.....	7,021,775	-	-	-	-	7,021,775
Unassigned.....	24,231,137	-	-	-	-	24,231,137
<b>Total Fund Balances.....</b>	<b>\$ 32,494,587</b>	<b>\$ 16,130,695</b>	<b>\$ 6,714,557</b>	<b>\$ 4,528,463</b>	<b>\$ 10,242,760</b>	<b>\$ 70,111,062</b>

**NOTE 9 - 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 Town participates in a premium-based workers’ compensation plan for its active employees.

**Health Insurance**

The Town is a member of the Commonwealth of Massachusetts’ group insurance plan which is a premium based health insurance plan. The amount of claim settlements has not exceeded insurance coverage in any of the three preceding years.



**NOTE 10 - PENSION PLAN**

The Town is a member of the Essex Regional Retirement System (ERRS), a cost-sharing multiple-employer defined benefit pension plan covering eligible employees of the member units. The system is administered by five board members (Board) on behalf of all current employees and retirees except for current teachers and retired teachers. Chapter 32 of the MGL assigns authority to establish and amend benefit provisions of the plan. The audited financial report may be obtained by visiting <http://www.essexregional.com>.

The Town is a member of the Massachusetts Teachers' Retirement System (MTRS), a cost-sharing multi-employer defined benefit plan. MTRS is managed by the Commonwealth of Massachusetts (Commonwealth) on behalf of municipal teachers and municipal teacher retirees. The Commonwealth is a nonemployer contributor and is responsible for 100% of the contributions and future benefit requirements of the MTRS. The MTRS covers certified teachers in cities (except Boston), towns, regional school districts, charter schools, educational collaboratives and Quincy College. The MTRS is part of the Commonwealth's reporting entity and the audited financial report may be obtained by visiting <https://mtrs.state.ma.us/service/financial-reports/>.

*Special Funding Situation*

The Commonwealth is a nonemployer contributor and is required by statute to make 100% of all actuarially determined employer contributions on behalf of the Town to the MTRS. Therefore, the Town is considered to be in a special funding situation as defined by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and the Commonwealth is a nonemployer contributor in MTRS. Since the Town does not contribute directly to MTRS, there is no net pension liability to recognize. The total of the Commonwealth provided contributions have been allocated based on each employer's covered payroll to the total covered payroll of employers in MTRS as of the measurement date of June 30, 2022. The Town's portion of the collective pension expense, contributed by the Commonwealth, of \$9,783,170 is reported in the general fund as intergovernmental revenue and pension expense in the current fiscal year. The portion of the Commonwealth's collective net pension liability associated with the Town is \$118,930,213 as of the measurement date.

*Benefits Provided*

Both Systems provide retirement, disability, survivor and death benefits to plan members and beneficiaries. Massachusetts Contributory Retirement System benefits are, with certain minor exceptions, uniform from system to system. The System provides for retirement allowance benefits up to a maximum of 80% of a member's highest three-year average annual rate of regular compensation. For persons who became members on or after April 2, 2012, average salary is the average annual rate of regular compensation received during the five consecutive years that produce the highest average, or, if greater, during the last five years (whether or not consecutive) preceding retirement. Benefit payments are based upon a member's age, length of creditable service, level of compensation, and group classification.

There are three classes of membership in the retirement system: group 1, group 2, and group 4. Group 1 consists of general employees which includes clerical and administrative positions. Group 2 consists of positions that have been specified as hazardous. Lastly, group 4 consists of police officers, firefighters, and other hazardous positions.

Members become vested after ten years of creditable service. A superannuation retirement allowance may be received upon the completion of 20 years of service or upon reaching the age of 55 with 10 years of service if hired after 1978 and if classified in groups 1 or 2. A person who became a member on or after April 2, 2012, is eligible for a superannuation retirement allowance upon reaching the age of 60 with 10 years of service if in group

1, 50 years of age with 10 years of service if in group 2, and 55 years of age if hired prior to 1978 or if classified in group 4. Normal retirement for most employees occurs at age 65 (except for certain hazardous duty and public safety positions, whose normal retirement is at age 55).

Employees who resign from service and who are not eligible to receive a retirement allowance or are under the age of 55 are entitled to request a refund of their accumulated total deductions. Survivor benefits are extended to eligible beneficiaries of members whose death occurs prior to or following retirement.

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. Cost-of-living adjustments granted after 1997 must be approved by the Board and are borne by the System.

### *Contributions*

Chapter 32 of the MGL governs the contributions of plan members and member units. Active plan members are required to contribute to the System at rates ranging from 5% to 9% of gross regular compensation with an additional 2% contribution required for compensation exceeding \$30,000. The percentage rate is keyed to the date upon which an employee's membership commences. The member units are required to pay into the ERRS a legislatively mandated actuarially determined contribution that is apportioned among the employers based on active current payroll. The Town's actual contribution for the year ended December 31, 2022, was \$6,963,588, or 27.48% of covered payroll, actuarially determined as an amount that, when combined with plan member contributions, is expected to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. The Town's proportionate share of the required contribution was \$6,953,268 which was \$10,320 less than its actual contribution.

### *Pension Liabilities*

At June 30, 2023, the Town reported a liability of \$72,509,270 for its proportionate share of the net pension liability. The net pension liability 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. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating members. At December 31, 2022, the Town's proportion was 15.63%, which was an increase of 0.46% from its proportion measured at December 31, 2021.

### *Pension Expense*

For the year ended June 30, 2023, the Town recognized pension expense of \$8,319,371. At June 30, 2023, the Town reported deferred outflows and inflows of resources related to pensions of \$12,231,792 and \$2,051,126, respectively.

The balances of deferred outflows/(inflows) at June 30, 2023 are as follows:

Deferred Category	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Differences between expected and actual experience.....	\$ 2,259	\$ (1,245,265)	\$ (1,243,006)
Difference between projected and actual earnings, net.....	6,723,591	-	6,723,591
Changes of assumptions.....	3,956,911	-	3,956,911
Changes in proportion and proportionate share of contributions...	1,549,031	(805,861)	743,170
Total deferred outflows/(inflows) of resources.....	\$ 12,231,792	\$ (2,051,126)	\$ 10,180,666

The Town’s net deferred outflows/(inflows) of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2024.....	\$ 1,597,489
2025.....	1,545,723
2026.....	2,662,435
2027.....	4,375,019
Total.....	\$ 10,180,666

*Investment Policy*

The pension plan’s policy in regard to the allocation of invested assets is established by PRIT and the Board. Plan assets are managed on a total return basis with a long-term objective of achieving a fully funded status for the benefits provided through the pension plan.

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 allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before investment expense, used in the derivation of the long-term investment rate of return assumption are summarized in the table on the following page.

Asset Class	Long-Term Expected Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity.....	7.10%	21.20%
International developed markets equity.....	6.90%	12.20%
International emerging markets equity.....	9.60%	4.70%
Core fixed income.....	4.70%	13.80%
High-yield fixed income.....	3.80%	7.00%
Private equity.....	10.20%	17.70%
Real estate.....	5.70%	11.20%
Timberland.....	7.00%	3.20%
Hedge funds, PCS.....	6.50%	9.00%
Total.....		100.00%

**Actuarial Assumptions**

The total pension liability in the January 1, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement date that was rolled forward to December 31, 2022:

Valuation date.....	January 1, 2022
Interest on employee contributions.....	3.50%
Salary increases.....	Based on years of service, ranging from 7.50% at 0 years of service decreasing to 3.75% after 5 years of service.
Net investment return/discount rate.....	7.00%
Mortality Rates:	
Pre-Retirement.....	RP-2014 Employee Mortality Table projected generationally with Scale MP-2021.
Healthy Retiree.....	RP-2014 Healthy Annuitant Mortality Table projected generationally with Scale MP-2021.
Disabled Retiree.....	RP-2014 Healthy Annuitant Mortality Table set forward two years projected generationally with Scale MP-2021.

**Rate of Return**

For the year ended December 31, 2022, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was -11.36%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

*Discount Rate*

The discount rate used to measure the total pension liability was 7.00% as of December 31, 2022 and December 31, 2021. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the Net Pension Liability to Changes in the Discount Rate*

The following presents the net pension liability, calculated using the discount rate of 7.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
	<u>                    </u>	<u>                    </u>	<u>                    </u>
The Town's proportionate share of the net pension liability..... \$	\$ 92,107,944	\$ 72,509,270	\$ 56,053,009
	<u>                    </u>	<u>                    </u>	<u>                    </u>

*Changes of Assumptions*

None.

*Changes in Plan Provisions*

None.

**NOTE 11 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS**

*Summary of Significant Accounting Policies*

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan’s fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts (repurchase agreements) that have a maturity at the time of purchase of one year or less, which are reported at cost.

*Plan Description*

The Town of North Andover administers a single-employer defined benefit healthcare plan (the “Plan”). The plan provides lifetime healthcare insurance for eligible retirees and their spouses through the Town’s group health insurance plan, which covers both active and retired members. Chapter 32B of the MGL assigns authority to establish and amend benefit provisions of the plan. Benefit provisions are negotiated between the Town and the

unions representing Town employees and are renegotiated each bargaining period. The Retiree Health Plan does not issue a publicly available financial report.

*Funding Policy*

Contribution requirements are also negotiated between the Town and union representatives. The required contribution is based on a pay-as-you-go financing requirement. The Town contributes a variable portion of the cost of current-year premiums, which varies by plan, for eligible retired plan members and their spouses. Plan members receiving benefits contribute the remaining portion of their premium costs. For the year ended June 30, 2023, the Town’s average contribution rate was 6.9% of covered-employee payroll.

During 2023, the Town pre-funded future OPEB liabilities totaling \$165,000 by contributing funds to the Other Postemployment Benefit Fund in excess of the pay-as-you-go required contribution. These funds are reported within the Fiduciary Funds financial statements. As of June 30, 2023, the balance of this fund totaled \$5,926,519. The Town has not formally adopted a policy of pre-funding future OPEB liabilities.

The Commonwealth of Massachusetts passed legislation that has allowed the Town to establish a postemployment benefit trust fund and enabled the Town to begin pre-funding its other postemployment benefit (OPEB) liabilities. The Town has named the Health Care Security Board of Trustees (HCSBT) as Trustees of the OPEB Fund and as such has authorized the OPEB Trust Funds to be invested entirely in the State Retirement Benefits Trust Fund (SRBT Fund). Massachusetts General Law directs the HSCBT to invest the SRBT Fund in the Pension Reserves Investment Trust (PRIT) Fund. The Trustees have adopted a trust agreement detailing their duties and responsibilities as Trustees. The PRIT Fund is subject to oversight by the Pension Reserves Investment Management (PRIM) Board. A nine-member Board of Trustees governs the PRIM Board. The Board of Trustees has the authority to employ an Executive Director, outside investment managers, custodians, consultants, and others as it deems necessary to formulate policies and procedures and to take such other actions as necessary and appropriate to manage the assets of the PRIT Fund.

*Investment Policy*

The Town’s policy in regard to the allocation of invested assets is established and may be amended by the Select Board by a majority vote of its members. The OPEB plan’s assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the OPEB plan. The long-term real rate of return on OPEB investments was determined using the Town’s investment policy.

*Employees Covered by Benefit Terms*

The following table represents the Plan’s membership as of the latest valuation, July 1, 2023:

Active members.....	910
Inactive members currently receiving benefits.....	461
	<hr/>
Total.....	1,371
	<hr/> <hr/>

*Components of OPEB Liability*

The following table represents the components of the Plan’s OPEB liability as of June 30, 2023:

Total OPEB liability.....	\$	125,737,543
Less: OPEB plan's fiduciary net position.....		<u>(5,926,519)</u>
Net OPEB liability.....	\$	<u>119,811,024</u>
The OPEB plan's fiduciary net position		
as a percentage of the total OPEB liability.....		4.71%

*Significant Actuarial Methods and Assumptions*

The total OPEB liability in the July 1, 2023, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement date that was rolled back to June 30, 2023:

Valuation date.....	July 1, 2023
Actuarial cost method.....	Entry Age Normal Level % of Salary.
Discount rate.....	4.17% as of June 30, 2023, and 4.14% as of June 30, 2022.
Healthcare cost trend rate.....	7.5% decreasing annually to an ultimate rate of 4.5%.
Inflation rate.....	1.3% per year
Payroll growth.....	General wage inflation plus merit/productivity increases, based on the Public Employee Retirement Administration Commission's Commonwealth of Massachusetts actuarial valuation as of January 1, 2022.
Mortality rates.....	General: SOA Pub-2010 General Headcount Weighted Mortality table fully generational using Scale MP-2021.  Police and Fire: SOA Pub-2010 Public Safety Headcount Weighted Mortality Table fully generational using Scale MP-2021.  Teachers: Pub-2010 Teachers Headcount Weighted Mortality table fully generational using Scale MP-2021.  Surviving Spouses: SOA Pub-2010 Continuing Survivor Headcount Weighted Mortality Table fully generational using Scale MP-2021.

*Rate of Return*

For the year ended June 30, 2023, the annual money-weighted rate of return on investments, net of investment expense, was 5.90%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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 returns (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 Plan’s expected future real rate of return is added to the expected inflation to produce the long-term expected nominal rate of return. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan’s target asset allocation as of June 30, 2023, are summarized in the following table.

Asset Class	Long-Term Expected Asset Allocation	Long-Term Expected Real Rate of Return
Equity.....	37.00%	7.87%
Core fixed income.....	15.00%	4.34%
Value added fixed income.....	8.00%	7.80%
Real estate.....	10.00%	5.70%
Timberland.....	4.00%	7.00%
Portfolio completion strategies.....	10.00%	6.50%
Private equity.....	16.00%	10.20%
Total.....	100.00%	

*Discount Rate*

The discount rate used to measure the total OPEB liability was 4.17% as of June 30, 2023 and 4.14% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed that contributions will be made in accordance with the Plan’s funding policy. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to be insufficient to make all projected benefit payments to current plan members. Therefore, the long-term expected rate of return on the OPEB plan assets was applied to the periods where fiduciary net position was sufficient to make projected future benefits payments and a yield or index rate for 20 year, tax exempt general obligation municipal bonds with an average rate of AA/Aa or higher was applied to all periods thereafter. The municipal bond rate was selected from a range of indices including the Bond Buyer 20 – Bond Municipal Bond Index (3.65% for 2023 and 3.54% for 2022), S&P Municipal Bond 20 – Year High Grade Rate Index (4.13% for 2023 and 4.09% for 2022), and the Fidelity 20 – Year Municipal Bond Index (3.86% for 2023 and 3.69% for 2022).



*Changes in the Net OPEB Liability*

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at June 30, 2022.....	\$ 118,257,260	\$ 5,434,141	\$ 112,823,119
Changes for the year:			
Service cost.....	6,438,385		6,438,385
Interest.....	5,078,355	-	5,078,355
Differences between expected and actual experience...	(5,048,808)	-	(5,048,808)
Changes in assumptions.....	5,114,063	-	5,114,063
Benefit payments.....	(4,101,712)	(4,101,712)	-
Employer contributions.....	-	4,266,712	(4,266,712)
Net investment income (loss).....	-	355,639	(355,639)
Administrative expenses.....	-	(28,261)	28,261
Net change.....	<u>7,480,283</u>	<u>492,378</u>	<u>6,987,905</u>
Balances at June 30, 2023.....	\$ <u>125,737,543</u>	\$ <u>5,926,519</u>	\$ <u>119,811,024</u>

*Sensitivity of the Net OPEB Liability to Changes in the Discount Rate*

The following table presents the net other postemployment benefit liability, calculated using the discount rate of 4.17%, as well as what the net other postemployment benefit liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

	1% Decrease (3.17%)	Current Discount Rate (4.17%)	1% Increase (5.17%)
	Net OPEB liability.....	\$ <u>138,238,455</u>	\$ <u>119,811,024</u>

*Sensitivity of the Net OPEB Liability to Changes in the Healthcare Trend*

The following table presents the net other postemployment benefit liability, calculated using the current healthcare trend rate, as well as what the net other postemployment benefit liability would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher.

	1% Decrease	Current Trend	1% Increase
	Net OPEB liability.....	\$ <u>102,207,738</u>	\$ <u>119,811,024</u>

*OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB*

For the year ended June 30, 2023, the Town recognized OPEB expense of \$6,988,114. At June 30, 2023, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Deferred Category	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Differences between expected and actual experience.....	\$	\$ (17,755,536)	\$ (17,755,536)
Difference between projected and actual earnings, net.....	56,070	-	56,070
Changes in assumptions.....	22,021,968	(25,255,041)	(3,233,073)
Total deferred outflows/(inflows) of resources.....	\$ 22,078,038	\$ (43,010,577)	\$ (20,932,539)

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

<u>Measurement date year ended June 30:</u>	
2024.....	\$ (4,155,351)
2025.....	(3,720,905)
2026.....	(2,863,778)
2027.....	(4,288,529)
2028.....	(5,913,297)
Thereafter.....	9,321
Total.....	\$ (20,932,539)

*Changes of Assumptions*

- The discount rate was increased from 4.14% as of June 30, 2022, to 4.17% as of June 30, 2023.
- The mortality scales were updated from MP-2020 to MP-2021.
- Pre-65 Medical/Rx trend rates have been updated to an initial rate of 7.50% decreasing by 0.50% annually to an ultimate rate of 4.50%. Post-65 Medical/Rx trend rates have been updated to an initial rate of 6.50% decreasing by 0.25% annually to an ultimate rate of 4.50%.
- Claims costs and premiums were also updated for 2023.

*Changes in Plan Provisions*

None.

**NOTE 12 - COMMITMENTS**

The general fund has various commitments outstanding for goods and services related to encumbrances totaling approximately \$1.1 million.

The Town has entered into, or is planning to enter into, contracts totaling approximately \$21.8 million for middle school construction and renovations.

## **NOTE 13 - CONTINGENCIES**

### Federal Award Programs

The Town participates in a number of federal award programs. Although the grant programs have been audited in accordance with the provisions of the Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, these programs are still subject to financial and compliance audits. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although it is expected such amounts, if any, to be immaterial.

### Litigation

Various legal actions and claims are pending against the Town. Litigation is subject to many uncertainties, and the outcome of individual litigated matters is not always predictable. Although the amount of liability, if any, at June 30, 2023, cannot be ascertained, management believes any resulting liability should not materially affect the financial position of the Town at June 30, 2023.

## **NOTE 14 - SUBSEQUENT EVENTS**

Management has evaluated subsequent events through November 30, 2023, which is the date the financial statements were available to be issued.

Subsequent to the close of the fiscal year ended June 30, 2023, the Town declared a State of Emergency related to the unprecedented flood damage the Town experienced due to extremely heavy rainfall. The extent of the damage includes public facilities, small businesses, and residential properties throughout the Town.

As of November 30, 2023, the Town is in the process of assessing the full impact of the flood and determining the associated costs for recovery and reconstruction. Emergency response efforts, in collaboration, with relevant authorities and agencies, have been initiated to address immediate concerns and provide relief to those affected.

The Town's management is actively engaged in discussions with insurers and federal and state authorities to secure financial assistance and support for the recovery efforts. However, the timing and amount of any insurance settlements, government assistance, or other recoveries are uncertain at this time.

The financial statements presented herein do not reflect the effects of the flood damage or any subsequent events that may have occurred after the date of the financial statements. Management is evaluating the need for any adjustments to the financial statements or disclosures, and updates will be made in subsequent reporting periods as more information becomes available.

## **NOTE 15 - COLUMBIA GAS DISASTER**

On September 13, 2018, an over pressurization of a portion of the Bay State Gas Company d/b/a Columbia Gas of Massachusetts (Columbia) natural gas system in the Merrimack Valley of Massachusetts took place, which resulted in a series of fires, explosions and other damages. The Town asserted various claims against Columbia arising from the event. The Town entered into a Final Settlement and Release of all Claims Agreement

(Settlement Agreement) with Columbia on May 1, 2019, providing the Town with the ability to recover \$11,287,500 for costs associated with repaving and restoring all streets, roadways, sidewalks within the impacted area ("Paving Fee"); \$2,000,000 for damages, cost and expenses incurred as a result of the event; and \$2,567,500 for direct substantiated losses.

In 2019, the Town received \$11,287,500 for the Paving Fee, which was reported in the Gas Disaster Paving Restoration Fund. Through June 30, 2023, the Town has charged \$6,759,037 of expenditures to the Gas Disaster Paving Restoration Fund. In accordance with the agreement, the Town anticipates completing the paving restoration within four full summer paving seasons, or by December 31, 2023. Any proceeds not appropriated by the legislative body and spent in accordance with the agreement by December 31, 2023, will close to the general fund.

The Gas Disaster Mitigation fund and the Gas Disaster Reimbursement fund were closed out in 2022 and 2020, respectively.

#### **NOTE 16 - COMMUNITY PARTNERSHIP AND TAX INCREMENT FINANCING AGREEMENTS**

On February 8, 2021, the Town entered into a Community Partnership Agreement (Agreement) with Amazon.com Services, LLC (Amazon) and Osgood Rt-125 Project, LLC (Owner). The Owner of the approximately 110.12-acre lot located in the Town (Property) upon which Amazon will construct and operate a five story, 3,800,000 square foot storage, warehouse, and distribution facility (Facility). The Agreement stipulates that \$400,000,000 will be invested by Amazon for costs associated with new construction and equipping of the Facility as well as related improvements to be constructed on the Property. The Owner has leased the Property and Facility to Amazon and enumerated within the Agreement are various contributions Amazon is required to pay to the Town. Details regarding the specific payments required by Amazon are outlined within the Agreement, which can be obtained from the Town's website: <https://sites.google.com/northandoverma.gov/amazon>.

In addition to the Agreement, the Town has entered into a Tax Increment Financing Agreement (TIF) with Amazon under Chapter 40, Section 59 of Massachusetts General Law. Under this section of the law, localities may grant property tax exemptions of a business' property tax bill for the purposes of attracting or retaining businesses within their jurisdictions. The exemptions may be granted to any business located within or promising to relocate to the Town. The TIF stipulates that the exemption of real estate taxes shall be for a period of ten years beginning the first fiscal year following the year in which the Town has issued a certificate of occupancy and includes an exemption percentage of 80% of the base valuation in the first year, which decreases to 40% by the tenth year. Of the \$400,000,000 to be invested by Amazon, approximately \$300,000,000 is for hard and soft construction costs and approximately \$100,000,000 is for machinery and equipment. In accordance with the TIF, only the \$300,000,000 of construction costs is subject to the TIF, as the agreement stipulates that Amazon shall pay all personal property tax assessed and will not seek to become a registered manufacturer by the Massachusetts Department of Revenue and be exempt from municipal personal property tax. The exemption granted to the Owner by the Town is in consideration of the Owner and the Company agreeing that the Company will create at least 1,500 permanent full-time jobs in North Andover by the end of the second year of the exemption term and shall retain at least that number of jobs throughout the entire term of the TIF. As of June 30, 2023, the certificate of occupancy has not been issued, and therefore there was no exempted property tax under the TIF.

**NOTE 17 - IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS**

During 2023, the following GASB pronouncements were implemented:

- GASB Statement #91, *Conduit Debt Obligations*. This pronouncement did not impact the annual comprehensive financial report.
- GASB Statement #94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. This pronouncement did not impact the annual comprehensive financial report.
- GASB Statement #96, *Subscription-Based Information Technology Arrangements*. This pronouncement did not impact the annual comprehensive financial report.
- GASB Statement #99, *Omnibus 2022*. This pronouncement did not impact the annual comprehensive financial report.

The following GASB pronouncements will be implemented in the future:

- The GASB issued Statement #101, *Compensated Absences*, which is required to be implemented in 2025.

Management is currently assessing the impact the implementation of these pronouncements will have on the annual comprehensive financial report.

***Required Supplementary Information***

# ***General Fund Budgetary Comparison Schedule***

The General Fund is the general operating fund of the Town. It is used to account for all the financial resources, except those required to be accounted for in another fund.

**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL**

YEAR ENDED JUNE 30, 2023

	Amounts Carried Forward From Prior Year	Budgeted Amounts		
		Current Year Initial Budget	Original Budget	Final Budget
<b>REVENUES:</b>				
Real estate and personal property taxes, net of tax refunds.....	\$ -	\$ 91,124,340	\$ 91,124,340	\$ 91,124,340
Tax liens.....	-	-	-	-
Motor vehicle and other excise taxes.....	-	5,359,716	5,359,716	5,359,716
Charges for services.....	-	1,090,459	1,090,459	1,090,459
Penalties and interest on taxes.....	-	460,410	460,410	460,410
Payments in lieu of taxes.....	-	1,929,146	1,929,146	1,929,146
Licenses and permits.....	-	280,075	280,075	280,075
Fines and forfeitures.....	-	33,500	33,500	33,500
Intergovernmental - state aid.....	-	13,686,716	13,686,716	13,686,716
Departmental and other.....	-	1,413,014	1,413,014	1,413,014
Investment income.....	-	399,000	399,000	399,000
<b>TOTAL REVENUES.....</b>	<b>-</b>	<b>115,776,376</b>	<b>115,776,376</b>	<b>115,776,376</b>
<b>EXPENDITURES:</b>				
Current:				
General government.....	59,520	2,947,170	3,006,690	3,071,281
Public safety.....	21,883	12,728,404	12,750,287	13,056,986
Education.....	84,119	58,173,630	58,257,749	58,764,197
Public works.....	186,248	5,749,279	5,935,527	6,487,862
Health and human services.....	960	1,583,082	1,584,042	1,585,558
Culture and recreation.....	1,100	1,242,069	1,243,169	1,243,068
Support services.....	118,803	2,063,187	2,181,990	2,603,429
Pension benefits.....	-	6,953,268	6,953,268	6,953,268
Property and liability insurance.....	-	405,610	405,610	451,590
Employee benefits.....	-	14,351,713	14,351,713	13,530,919
Non-departmental reserves.....	-	2,230,377	2,230,377	1,372,221
State and county charges.....	12,400	669,513	681,913	669,513
Debt service:				
Principal.....	-	3,719,219	3,719,219	3,719,219
Interest.....	-	890,306	890,306	890,306
<b>TOTAL EXPENDITURES.....</b>	<b>485,033</b>	<b>113,706,827</b>	<b>114,191,860</b>	<b>114,399,417</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....</b>	<b>(485,033)</b>	<b>2,069,549</b>	<b>1,584,516</b>	<b>1,376,959</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in.....	-	1,613,863	1,613,863	1,771,918
Transfers out.....	-	(10,350,943)	(10,350,943)	(10,350,943)
<b>TOTAL OTHER FINANCING SOURCES (USES).....</b>	<b>-</b>	<b>(8,737,080)</b>	<b>(8,737,080)</b>	<b>(8,579,025)</b>
<b>NET CHANGE IN FUND BALANCE.....</b>	<b>(485,033)</b>	<b>(6,667,531)</b>	<b>(7,152,564)</b>	<b>(7,202,066)</b>
<b>BUDGETARY FUND BALANCE, Beginning of year.....</b>	<b>-</b>	<b>23,340,072</b>	<b>23,340,072</b>	<b>23,340,072</b>
<b>BUDGETARY FUND BALANCE, End of year.....</b>	<b>\$ (485,033)</b>	<b>\$ 16,672,541</b>	<b>\$ 16,187,508</b>	<b>\$ 16,138,006</b>

See notes to required supplementary information.



	Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
\$	91,101,075	\$ -	\$ (23,265)
	226,670	-	226,670
	5,808,791	-	449,075
	1,555,811	-	465,352
	536,290	-	75,880
	2,054,842	-	125,696
	319,572	-	39,497
	40,083	-	6,583
	13,897,180	-	210,464
	2,374,689	-	961,675
	<u>1,260,515</u>	<u>-</u>	<u>861,515</u>
	<u>119,175,518</u>	<u>-</u>	<u>3,399,142</u>
	2,874,083	29,155	168,043
	12,677,970	58,183	320,833
	58,391,400	372,797	-
	6,124,216	363,646	-
	1,434,851	935	149,772
	1,184,344	2,225	56,499
	2,257,420	258,796	87,213
	6,953,268	-	-
	451,590	-	-
	13,311,273	13,949	205,697
	-	-	1,372,221
	757,171	-	(87,658)
	3,719,219	-	-
	<u>877,766</u>	<u>-</u>	<u>12,540</u>
	<u>111,014,571</u>	<u>1,099,686</u>	<u>2,285,160</u>
	<u>8,160,947</u>	<u>(1,099,686)</u>	<u>5,684,302</u>
	1,771,918	-	-
	<u>(10,350,943)</u>	<u>-</u>	<u>-</u>
	<u>(8,579,025)</u>	<u>-</u>	<u>-</u>
	(418,078)	(1,099,686)	5,684,302
	<u>23,340,072</u>	<u>-</u>	<u>-</u>
\$	<u><u>22,921,994</u></u>	<u><u>(1,099,686)</u></u>	<u><u>5,684,302</u></u>

# ***Pension Plan Schedules***

The Schedule of the Town's Proportionate Share of the Net Pension Liability presents multi-year trend information on the Town's net pension liability and related ratios.

The Schedule of Contributions presents multi-year trend information on the Town's required and actual contributions to the pension plan and related ratios.

The Schedule of the Special Funding Amounts of the Net Pension Liability for the Massachusetts Teachers Contributory Retirement System presents multi-year trend information on the liability and expense assumed by the Commonwealth of Massachusetts on behalf of the Town along with related ratios.

These schedules are intended to present information for ten years. Until a ten-year trend is compiled, information is presented for those years for which information is available.

**SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE  
OF THE NET PENSION LIABILITY  
ESSEX REGIONAL RETIREMENT SYSTEM**

Measurement Date	Proportion of the net pension liability (asset)	Proportionate share of the net pension liability (asset)	Covered payroll	Net pension liability as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
December 31, 2022.....	15.63%	\$ 72,509,270	\$ 25,027,357	289.72%	57.57%
December 31, 2021.....	15.17%	52,681,327	24,926,550	211.35%	67.01%
December 31, 2020.....	15.18%	60,262,421	23,287,334	258.78%	59.73%
December 31, 2019.....	15.68%	66,041,825	22,380,902	295.08%	55.46%
December 31, 2018.....	15.52%	65,601,981	21,480,334	305.40%	51.89%
December 31, 2017.....	15.29%	57,570,919	20,639,250	278.94%	55.40%
December 31, 2016.....	15.08%	58,098,928	20,203,810	287.56%	51.12%
December 31, 2015.....	14.82%	53,845,435	19,581,065	274.99%	51.01%
December 31, 2014.....	14.66%	49,719,115	18,809,056	264.34%	52.27%

Note: this schedule is intended to present information for 10 years.  
Until a 10-year trend is compiled, information is presented for those years for which information is available.

See notes to required supplementary information.

**SCHEDULE OF THE TOWN'S CONTRIBUTIONS  
ESSEX REGIONAL RETIREMENT SYSTEM**

Year	Actuarially determined contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
June 30, 2023.....	\$ 6,953,268	\$ (6,963,588)	\$ (10,320)	\$ 25,340,199	27.48%
June 30, 2022.....	6,286,872	(6,295,153)	(8,281)	25,238,132	24.94%
June 30, 2021.....	5,861,862	(5,862,993)	(1,131)	23,578,426	24.87%
June 30, 2020.....	5,629,804	(5,636,824)	(7,020)	22,660,663	24.87%
June 30, 2019.....	5,189,280	(5,192,935)	(3,655)	21,748,838	23.88%
June 30, 2018.....	4,763,787	(4,769,727)	(5,940)	20,897,241	22.82%
June 30, 2017.....	4,369,169	(4,370,760)	(1,591)	20,456,358	21.37%
June 30, 2016.....	4,071,413	(4,100,517)	(29,104)	19,825,828	20.68%
June 30, 2015.....	3,759,115	(3,759,115)	-	19,044,169	19.74%

Note: this schedule is intended to present information for 10 years.  
Until a 10-year trend is compiled, information is presented for those years for which information is available.

See notes to required supplementary information.

**SCHEDULE OF THE SPECIAL FUNDING AMOUNTS  
OF THE NET PENSION LIABILITY  
MASSACHUSETTS TEACHERS' RETIREMENT SYSTEM**

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The Commonwealth of Massachusetts is a nonemployer contributor and is required by statute to make all actuarially determined employer contributions on behalf of the member employers which creates a special funding situation. Therefore, there is no net pension liability to recognize. This schedule discloses the Commonwealth's 100% share of the associated collective net pension liability; the portion of the collective pension expense as both a revenue and pension expense recognized; and the Plan's fiduciary net position as a percentage of the total liability.

Year	Commonwealth's 100% Share of the Associated Net Pension Liability	Expense and Revenue Recognized for the Commonwealth's Support	Plan Fiduciary Net Position as a Percentage of the Total Liability
2023.....	\$ 118,930,213	\$ 9,783,170	57.75%
2022.....	103,391,803	8,296,762	62.03%
2021.....	124,232,797	15,344,530	50.67%
2020.....	109,141,802	13,235,338	53.95%
2019.....	101,645,885	10,300,336	54.84%
2018.....	88,529,957	9,240,129	54.25%
2017.....	93,180,709	9,505,043	52.73%
2016.....	86,270,207	6,997,282	55.38%
2015.....	65,734,720	4,566,906	61.64%

Note: this schedule is intended to present information for 10 years.  
Until a 10-year trend is compiled, information is presented for those years for which information is available.

See notes to required supplementary information.

# ***Other Postemployment Benefit Plan Schedules***

The Schedule of Changes in the Town's Net Other Postemployment Benefit Liability and Related Ratios presents multi-year trend information on changes in the Plan's total OPEB liability, changes in the Plan's net position, and ending net OPEB liability. It also demonstrates the Plan's net position as a percentage of the total liability and the Plan's net other postemployment benefit liability as a percentage of covered employee payroll.

The Schedule of the Town's Contributions presents multi-year trend information on the Town's actual contributions to the other postemployment benefit plan and related ratios.

The Schedule of Investment Return presents multi-year trend information on the money-weighted investment return on the Plan's other postemployment assets, net of investment expense.

These schedules are intended to present information for ten years. Until a ten-year trend is compiled, information is presented for those years for which information is available.

**SCHEDULE OF CHANGES IN THE  
TOWN'S NET OPEB LIABILITY AND RELATED RATIOS  
OTHER POSTEMPLOYMENT BENEFIT PLAN**

	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022	June 30, 2023
<b>Total OPEB Liability</b>							
Service cost.....	\$ 8,094,690	\$ 5,881,723	\$ 6,159,859	\$ 6,584,033	\$ 7,907,074	\$ 9,856,163	\$ 6,438,385
Interest.....	4,469,429	4,770,917	4,528,896	4,203,260	3,770,794	3,572,973	5,078,355
Differences between expected and actual experience.....	(8,910,359)	(8,722,694)	(5,990,227)	(4,130,917)	(7,598,419)	(6,101,264)	(5,048,808)
Changes of assumptions.....	(21,769,598)	5,378,085	1,324,870	13,274,329	18,904,653	(35,357,057)	5,114,063
Benefit payments.....	(3,502,197)	(3,530,124)	(3,699,264)	(3,742,437)	(4,022,481)	(3,885,488)	(4,101,712)
Net change in total OPEB liability.....	(21,618,035)	3,777,907	2,324,134	16,188,268	18,961,621	(31,914,673)	7,480,283
Total OPEB liability - beginning.....	130,538,038	108,920,003	112,697,910	115,022,044	131,210,312	150,171,933	118,257,260
Total OPEB liability - ending (a).....	<u>\$ 108,920,003</u>	<u>\$ 112,697,910</u>	<u>\$ 115,022,044</u>	<u>\$ 131,210,312</u>	<u>\$ 150,171,933</u>	<u>\$ 118,257,260</u>	<u>\$ 125,737,543</u>
<b>Plan fiduciary net position</b>							
Employer contributions.....	\$ 300,000	\$ 700,000	\$ 858,844	\$ 1,399,605	\$ 148,270	\$ 75,000	\$ 165,000
Employer contributions for OPEB payments.....	3,502,197	3,530,124	3,699,264	3,742,437	4,022,481	3,885,488	4,101,712
Net investment income (loss).....	86,764	115,230	144,306	45,404	1,258,460	(215,852)	327,378
Benefit payments.....	(3,502,197)	(3,530,124)	(3,699,264)	(3,742,437)	(4,022,481)	(3,885,488)	(4,101,712)
Net change in plan fiduciary net position.....	386,764	815,230	1,003,150	1,445,009	1,406,730	(140,852)	492,378
Plan fiduciary net position - beginning of year.....	518,110	904,874	1,720,104	2,723,254	4,168,263	5,574,993	5,434,141
Plan fiduciary net position - end of year (b).....	<u>\$ 904,874</u>	<u>\$ 1,720,104</u>	<u>\$ 2,723,254</u>	<u>\$ 4,168,263</u>	<u>\$ 5,574,993</u>	<u>\$ 5,434,141</u>	<u>\$ 5,926,519</u>
<b>Net OPEB liability - ending (a)-(b).....</b>	<u>\$ 108,015,129</u>	<u>\$ 110,977,806</u>	<u>\$ 112,298,790</u>	<u>\$ 127,042,049</u>	<u>\$ 144,596,940</u>	<u>\$ 112,823,119</u>	<u>\$ 119,811,024</u>
Plan fiduciary net position as a percentage of the total OPEB liability.....	0.83%	1.53%	2.37%	3.18%	3.71%	4.60%	4.71%
Covered-employee payroll.....	\$ 55,112,283	\$ 56,765,651	\$ 55,088,959	\$ 56,741,628	\$ 58,433,877	\$ 60,197,193	\$ 62,003,109
Net OPEB liability as a percentage of covered-employee payroll.....	195.99%	195.50%	203.85%	223.90%	247.45%	187.42%	193.23%

Note: this schedule is intended to present information for 10 years.  
Until a 10-year trend is compiled, information is presented for those years for which information is available.

See notes to required supplementary information.

**SCHEDULE OF THE TOWN'S CONTRIBUTIONS  
OTHER POSTEMPLOYMENT BENEFIT PLAN**

Year	Actuarially determined contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered- employee payroll	Contributions as a percentage of covered- employee payroll
June 30, 2023.....	\$ 8,968,490	\$ (4,266,712)	\$ 4,701,778	\$ 62,003,109	6.88%
June 30, 2022.....	8,770,631	(3,960,488)	4,810,143	60,197,193	6.58%
June 30, 2021.....	7,734,961	(4,170,751)	3,564,210	58,433,877	7.14%
June 30, 2020.....	7,326,881	(5,142,042)	2,184,839	56,741,628	9.06%
June 30, 2019.....	7,444,959	(4,558,108)	2,886,851	55,088,959	8.27%
June 30, 2018.....	7,452,982	(4,230,127)	3,222,855	56,765,651	7.45%
June 30, 2017.....	7,040,857	(3,802,197)	3,238,660	55,112,283	6.90%

Note: this schedule is intended to present information for 10 years.  
Until a 10-year trend is compiled, information is presented for those years for which information is available.

See notes to required supplementary information.



**SCHEDULE OF INVESTMENT RETURNS**  
**OTHER POSTEMPLOYMENT BENEFIT PLAN**

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<u>Year</u>	<u>Annual money-weighted rate of return, net of investment expense</u>
June 30, 2023.....	5.90%
June 30, 2022.....	-3.84%
June 30, 2021.....	29.26%
June 30, 2020.....	1.24%
June 30, 2019.....	6.03%
June 30, 2018.....	7.46%
June 30, 2017.....	10.96%

Note: this schedule is intended to present information for 10 years. Until a 10-year trend is compiled, information is presented for those years for which information is available.

See notes to required supplementary information.

**NOTE A - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

1. Budgetary Information

Municipal Law requires the Town to adopt a balanced budget that is approved by Town Meeting. The Finance Committee presents an annual budget to Town Meeting, which includes estimates of revenues and other financing sources and recommendations of expenditures and other financing uses. Town Meeting, which has full authority to amend and/or reject the budget or any individual line item, adopts the expenditure budget by majority vote. Increases or transfers between functions subsequent to the approval of the annual budget, requires majority Town Meeting approval via a supplemental appropriation.

The majority of the Town’s appropriations are non-continuing which lapse at the end of each year. Others are continuing appropriations for which the governing body has authorized that an unspent balance from a prior year be carried forward and made available for spending in the current year. These carry forwards are included as part of the subsequent year’s original budget.

Generally, expenditures may not exceed the legal level of spending authorized for an appropriation account. However, the Town is statutorily required to pay debt service, regardless of whether such amounts are appropriated. Additionally, expenditures for disasters, natural or otherwise, and final judgments may exceed the level of spending authorized by majority vote of the Town Meeting.

The Town adopts an annual budget for the general fund in conformity with the guidelines described above. The original 2023 approved budget for the general fund authorized \$124.5 million in appropriations and other amounts to be raised and includes \$485,000 of carryforwards from the prior year. Additionally, Town Meeting authorized \$208,000 in supplemental appropriations during the year.

The Town Accountant’s office has the responsibility to ensure that budgetary control is maintained on an individual line-item appropriation account basis. Budgetary control is exercised through the Town’s accounting system.

2. Budgetary - GAAP Reconciliation

For budgetary financial reporting purposes, the Uniform Municipal Accounting System basis of accounting (established by the Commonwealth of Massachusetts) is followed, which differs from the GAAP basis of accounting. A reconciliation of budgetary-basis to GAAP-basis results for the general fund for the year ended June 30, 2023, is presented below:

Net change in fund balance - budgetary basis.....	\$ (418,078)
<u>Perspective differences:</u>	
Activity of the stabilization fund recorded in the general fund for GAAP.....	3,657,807
<u>Basis of accounting differences:</u>	
Net change in recording tax refunds payable.....	(1,727,110)
Net change in recording 60 day receipts.....	19,340
Recognition of revenue for on-behalf payments.....	9,783,170
Recognition of expenditures for on-behalf payments.....	<u>(9,783,170)</u>
Net change in fund balance - GAAP basis.....	<u>\$ 1,531,959</u>

### 3. Appropriation Deficits

During 2023, actual expenditures exceeded appropriations for state and county charges. State and county charges are assessments from the Commonwealth, which are directly deducted from local receipts provided by the state. The Town is not required to raise the state and county assessment deficit.

## **NOTE B - PENSION PLAN**

### A. Schedule of the Town's Proportionate Share of the Net Pension Liability

The Schedule of the Town's Proportionate Share of the Net Pension Liability details the Town's allocated percentage of the net pension liability (asset), the Town's proportionate share of the net pension liability, and the Town's covered employee payroll. It also demonstrates the Town's net position as a percentage of the Town's pension liability and the Town's net pension liability as a percentage of the Town's covered payroll.

### B. Schedule of Town's Contributions

Governmental employers are required to pay an annual appropriation as established by PERAC. The Town's appropriation includes the amounts to pay the pension portion of each member's retirement allowance, an amount to amortize the actuarially determined unfunded liability to zero in accordance with the system's funding schedule, and additional appropriations in accordance with adopted early retirement incentive programs. The Town's appropriations are payable on July 1 and January 1. The Town may choose to pay the entire appropriation in July at a discounted rate. Accordingly, actual Town contributions may be less than the "total appropriation". The pension fund appropriation is allocated to the Town based on covered payroll.

### C. Schedule of the Special Funding Amounts of the Net Pension Liabilities

The Commonwealth of Massachusetts is a nonemployer contributor and is required by statute to make all actuarially determined employer contributions on behalf of the member employers which creates a special funding situation. Since the Town does not contribute directly to MTRS, there is no net pension liability to recognize. This schedule discloses the Commonwealth's 100% share of the collective net pension liability that is associated with the Town; the portion of the collective pension expense as both revenue and pension expense recognized by the Town; and the Plan's fiduciary net position as a percentage of the total liability.

### D. Changes of Assumptions

None.

### E. Changes in Plan Provisions

None.

**NOTE C - OTHER POSTEMPLOYMENT BENEFITS PLAN**

The Town administers a single-employer defined benefit healthcare plan (Plan). The Plan provides lifetime healthcare insurance for eligible retirees and their spouses through the Town’s group health insurance plan, which covers both active and retired members. Additionally, retired teachers and their spouses receive health insurance through the Group Insurance Commission of the Commonwealth of Massachusetts (GIC). Each participating municipality is assessed for the governmental share of health and life insurance premiums paid on behalf of its teacher retirees by the state.

***The Other Postemployment Benefit Plan***

A. The Schedule of Changes in the Town’s Net Other Postemployment Benefit Liability and Related Ratios

The Schedule of Changes in the Town’s Net Other Postemployment Benefit Liability and Related Ratios presents multi-year trend information on changes in the Plan’s total OPEB liability, changes in the Plan’s net position, and ending net OPEB liability. It also demonstrates the Plan’s net position as a percentage of the total liability and the Plan’s net other postemployment benefit liability as a percentage of covered employee payroll.

B. Schedule of the Town’s Contributions

The Schedule of the Town’s Contributions includes the Town’s annual required contribution to the Plan, along with the contribution made in relation to the actuarially determined contribution and the covered employee payroll. The Town is not required to fully fund this contribution. It also demonstrates the contributions as a percentage of covered-employee payroll. Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.

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

Valuation date.....	July 1, 2023
Actuarial cost method.....	Entry Age Normal Level % of Salary.
Discount rate.....	4.17% as of June 30, 2023, and 4.14% as of June 30, 2022.
Healthcare cost trend rate.....	7.5% decreasing annually to an ultimate rate of 4.5%.
Inflation rate.....	1.3% per year
Payroll growth.....	General wage inflation plus merit/productivity increases, based on the Public Employee Retirement Administration Commission’s Commonwealth of Massachusetts actuarial valuation as of January 1, 2022.

Mortality rates..... General: SOA Pub-2010 General Headcount Weighted Mortality table fully generational using Scale MP-2021.

Police and Fire: SOA Pub-2010 Public Safety Headcount Weighted Mortality Table fully generational using Scale MP-2021.

Teachers: Pub-2010 Teachers Headcount Weighted Mortality table fully generational using Scale MP-2021.

Surviving Spouses: SOA Pub-2010 Continuing Survivor Headcount Weighted Mortality Table fully generational using Scale MP-2021.

C. Schedule of Investment Returns

The Schedule of Investment Returns includes the money-weighted investment return on the Plan’s other postemployment assets, net of investment expense.

D. Changes of Assumptions

- The discount rate was increased from 4.14% as of June 30, 2022, to 4.17% as of June 30, 2023.
- The mortality scales were updated from MP-2020 to MP-2021.
- Pre-65 Medical/Rx trend rates have been updated to an initial rate of 7.50% decreasing by 0.50% annually to an ultimate rate of 4.50%. Post-65 Medical/Rx trend rates have been updated to an initial rate of 6.50% decreasing by 0.25% annually to an ultimate rate of 4.50%.
- Claims costs and premiums were also updated for 2023.

E. Changes in Plan Provisions

None.

# ***Combining Statements***

# ***Nonmajor Governmental Funds***

## ***Special Revenue Funds***

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

*Municipal Federal and State Grants* – This fund is used to account for grant funds received from state and federal governments which are designated for specific non-school related programs.

*Education Federal and State Grants* – This fund is used to account for grant funds received from state and federal governments which are designated for specific education related programs.

*Receipts Reserved for Appropriation* – This fund is used to account for receipts from a specific revenue source that by law is accounted for separately from the general fund and must be spent by appropriation.

*Municipal Revolving Funds* – This fund is used to account for various municipal department's revolving funds established in accordance with MGL Chapter 44, Section 53E ½ and other applicable statutes.

*Education Revolving Funds* – This fund is used to account for the school department's revolving funds established in accordance with MGL Chapter 44, Section 53E ½ and Chapter 71.

*School Lunch Funds* – This fund is used to account for all cafeteria activities and is funded by user charges, federal and state grants, and commodities received.

*Other Special Revenue Funds* – This fund is used to account for the activity of donated funds, student activities, gifts, and public safety details.

*Affordable Housing Trust Fund* – This fund is used to account for activities relating to the preservation and creation of affordable housing in the Town.

*Other Trust Funds* – This fund is used to account for activities of conservation and public safety trust funds.

*Other COVID-19* – This fund is used to account for grant funds received from state and federal governments, other than funding from the American Rescue Plant Act (ARPA), which are designated to cover excess costs incurred related to the COVID-19 Pandemic.

## ***Capital Projects Funds***

Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

*Education Capital Projects* – This fund is used to account for the acquisition of school related capital assets that are funded through both appropriations and borrowing.

**NONMAJOR GOVERNMENTAL FUNDS**  
COMBINING BALANCE SHEET

JUNE 30, 2023

	<u>Special Revenue Funds</u>			
	Municipal Federal and State Grants	Education Federal and State Grants	Receipts Reserved for Appropriation	Municipal Revolving Funds
<b>ASSETS</b>				
Cash and cash equivalents.....	\$ 1,045,113	\$ 182,736	\$ 197,973	\$ 1,468,240
Investments.....	-	-	-	-
Receivables, net of uncollectibles:				
Departmental and other.....	-	-	-	89,690
Intergovernmental.....	-	-	-	-
<b>TOTAL ASSETS.....</b>	<b><u>\$ 1,045,113</u></b>	<b><u>\$ 182,736</u></b>	<b><u>\$ 197,973</u></b>	<b><u>\$ 1,557,930</u></b>
<b>LIABILITIES</b>				
Warrants payable.....	\$ 176,985	\$ 79,172	-	\$ 39,514
Due to other funds.....	-	-	-	-
Other liabilities.....	-	-	-	-
<b>TOTAL LIABILITIES.....</b>	<b><u>176,985</u></b>	<b><u>79,172</u></b>	<b><u>-</u></b>	<b><u>39,514</u></b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue.....	-	-	-	89,690
<b>FUND BALANCES</b>				
Restricted.....	<u>868,128</u>	<u>103,564</u>	<u>197,973</u>	<u>1,428,726</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES.....</b>	<b><u>\$ 1,045,113</u></b>	<b><u>\$ 182,736</u></b>	<b><u>\$ 197,973</u></b>	<b><u>\$ 1,557,930</u></b>



**Special Revenue Funds**

Education Revolving Funds	School Lunch Funds	Other Special Revenue Funds	Affordable Housing Trust Fund	Other Trust Funds	Other COVID-19	Subtotal
\$ 547,916	\$ 1,438,643	\$ 2,413,961	\$ 942,612	\$ 187,392	\$ -	\$ 8,424,586
-	-	-	-	934,834	-	934,834
-	-	-	-	-	-	89,690
-	-	-	-	-	43,557	43,557
<u>\$ 547,916</u>	<u>\$ 1,438,643</u>	<u>\$ 2,413,961</u>	<u>\$ 942,612</u>	<u>\$ 1,122,226</u>	<u>\$ 43,557</u>	<u>\$ 9,492,667</u>
\$ 10,687	\$ 28,571	\$ 7,164	\$ -	\$ -	\$ 1,914	\$ 344,007
-	-	-	-	-	41,643	41,643
-	-	38,466	-	-	-	38,466
<u>10,687</u>	<u>28,571</u>	<u>45,630</u>	<u>-</u>	<u>-</u>	<u>43,557</u>	<u>424,116</u>
-	-	-	-	-	-	89,690
<u>537,229</u>	<u>1,410,072</u>	<u>2,368,331</u>	<u>942,612</u>	<u>1,122,226</u>	<u>-</u>	<u>8,978,861</u>
<u>\$ 547,916</u>	<u>\$ 1,438,643</u>	<u>\$ 2,413,961</u>	<u>\$ 942,612</u>	<u>\$ 1,122,226</u>	<u>\$ 43,557</u>	<u>\$ 9,492,667</u>

(Continued)

**NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET**

JUNE 30, 2023

	<u>Capital Project Funds</u>	
	Education Capital Projects	Total Nonmajor Governmental Funds
<b>ASSETS</b>		
Cash and cash equivalents.....	\$ 1,263,899	\$ 9,688,485
Investments.....	-	934,834
Receivables, net of uncollectibles:		
Departmental and other.....	-	89,690
Intergovernmental.....	-	43,557
<b>TOTAL ASSETS</b> .....	<u>\$ 1,263,899</u>	<u>\$ 10,756,566</u>
<b>LIABILITIES</b>		
Warrants payable.....	\$ -	\$ 344,007
Due to other funds.....	-	41,643
Other liabilities.....	-	38,466
<b>TOTAL LIABILITIES</b> .....	<u>-</u>	<u>424,116</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Unavailable revenue.....	-	89,690
<b>FUND BALANCES</b>		
Restricted.....	<u>1,263,899</u>	<u>10,242,760</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b> .....	<u>\$ 1,263,899</u>	<u>\$ 10,756,566</u>

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**NONMAJOR GOVERNMENTAL FUNDS**  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2023

	<b>Special Revenue Funds</b>			
	Municipal Federal and State Grants	Education Federal and State Grants	Receipts Reserved for Appropriation	Municipal Revolving Funds
<b>REVENUES:</b>				
Charges for services.....	\$ -	\$ -	\$ -	\$ 1,266,638
Fees and rentals.....	-	-	-	65,929
Payments in lieu of taxes.....	-	-	-	-
Licenses and permits.....	-	-	33,254	85,720
Intergovernmental.....	1,399,144	4,169,575	-	-
Intergovernmental - COVID-19 relief.....	-	-	-	-
Departmental and other.....	-	-	-	211,687
Contributions and donations.....	-	1,000	-	623,850
Investment income (loss).....	169	-	-	-
<b>TOTAL REVENUES.....</b>	<b>1,399,313</b>	<b>4,170,575</b>	<b>33,254</b>	<b>2,253,824</b>
<b>EXPENDITURES:</b>				
Current:				
General government.....	187,126	-	48,455	120,321
Public safety.....	256,138	-	-	1,223,617
Education.....	-	4,214,079	-	-
Public works.....	566,050	-	-	-
Health and human services.....	199,529	-	-	549,916
Culture and recreation.....	48,272	-	-	-
Support services.....	15,561	-	-	-
<b>TOTAL EXPENDITURES.....</b>	<b>1,272,676</b>	<b>4,214,079</b>	<b>48,455</b>	<b>1,893,854</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....</b>	<b>126,637</b>	<b>(43,504)</b>	<b>(15,201)</b>	<b>359,970</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in.....	-	-	-	-
Transfers out.....	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES).....</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES.....</b>	<b>126,637</b>	<b>(43,504)</b>	<b>(15,201)</b>	<b>359,970</b>
<b>FUND BALANCES AT BEGINNING OF YEAR (AS RESTATED)...</b>	<b>741,491</b>	<b>147,068</b>	<b>213,174</b>	<b>1,068,756</b>
<b>FUND BALANCES AT END OF YEAR.....</b>	<b>\$ 868,128</b>	<b>\$ 103,564</b>	<b>\$ 197,973</b>	<b>\$ 1,428,726</b>

**Special Revenue Funds**

Education Revolving Funds	School Lunch Funds	Other Special Revenue Funds	Affordable Housing Trust Fund	Other Trust Funds	Other COVID-19	Subtotal
\$ 2,228,541	\$ 224,247	\$ 1,363,020	\$ -	\$ -	\$ -	\$ 5,082,446
-	-	-	-	-	-	65,929
-	-	205,000	-	-	-	205,000
-	-	-	-	-	-	118,974
-	2,575,444	333,458	100,000	-	-	8,577,621
-	-	-	-	-	2,440,577	2,440,577
-	-	36,700	-	-	-	248,387
134,849	-	189,466	-	-	-	949,165
-	-	-	18,579	126,820	-	145,568
<u>2,363,390</u>	<u>2,799,691</u>	<u>2,127,644</u>	<u>118,579</u>	<u>126,820</u>	<u>2,440,577</u>	<u>17,833,667</u>
-	-	94,593	-	-	-	450,495
-	-	108,466	-	22,448	-	1,610,669
2,382,056	3,116,567	1,475,579	-	-	2,440,577	13,628,858
-	-	16,500	-	-	-	582,550
-	-	15,787	19,805	-	-	785,037
-	-	52,687	-	-	-	100,959
-	-	238,694	-	-	-	254,255
<u>2,382,056</u>	<u>3,116,567</u>	<u>2,002,306</u>	<u>19,805</u>	<u>22,448</u>	<u>2,440,577</u>	<u>17,412,823</u>
<u>(18,666)</u>	<u>(316,876)</u>	<u>125,338</u>	<u>98,774</u>	<u>104,372</u>	<u>-</u>	<u>420,844</u>
-	-	-	-	-	-	-
-	-	(158,055)	-	-	-	(158,055)
-	-	(158,055)	-	-	-	(158,055)
(18,666)	(316,876)	(32,717)	98,774	104,372	-	262,789
<u>555,895</u>	<u>1,726,948</u>	<u>2,401,048</u>	<u>843,838</u>	<u>1,017,854</u>	<u>-</u>	<u>8,716,072</u>
<u>\$ 537,229</u>	<u>\$ 1,410,072</u>	<u>\$ 2,368,331</u>	<u>\$ 942,612</u>	<u>\$ 1,122,226</u>	<u>\$ -</u>	<u>\$ 8,978,861</u>

(Continued)

**NONMAJOR GOVERNMENTAL FUNDS**  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2023

	<b>Capital Project Funds</b>	
	Education Capital Projects	Total Nonmajor Governmental Funds
<b>REVENUES:</b>		
Charges for services.....	\$ -	\$ 5,082,446
Fees and rentals.....	-	65,929
Payments in lieu of taxes.....	-	205,000
Licenses and permits.....	-	118,974
Intergovernmental.....	-	8,577,621
Intergovernmental - COVID-19 relief.....	-	2,440,577
Departmental and other.....	-	248,387
Contributions and donations.....	-	949,165
Investment income (loss).....	-	145,568
TOTAL REVENUES.....	-	17,833,667
<b>EXPENDITURES:</b>		
Current:		
General government.....	-	450,495
Public safety.....	-	1,610,669
Education.....	561,688	14,190,546
Public works.....	-	582,550
Health and human services.....	-	785,037
Culture and recreation.....	-	100,959
Support services.....	-	254,255
TOTAL EXPENDITURES.....	561,688	17,974,511
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	(561,688)	(140,844)
<b>OTHER FINANCING SOURCES (USES):</b>		
Transfers in.....	1,460,000	1,460,000
Transfers out.....	-	(158,055)
TOTAL OTHER FINANCING SOURCES (USES).....	1,460,000	1,301,945
NET CHANGE IN FUND BALANCES.....	898,312	1,161,101
FUND BALANCES AT BEGINNING OF YEAR.....	365,587	9,081,659
FUND BALANCES AT END OF YEAR.....	\$ 1,263,899	\$ 10,242,760

(Concluded)

# Statistical Section



*Photo by Kevin White*

North Andover Fire Department's 1901 Amoskeag Steamer on the shore of Lake Cochichewick. The steamer was recently restored after being reacquired from the Derry, NH Fire Department. Money was appropriated from the Town's Community Preservation Act Fund to have the Cochichewick Steamer professionally restored to its original condition.

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# ***Statistical Section***

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

## ***Financial Trends***

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

## ***Revenue Capacity***

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

## ***Debt Capacity***

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

## ***Demographic and Economic Information***

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

## ***Operating Information***

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

SOURCES: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports for the relevant year.

**Net Positions By Component**

**Last Ten Years**

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Governmental activities</b>										
Net investment in capital assets.....	\$ 106,117,880	\$ 108,245,924	\$ 107,911,523	\$ 107,700,827	\$ 110,485,609	\$ 108,944,118	\$ 108,635,072	\$ 121,565,181	\$ 127,941,125	\$ 135,930,374
Restricted.....	16,874,835	17,118,874	16,693,095	18,314,084	19,453,646	37,744,771	38,864,698	45,532,740	42,520,179	34,867,613
Unrestricted.....	<u>(28,306,701)</u>	<u>(80,327,683)</u>	<u>(81,454,721)</u>	<u>(67,228,529)</u>	<u>(137,288,907)</u>	<u>(143,964,167)</u>	<u>(149,639,890)</u>	<u>(158,612,938)</u>	<u>(160,520,565)</u>	<u>(155,243,379)</u>
<b>Total governmental activities net position.....</b>	<b>\$ 94,686,014</b>	<b>\$ 45,037,115</b>	<b>\$ 43,149,897</b>	<b>\$ 38,786,382</b>	<b>\$ (7,349,652)</b>	<b>\$ 2,724,722</b>	<b>\$ (2,140,120)</b>	<b>\$ 8,484,983</b>	<b>\$ 9,940,739</b>	<b>\$ 15,554,608</b>
<b>Business-type activities</b>										
Net investment in capital assets.....	\$ 42,012,200	\$ 43,397,442	\$ 43,893,005	\$ 44,574,791	\$ 44,580,411	\$ 45,164,489	\$ 47,597,207	\$ 43,356,650	\$ 43,733,203	\$ 49,802,587
Unrestricted.....	5,533,117	5,017,844	8,137,954	9,784,965	11,771,186	12,117,346	10,781,914	13,239,967	14,650,055	13,807,009
<b>Total business-type activities net position.....</b>	<b>\$ 47,545,317</b>	<b>\$ 48,415,286</b>	<b>\$ 52,030,959</b>	<b>\$ 54,359,756</b>	<b>\$ 56,351,597</b>	<b>\$ 57,281,835</b>	<b>\$ 58,379,121</b>	<b>\$ 56,596,617</b>	<b>\$ 58,383,258</b>	<b>\$ 63,609,596</b>
<b>Primary government</b>										
Net investment in capital assets.....	\$ 148,130,080	\$ 151,643,366	\$ 151,804,528	\$ 152,275,618	\$ 155,066,020	\$ 154,108,607	\$ 156,232,279	\$ 164,921,831	\$ 171,674,328	\$ 185,732,961
Restricted.....	9,444,583	8,473,982	8,704,385	8,329,173	8,869,786	10,242,534	10,984,787	45,532,740	42,520,179	34,867,613
Unrestricted.....	<u>(15,343,332)</u>	<u>(75,309,839)</u>	<u>(65,328,057)</u>	<u>(67,458,653)</u>	<u>(114,933,861)</u>	<u>(104,344,584)</u>	<u>(138,857,976)</u>	<u>(102,016,321)</u>	<u>(145,870,510)</u>	<u>(141,436,370)</u>
<b>Total primary government net position.....</b>	<b>\$ 142,231,331</b>	<b>\$ 84,807,509</b>	<b>\$ 95,180,856</b>	<b>\$ 93,146,138</b>	<b>\$ 49,001,945</b>	<b>\$ 60,006,557</b>	<b>\$ 28,359,090</b>	<b>\$ 108,438,250</b>	<b>\$ 68,323,997</b>	<b>\$ 79,164,204</b>

\* The Town implemented GASB Statement #68 related to Pension Accounting in 2015 which accounts for the significant decrease in Net Position compared to prior years.  
 \* The Town implemented GASB Statement #75 related to Other Postemployment Accounting in 2018 which accounts for the significant decrease in Net Position compared to prior years.  
 \* The Town implemented GASB Statement #84, Fiduciary Activities in 2021 which required the 2020 governmental net position to be revised.  
 \* The Town implemented GASB Statement #100 in 2022, Accounting Changes and Error Corrections, which required the 2021 net position to be restated.

**Changes in Net Positions**

**Last Ten Years**

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Expenses</b>										
<b>Governmental activities:</b>										
General government.....	\$ 3,217,568	\$ 3,202,913	\$ 3,747,680	\$ 3,735,394	\$ 4,319,883	\$ 4,899,183	\$ 5,536,185	\$ 5,700,065	\$ 4,996,860	\$ 5,532,955
Public safety.....	15,172,608	15,427,172	16,350,637	16,348,807	16,835,546	17,800,161	18,833,217	21,666,291	18,434,241	20,482,630
Education.....	70,253,143	68,835,266	74,421,697	78,527,743	81,764,332	86,482,912	92,278,891	99,120,796	97,132,725	101,146,052
Public works.....	6,290,224	7,218,804	7,750,714	7,931,874	7,968,639	8,758,969	8,433,770	7,438,280	8,804,087	8,723,180
Health and human services.....	2,216,585	2,408,315	2,693,817	2,531,567	2,896,472	2,421,283	2,632,603	2,564,265	2,486,754	2,836,891
Culture and recreation.....	1,441,145	2,518,412	2,624,034	3,004,516	2,918,229	2,613,748	3,202,741	2,639,327	2,343,660	2,435,772
Support services.....	1,435,198	1,904,943	1,824,958	2,017,927	2,207,100	2,519,071	2,515,186	2,720,576	2,343,777	2,955,507
Interest.....	1,025,900	1,004,030	970,827	993,993	1,011,461	964,261	996,967	909,349	802,298	687,053
<b>Total government activities expenses.....</b>	<b>101,052,371</b>	<b>102,519,855</b>	<b>110,384,364</b>	<b>115,091,821</b>	<b>119,921,662</b>	<b>126,459,588</b>	<b>134,429,560</b>	<b>142,758,949</b>	<b>137,344,402</b>	<b>144,800,040</b>
<b>Business-type activities:</b>										
Water.....	4,079,114	4,364,017	4,159,951	4,317,037	4,840,910	5,006,638	4,463,748	5,320,260	4,930,238	4,747,473
Sewer.....	3,652,233	3,904,969	3,720,537	4,123,850	3,977,119	4,154,183	4,484,445	4,527,480	3,968,637	3,314,780
Osgood Hill.....	390,461	434,583	432,320	466,830	500,715	531,491	438,150	-	-	-
<b>Total business-type activities expenses.....</b>	<b>8,121,808</b>	<b>8,703,569</b>	<b>8,312,808</b>	<b>8,907,717</b>	<b>9,318,744</b>	<b>9,692,312</b>	<b>9,386,343</b>	<b>9,847,740</b>	<b>8,898,875</b>	<b>8,062,253</b>
<b>Total primary government expenses.....</b>	<b>\$ 109,174,179</b>	<b>\$ 111,223,424</b>	<b>\$ 118,697,172</b>	<b>\$ 123,999,538</b>	<b>\$ 129,240,406</b>	<b>\$ 136,151,900</b>	<b>\$ 143,815,903</b>	<b>\$ 152,606,689</b>	<b>\$ 146,243,277</b>	<b>\$ 152,862,293</b>
<b>Program Revenues</b>										
<b>Governmental activities:</b>										
Public safety charges for services.....	\$ 2,495,472	\$ 2,943,349	\$ 3,548,098	\$ 3,623,178	\$ 3,497,891	\$ 4,101,429	\$ 3,131,031	\$ 11,046,043	\$ 6,857,395	\$ 4,474,054
Education charges for services.....	3,648,664	3,304,534	3,482,776	3,370,407	3,589,712	3,894,068	2,403,006	1,340,234	3,036,302	3,789,868
Other charges for services.....	866,165	823,967	839,966	828,526	1,243,402	814,560	1,232,325	1,459,907	772,381	1,002,585
Public safety operating grants and contributions.....	-	-	-	-	-	-	-	2,983,771	298,743	81,265
Education operating grants and contributions.....	17,983,068	15,410,239	18,949,612	19,371,562	22,047,490	23,272,392	27,018,794	32,229,448	27,305,481	30,301,252
Other operating grants and contributions.....	1,010,960	1,220,657	1,381,661	1,062,560	1,261,712	1,551,521	2,338,473	1,511,247	1,720,759	2,712,528
Education capital grants and contributions.....	30,932	-	-	-	-	-	-	-	-	-
Public works capital grants and contributions.....	949,933	497,030	1,064,924	822,193	815,313	1,933,887	1,963,817	1,172,813	1,473,149	1,180,914
Other capital grants and contributions.....	826,907	583,619	472,256	-	-	1,227,042	845,218	927,246	1,267,020	947,408
<b>Total government activities program revenues.....</b>	<b>27,812,101</b>	<b>24,783,395</b>	<b>29,739,293</b>	<b>29,078,426</b>	<b>32,455,520</b>	<b>36,794,899</b>	<b>38,932,664</b>	<b>52,670,709</b>	<b>42,731,230</b>	<b>44,489,874</b>
<b>Business-type activities:</b>										
Water charges for services.....	5,237,290	5,550,719	5,977,800	5,725,723	5,696,947	5,419,105	5,371,068	6,360,051	5,550,281	6,005,830
Sewer charges for services.....	4,945,962	5,014,766	5,265,490	4,931,546	5,202,164	4,630,099	4,690,068	5,189,037	4,894,525	4,971,994
Osgood Hill charges for services.....	337,551	482,778	526,754	434,083	460,254	386,246	186,988	-	-	-
Other capital grants and contributions.....	-	-	121,434	100,749	-	-	18,554	2,337,533	230,000	2,041,954
<b>Total business-type activities program revenues.....</b>	<b>10,520,803</b>	<b>11,048,263</b>	<b>11,891,478</b>	<b>11,192,101</b>	<b>11,359,365</b>	<b>10,435,450</b>	<b>10,266,678</b>	<b>13,886,621</b>	<b>10,674,806</b>	<b>13,019,778</b>
<b>Total primary government program revenues.....</b>	<b>\$ 38,332,904</b>	<b>\$ 35,831,658</b>	<b>\$ 41,630,771</b>	<b>\$ 40,270,527</b>	<b>\$ 43,814,885</b>	<b>\$ 47,230,349</b>	<b>\$ 49,199,342</b>	<b>\$ 66,557,330</b>	<b>\$ 53,406,036</b>	<b>\$ 57,509,652</b>
<b>Net (Expense)/Program Revenue</b>										
Governmental activities.....	\$ (73,240,270)	\$ (77,736,460)	\$ (80,645,071)	\$ (89,776,208)	\$ (87,466,142)	\$ (89,664,689)	\$ (95,496,896)	\$ (90,088,240)	\$ (94,613,172)	\$ (100,310,166)
Business-type activities.....	2,398,995	2,344,694	3,578,670	3,770,458	2,040,621	743,138	880,335	4,038,881	1,786,641	4,957,525
<b>Total primary government net (expense)/program revenue....</b>	<b>\$ (70,841,275)</b>	<b>\$ (75,391,766)</b>	<b>\$ (77,066,401)</b>	<b>\$ (86,005,750)</b>	<b>\$ (85,425,521)</b>	<b>\$ (88,921,551)</b>	<b>\$ (94,616,561)</b>	<b>\$ (86,049,359)</b>	<b>\$ (92,826,531)</b>	<b>\$ (95,352,641)</b>

(Continued)

**Changes in Net Positions**

**Last Ten Years**

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>General Revenues and other Changes in Net Positions</b>										
Governmental activities:										
Real estate and personal property taxes, net of tax refunds payable.....	\$ 62,195,623	\$ 63,877,139	\$ 66,710,623	\$ 71,247,551	\$ 72,306,916	\$ 72,872,324	\$ 75,272,009	\$ 80,516,641	\$ 83,073,430	\$ 89,188,082
Tax liens.....	570,085	698,405	206,966	281,888	380,967	328,468	534,302	73,536	108,109	457,002
Motor vehicle and other excise taxes.....	4,673,160	4,957,476	5,174,947	5,723,458	5,535,952	5,644,524	5,538,903	5,418,658	5,299,358	6,013,544
Penalties and interest on taxes.....	501,903	390,837	517,616	375,194	503,459	448,601	410,416	858,750	593,584	536,290
Payment in lieu of taxes.....	2,008,020	1,975,835	2,012,598	2,057,136	2,183,466	2,055,881	2,426,074	2,181,380	2,223,941	2,259,842
Community preservation taxes.....	1,433,013	1,466,141	1,532,548	1,605,585	1,686,032	1,750,496	1,810,203	1,914,141	1,955,299	2,298,458
Grants and contributions not restricted to specific programs.....	2,279,506	2,368,601	2,351,147	2,388,341	2,564,352	2,559,078	2,741,792	2,642,448	2,651,942	3,139,680
Unrestricted investment income.....	241,618	206,490	251,408	291,879	440,113	792,191	1,119,729	698,867	163,265	2,031,137
Gain on sale of capital assets.....	-	175,692	-	-	-	-	-	-	-	-
Extraordinary Items:										
Gas disaster settlements.....	-	-	-	-	-	14,867,793	790,687	-	-	-
Gas disaster expenses.....	-	-	-	-	-	(1,580,293)	(12,061)	(5,240)	-	-
Transfers.....	(506,436)	(26,250)	-	-	-	-	-	-	-	-
<b>Total governmental activities.....</b>	<b>73,396,492</b>	<b>76,090,366</b>	<b>78,757,853</b>	<b>83,971,032</b>	<b>85,601,257</b>	<b>99,739,063</b>	<b>90,632,054</b>	<b>94,299,181</b>	<b>96,068,928</b>	<b>105,924,035</b>
Business-type activities:										
Transfers.....	506,436	26,250	-	-	-	-	-	-	-	-
Unrestricted investment income.....	122,529	112,149	37,003	44,413	138,731	187,100	216,951	80,502	10,710	268,813
<b>Total business-type activities.....</b>	<b>628,965</b>	<b>138,399</b>	<b>37,003</b>	<b>44,413</b>	<b>138,731</b>	<b>187,100</b>	<b>216,951</b>	<b>80,502</b>	<b>-</b>	<b>268,813</b>
<b>Total primary government general revenues and other changes in net positions.....</b>	<b>\$ 74,025,457</b>	<b>\$ 76,228,765</b>	<b>\$ 78,794,856</b>	<b>\$ 84,015,445</b>	<b>\$ 85,739,988</b>	<b>\$ 99,926,163</b>	<b>\$ 90,849,005</b>	<b>\$ 94,379,683</b>	<b>\$ 96,068,928</b>	<b>\$ 106,192,848</b>
<b>Changes in Net Position</b>										
Governmental activities.....	\$ 156,222	\$ (1,646,094)	\$ (1,887,218)	\$ (4,363,515)	\$ (1,864,885)	\$ 10,074,374	\$ (4,864,842)	\$ 4,210,941	\$ 1,455,756	\$ 5,613,869
Business-type activities.....	3,027,960	2,483,093	3,615,673	2,328,797	2,179,352	930,238	1,097,286	4,119,383	1,786,641	5,226,338
<b>Total primary government changes in net positions.....</b>	<b>\$ 3,184,182</b>	<b>\$ 836,999</b>	<b>\$ 1,728,455</b>	<b>\$ (2,034,718)</b>	<b>\$ 314,467</b>	<b>\$ 11,004,612</b>	<b>\$ (3,767,556)</b>	<b>\$ 8,330,324</b>	<b>\$ 3,242,397</b>	<b>\$ 10,840,207</b>

\* In 2022, the Town discontinued operating the Osgood Hill conference center as an enterprise fund, and the residual balances were transferred to the Town's governmental activities.

\* The Town implemented GASB Statement #100 in 2022, Accounting Changes and Error Corrections, which required the 2021 net position to be restated.

(Concluded)

**Fund Balances, Governmental Funds**

**Last Ten Years**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
<b>General Fund</b>										
Restricted.....	\$ 762,324	\$ 693,398	\$ 624,472	\$ 555,546	\$ 486,619	\$ 417,693	\$ 348,767	\$ 279,841	\$ 210,915	\$ 141,989
Assigned.....	366,486	293,410	1,120,696	5,177,603	2,197,046	2,440,747	6,675,713	8,164,139	8,121,487	8,121,461
Unassigned.....	<u>8,981,055</u>	<u>12,953,601</u>	<u>18,029,311</u>	<u>18,899,670</u>	<u>20,055,231</u>	<u>20,712,553</u>	<u>20,277,686</u>	<u>22,589,316</u>	<u>22,630,226</u>	<u>24,231,137</u>
<b>Total general fund.....</b>	<b>\$ <u>10,109,865</u></b>	<b>\$ <u>13,940,409</u></b>	<b>\$ <u>19,774,479</u></b>	<b>\$ <u>24,632,819</u></b>	<b>\$ <u>22,738,896</u></b>	<b>\$ <u>23,570,993</u></b>	<b>\$ <u>27,302,166</u></b>	<b>\$ <u>31,033,296</u></b>	<b>\$ <u>30,962,628</u></b>	<b>\$ <u>32,494,587</u></b>
<b>All Other Governmental Funds</b>										
Restricted.....	<u>\$ 14,050,760</u>	<u>\$ 15,212,059</u>	<u>\$ 14,794,417</u>	<u>\$ 16,180,860</u>	<u>\$ 17,027,785</u>	<u>\$ 34,705,677</u>	<u>\$ 39,023,691</u>	<u>\$ 41,841,105</u>	<u>\$ 38,778,864</u>	<u>\$ 37,616,475</u>

\* The Town implemented GASB Statement #84, Fiduciary Activities in 2021 which required the 2020 governmental fund balance to be revised.

\* The Town implemented GASB Statement #100 in 2022, Accounting Changes and Error Corrections, which required the 2021 fund balance to be restated.

Changes in Fund Balances, Governmental Funds

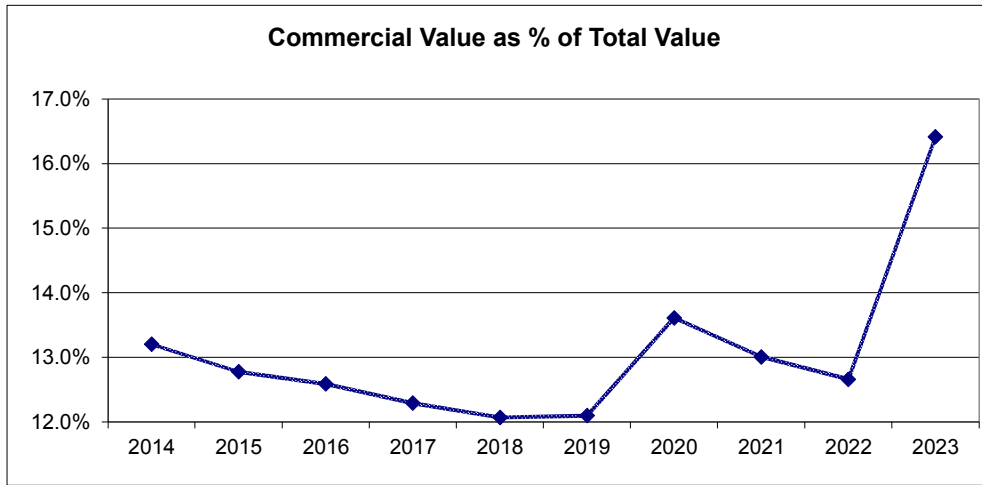
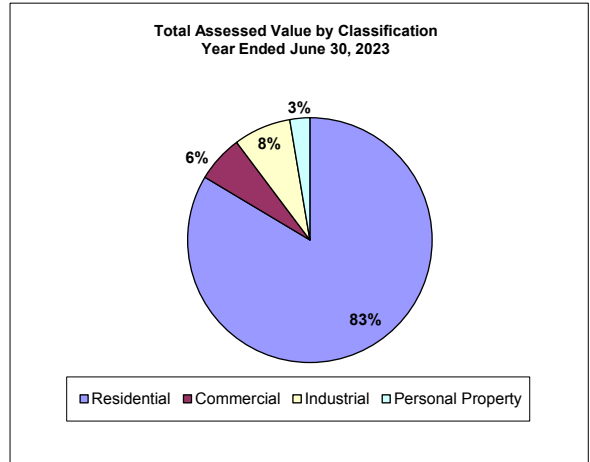
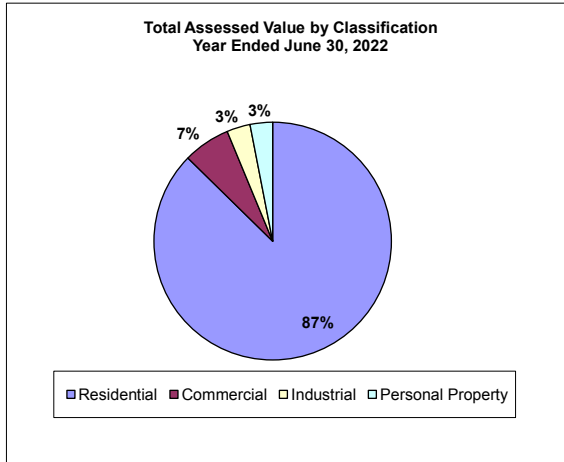
Last Ten Years

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Revenues:</b>										
Real estate and personal property taxes, net of tax refunds.....	\$ 61,992,217	\$ 64,109,047	\$ 66,508,637	\$ 71,370,820	\$ 72,175,522	\$ 72,874,030	\$ 75,154,143	\$ 80,721,427	\$ 82,276,005	\$ 89,393,305
Motor vehicle and other excise taxes.....	4,866,192	4,627,106	5,412,047	5,326,355	5,694,558	5,752,127	5,331,025	5,206,083	5,768,761	5,808,791
Intergovernmental.....	22,294,860	20,433,361	23,481,959	22,766,947	25,354,420	28,447,220	32,535,398	39,687,775	32,289,722	35,598,437
Departmental and other.....	12,439,870	12,027,264	13,441,661	12,846,838	13,873,376	14,817,423	13,296,212	20,908,598	17,986,083	16,936,649
Investment income.....	241,618	206,490	256,529	332,180	510,771	901,850	1,276,409	697,203	160,232	2,033,353
<b>Total Revenue.....</b>	<b>101,834,757</b>	<b>101,403,268</b>	<b>109,100,833</b>	<b>112,643,140</b>	<b>117,608,647</b>	<b>122,792,650</b>	<b>127,593,187</b>	<b>147,221,086</b>	<b>138,480,803</b>	<b>149,770,535</b>
<b>Expenditures:</b>										
General government.....	5,383,113	8,376,263	4,053,043	6,945,209	8,809,154	2,859,725	3,284,663	3,611,681	3,583,533	5,096,603
Public safety.....	10,247,339	10,232,249	14,413,638	11,987,320	11,727,956	12,481,736	13,455,954	16,122,478	14,522,328	14,910,566
Education.....	46,563,895	49,816,765	50,941,824	53,178,928	55,487,432	61,439,929	59,424,851	63,198,166	70,307,755	72,589,371
Public works.....	5,760,088	6,938,510	6,101,647	6,570,557	6,831,152	8,078,102	7,265,782	7,093,753	8,771,045	7,122,147
Health and human services.....	1,556,468	1,680,776	1,938,164	1,741,975	2,258,251	2,159,003	2,215,950	1,901,328	6,162,952	7,008,504
Culture and recreation.....	2,127,147	3,255,405	2,646,986	3,102,420	2,700,645	2,467,554	2,638,031	1,762,389	2,041,099	2,114,451
Support services.....	1,333,186	1,783,688	1,586,796	1,752,410	1,736,331	2,369,901	2,087,070	2,167,185	1,932,092	2,511,675
Pension benefits.....	10,837,358	8,326,021	11,068,695	11,366,451	14,003,916	15,338,336	18,706,267	21,039,790	14,413,260	16,544,222
Property and liability insurance.....	301,405	293,178	443,580	337,012	371,321	476,384	362,545	367,540	390,458	451,590
Employee benefits.....	11,599,341	9,663,907	10,079,081	10,351,823	11,544,232	11,158,165	10,975,794	12,072,658	12,345,820	12,885,794
State and county charges.....	1,254,988	436,946	397,195	452,360	520,922	606,945	589,839	656,011	659,387	757,171
Debt service:										
Principal.....	5,366,746	4,583,967	4,785,624	5,063,902	5,453,870	4,282,591	4,274,736	4,534,733	4,000,936	3,719,219
Principal - current refunding.....	4,168,651	-	-	-	1,480,000	-	-	-	-	-
Interest.....	957,719	980,877	1,031,689	988,712	1,128,333	1,043,105	1,188,863	1,171,876	1,027,115	877,766
<b>Total Expenditures.....</b>	<b>107,457,444</b>	<b>106,368,552</b>	<b>109,487,962</b>	<b>113,839,079</b>	<b>124,053,515</b>	<b>124,761,476</b>	<b>126,470,345</b>	<b>135,699,588</b>	<b>140,157,780</b>	<b>146,589,079</b>
Excess of revenues over (under) expenditures.....	(5,622,687)	(4,965,284)	(387,129)	(1,195,939)	(6,444,868)	(1,968,826)	1,122,842	11,521,498	(1,676,977)	3,181,456
<b>Other Financing Sources (Uses)</b>										
Issuance of bonds.....	8,181,497	8,365,000	5,759,365	7,135,000	3,820,000	6,710,000	2,475,000	-	-	-
Issuance of refunding bonds.....	4,010,000	68,526	1,695,000	-	1,457,624	-	-	-	-	-
Premium from issuance of bonds.....	143,149	291,987	73,055	305,723	52,181	481,315	313,230	-	-	-
Premium from issuance of refunding bonds.....	218,946	-	-	-	68,066	-	-	-	-	-
Payments to refunded bond escrow agent.....	-	(68,427)	(1,723,863)	-	-	-	-	-	-	-
Sale of capital assets.....	-	300,041	-	-	-	-	-	-	-	-
Transfers in.....	259,927	1,427,953	144,892	361,503	5,083,089	3,600,394	2,265,189	6,923,516	5,599,177	7,087,798
Transfers out.....	(259,927)	(427,953)	(144,892)	(361,503)	(5,083,089)	(3,600,394)	(2,265,189)	(6,552,798)	(5,599,177)	(7,087,798)
<b>Total other financing sources (uses).....</b>	<b>12,553,592</b>	<b>9,957,127</b>	<b>5,803,557</b>	<b>7,440,723</b>	<b>5,397,871</b>	<b>7,191,315</b>	<b>2,788,230</b>	<b>370,718</b>	<b>-</b>	<b>-</b>
<b>Extraordinary items</b>										
Gas disaster settlements.....	-	-	-	-	-	14,867,793	790,687	-	-	-
Gas disaster expenditures.....	-	-	-	-	-	(1,580,293)	(436,748)	(2,071,771)	(1,455,932)	(2,811,886)
<b>Total extraordinary items.....</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13,287,500</b>	<b>353,939</b>	<b>(2,071,771)</b>	<b>(1,455,932)</b>	<b>(2,811,886)</b>
<b>Net change in fund balance.....</b>	<b>\$ 6,930,905</b>	<b>\$ 4,991,843</b>	<b>\$ 5,416,428</b>	<b>\$ 6,244,784</b>	<b>\$ (1,046,997)</b>	<b>\$ 18,509,989</b>	<b>\$ 4,265,011</b>	<b>\$ 9,820,445</b>	<b>\$ (3,132,909)</b>	<b>\$ 369,570</b>
Debt service as a percentage of noncapital expenditures.....	6.53%	5.82%	5.77%	5.73%	7.09%	4.55%	4.47%	4.40%	3.90%	3.43%

Assessed Value and Actual Value of Taxable Property by Classification and Tax Rates

Last Ten Years

Year	Assessed and Actual Values and Tax Rates								
	Residential Value	Residential Tax Rate	Commercial Value	Industrial Value	Personal Property	Total Commercial Value	Commercial Tax Rate	Total Direct Rate	Total Town Value
2014	\$ 3,652,658,906	\$ 14.41	\$ 276,804,384	\$ 155,524,200	\$ 123,301,890	\$ 555,630,474	\$ 19.45	\$ 15.08	\$ 4,208,289,380
2015	\$ 3,745,570,341	\$ 14.39	\$ 277,858,269	\$ 147,834,600	\$ 123,012,880	\$ 548,705,749	\$ 20.29	\$ 15.14	\$ 4,294,276,090
2016	\$ 3,897,630,578	\$ 14.27	\$ 292,994,947	\$ 147,568,900	\$ 120,842,040	\$ 561,405,887	\$ 20.47	\$ 15.05	\$ 4,459,036,465
2017	\$ 4,068,321,236	\$ 14.28	\$ 295,696,622	\$ 148,013,100	\$ 126,535,920	\$ 570,245,642	\$ 20.45	\$ 15.04	\$ 4,638,566,878
2018	\$ 4,169,956,319	\$ 14.53	\$ 300,819,526	\$ 147,677,100	\$ 123,963,820	\$ 572,460,446	\$ 21.34	\$ 15.35	\$ 4,742,416,765
2019	\$ 4,586,840,620	\$ 13.41	\$ 323,888,060	\$ 179,357,400	\$ 128,146,370	\$ 631,391,830	\$ 19.18	\$ 14.11	\$ 5,218,232,450
2020	\$ 4,469,933,010	\$ 13.74	\$ 388,515,584	\$ 151,874,700	\$ 163,971,430	\$ 704,361,714	\$ 18.53	\$ 14.39	\$ 5,174,294,724
2021	\$ 4,724,868,600	\$ 14.17	\$ 373,787,840	\$ 149,246,000	\$ 183,597,700	\$ 706,631,540	\$ 19.29	\$ 14.84	\$ 5,431,500,140
2022	\$ 5,140,468,190	\$ 13.53	\$ 378,446,011	\$ 186,435,900	\$ 180,290,740	\$ 745,172,651	\$ 18.73	\$ 14.19	\$ 5,885,640,841
2023	\$ 5,869,014,095	\$ 12.24	\$ 433,501,245	\$ 536,025,812	\$ 183,198,490	\$ 1,152,725,547	\$ 17.25	\$ 13.06	\$ 7,021,739,642



Source: Assessor's Department, Town of North Andover  
All property in the Commonwealth of Massachusetts is assessed at 100% of fair cash value.

Note: Chapter 59, Section 21C of the Massachusetts General Laws, known as "Proposition 2 1/2", imposes 2 separate limits on the annual tax levy of the Town. The primary limitation is that the tax levy cannot exceed 2 1/2 percent of the full and fair cash value. The secondary limitation is that the tax levy cannot exceed the maximum levy limit for the preceding year as determined by the State Commissioner of Revenue by more than 2 1/2 percent, subject to an exception for property added to the tax rolls and for certain substantial valuation increases other than as part of a general revaluation. The secondary limit may be exceeded in any year by a majority vote of the voters, however it cannot exceed the primary limitation.

**Principal Taxpayers**

**Current Year and Nine Years Ago**

Name	Property Type	2023			2014		
		Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value	Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value
Osgood Rte-125 Project LLC	Distribution Facility	\$ 338,879,512	1	4.83%	\$ -	-	-
Aimco/TTA MS235	Apartments	\$ 126,667,100	2	1.80%	\$ 53,747,700	1	1.28%
Edgewood Retirement Community	Congregate Care/Nursing Home	\$ 71,319,400	3	1.02%	\$ 37,446,800	2	0.89%
LIPT Osgood Street LLC	Apartments	\$ 55,700,600	4	0.79%	\$ -	-	-
Eversource	Utility	\$ 55,086,870	5	0.78%	\$ -	-	-
North Andover Holdings DE, LLC	Apartments	\$ 52,868,600	6	0.75%	\$ -	-	-
Massachusetts Electric	Utility	\$ 45,009,870	7	0.64%	\$ 28,264,520	4	0.67%
1600 Osgood Street LLC	Industrial	\$ 33,916,400	8	0.48%	\$ 15,461,800	8	0.37%
Wood Ridge Homes	Co-op Housing	\$ 31,440,800	9	0.45%	\$ -	-	-
Delta MB LLC	Shopping Mall	\$ 26,642,000	10	0.38%	\$ 19,601,500	6	0.47%
RCG West Mill NA LLC	Commercial/Industrial	\$ -	-	-	\$ 32,763,800	3	0.78%
Verizon New England Inc	Utility	\$ -	-	-	\$ 22,910,700	5	0.54%
Spectra Energy	Utility	\$ -	-	-	\$ 18,476,000	7	0.44%
Wood Ridge Homes	Apartments	\$ -	-	-	\$ 13,192,600	9	0.31%
Bay State Gas	Utility	\$ -	-	-	\$ 11,851,700	10	0.28%
<b>Totals</b>		<u>\$837,531,152</u>		<u>11.93%</u>	<u>\$253,717,120</u>		<u>5.75%</u>

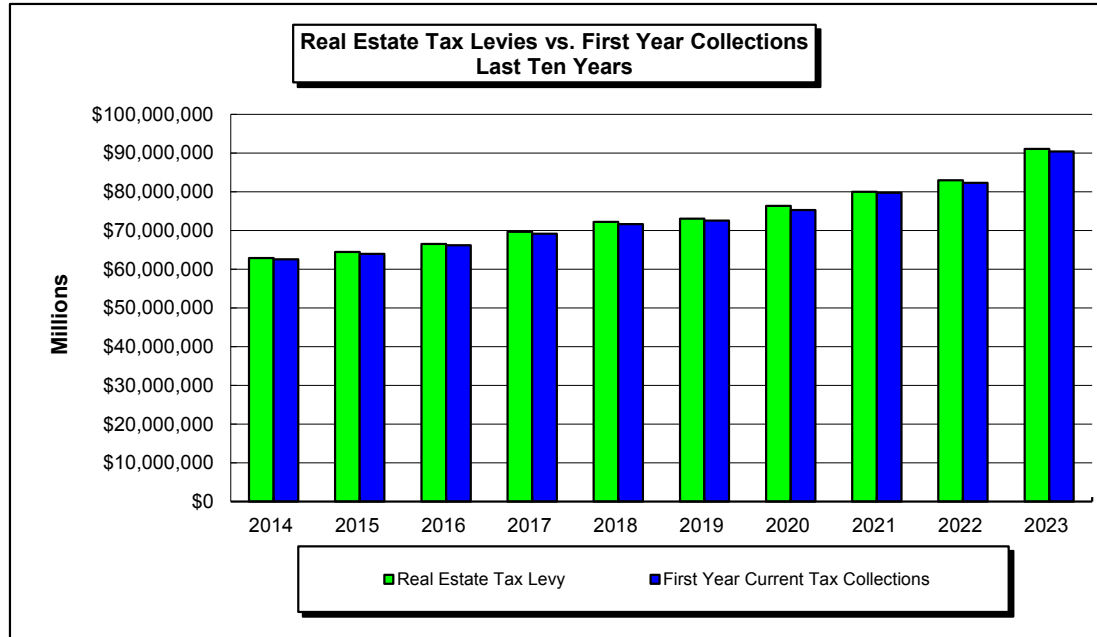
Source: Official Statement for Sale of Bonds



**Property Tax Levies and Collections**

**Last Ten Years**

Year	Total Tax Levy	Less Abatements & Exemptions	Net Tax Levy	First Year Current Tax Collections	Percent of Net Levy Collected	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections to Net Tax Levy
2014	\$ 63,441,828	\$ 528,962	\$ 62,912,865	\$ 62,596,596	99.50%	\$ 308,173	\$ 62,904,769	99.99%
2015	\$ 65,031,997	\$ 530,315	\$ 64,501,682	\$ 63,940,660	99.13%	\$ 403,962	\$ 64,344,622	99.76%
2016	\$ 67,111,167	\$ 548,610	\$ 66,562,557	\$ 66,233,113	99.51%	\$ 326,218	\$ 66,559,331	100.00%
2017	\$ 69,757,151	\$ 79,511	\$ 69,677,640	\$ 69,168,717	99.27%	\$ 508,818	\$ 69,677,535	100.00%
2018	\$ 72,805,771	\$ 558,635	\$ 72,247,136	\$ 71,670,227	99.20%	\$ 573,504	\$ 72,243,731	100.00%
2019	\$ 73,619,628	\$ 542,391	\$ 73,077,237	\$ 72,533,167	99.26%	\$ 142,051	\$ 72,675,218	99.45%
2020	\$ 76,941,902	\$ 570,897	\$ 76,371,005	\$ 75,295,522	98.59%	\$ 429,779	\$ 75,725,301	99.15%
2021	\$ 80,582,310	\$ 536,942	\$ 80,045,368	\$ 79,777,290	99.67%	\$ 260,640	\$ 80,037,930	99.99%
2022	\$ 83,507,618	\$ 487,840	\$ 83,019,778	\$ 82,302,370	99.14%	\$ 573,560	\$ 82,875,930	99.83%
2023	\$ 91,721,248	\$ 596,908	\$ 91,124,340	\$ 90,415,959	99.22%	\$ -	\$ 90,415,959	99.22%



Source: Assessor's Department, Town of North Andover

**Ratios of Outstanding Debt by Type**

**Last Ten Years**

Year	Governmental Activities	Business-type Activities	Total Debt Outstanding	Percentage of Personal Income	Population	Debt Per Capita
	General Obligation Bonds (1)	General Obligation Bonds (1)				
2014	\$ 32,506,999	\$ 19,010,294	\$ 51,517,293	3.92%	29,514	\$ 1,746
2015	36,532,492	15,807,234	52,339,726	3.89%	29,721	1,761
2016	37,587,126	14,148,317	51,735,443	3.68%	30,840	1,678
2017	39,886,586	12,050,115	51,936,701	3.53%	31,021	1,674
2018	38,234,797	11,003,907	49,238,704	2.91%	31,296	1,573
2019	41,022,684	9,103,539	50,126,223	2.93%	31,188	1,607
2020	39,358,953	7,359,702	46,718,655	2.72%	30,915	1,511
2021	34,583,069	5,885,137	40,468,206	2.35%	30,711	1,318
2022	30,373,236	4,595,927	34,969,163	2.00%	30,865	1,133
2023	26,479,782	3,804,037	30,283,819	1.46%	31,019	976

(1) This is the general bonded debt of both governmental and business-type activities, net of original issuance discounts and premiums.  
Source: Audited Financial Statements, Commonwealth of Massachusetts Division of Local Services

**Ratios of Outstanding Debt and General Bonded Debt**

**Last Ten Years**

<b>Year</b>	<b>General Obligation Bonds (1)</b>	<b>Less: Amounts Available in Debt Reserve</b>	<b>Total</b>	<b>Percentage of Estimated Actual Taxable Value of Property</b>	<b>Per Capita</b>
2014	\$ 51,517,293	\$ (762,324)	\$ 50,754,969	1.21%	\$ 1,720
2015	52,339,726	(693,398)	51,646,328	1.20%	1,738
2016	51,735,443	(624,472)	51,110,971	1.15%	1,657
2017	51,936,701	(555,546)	51,381,155	1.11%	1,656
2018	49,238,704	(486,619)	48,752,085	1.03%	1,558
2019	50,126,223	(417,693)	49,708,530	0.95%	1,594
2020	46,718,655	(348,767)	46,369,888	0.90%	1,500
2021	40,468,206	(279,841)	40,188,365	0.74%	1,309
2022	34,969,163	(210,915)	34,758,248	0.59%	1,126
2023	30,283,819	(141,989)	30,141,830	0.43%	972

(1) This is the general bonded debt of both governmental and business-type activities, net of original issuance discounts and premiums.

Source: Audited Financial Statements, U. S. Census

**Direct and Overlapping Governmental Activities Debt**

**As of June 30, 2023**

<u>Town of North Andover, Massachusetts</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Greater Lawrence Regional Vocational Technical School District.....	\$ 1,835,000	0.6%	\$ 11,287
Town direct debt.....			<u>26,479,782</u>
Total direct and overlapping debt.....			<u>\$ 26,491,069</u>

Methodologies used to calculate overlapping debt:

Greater Lawrence Regional Vocational Technical School District:

The Town's overlap is based on pupil enrollment.

Source: Official Statement for Sale of Bonds

Note: Overlapping governments are those that coincide, at least in part, with geographic boundaries of the Town. This schedule estimates the portion of outstanding debt of those overlapping governments that is borne by the taxpayers of the town. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the property taxpayers should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

**Computation of Legal Debt Margin**

**Last Ten Years**

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Equalized Valuation.....	\$ 4,446,186,000	\$ 4,337,534,000	\$ 4,337,534,000	\$ 4,736,933,700	\$ 4,736,933,700	\$ 5,031,244,200	\$ 5,031,244,200	\$ 5,762,245,600	\$ 5,762,245,600	\$ 6,388,823,400
Debt Limit -5% of Equalized Valuation.....	\$ 222,309,300	\$ 216,876,700	\$ 216,876,700	\$ 236,846,685	\$ 236,846,685	\$ 251,562,210	\$ 251,562,210	\$ 288,112,280	\$ 288,112,280	\$ 319,441,170
Less:										
Outstanding debt applicable to limit.....	33,116,011	36,746,119	38,444,272	41,124,260	39,272,044	41,330,885	38,998,352	34,113,915	29,866,400	26,183,400
Authorized and unissued debt.....	1,124,027	931,008	7,478,282	781,049	7,947,856	3,569,279	781,049	781,049	-	21,808,344
Legal debt margin.....	<u>\$ 188,069,262</u>	<u>\$ 179,199,573</u>	<u>\$ 170,954,146</u>	<u>\$ 194,941,376</u>	<u>\$ 189,626,785</u>	<u>\$ 206,662,046</u>	<u>\$ 211,782,809</u>	<u>\$ 253,217,316</u>	<u>\$ 289,574,770</u>	<u>\$ 271,449,426</u>
Total debt applicable to the limit as a percentage of debt limit.....	15.40%	17.37%	21.17%	17.69%	19.94%	17.85%	15.81%	12.11%	10.37%	15.02%

Source: Official Statement for Sale of Bonds

**Demographic and Economic Statistics**

**Last Ten Years**

<b>Year</b>	<b>Population Estimates</b>	<b>Personal Income</b>	<b>Per Capita Personal Income</b>	<b>Median Age</b>	<b>Unemployment Rate</b>
2014	29,514	\$ 1,313,380,620	\$ 46,210	40	4.7%
2015	29,721	\$ 1,343,818,850	\$ 47,135	40	4.1%
2016	30,840	\$ 1,404,694,926	\$ 48,078	40	4.1%
2017	31,021	\$ 1,472,828,970	\$ 50,410	40	4.1%
2018	31,296	\$ 1,692,957,120	\$ 54,095	40	2.3%
2019	31,188	\$ 1,711,410,312	\$ 54,874	40	3.4%
2020	30,915	\$ 1,716,138,908	\$ 57,548	40	14.5%
2021	30,711	\$ 1,720,307,376	\$ 56,016	40	4.6%
2022	30,865	\$ 1,745,452,314	\$ 56,552	38	2.9%
2023	31,019	\$ 2,078,109,717	\$ 66,995	38	2.9%

Source: Commonwealth of Massachusetts Division of Local Services, Executive Office of Labor and Workforce Development. Median age is based on most recent census data.

**Principal Employers (excluding Town)**

**Current Year and Nine Years Ago**

Employer	Nature of Business	2023			2014		
		Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
Merrimack College	Higher Education	638	1	4.1%	675	1	4.8%
Market Basket Supermarkets, Inc.	Grocery Store	604	2	3.9%	400	2	2.8%
Bake & Joy Mfg	Food Manufacturing	410	3	2.6%	N/A	N/A	N/A
Edgewood Retirement Community	Healthcare	290	4	1.9%	345	4	2.4%
National Grid (formerly Mass Electric)	Utility Service	233	5	1.5%	225	6	1.6%
Watts Water Technolgy	Manufacturing	170	6	1.1%	250	5	1.8%
Eagle Tribune	Newspaper	160	7	1.0%	205	7	1.4%
Brooks School	Education	150	8	1.0%	185	8	1.3%
6K, Inc	Manufacturing/Clean Tech	137	9	0.9%	N/A	N/A	N/A
Brightview North Andover	Healthcare	131	10	0.8%	N/A	N/A	N/A
Converse, Inc	Footwear/Apparel	N/A	N/A	N/A	350	3	2.5%
Genesis Healthcare	Healthcare	N/A	N/A	N/A	170	9	1.2%
Stop & Shop	Grocery Store	N/A	N/A	N/A	150	10	1.1%

N/A - Not Applicable

Source: Massachusetts Department of Workforce Development

**Full-Time Equivalent Town Employees**

**Last Ten Years**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
<u>Full-Time Equivalents</u>										
Town.....	26	27	26	27	28	28	28	28	28	28
Public Safety.....	112	113	114	114	114	115	115	115	124	124
School.....	479	479	481	490	509	515	526	526	531	550
Public works.....	23	23	24	24	24	25	25	25	25	25
Community services.....	14	15	15	15	15	15	15	15	16	16
Support Services .....	9	10	12	12	13	13	13	13	13	13
Library.....	12	14	15	15	16	16	16	16	16	16
Total .....	<u>675</u>	<u>681</u>	<u>687</u>	<u>697</u>	<u>719</u>	<u>726</u>	<u>737</u>	<u>737</u>	<u>753</u>	<u>770</u>

Source: Annual Budget Report, School Dept



**Operating Indicators by Function/Program**

**Last Ten Years**

<b>Function/Program</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
<b>General Government</b>										
Population.....	29,514	29,721	30,840	31,021	31,296	31,188	30,915	30,711	30,865	31,019
Registered Voters, Annual Town Election.....	18,247	17,050	18,968	19,801	19,168	20,100	20,100	21,361	21,909	22,177
<b>Town Clerk</b>										
Births.....	289	280	302	248	277	269	272	239	272	248
Marriages.....	115	83	83	73	10	87	101	73	107	66
Deaths.....	250	298	330	330	369	354	385	382	320	353
Dogs licensed.....	2,132	2,101	2,907	2,982	2,969	2,169	2,200	2,288	2,151	1,991
Business Certificates.....	87	95	92	111	117	130	125	147	121	122
New Voter Registrations.....	797	1,251	1,171	2,420	1,512	1,816	1,288	2,340	1,492	1,792
Passport Applications.....	885	875	798	898	1,047	912	635	N/A	345	NA
<b>Assessors</b>										
Single Family.....	6,239	6,258	6,274	6,287	6,305	6,325	6,326	6,326	6,337	6,341
Condominiums.....	2,028	2,059	2,084	2,105	2,125	2,157	2,157	2,163	2,166	2,174
Misc Rec.....	29	29	29	30	29	28	28	28	28	27
Two Family.....	417	414	408	405	401	390	391	392	388	388
Three Family.....	44	45	47	47	48	52	52	51	52	51
Four-eight Family.....	52	52	52	53	53	55	55	55	56	60
Vacant land.....	441	432	429	426	400	382	366	351	337	321
Residential/Commercial.....	35	34	33	33	33	1	36	35	34	33
Commerical buildings and land.....	494	508	511	511	510	511	512	512	511	510
Industrial buildings and land.....	83	83	82	83	82	79	77	78	75	77
Personal Property Accounts.....	881	902	830	832	826	846	856	859	867	905
Chapter 61 - Forestry Property.....	7	7	7	9	9	8	8	8	8	8
Chapter 61A - Farm Property.....	137	137	142	142	142	143	123	124	124	123
Chapter 61B - Recreational Land.....	7	7	7	7	7	7	5	5	5	5
Exempt buildings and land.....	468	471	421	467	467	473	486	494	479	486
Public Utilities.....	4	4	4	4	4	4	4	4	4	4
Utilities valued by State.....	6	6	6	6	6	6	4	3	4	4
<b>Public Safety</b>										
<b>Police</b>										
Complaints Issued.....	729	654	635	687	377	455	343	486	529	538
Arrests.....	312	291	323	374	260	266	264	140	127	294
Summons/Hearings.....	303	329	290	313	117	189	173	178	175	325
Citations.....	2,707	2,278	2,283	1,333	1,947	1,201	1,101	412	761	675
Parking tickets issued.....	496	504	504	440	338	292	311	109	113	198
Total number of animal complaints.....	623	467	467	667	449	577	463	468	529	585
<b>Fire</b>										
<b>Incidents</b>										
Fire and Rescue.....	1,283	1,383	1,755	1,747	1,520	1,837	1,693	1,510	1,784	2,259
Ambulance Calls.....	2,379	2,500	2,460	2,370	3,120	2,895	2,854	2,932	3,382	3,743

(Continued)

**Operating Indicators by Function/Program**

**Last Ten Years**

<b>Function/Program</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
Permits/certificates issued										
Smoke Detectors.....	613	543	629	701	506	484	461	588	521	371
Carbon Monoxide Detectors.....	587	520	595	702	506	484	461	588	521	371
Fireworks Display Permits.....	1	1	1	1	1	1	1	1	3	2
Liquid Gas Storage Permits.....	65	67	54	50	46	61	40	35	87	45
Open Air Burning Permits.....	345	321	321	467	442	754	765	297	323	251
Oil Burner Install Permits.....	26	20	16	29	26	47	34	105	99	97
Sprinkler Inspections.....	35	30	19	6	38	8	30	39	79	54
Underground Tank Installation.....	27	21	23	33	12	7	6	45	7	-
Underground Tank Removals.....	5	-	1	8	10	1	1	3	4	1
Building Department										
Permits issued.....	3,207	3,583	3,583	3,583	3,890	5,216	3,787	4,450	3,720	3,584
Education										
Public school enrollment.....	4,801	4,839	4,788	4,831	4,781	4,720	4,542	4,586	4,493	4,450
Human Services										
Planning										
Plan reviews.....	18	19	16	26	19	19	22	21	17	21
Board of Health										
Inspections										
Food Est. (related permits& reviews) .....	352	319	258	302	239	243	N/A	219	250	263
Septic (all related reviews/permits/inspections)..	202	115	213	155	181	186	N/A	268	220	181
OFFA Haulers/Trash Haulers & Placards.....	273	263	226	308	498	343	N/A	310	270	265
Commercial Permits.....	295	250	260	247	258	261	N/A	61	177	264
Professional Permits.....	101	66	62	70	72	72	N/A	72	49	55
Council on Aging										
Home delivered meals served.....	16,230	17,001	20,294	22,756	21,961	20,756	20,756	19,746	16,497	17,909
Outreach Case Management.....	9,981	9,828	7,384	269	4,489	6,665	6,665	1,316	612	657
Community Education.....	8,417	8,458	7,496	7,399	6,914	8,109	21,825	269	1,417	1,998
Recreation.....	18,005	20,524	12,162	11,727	13,293	13,728	13,729	665	6,318	7,961
Transportation.....	6,377	6,472	4,614	6,323	3,791	3,757	3,757	387	1,404	2,571
Libraries										
Program attendance.....	6,631	8,358	8,358	10,589	13,453	13,437	13,437	1,611	4,012	9,430
Number of Library Card Holders .....	20,143	20,418	20,418	19,566	20,295	21,141	21,141	19,442	17,153	18,196
Circulation .....	176,385	193,799	193,799	189,773	185,809	185,173	185,173	163,054	227,632	246,328
PC & Internet Use.....	1,281	1,186	1,186	480	390	342	342	624	1,119	1,170
Reference Questions.....	30,744	29,848	29,848	17,940	18,962	22,217	22,217	600	11,596	13,949
Inter-Library Loans.....	60,559	59,416	59,416	53,449	59,014	58,065	58,065	52,142	46,387	48,444

(Continued)

**Operating Indicators by Function/Program**

**Last Ten Years**

<b>Function/Program</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
Youth & Recreation Services										
Memberships.....	691	684	672	551	612	581	592	548	670	626
Summer Programs.....	832	876	971	986	997	1,092	959	1,201	1,317	1,394
Overall Services.....	3,215	3,263	3,410	3,336	3,459	3,926	3,394	2,914	3,613	3,648
Sewer										
Service connections.....	43	34	32	26	28	18	17	11	8	14
Water										
Daily consumption (in million gallons).....	3.0600	3.3100	3.2500	3.1050	3.0704	2.9000	2.9300	3.4200	3.0900	3.5484

Source: Various Town Departments, Annual Town Report, Commonwealth of Massachusetts Division of Local Services.

N/A: Information not available

(Concluded)

**Capital Asset Statistics by Function/Program**

**Last Ten Years**

<u>Function/Program</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
General Government										
Number of Buildings.....	13	13	13	13	13	13	13	13	13	13
Police										
Number of Stations.....	1	1	1	1	1	1	1	1	1	1
Fire										
Number of Stations.....	2	2	2	2	2	2	2	2	2	2
Education										
School administration building.....	n/a	1	1	1	1	1	1	1	1	1
Number of early childhood schools.....	n/a	n/a	n/a	n/a	1	1	1	1	1	1
Number of elementary schools.....	5	5	5	5	5	5	5	5	5	5
Number of middle schools.....	1	1	1	1	1	1	1	1	1	1
Number of high schools.....	1	1	1	1	1	1	1	1	1	1
Public Works										
Water mains (miles).....	148	148	148	148	148	148	148	148	148	148
Fire hydrants.....	1,515	1,515	1,515	1,515	1,515	1,515	1,515	1,515	1,515	1,515
Sanitary sewers (miles).....	90	90	90	90	90	90	90	90	90	90
Storm sewers (miles).....	99	99	99	99	99	99	99	99	99	99
Culture and Recreation										
Playgrounds.....	17	17	17	17	17	17	17	17	17	17
Parks.....	2	2	2	2	2	2	2	2	2	2
Playgrounds - Acreage.....	90	90	90	90	90	90	90	90	90	90
Parks - Acreage.....	11	11	11	11	11	11	11	11	11	11
Public beaches.....	1	1	1	1	1	1	1	1	1	1
Ball fields.....	39	39	39	39	39	39	39	39	39	39
Tennis courts.....	6	6	6	6	6	6	6	6	6	6

Source: Various Town Departments

N/A: Information not available



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Boston, MA 02109  
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hinckleyallen.com

[Date of Delivery]

Kimberly Mackie, Treasurer  
Town of North Andover  
North Andover, Massachusetts

\$15,000,000\*  
Town of North Andover, Massachusetts  
General Obligation School Bonds of 2024  
Dated June 26, 2024

We have acted as bond counsel to the Town of North Andover, Massachusetts (the “Town”) in connection with the issuance by the Town of the above-referenced bonds (the “Bonds”). In such capacity, we have examined the law and such certified proceedings and other papers as we have deemed necessary to render this opinion.

With respect to questions of fact material to our opinion, we have relied upon representations and covenants of the Town contained in the certified proceedings relating to the Bonds and other certifications of public officials furnished to us, without undertaking to verify the same by independent investigation.

Based on our examination, we are of the opinion, under existing law, as follows:

1. The Bonds are valid and binding general obligations of the Town and, except to the extent they are paid from any other sources, the principal of and interest on the Bonds are payable from taxes which may be levied upon all taxable property in the Town, subject to the limit imposed by Chapter 59, Section 21C of the General Laws.
2. Interest on the Bonds is excluded from the gross income of the owners of the Bonds for federal income tax purposes. In addition, interest on the Bonds is not a specific preference item for purposes of the federal alternative minimum tax, although we observe that such interest will be taken into account in computing the “adjusted financial statement income” of corporate holders of the Bonds for purposes of computing the alternative minimum tax imposed on certain corporations with respect to their tax years beginning after December 31, 2022. In rendering the opinions set forth in this paragraph, we have assumed compliance by the Town with all requirements of the Internal Revenue Code of 1986, as amended, that must

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\* Preliminary, subject to change.

Kimberly Mackie, Treasurer

[Date of Delivery]

Page 2

be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, and continue to be, excluded from gross income for federal income tax purposes. The Town has covenanted to comply with all such requirements. Failure by the Town to comply with certain of such requirements may cause interest on the Bonds to become included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. We express no opinion regarding any other federal tax consequences arising with respect to the Bonds.

3. Interest on the Bonds is exempt from Massachusetts personal income taxes, and the Bonds are exempt from Massachusetts personal property taxes. We express no opinion regarding any other Massachusetts tax consequences arising with respect to the Bonds or any tax consequences arising with respect to the Bonds under the laws of any state other than Massachusetts.

This opinion is expressed as of the date hereof, and we neither assume nor undertake any obligation to update, revise, supplement or restate this opinion to reflect any action taken or omitted, or any facts or circumstances or changes in law or in the interpretation thereof, that may hereafter arise or occur, or for any other reason.

The rights of the holders of the Bonds and the enforceability of the Bonds may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable, and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

HINCKLEY, ALLEN & SNYDER LLP

**PROPOSED FORM OF  
CONTINUING DISCLOSURE CERTIFICATE**

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the Town of North Andover, Massachusetts (the “Issuer”) in connection with the issuance of its \$15,000,000\* General Obligation School Bonds of 2024 dated June 26, 2024 (the “Bonds”). The Issuer covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the Owners of the Bonds and in order to assist the Participating Underwriters in complying with the Rule.

SECTION 2. Definitions. For purposes of this Disclosure Certificate the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“Listed Events” shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

“MSRB” shall mean the Municipal Securities Rulemaking Board as established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto or to the functions of the MSRB contemplated by this Disclosure Certificate.

“Obligated Person” shall mean the Issuer.

“Owners of the Bonds” shall mean the registered owners, including beneficial owners, of the Bonds.

“Participating Underwriter” shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“Rule” shall mean Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

SECTION 3. Provision of Annual Reports.

(a) The Issuer shall, not later than 270 days after the end of each fiscal year, provide to the MSRB an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Issuer may be submitted when available separately from the balance of the Annual Report.

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\* Preliminary, subject to change.

(b) If the Issuer is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the Issuer shall send a notice to the MSRB in a timely manner, in substantially the form attached as Exhibit A.

SECTION 4. Content of Annual Reports. The Issuer's Annual Report shall contain or incorporate by reference the following:

(a) quantitative information for the preceding fiscal year of the type presented in the Issuer's Official Statement dated June 12, 2024 relating to the Bonds regarding (i) the revenues and expenditures of the Issuer relating to its operating budget, (ii) capital expenditures, (iii) fund balances, (iv) property tax information, (v) outstanding indebtedness and overlapping debt of the Issuer, (vi) pension obligations of the Issuer, and (vii) other post-employment benefits liability of the Issuer, and

(b) the most recently available audited financial statements of the Issuer, prepared in accordance with generally accepted accounting principles, with certain exceptions permitted by the Massachusetts Uniform Municipal Accounting System promulgated by the Department of Revenue of the Commonwealth. If audited financial statements for the preceding fiscal year are not available when the Annual Report is submitted, the Annual Report will include unaudited financial statements for the preceding fiscal year and audited financial statements for such fiscal year shall be submitted when available.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the Issuer or related public entities, which (i) are available to the public on the MSRB internet website or (ii) have been filed with the Securities and Exchange Commission. The Issuer shall clearly identify each such other document so incorporated by reference.

SECTION 5. Reporting of Significant Events.

(a) The Issuer shall give notice, in accordance with the provisions of this Section 5, of the occurrence of any of the following events with respect to the Bonds:

1. Principal and interest payment delinquencies.
2. Non-payment related defaults, if material.
3. Unscheduled draws on debt service reserves reflecting financial difficulties.
4. Unscheduled draws on credit enhancements reflecting financial difficulties.
5. Substitution of credit or liquidity providers, or their failure to perform.
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds.
7. Modifications to rights of the Owners of the Bonds, if material.



8. Bond calls, if material, and tender offers.
  9. Defeasances.
  10. Release, substitution or sale of property securing repayment of the Bonds, if material.
  11. Rating changes.
  12. Bankruptcy, insolvency, receivership or similar event of the Obligated Person.<sup>†</sup>
  13. The consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
  14. Appointment of a successor or additional trustee or the change of name of a trustee, if material.
  15. Incurrence of a financial obligation of the Obligated Person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Obligated Person, any of which affect Owners of the Bonds, if material.<sup>‡</sup>
  16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Obligated Person, any of which reflect financial difficulties.<sup>†</sup>
- (b) Upon the occurrence of a Listed Event, the Issuer shall, in a timely manner not in excess of ten (10) business days after the occurrence of the event, file a notice of such occurrence with the MSRB.

**SECTION 6. Transmission of Information and Notices.** Unless otherwise required by law, all notices, documents and information provided to the MSRB shall be provided in

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<sup>†</sup> As noted in the Rule, this event is considered to occur when any of the following occur: (i) the appointment of a receiver, fiscal agent or similar officer for the Obligated Person in a proceeding under the U.S. Bankruptcy Code or in any proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Obligated Person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or (ii) the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Obligated Person.

<sup>‡</sup> For purposes of event numbers 15 and 16 in Section 5(a) of this Disclosure Certificate, the term “financial obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “financial obligation” excludes municipal securities for which a final official statement has been provided to the MSRB consistent with the Rule.

electronic format at <http://emma.msrb.org> as prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

SECTION 7. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Certificate shall terminate upon the prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination in the same manner as for a Listed Event under Section 5(b).

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate and any provision of this Disclosure Certificate may be waived if such amendment or waiver is permitted by the Rule, as evidenced by an opinion of counsel expert in federal securities law (which may include bond counsel to the Issuer), to the effect that such amendment or waiver would not cause the Disclosure Certificate to violate the Rule. The first Annual Report filed after enactment of any amendment to or waiver of this Disclosure Certificate shall explain, in narrative form, the reasons for the amendment or waiver and the impact of the change in the type of information being provided in the Annual Report.

If the amendment provides for a change in the accounting principles to be followed in preparing financial statements, the Annual Report for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information in order to provide information to investors to enable them to evaluate the ability of the Issuer to meet its obligations. To the extent reasonably feasible, the comparison shall also be quantitative. A notice of the change in the accounting principles shall be sent to the MSRB.

SECTION 9. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate any Owner of the Bonds may seek a court order for specific performance by the Issuer of its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not constitute a default with respect to the Bonds, and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action for specific performance of the Issuer's obligations hereunder and not for money damages in any amount.

SECTION 10. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Owners of the Bonds from time to time, and shall create no rights in any other person or entity.

Date: June 26, 2024

TOWN OF NORTH ANDOVER,  
MASSACHUSETTS

By: \_\_\_\_\_  
Treasurer

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\_\_\_\_\_  
Select Board

[EXHIBIT A: Form of Notice of Failure to File Annual Report]