

PRELIMINARY OFFICIAL STATEMENT AND NOTICE OF SALE DATED SEPTEMBER 11, 2024

**Rating: See "Rating" herein.
Moody's Investors Service, Inc.: Aa3**

New Issue

In the opinion of Bowditch & Dewey, LLP, Boston, Massachusetts, Bond Counsel, under existing statutes and regulations, as presently applied, interest on the Bonds is excluded from the gross income of the owners of the Bonds for federal income tax purposes, assuming continued compliance by the District with the Internal Revenue Code of 1986, as amended (the "Code"). Interest on the Bonds is not an item of tax preference for purposes of computing the alternative minimum tax imposed on individuals under the Code; however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on corporations under the Code for tax years beginning after December 31, 2022. Interest on the Bonds may also be subject to other federal income tax consequences, as described herein under "Tax Exemption." In the opinion of Bond Counsel, under existing law, interest on the Bonds is exempt from Massachusetts personal income tax, and the Bonds are exempt from Massachusetts personal property taxes; but the Bonds and the interest thereon may be included in the measure of Massachusetts estate and inheritance taxes and of certain Massachusetts corporate excise and franchise 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 District will designate the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code. See "Tax Exemption" herein.

**UPPER BLACKSTONE WATER POLLUTION ABATEMENT DISTRICT, MASSACHUSETTS
\$4,000,000 GENERAL OBLIGATION MUNICIPAL PURPOSE LOAN OF 2024 BONDS**

DATED
Date of Delivery

DUE
April 1
(as shown below)

The Bonds are issuable only in fully registered form, registered in the name of Cede & Co., as Bondowner and nominee for The Depository Trust Company ("DTC"), New York, New York. 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.)

Principal of the Bonds will be payable April 1 of the years in which the Bonds mature. Interest on the Bonds will be payable April 1 and October 1, commencing April 1, 2025. Principal and semiannual interest on the Bonds will be paid by U.S. Bank Trust Company, National Association, Boston, Massachusetts, as Paying Agent. So long as DTC or its nominee, Cede & Co., is the Bondowner, such payments 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 will be subject to redemption prior to their stated maturity dates as described herein.

The original purchasers will be furnished, without cost to such purchaser, with the opinion of Bowditch & Dewey, LLP, Boston, Massachusetts, approving the legality of the Bonds. To the extent not paid from other sources, the Bonds will be payable as to both principal and interest from sums which are annually apportioned to the City of Worcester, and the Towns of Auburn, Holden, Millbury, Rutland and West Boylston, Massachusetts (the "Member Municipalities") in accordance with an agreement among them (the "Agreement"). The Agreement provides, among other things, that the Member Municipalities shall be assessed for all of the principal and interest payable with respect to the Bonds. To pay its respective assessment of principal and interest on the Bonds, each Member Municipality has the power to levy ad valorem taxes upon all taxable property with its territorial limits, subject to the limit on total property taxes imposed by Chapter 59, Section 21C of the General Laws (also known as Proposition 2 1/2), said tax levies to be based upon amounts appropriated by the District among the member municipalities and certified by the District to the assessors of each of the District's member municipalities in accordance with the provisions of Chapter 752 of the Massachusetts Acts of 1986, as amended, and subject to the limitations imposed by Massachusetts General Laws, Chapter 59, Section 20B.

MATURITIES, AMOUNTS, RATES, PRICES OR YIELDS AND CUSIPS

| Due April 1 | Principal Amount | Interest Rate | Price or Yield | CUSIP 915547 | Due April 1 | Principal Amount | Interest Rate | Price or Yield | CUSIP 915547 |
|----------------|---------------------|------------------|-------------------|-----------------|----------------|---------------------|------------------|-------------------|-----------------|
| 2025 | \$ 50,000 | % | % | | 2035 | \$ 210,000 | % | % | |
| 2026 | 210,000 | | | | 2036 | 210,000 | | | |
| 2027 | 210,000 | | | | 2037 | 210,000 | | | |
| 2028 | 210,000 | | | | 2038 | 210,000 | | | |
| 2029 | 210,000 | | | | 2039 | 210,000 | | | |
| 2030 | 210,000 | | | | 2040 | 210,000 | | | |
| 2031 | 210,000 | | | | 2041 | 200,000 | | | |
| 2032 | 210,000 | | | | 2042 | 200,000 | | | |
| 2033 | 210,000 | | | | 2043 | 200,000 | | | |
| 2034 | 210,000 | | | | 2044 | 200,000 | | | |

THE BONDS ARE BEING OFFERED FOR SALE AT 11:00 A.M. (EASTERN TIME) ON WEDNESDAY, SEPTEMBER 18, 2024, AT HILLTOP SECURITIES INC., 54 CANAL STREET, 3RD FLOOR, BOSTON, MASSACHUSETTS IN THE CASE OF SEALED PROPOSALS AND IN THE CASE OF ELECTRONIC PROPOSALS, VIA PARITY, IN THE MANNER SET FORTH IN THE NOTICE OF SALE. REFERENCE IS MADE TO THE NOTICE OF SALE DATED SEPTEMBER 11, 2024 FOR THE CONDITIONS OF SUCH SALE.

The Bonds are offered subject to the final approving opinion of Bowditch & Dewey, LLP, Boston, Massachusetts, Bond Counsel, as aforesaid, and to certain other conditions referred to herein and in the Notice of Sale. Hilltop Securities Inc., Boston, Massachusetts has acted as Municipal Advisor to the Upper Blackstone Water Pollution Abatement District, Massachusetts, with respect to the Bonds. The Bonds in definitive form will be delivered to DTC, or its custodial agent, on or about October 16, 2024, against payment to the District in federal funds.

This 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 these securities 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.

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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 District since the date of this Preliminary Official Statement.

SUMMARY STATEMENT

The information set forth below is qualified in its entirety by the information and financial statements appearing elsewhere in the Official Statement.

Date of Sale: Wednesday, September 18, 2024, 11:00 a.m. (Eastern Time).

Location of Sale: Hilltop Securities Inc., 54 Canal Street, 3rd Floor, Boston, Massachusetts 02114.

Issuer: Upper Blackstone Water Pollution Abatement District, Massachusetts.

Issue: \$4,000,000 General Obligation Municipal Purpose Loan of 2024 Bonds, see "THE BONDS Book-Entry-Transfer System" herein.

Preliminary Official Statement Dated: September 11, 2024.

Dated Date of the Bonds: As of their date of delivery.

Principal Due: Serially April 1, 2025 through April 1, 2044 as detailed herein.

Interest Payable: Semi-annually April 1 and October 1, commencing April 1, 2025.

Purpose and Authority: The Bonds are authorized by the District for various wastewater projects under provisions of the Massachusetts General Laws as detailed herein.

Redemption: The Bonds will be subject to redemption prior to their stated maturity dates as detailed herein.

Security: The Bonds will be payable as to both principal and interest from sums which are annually apportioned to the City of Worcester, and the Towns of Auburn, Holden, Millbury, Rutland and West Boylston, Massachusetts (the "Member Municipalities") in accordance with an agreement among them (the "Agreement"). The Agreement provides, among other things, that the Member Municipalities shall be assessed for all of the principal and interest payable with respect to the Bonds. To pay its respective assessment of principal and interest on the Bonds, each Member Municipality has the power to levy ad valorem taxes upon all taxable property with its territorial limits, subject to the limit on total property taxes imposed by Chapter 59, Section 21C of the General Laws (also known as Proposition 2 1/2), said tax levies to be based upon amounts appropriated by the District among the member municipalities and certified by the District to the assessors of each of the District's member municipalities in accordance with the provisions of Chapter 752 of the Massachusetts Acts of 1986, as amended, and subject to the limitations imposed by Massachusetts General Laws, Chapter 59, Section 20B.

Credit Rating: Moody's Investors Service, Inc. has assigned a rating of Aa3 to the Bonds.

Bond Insurance: The District has not contracted for the issuance of any policy of municipal bond insurance or any other credit enhancement facility.

Basis of Award: Lowest True Interest Cost (TIC), as of the dated date. **BIDS MUST INCLUDE A PREMIUM OF AT LEAST \$60,000.**

Tax Exemption: Refer to "THE BONDS - Tax Exemption" herein and Appendix B, "Proposed Form of Legal Opinion."

Continuing Disclosure: Refer to "THE BONDS - Continuing Disclosure" herein and Appendix C, "Proposed Form of Continuing Disclosure Certificate."

Bank Qualification: The Bonds are designated by the District 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: Bowditch & Dewey, LLP, Boston, Massachusetts.

Municipal Advisor: Hilltop Securities Inc., Boston, Massachusetts.

Delivery and Payment: It is expected that delivery of the Bonds in book-entry only form will be made to The Depository Trust Company, or to its custodial agent, on or about October 16, 2024, against payment in federal funds.

Issuer Official: Questions concerning the Official Statement should be addressed to Ms. Karla H. Sangrey, Treasurer, Upper Blackstone Water Pollution Abatement District, Massachusetts Telephone (508) 755-1286 x19 or Cinder McNerney, Regional Managing Director, Hilltop Securities Inc., Boston, Massachusetts Telephone (617) 619-4408.

NOTICE OF SALE

**UPPER BLACKSTONE WATER POLLUTION ABATEMENT DISTRICT, MASSACHUSETTS
\$4,000,000 GENERAL OBLIGATION MUNICIPAL PURPOSE LOAN OF 2024 BONDS**

The Upper Blackstone Water Pollution Abatement District, Massachusetts (the "District") will receive sealed and electronic (as described herein) proposals until 11:00 A.M., Eastern Time, Wednesday, September 18, 2024, for the purchase of the following described General Obligation Municipal Purpose Loan of 2024 Bonds of the District (the "Bonds"):

\$4,000,000 General Obligation Municipal Purpose Loan of 2024 Bonds payable April 1 of the years and in the amounts as follows:

| Due April 1 | Principal Amount | Due April 1 | Principal Amount |
|----------------|---------------------|----------------|---------------------|
| 2025 | \$ 50,000 | 2035 * | \$ 210,000 |
| 2026 | 210,000 | 2036 * | 210,000 |
| 2027 | 210,000 | 2037 * | 210,000 |
| 2028 | 210,000 | 2038 * | 210,000 |
| 2029 | 210,000 | 2039 * | 210,000 |
| 2030 | 210,000 | 2040 * | 210,000 |
| 2031 | 210,000 | 2041 * | 200,000 |
| 2032 | 210,000 | 2042 * | 200,000 |
| 2033 | 210,000 | 2043 * | 200,000 |
| 2034 * | 210,000 | 2044 * | 200,000 |

*Callable maturities. May be combined into not more than three Term Bonds as described herein.

The Bonds will be dated their date of delivery. Principal of the Bonds will be payable on April 1 of the years in which the Bonds mature. Interest will be payable on April 1 and October 1, commencing April 1, 2025.

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 its custody. Ownership of the Bonds in principal amounts of \$5,000 or integral multiples thereof, will be evidenced by a book-entry system with transfers of ownership effected on the records of DTC and its Participants pursuant to rules and procedures established 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. Interest and principal 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 will be the responsibility of such participants and other nominees of beneficial owners. The District will not be responsible or liable for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants.

The original Bonds to be immobilized at DTC will be prepared under the supervision of Hilltop Securities Inc., Boston, Massachusetts and their legality will be approved by Bowditch & Dewey, LLP, Boston, Massachusetts, whose opinion will be furnished to the purchaser without charge.

The Bonds maturing on and before April 1, 2033 are not subject to redemption prior to their stated maturity dates. Bonds maturing on and after April 1, 2034 are subject to redemption prior to their stated maturity dates, at the option of the District, on and after April 1, 2033 either in whole or in part at any time, and if in part, by lot within a maturity, **at the par amount of the Bonds to be redeemed**, plus accrued interest to the date set for redemption.

For Bonds maturing on and after April 1, 2034, bidders may specify that all of the principal amount of such Bonds in any two or more consecutive years may, in lieu of maturing in each such year, be combined to comprise one, two or three term bonds, and shall be subject to mandatory redemption or mature a par, as described above, in each of the years and in the principal amounts specified in the foregoing maturity schedule. Each mandatory redemption shall be allocated to the payment of the term bond maturing in the nearest subsequent year. Bidders may specify no more than three term bonds.

Term bonds, if any, shall be subject to mandatory redemption on April 1 of the year or years immediately 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 at the principal amount thereof plus accrued interest to the redemption date, without premium.

Principal and semiannual interest on the Bonds will be paid by U.S. Bank Trust Company, National Association, Boston, Massachusetts as Paying Agent. So long as DTC or its nominee, Cede & Co., is the Bondowner, such payments will be made directly to DTC. Disbursement of such payments to the DTC Participants is the responsibility of DTC and disbursements of such payments to the Beneficial Owners is the responsibility of the DTC Participants and the Indirect Participants, as more fully described herein.

Bidding Parameters

Bidders shall state the rate or rates of interest per annum which the Bonds are to bear in a multiple of 1/20 or 1/8 of one percent, but shall not state (a) more than one interest rate for any Bonds having a like maturity, (b) any interest rate which exceeds the interest rate stated for any other Bonds by more than 3 percent or (c) **any coupon in excess of 5.50%. NO BID OF LESS THAN PAR PLUS A PREMIUM OF AT LEAST \$60,000 WILL BE CONSIDERED.**

Bids must be submitted electronically via Parity in accordance with this Notice of Sale. To the extent any instructions or directions set forth in Parity conflict with this Notice of Sale, the terms of this Notice of Sale shall control. For further information about Parity, potential bidders may contact the Municipal Advisor to the District or I-deal at 40 West 23rd Street, 5th Floor, New York, NY 10010 (212) 404-8102. An electronic bid made in accordance with this Notice of Sale shall be deemed an 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 District.

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 District. Such interest rate shall be determined on a true interest cost (TIC) basis, which shall mean that rate which, as of October 16, 2024, discounts semi-annually all future payments on account of principal and interest to the price bid, not including interest accrued, if any, which accrued interest shall be paid by the Successful Bidder. The award of the Bonds to the Successful Bidder will not be effective until the bid has been approved by the Treasurer and the Board Commissioners of the District. In the event that two or more bidders submit the same lowest true interest cost for the Bonds, the Treasurer shall determine the Successful Bidder by lot from among all such proposals.

The right is reserved to reject 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.

The Upper Blackstone Water Pollution Abatement District 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 its contractual obligations arising from the acceptance of its proposal for the purchase of the Bonds. Should the 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 Moody's Investors Service for a rating on the Bonds. Any such fee paid to Moody's Investors Service would be borne by the District.

In order to assist bidders in complying with Rule 15c2-12 (b)(5) promulgated by the Securities and Exchange Commission, the District 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.

The Bonds are designated as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986 as amended (the "Code").

It shall be a condition to the obligation of the successful bidder to accept delivery of and pay for the Bonds that it shall be furnished, without cost, with (a) the approving opinion of the firm of Bowditch & Dewey, LLP, Boston, Massachusetts, substantially in the form appearing as Appendix B of the Preliminary Official Statement dated September 11, 2024, (b) a certificate in the form satisfactory to Bond Counsel dated as of the date of delivery 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 which affects the validity of the Bonds or the power of the District to levy and collect taxes to pay them, (c) a certificate of the District Treasurer to the effect that, to the best of her knowledge and belief, as of its date and the date of sale the Preliminary Official Statement did not, and as of its date and the date of the delivery of the Bonds, the Final Official Statement did not and does not, contain any untrue statement of a material fact and did not and does not omit to state a material fact necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading, and (d) a Continuing Disclosure Certificate in the form appearing as Appendix C of the Preliminary Official Statement.

Establishment of Issue Price

The successful bidder shall assist the District in establishing the issue price of the Bonds and shall execute and deliver to the District on the Closing Date an “issue price” or similar certificate, substantially in the applicable form set forth in Exhibit 1 to this Notice of Sale, setting forth the reasonably expected initial offering 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 District and Bond Counsel. All actions to be taken by the District under this Notice of Sale to establish the issue price of the Bonds may be taken on behalf of the District by Hilltop Securities Inc. (the “Municipal Advisor”) and any notice or report to be provided to the District 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 District 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 District 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 District 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 District 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 District prior to submitting its bid by contacting the Municipal Advisor, telephone (617) 619-4400, and affirming in writing via email or facsimile, 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 District 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 District 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 Apply. If the competitive sale requirements are not satisfied and the successful bidder intends to reoffer the Bonds to the public, the Successful Bidder may, at its option, 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.

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 District or the Municipal Advisor that it no longer needs to do so. If the successful bidder uses Option A the Successful Bidder shall provide to the District on or before the closing date, the certificate attached to this Notice of Sale as Exhibit 1 – Option A.

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:

1. "public" means any person other than an underwriter or a related party,
2. "underwriter" means (A) any person that agrees pursuant to a written contract with the District (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
3. 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 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 Municipal Advisor, the successful bidder must provide to the Issuer on or before the Closing Date, in addition to the certification described in Option A above, 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.

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 will not distribute or resell 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.

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

Additional information concerning the Upper Blackstone Water Pollution Abatement District and the Bonds is contained in the Preliminary Official Statement dated September 11, 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. Said Preliminary Official Statement is deemed final by the District except for the omission of the reoffering price(s), interest rate(s), delivery date, the identity of the underwriter(s), and any other pertinent terms of the Bonds depending on such matters, but is subject to change without notice and to completion or amendment in a Final Official Statement. Copies of the Preliminary Official Statement may be obtained from Hilltop Securities Inc., 54 Canal Street, Boston, Massachusetts 02114 (Telephone: 617-619-4400). Within seven (7) business days following the award of the Bonds in accordance herewith, 10 copies of the Final Official Statement will be available from the Hilltop Securities Inc. to the successful bidder for use in reoffering the Bonds. Upon request, additional copies will be provided at the expense of the requester.

The Bonds in definitive form will be delivered to The Depository Trust Company or its custodial agent on or about October 16, 2024 for settlement in federal funds.

UPPER BLACKSTONE WATER POLLUTION ABATEMENT DISTRICT, MASSACHUSETTS
/s/ Karla H. Sangrey, Treasurer

September 11, 2024

**Issue Price Certificate for Use If the Competitive
Sale Requirements Are Met
\$4,000,000
Upper Blackstone Water Pollution Abatement District, Massachusetts
General Obligation Municipal Purpose Loan of 2024 Bonds**

ISSUE PRICE CERTIFICATE AND RECEIPT

The undersigned, on behalf of _____ (the "Successful Bidder"), hereby certifies as set forth below with respect to the sale of the above-captioned obligations (the "Bonds") of the Upper Blackstone Water Pollution Abatement District, Massachusetts (the "Issuer").

1. Reasonably Expected Initial Offering Prices.

(a) 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.

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

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

2. Defined Terms.

(a) *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.

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

(c) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is September 18, 2024.

(d) *Underwriter* means (i) any person, including the Successful Bidder, that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the 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).

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 Bowditch & Dewey, 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. 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 such Bonds, which certificates, opinions and other documents are satisfactory to the Successful Bidder.

Dated: _____, 2024

[Successful Bidder]

By: _____

Name:

Title:

SCHEDULE A
EXPECTED OFFERING PRICES
(To be Attached)

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

**Issue Price Certificate for Use If the Competitive Sale Requirements Are
Not Met and the 10% Test Is Used
\$4,000,000
Upper Blackstone Water Pollution Abatement District, Massachusetts
General Obligation Municipal Purpose Loan of 2024 Bonds
ISSUE PRICE CERTIFICATE AND RECEIPT**

The undersigned, on behalf of _____ (the (“[Successful Bidder] [Representative]”), on behalf of itself [and [NAMES OF OTHER UNDERWRITERS]]) hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the “Bonds”) by the Upper Blackstone Water Pollution Abatement District, Massachusetts (the “Issuer”).

1. Sale of the Bonds. As of the date of this certificate, [except as set forth in paragraph 2 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.]

2. 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 Maturity of the Bonds is sold to the Public (the “10% Test”), the Successful Bidder agrees to promptly report to the Issuer’s municipal advisor, Hilltop Securities 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][Representative] shall continue to report each sale of Bonds to the Municipal Advisor until notified by email or in writing by the Issuer or the Municipal Advisor that it no longer needs to do so.

3. Defined Terms.

- (a) *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.
- (b) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.
- (c) *Underwriter* means (i) any person, including the [Successful Bidder][Representative] that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the 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).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the [Successful Bidder][Representative]’s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Bowditch & Dewey, 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. The [Successful Bidder][Representative] 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] [Representative], before or simultaneously with the delivery of such Bonds, which certificates, opinions and other documents are satisfactory to the [Successful Bidder] [Representative].

Dated: _____ 2024

[SUCCESSFUL BIDDER] [REPRESENTATIVE]
By: _____
Name:
Title:

SALE PRICES
[(Attached)]

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

\$4,000,000

UPPER BLACKSTONE WATER POLLUTION ABATEMENT DISTRICT, MASSACHUSETTS GENERAL OBLIGATION MUNICIPAL PURPOSE LOAN OF 2024 BONDS

DATED OCTOBER 16, 2024

ISSUE PRICE CERTIFICATE AND RECEIPT

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

1. Sale of the Bonds. As of the date of this certificate, [except as set forth in paragraph 2 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.]

2. 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][Representative] and any other Underwriter did not reoffer the Unsold Maturities to any person at a price that is higher than the initial offering price to the public until the earlier of (i) _____, 2024 or (ii) the date on which the “Successful Bidder][Representative] sold at least 10% of each Unsold Maturity at a price that is no higher than the initial offering price to the Public.

3. Defined Terms.

(a) Issuer means the Upper Blackstone Water Pollution Abatement District, Massachusetts.

(b) 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.

(c) 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.

(d) 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).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the [Successful Bidder’s][Representative’s] interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Bowditch & Dewey, 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. The [Successful Bidder][Representative] hereby acknowledges receipt from the Issuer of the bonds if the Issue and further acknowledges receipt of all certificates, opinion and other documents required to be delivered to the [Successful Bidder][Representative], before or simultaneously with the delivery of such bonds of the Issue, which certificates, opinions and other documents are satisfactory to the [Successful Bidder][Representative].

Dated: _____, 2024

[SUCCESSFUL BIDDER] [REPRESENTATIVE]

By: _____

Name:

Title:

[SCHEDULE A

SALE PRICES

(To be Attached)]

OFFICIAL STATEMENT

UPPER BLACKSTONE WATER POLLUTION ABATEMENT DISTRICT, MASSACHUSETTS

\$4,000,000 GENERAL OBLIGATION MUNICIPAL PURPOSE LOAN OF 2024 BONDS

This Official Statement is provided for the purpose of presenting certain information relating to the Upper Blackstone Water Pollution Abatement District, Massachusetts (the "District") in connection with the sale of \$4,000,000* stated principal amount of its General Obligation Municipal Purpose Loan of 2024 Bonds (the "Bonds"). The information contained herein has been furnished by the District, except information attributed to another source.

THE BONDS

Description of the Bonds

The Bonds will be dated their date of delivery and will bear interest payable semiannually on April 1 and October 1, commencing April 1, 2025. The Bonds shall mature on April 1 of the years and in the principal amounts as set forth on the first page of this Official Statement.

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 ("DTC"), New York, New York. 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 owners shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners (as defined herein) of the Bonds. (See "Book-Entry Transfer System" herein.)

Principal and semiannual interest on the Bonds will be paid by U.S. Bank Trust Company, National Association, Boston, Massachusetts as Paying Agent. So long as DTC or its nominee, Cede & Co., is the Bondowner, such payments will be made directly to DTC. 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 the Indirect Participants, as more fully described herein.

Redemption Provisions

Optional Redemption

Bonds maturing on or prior to April 1, 2033 shall not be subject to redemption prior to their stated maturity dates. Bonds maturing on or after April 1, 2034 shall be subject to redemption prior to maturity, at the option of the District, on or after April 1, 2033, either in whole or in part at any time, and if in part, by lot within a maturity, at the par amount of the Bonds to be redeemed, plus accrued interest to the date set for redemption.

Mandatory Redemption

If the successful bidder designated principal amounts of the Bonds to be combined into one, two or three term bonds (which may be done only for principal amounts in consecutive years and only with respect to Bonds maturing on and after April 1, 2034), each such term bond shall be subject to mandatory redemption commencing on April 1 of the first year which has been combined to form such term bond and continuing on April 1 in each year thereafter until the stated maturity date of that Bond. The amount redeemed or paid at maturity in any year shall be equal to the principal amount for that year set forth in the schedule contained in the Notice of Sale dated September 11, 2024 relating to the Bonds. Principal amounts to be redeemed in any year by mandatory redemption shall be redeemed at par (without premium), plus accrued interest to the redemption date, and shall be selected by lot from among the Bonds then subject to redemption. The District Treasurer may credit against any mandatory redemption requirement term bonds which have been purchased and cancelled by the District or have been redeemed and not therefore applied as a credit against any mandatory redemption requirement.

Notice of Redemption

Notice of any redemption of Bonds, prior to their dates of maturity, specifying the Bonds (or the portions thereof) to be redeemed shall be mailed or sent in such other manner acceptable 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 Direct Participants of the redemption or failure on the part of DTC's Participants, Indirect Participants or of a nominee of a Beneficial Owner having received notice from a DTC Participant or otherwise to notify the Beneficial Owners shall not affect the validity of the redemption.

Record Date

The record date for each payment of interest on the Bonds (the "Record Date") is the fifteenth day of the month preceding the interest payment date, provided that, if such date is not a business day, the Record Date shall be the next succeeding business day. 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 Bondowners at least ten (10) days before the special record date.

Book-Entry Transfer System

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued in fully-registered form registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One-fully registered 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, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a S&P Global Ratings 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.

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

To facilitate subsequent transfers, all securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of 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 shall be sent to DTC. If less than all of the Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in the Bonds to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to securities deposited with 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 such 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 District 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 securities held by it at any time by giving reasonable notice to the issuer of such securities 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 to Beneficial Owners.

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

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

Authorization of the Bonds and Use of Proceeds

The following table sets forth the purposes, principal amounts, amounts authorized, bond anticipation notes outstanding, statutory references, and dates of approval, for the current offering of Bonds.

| Purpose | This Issue | Original Bond Authorization | Bond Anticipation Notes Outstanding | Statutory Reference | Date of Approval |
|---|---------------------|-----------------------------|-------------------------------------|------------------------------------|------------------|
| Various Design and Improvement Projects | \$ 2,000,000 | \$ 2,000,000 | \$ 2,000,000 (1) | S.9 of Ch. 752 of the Acts of 1968 | 8/17/2022 |
| Water Treatment Plants & Standby Power System | 2,000,000 | 20,000,000 | 2,000,000 | S.9 of Ch. 752 of the Acts of 1968 | 6/28/2023 |
| Total: | <u>\$ 4,000,000</u> | | <u>\$ 4,000,000</u> | | |

(1) This issue will retire bond anticipation notes maturing October 17, 2024.

Principal Payments by Purpose

| Year | Various Design & Improvements | Water Treatment Plants and Standby Power System | TOTAL |
|-------|-------------------------------|---|---------------------|
| 2025 | \$ 25,000 | \$ 25,000 | \$ 50,000 |
| 2026 | 105,000 | 105,000 | 210,000 |
| 2027 | 105,000 | 105,000 | 210,000 |
| 2028 | 105,000 | 105,000 | 210,000 |
| 2029 | 105,000 | 105,000 | 210,000 |
| 2030 | 105,000 | 105,000 | 210,000 |
| 2031 | 105,000 | 105,000 | 210,000 |
| 2032 | 105,000 | 105,000 | 210,000 |
| 2033 | 105,000 | 105,000 | 210,000 |
| 2034 | 105,000 | 105,000 | 210,000 |
| 2035 | 105,000 | 105,000 | 210,000 |
| 2036 | 105,000 | 105,000 | 210,000 |
| 2037 | 105,000 | 105,000 | 210,000 |
| 2038 | 105,000 | 105,000 | 210,000 |
| 2039 | 105,000 | 105,000 | 210,000 |
| 2040 | 105,000 | 105,000 | 210,000 |
| 2041 | 100,000 | 100,000 | 200,000 |
| 2042 | 100,000 | 100,000 | 200,000 |
| 2043 | 100,000 | 100,000 | 200,000 |
| 2044 | 100,000 | 100,000 | 200,000 |
| Total | <u>\$ 2,000,000</u> | <u>\$ 2,000,000</u> | <u>\$ 4,000,000</u> |

Tax Exemption

In the opinion of Bowditch & Dewey, LLP, Bond Counsel to the District (“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”).

Interest on the Bonds is not an item of tax preference for purposes of computing the federal alternative minimum tax imposed on individuals under the Code; however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on corporations under the Code for tax years beginning after December 31, 2022. 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 District will designate the Bonds as “qualified tax-exempt obligations” for purposes of Section 265(b)(3) of the Code.

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 District 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. A complete copy of the proposed form of opinion of Bond Counsel is set forth in Appendix B hereto.

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. For this purpose, the issue price of a particular maturity of the Bonds is either the reasonably expected initial offering price to the public or the first price at which a substantial amount of such maturity of the

Bonds is sold to the public, as applicable. 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 reasonably expected initial offering price or, if applicable, the first price at which a substantial amount of such Bonds is sold to the public.

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.

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 all such 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 tax consequences, and Bondholders should consult with their own tax advisors with respect to such consequences.

Risk of Future Legislative Changes and/or Court Decisions

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

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

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

Security and Remedies

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

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

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

No Lien. Except for taxes on the increased value of certain property in designated development districts which may be pledged for the payment of debt service on bonds issued to finance economic development projects within such districts, no provision is made for a lien on any portion of the tax levy or any other moneys to secure particular bonds or notes or bonds and notes generally (or judgments on bonds or notes) in priority to other claims. Provision is made, however, for borrowing to pay judgments, subject to the General Debt Limit. (See “INDEBTEDNESS-Authorization Procedures and Limitations” below.) 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 “*Tax Limitations*” under “PROPERTY TAXATION” below.) In exercising their discretion as to whether to enter such an order, the courts could take into account all relevant factors including the current operating needs of the city or town and the availability and adequacy of other remedies. The Massachusetts Supreme Judicial Court has stated in the past that a judgment against a municipality can be enforced by the taking and sale of the property of any inhabitant. However, there has been no judicial determination as to whether this remedy is constitutional under current due process and equal protection standards.

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

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

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

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

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

Opinion of Bond Counsel

The purchaser will be furnished the legal opinion of the firm of Bowditch & Dewey, LLP, Boston, Massachusetts ("Bond Counsel"). The opinion will be dated and given on and will speak only as of the date of original delivery of the Bonds to the successful bidder. The opinion will be substantially in the form presented in Appendix B.

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

Rating

Moody's Investors Service has assigned a rating of Aa3 to the Bonds. Said rating only reflects the rating agency's views and is subject to revision or withdrawal, which could affect the market price of the Bonds.

Municipal Advisory Services of Hilltop Securities Inc.

Hilltop Securities Inc., Boston, Massachusetts serves as Municipal Advisor to the District.

Continuing Disclosure

In order to assist the Underwriters in complying with Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission (as amended, the "Rule"), the District will covenant for the benefit of owners of the Bonds to provide certain financial information and operating data relating to the District 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. Other than the District, there are no obligated persons with respect to the Bonds within the meaning of the Rule. The covenants will be contained in a Continuing Disclosure Certificate, the proposed form of which is provided in Appendix C. The Certificate will be executed by the signers of the Bonds, and incorporated by reference in the Bonds.

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

UPPER BLACKSTONE WATER POLLUTION ABATEMENT DISTRICT, MASSACHUSETTS

General

The Upper Blackstone Water Pollution Abatement District (the "District"), located in Millbury, Massachusetts, was formed by the Massachusetts legislature in 1968 to provide wastewater treatment services to public entities. The Act enabled the City of Worcester and several towns to form a wastewater treatment district. The District was established under the Act as a body corporate for the purpose of abating water pollution through treatment of sewage collected from local systems. The District's area of potential service includes the City of Worcester, the Towns of Auburn, Boylston, Holden, Leicester, Millbury, Oxford, Paxton, Rutland, Shrewsbury, West Boylston, and all the sewer districts representing a portion of any of these municipalities.

The City of Worcester and the Town of Auburn became members of the District at its inception on May 1, 1969. On June 26, 1997, the Massachusetts Department of Conservation and Recreation Division of Water Supply Protection (DWSP) became a member of the District on behalf of the Towns of Holden, Rutland and West Boylston, and agreed to pay the District \$2,600,000 as the buy-in cost for membership. In 1999, the Town of Millbury became a member and the District received \$1,442,482 for the cost of its membership. In May, 2000, the Cherry Valley Sewer District (CVSD) a portion of the Town of Leicester became a member, and the District received the first of four payments of \$43,750 for its membership fee. The Cherry Valley Sewer District connected in 2001. All new membership fees are returned to those communities that were members at the time each new community joins the District.

Although not member communities, parts of Shrewsbury, Sutton, Oxford and Paxton are "connected" to District facilities via the sanitary sewer systems of Worcester, Millbury and Auburn and are provided services by the District. In addition, the District offers treatment services to many other "non-connected" communities in central and eastern Massachusetts which truck septage and sludge to the District's wastewater treatment plant and sludge incineration facility. The District is empowered through its enabling legislation to raise revenue through assessments to member communities and fees to nonmember users.

The District is administered by an Engineer-Director/Treasurer, a Deputy Director and a District Clerk. The District currently employs 63 people, which includes 4 part time positions, to operate and maintain the plant and facilities.

Governing Bodies and Officers

The powers and duties of the District are vested in and exercised by the Upper Blackstone Water Pollution Abatement District Board (the "Board"). The Board is currently composed of five members from the City of Worcester, one member and one alternate from Auburn, one member and one alternate from Millbury, and one member and one alternate from the Cherry Valley Sewer District, one member from Rutland, one member from West Boylston and one member from Holden.

Principal Executive Officers (1)(2)(3)

| Office | Name | Term and Manner of Selection |
|------------------------------|-----------------------------------|--|
| Directors: | | |
| Worcester | Matthew J. Labovites (Chairman) | 3 years - Appointed by City Manager |
| | Philip G. Guerin (Vice Chairman) | 3 years - Appointed by City Manager |
| | Jay J. Fink | 3 years - Appointed by City Manager |
| | Michael E. Traynor, Esq. | 3 years - Appointed by City Manager |
| | Robert C. Antonelli, Jr. | 3 years - Appointed by City Manager |
| Rutland | Austin J. Cyganiewicz | 3 years - Appointed by Selectmen |
| Auburn | Joanna E. Paquin | 3 years - Appointed by Sewer Commissioners |
| West Boylston | Thomas W. Degnan, Jr. | 3 years - Appointed by Town Administrator |
| Cherry Valley Sewer District | Donald G. Manseau | 3 years - Appointed by Sewer Commissioners |
| Holden | John R. Woodsmall III (Secretary) | 3 years - Appointed by Town Manager |
| Millbury | Gary Nelson | 3 years - Appointed by Town Manager |
| Engineer Director/Treasurer | Karla H. Sangrey | 3 years - Appointed by the UBWPAD Board |
| Plant Manager | Joseph Parker | Indefinite - UBWPAD Hire |
| District Clerk | Denise Mancini | 3 years - Appointed by UBWPAD Board |
| Deputy Director | Michael Andrus | 3 years - Appointed by UBWPAD Board |

- (1) According to the Act, the board shall consist of residents or employees of the district member city, towns or districts. In order to ensure that Worcester, as the majority member of the board, retains a majority vote on the board, the board shall consist of 1 member representing each member of the district, except the City of Worcester, which shall appoint not less than 3 nor more than 5 board members. The total number of votes of the board shall equal 2 times the number of board members not from Worcester plus 1. The votes shall be distributed so that each board member not from Worcester shall be entitled to 1 vote with the remaining votes to be distributed evenly among the Worcester board members.
- (2) On June 26, 1997, the District voted to accept the Massachusetts Department of Conservation and Recreation ("DCR") as a member of the Board in accordance with Section 1 of the Act. The DCR has not appointed a member to the Board.
- (3) Under the Act, a bond payable to the District is to be provided to the board in such sums as the board may prescribe and which bond is conditioned on the faithful performance of the District Treasurer's duties. Such bond is in place.

Powers of the District

Among other things, the Act empowers the District, acting by and through the Directors, to:

- Take by eminent domain, under Chapter 79 of the Massachusetts General Laws, or acquire by purchase or otherwise, any lands, property, water rights, rights-of-way or easements, public or private, in said District, necessary for accomplishing any purpose mentioned in the Act, and may construct such main drains and sewers under or over any bridge, railroad, railway, boulevard or other public way, or within the location of any railroad, and may enter upon and dig up any private land, public way or railroad location, for the purpose of laying such drains and sewers and of maintaining and repairing the same, and may do any other thing proper or necessary for the purposes of this act, provided that they shall not take in fee any land of a railroad corporation, and that they shall not enter upon or construct any drain or sewer within the location of any railroad corporation except at such time and in such manner as they may agree upon with such corporation or, in case of failure to agree, as may be approved by the Department of Public Utilities.
- Purchase, construct, maintain and operate such trunk sewers, pumping stations, intercepting sewers, connection, sewage treatment works, laboratories and other works as may be required for collecting, treating and disposing of sewage and other waterborne wastes to be discharged from the sewerage systems of said city, towns or districts. For such purposes the Board may make such contracts or make other arrangements, as it may deem necessary. No work shall be constructed until plans have been approved by the State Department of Public Health, Division of Water Pollution Control, and the Department of Natural Resources. Any construction, reconstruction, or extension of trunk sewers, pumping stations, intercepting sewers, connections, sewage treatment works, laboratories, and other works shall be referred to the Central Massachusetts Regional Planning Commission for an advisory opinion as to the proposed works relationship to regional and intercommunity considerations and to its coordination with existing local and regional proposals.

No land may be purchased or otherwise acquired as a site for the treatment and disposal of sewage or wastewater without the approval of the Massachusetts Department of Public Health and Division of Water Pollution Control in accordance with the provisions of Section 6 of Chapter 83 of the General Laws.

- Sell by negotiation to the participating members of the District or at public auction any property, including land, acquired by it under the Act and which in its opinion is no longer needed in the performance of the powers and duties conferred and imposed on it by the Act, and may from time to time lease any property which in its opinion is not then needed by it for the purposes of the Act. The Board may enter upon any lands or waters for the purposes of making surveys, test pits and borings, and may take by eminent domain under Chapter 79 of the General Laws, as amended, or acquire by purchase or otherwise, the right to temporarily occupy any lands necessary for the carrying out of said purposes.
- Enter any premises from which any sewer or drain is connected with any part of the sewerage system under its control or with any tributary sewerage or with the systems of any member city, town or sewer district, to determine the condition of said sewer, drain, sewage pumping station, trunk or treatment works, and to determine the amount and character of sewage, drainage or other wastes flowing therefrom, and to determine whether such sewage, drainage or other wastes does, or is likely to, damage or impair the sewerage system or the system of any member city, town or sewer district or interfere with its maintenance and operation.

Corona Virus (COVID-19)

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

In response to the COVID-19 pandemic, federal and state legislation was signed into law that provides various forms of financial assistance and other relief to state and local governments. For example, the U.S. Congress enacted the CARES Act which includes various forms of financial relief. The District was not eligible to receive CARES Act funds and has not incurred COVID related expenses.

Another action at the federal level was the American Rescue Plan Act of 2021 (“ARPA”). Among other provisions, ARPA provides \$350 billion to state and local governments to mitigate the fiscal disruptions created by the pandemic. Such funds may be used to replace revenues lost or reduced as a result of the pandemic and fund COVID-related costs, among other purposes. The District expects to receive \$0 in direct ARPA funds. The District does expect to qualify for Massachusetts Clean Water Trust funding for some capital projects, which is supplemented by federal stimulus funds. The District was included on the 2023 Intended Use Plan for \$10 million in Clean Water Trust loans for a standby power project. This project is underway with a current project SRF eligible cost of approximately \$15.6 million.

Principal Facilities

The District operates a municipal wastewater treatment plant permitted for an average flow of 56 million gallons per day (MGD), with the capability of dewatering and incinerating the sludge stream, and disposing of the ash in a monofill located on plant property.

The wastewater treatment plant and the sludge processing complexes were initially constructed in the mid-1970s, started operation in 1976 and have been upgraded and modernized over time. The facility is located on Route 20 in Millbury, Massachusetts. The facility is connected to a partially combined sewer and storm water system owned by its members that serves a mixed customer base of residential, commercial, and industrial users. The wastewater treatment plant utilizes an activated sludge advanced wastewater treatment system.

The District has upgraded and maintained its facilities through large construction projects as well as an ongoing asset management program. The largest construction Plant Improvement Program took place from 2004 to 2012 at a cost of approximately \$200 million. The current asset management program is funded by a mix of cash and debt funds in order to upgrade and replace equipment as it reaches the end of its useful life.

In 2008 the District received an NPDES permit with more stringent effluent requirements for total nitrogen and total phosphorus than were envisioned as the basis for the Plant Improvement Program. These limits became effective on October 10, 2012.

The District’s facility is currently achieving a higher standard of performance than designed for under the Plant Improvement Program. This is due to the quality of the plant operations and the less-than-design influent flows and loadings to the treatment plant. However, absent upgrading of the treatment facility it will not be able to comply with the 2008 Permit total nitrogen and total phosphorus dry weather requirements during all reporting periods. The District and the USEPA entered into an administrative order on consent (AOC), with an effective date of May 1, 2014, setting interim limits for total nitrogen and total phosphorus that are less stringent than those in the 2008 Permit. The interim effluent limits for total nitrogen and total phosphorus will remain in effect until the facility upgrades required by the AOC are completed or unless and until the USEPA determines that the District has not complied with the milestones set forth in the AOC.

In fiscal 2016, the District completed a Nutrient Facilities Plan and the City of Worcester submitted an Integrated Planning Report for Wet Weather Management. Based on the findings of these studies, the District proposed AOC modifications that were accepted by the EPA in fiscal 2017. The revised plan included a three-phase Nutrient Upgrade project for compliance with NPDES limits for all dry-weather flows with a schedule extending to 2027, and the possibility to adjust the AOC schedule as part of the overall City of Worcester Integrated Water Resource Management Plan. The first of the three-phase projects, Phase A, was completed in fiscal 2020 at a cost of approximately \$27.1 million. In October 2019, Worcester submitted an Integrated Water Resources Management Plan (IP) to EPA that proposed a revised schedule for the District nutrient upgrades extending to 2038 based on environmental benefit and ratepayer affordability. In September 2020, the District filed a Request for Modification of the AOC schedule to align with the schedule in the Integrated Plan. The request is still under review by EPA. The District, the City of Worcester and EPA are currently negotiating a Consent Decree that would adopt a schedule for construction of Phase B and C nutrient projects consistent with the IP. The District believes that the financing of upgrades for nutrient facilities will require it to materially increase the annual assessments to its members. The District is in compliance with the milestones set forth in the AOC.

Services Provided and Service Area

The District provides three basic services: (1) connected sewer wastewater treatment; (2) trucked septage and industrial waste treatment, and (3) sludge management services. The wastewater treatment plant is designed to treat an average sewage flow of 45 MGD. The present average daily flow is approximately 30 MGD. The facility utilizes an advanced biological nutrient removal activated sludge system prior to discharging into the Blackstone River.

As a result of the wastewater treatment process, a sludge is produced which is then dewatered and incinerated on site. The District operates two on-site incinerator units with a combined design capacity of 135 dry tons per day (DT/D). Current average sludge throughput is 40 DT/D. Ash produced as a result of incineration is disposed of at a dedicated, DEP-approved, lined ash landfill located on-site.

Wastewater treatment services are provided to the City of Worcester and the Towns of Auburn, Holden, Millbury, Rutland, West Boylston and Cherry Valley Sewer District and to those nonmember entities whose sewer lines are connected to the sewer systems feeding the plant. The nonmember municipalities and public agencies connected to the sewer system are located in parts of Sutton, Shrewsbury, Paxton, West Boylston and Oxford, within an approximate 10-mile radius of Worcester.

In addition to treating wastewater and disposing of resulting sludges for "connected" member/nonmember municipalities, the District also receives and treats septage and sludge trucked in from "non-connected" communities; e.g., from septic tanks and other sewage treatment facilities located in non-member communities. These services are also provided by contractual arrangements.

The following table presents a listing of municipalities and public agencies that are connected to the District's sewer systems and information on the payment type and contract duration:

| <u>Entity</u> | <u>Inception</u> | <u>Services Used</u> | <u>Payment Type</u> | <u>Existing Contract Duration</u> | <u>Contract Expiration Date</u> |
|--|------------------|----------------------|---------------------|-----------------------------------|---------------------------------|
| Worcester | 1969 | WWT, ST, SI | Assessment | Member | Member |
| Auburn | 1969 | WWT, ST, SI | Assessment | Member | Member |
| Cherry Valley Sewer Dist. | 2000 | WWT, ST, SI | Assessment | Member | Member |
| Holden | 1989(1) | WWT, ST, SI | Assessment | Member | Member |
| Rutland | 1985(1) | WWT, ST, SI | Assessment | Member | Member |
| West Boylston | 1988(1) | WWT, ST, SI | Assessment | Member | Member |
| Millbury | 1999(2) | WWT, ST, SI | Assessment | Member | Member |
| Shrewsbury/Goddard Ind. Park | 1977 | WWT, ST, SI | (3) | 10 years | |
| Worcester County Jail and Hospital | 1977 | WWT, ST, SI | (3) | 10 years | |
| Anna Maria College (via Worcester System) | 2007 | WWT, ST, SI | (3) | 10 years | |
| North Oxford System (via Auburn System) | 1997 | WWT, ST, SI | (3) | 10 years | |
| Sutton (via Millbury System) | 1999 (2) | | (4) | | |

Legend: WWT - Wastewater Treatment. ST - Sewage Treatment. SI - Sludge Incineration.

(1) Denotes time which first septage contract was signed. All three communities became members in 1997.

(2) On March 16, 1999, the District received the first of four payments of \$360,620 representing the buy-in cost for membership for Town of Millbury.

(3) Non-Member Assessments. The entities continue to pay fees to the District based on the terms of prior agreements.

(4) Sutton pays Millbury via an inter-municipal agreement

Cybersecurity

The District has procedures and processes in place and regular employee training regarding cybersecurity.

Climate Resiliency

The District continues to include adapting for the impacts of climate as part of annual operations and capital investment activities. Expanded inventory of supplies and chemicals is now practiced to better mitigate supply chain uncertainties. Final design and construction of standby power facilities for resiliency is also underway to ensure continuous facility operation in the event of an extended interruption of utility power.

Major Employers

Following is a list of major employers located in member communities of the District:

| <u>Name</u> | <u>Nature of Business</u> | <u>Approximate Number of Employees</u> |
|------------------------------------|-------------------------------------|--|
| Worcester: | | |
| UMass Memorial Health Care | Healthcare | 10,000 |
| Rand Whitney | Packaging and Containers | 5,000 |
| St-Gobain Ceramics & Plastics Inc. | Ceramics | 5,000 |
| Reliant Medical Group | HealthCare | 2,170 |
| Worcester Polytechnic Institute | Education | 2,990 |
| Saint Vincent Hospital | HealthCare | 2,120 |
| The Hanover Insurance Company | Insurance | 1,800 |
| Seven Hill Foundation | Health & Human Services | 1,782 |
| Auburn: | | |
| R.H. White Construction Co. | Construction | 300 |
| Reliant Medical | Medical Office Space | 235 |
| Life Care of Auburn | Skilled Nursing Facility | 180 |
| Polar Beverages | Soft Drink Bottler | 178 |
| Karl Storz Endoscopy America Inc. | Endoscopy Manufacturer | 160 |
| Atlas Distributors | Beverage Distributer | 108 |
| Holden: | | |
| Wachusett Regional Sch. District | Education (Holden Empl. Only) | 510 |
| Oriol Health Care | Nursing Home/Extended Care Facility | 213 |
| Big Y Super Market | Full Service Supermarket | 167 |
| Pepsi-Cola Bottling Co. | Warehouse Distribution | 90 |
| Clariant | Manufacturing | 84 |
| Rutland: | | |
| Devereux School | Education | 240 |
| C.B. Blair Construction | Builders | 10 |
| C&S Construction | Builders | 8 |
| West Boylston: | | |
| Worcester County Jail | Correction Facility | 610 |
| Salem Community Corp | Nursing Home | 264 |
| Wal-Mart | Retail | 170 |
| Oakdale Nursing Home | Nursing Home | 130 |
| CMSEC-Central MA Special Ed | Education | 107 |
| Leicester: | | |
| Millbrook Distributors | Warehouse | 325 |
| The Meadows | Nursing Home | 120 |
| Wal-Mart | Retail | 120 |
| Archway | Private School/Home | 79 |
| Millbury: | | |
| Care One of Millbury | Health Care | 200 |
| Wyman-Gordon Company | Research & Development | 175 |
| Best Buy | Retail | 165 |
| Kohls | Retail | 165 |
| Target | Retail | 158 |
| Dresser-Rand Co. | Manufacturing | 115 |

DISTRICT FINANCES

The Budget and Appropriation Process

The District budget is proposed in advance for an upcoming fiscal year. The proportion of the proposed budget that each member municipality pays is based on the average sewage flow from the most recently completed three fiscal years. The operation and maintenance costs of the District and its treatment facilities is apportioned among the member city, towns and sewer districts on the basis of their contributions to the flow entering the District's facilities. The contribution of each member to the flow entering the District's facilities is determined annually by the Board using either metered monitoring data or such other estimation techniques as the board may determine to properly represent the member's contribution to the facility. Commencing in fiscal year 2004, the contributions are determined using a 3-year moving average of data representing the 3 most recently completed fiscal years.

Operating and Maintenance Budget

The following table presents the District's Operating and Maintenance Budgets for fiscal 2021 through 2025 as appropriated and approved by the District Board:

| | Fiscal 2025 | Fiscal 2024 | Fiscal 2023 | Fiscal 2022 | Fiscal 2021 |
|-----------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Expenditures Payroll | \$ 6,182,731 | \$ 6,249,271 | \$ 5,654,355 | \$ 5,510,184 | \$ 5,376,550 |
| Fringe Benefits | 2,303,379 | 2,376,829 | 2,271,975 | 2,219,495 | 2,178,855 |
| Electricity | 4,508,360 | 6,026,000 | 3,717,000 | 3,285,000 | 3,263,000 |
| Chemicals | 3,815,000 | 4,104,500 | 3,090,000 | 3,073,000 | 2,702,855 |
| Incinerator Fuel | 865,415 | 646,739 | 413,358 | 492,000 | 497,000 |
| Repair and Maintenance | 1,532,000 | 1,393,500 | 1,350,500 | 1,569,813 | 1,194,500 |
| Professional Fees | 468,750 | 580,000 | 574,000 | 635,799 | 563,483 |
| Heating | 259,585 | 226,261 | 237,642 | 275,000 | 288,400 |
| Insurance | 301,003 | 271,584 | 247,519 | 214,298 | 209,175 |
| Supplies and Other | 811,880 | 652,790 | 654,581 | 652,950 | 728,230 |
| Capital | 1,670,000 | 1,555,000 | 1,555,000 | 1,737,123 | 1,306,665 |
| Total Expenditures (1) | <u>\$ 22,718,103</u> | <u>\$ 24,082,474</u> | <u>\$ 19,765,930</u> | <u>\$ 19,664,662</u> | <u>\$ 18,308,713</u> |
| Assessments and Fees Member | 28,322,105 | 27,106,659 | 25,806,526 | 25,300,141 | 25,299,676 |
| Outside Revenue (2) | 399,095 | 3,953,983 | 3,500,306 | 3,854,352 | 3,284,835 |
| Investment & Other | 2,260,112 | 3,537,417 | 1,903,741 | 1,454,000 | 1,542,000 |
| Total Assessments and Fees | <u>\$ 34,573,192</u> | <u>\$ 34,598,059</u> | <u>\$ 31,210,573</u> | <u>\$ 30,608,493</u> | <u>\$ 30,126,511</u> |

(1) Excludes debt service.

(2) These are conservative estimates appropriated against the budget. Historically, actual revenues have been in excess of these numbers.

Revenues

District revenues are derived from three primary sources: (1) assessments to member communities; (2) contract fees with nonmember towns and government agencies that are connected to the Worcester and Auburn sewer systems. Other revenues from septage and sludge haulers are collected on a pay per use basis when services are provided.

Member communities each pay a prorated portion of their annual assessment on a quarterly basis. All member assessments also reflect the cost of trucked septage from their communities.

Worcester generates the revenue to pay its assessment through direct fees to sewer users based on a percent of the metered volume of potable water used per customer.

**District Revenues (1)
from Member and Nonmember Communities
FY 2021 – FY 2025**

The following table outlines the District's assessments for maintenance and operations and capital costs on the member communities for fiscal years 2021 through 2025:

| Member Assessments: | Appropriated Fiscal 2025 | Appropriated Fiscal 2024 | Audited Fiscal 2023 | Audited Fiscal 2022 | Audited Fiscal 2021 |
|---|-----------------------------|-----------------------------|------------------------|------------------------|------------------------|
| Auburn | \$1,615,239 | \$1,567,960 | \$ 1,457,565 | \$ 1,421,918 | \$ 1,414,158 |
| CVSD | 76,176 | 73,625 | 75,099 | 95,014 | 110,302 |
| Holden | 1,324,787 | 1,266,761 | 1,179,988 | 1,118,352 | 1,097,713 |
| Millbury | 1,430,624 | 1,309,488 | 1,211,820 | 1,188,826 | 1,194,369 |
| Rutland | 352,253 | 372,539 | 402,521 | 432,295 | 413,948 |
| W.Boylston | 327,589 | 316,318 | 295,033 | 284,851 | 283,049 |
| Worcester | 23,195,436 | 22,199,967 | 21,184,500 | 20,658,885 | 20,786,137 |
| Total of Assessments: | \$ 28,332,105 | \$ 27,106,658 | \$ 25,806,526 | \$ 25,200,141 | \$ 25,299,676 |
| Fees for hauled material: | | | | | |
| Septage | \$1,299,400 | \$1,412,982 | \$835,828 | \$ 1,218,327 | \$ 978,882 |
| Sludge | 2,324,175 | 2,183,500 | 2,014,674 | 2,066,223 | 1,938,402 |
| Service Charges | 291,200 | 281,301 | 292,518 | 269,056 | 205,085 |
| Miscellaneous | 76,200 | 71,200 | 81,244 | 133,960 | 102,735 |
| Total Fees for hauled material | \$ 3,990,975 | \$ 3,948,983 | \$ 3,224,264 | \$ 3,687,566 | \$ 3,225,103 |
| Total Revenue from Assessments & Fees | \$ 32,323,080 | \$ 31,055,641 | \$ 29,030,790 | \$ 28,887,707 | \$ 28,524,779 |
| Summary of Total Rev, Exps, & Retained Earnings | | | | | |
| Total Revenues | 34,573,192 | 34,598,059 | 30,860,110 | 31,365,530 | 32,962,559 |
| Total Expenditures | 34,873,192 | 36,653,058 | 28,784,767 | 31,842,817 | 30,030,297 |
| Unrestricted Net Assets | \$ 300,000 | \$ (2,054,999) | \$ 2,075,343 | \$ (477,287) | \$ 2,932,262 |

Since 2001, the District has made planned draws on retained earnings to fund operations, while increasing rates for service. In fiscal 2020, 2021, 2022, 2023, 2024 and 2025 the District used \$1,770,000, \$1,550,000, \$1,673,000, \$1,870,000, \$2,055,000 and \$300,000 from free cash to reduce assessments. The District projects the reserve balance to be approximately \$11.9 million as of June 30, 2024.

Annual Audits

The District is audited annually by the firm of Roselli, Clark & Associates, Certified Public Accountants, of Woburn, Massachusetts. A copy of the fiscal 2023 audit is attached hereto as Appendix A.

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

Financial Statements

Set forth on the following pages are Statements of Revenues, Expenditures and Changes in Net Assets for fiscal years ending June 30, 2021 through 2024 (draft, subject to revision and change), and Statements of Cash Flows for fiscal years ending June 30, 2019 through 2024. Said statements were extracted from the District's audited financials, with the exception of the fiscal 2024 financials which were extracted from draft financials which are subject to revision and change.

UPPER BLACKSTONE WATER POLLUTION ABATEMENT DISTRICT
Statement of Revenues and Changes in Net Position
For the Year Ended June 30, 2024 (1)

| | |
|--|----------------------|
| Operating Revenues: | |
| Member assessments | \$ 27,106,659 |
| Charges for Services: | |
| Sludge | 2,210,888 |
| Septage | 1,072,119 |
| Other services | 338,654 |
| Energy Credits | 1,630,495 |
| Other operating revenues | 87,180 |
| Total Operating Revenues | <u>\$ 32,445,995</u> |
| | |
| Operating Expenses: | |
| Payroll and related personnel costs | 8,534,745 |
| Energy and utilities | 5,407,728 |
| Chemicals | 3,649,900 |
| Repairs and Maintenance | 1,371,751 |
| Depreciation and Amortization | 9,082,268 |
| Other operating expenses | 2,229,029 |
| Total Operating Expenses | <u>30,275,421</u> |
| Operating Income | \$ 2,170,574 |
| | |
| Nonoperating Revenues (Expense) | |
| Intergovernmental | 532,078 |
| Investment Income | 1,708,514 |
| Interest Expense | (3,440,252) |
| Net Nonoperating Revenues (Expenses) | <u>(1,199,660)</u> |
| Income Before Capital Contributions | \$ 970,914 |
| | |
| Capital Contributions: | |
| Intergovernmental | 539,417 |
| Total Capital Contributions | <u>539,417</u> |
| Change in Net Position | 1,510,331 |
| Net Position, Beginning of Year | <u>25,091,335</u> |
| Net Position, End of Year | <u>\$ 26,601,666</u> |

(1) Extracted from draft financial statement of the District, subject to revision and change.

UPPER BLACKSTONE WATER POLLUTION ABATEMENT DISTRICT

Statement of Revenues and Changes in Net Position

For the Year Ended June 30, 2023 (1)

Operating Revenues:

Member assessments \$ 25,806,526

Charges for Services:

Sludge 2,014,674

Septage 835,828

Other services 292,517

Energy Credits 1,829,320

Other operating revenues 81,245

Total Operating Revenues \$ 30,860,110

Operating Expenses:

Payroll and related personnel costs 7,234,273

Energy and utilities 5,295,287

Chemicals 3,937,754

Repairs and Maintenance 1,178,306

Depreciation and Amortization 9,020,410

Other operating expenses 2,118,737

Total Operating Expenses 28,784,767

Operating Income \$ 2,075,343

Nonoperating Revenues (Expense)

Intergovernmental 477,408

Investment Income 1,357,168

Interest Expense (3,550,262)

Net Nonoperating Revenues (Expenses) (1,715,686)

Income Before Capital Contributions \$ 359,657

Capital Contributions:

Intergovernmental 558,741

Total Capital Contributions 558,741

Change in Net Position 918,398

Net Position, Beginning of Year 24,172,937

Net Position, End of Year \$ 25,091,335

(1) Extracted from audited financial statement of the District.

UPPER BLACKSTONE WATER POLLUTION ABATEMENT DISTRICT
Statement of Revenues and Changes in Net Position
For the Year Ended June 30, 2022 (1)

| | |
|--|----------------------|
| Operating Revenues: | |
| Member assessments | \$ 25,300,141 |
| Charges for Services: | |
| Sludge | 2,066,223 |
| Septage | 1,273,937 |
| Other services | 269,055 |
| Energy Credits | 1,186,884 |
| Other operating revenues | 102,665 |
| Total Operating Revenues | <u>\$ 30,198,905</u> |
| | |
| Operating Expenses: | |
| Payroll and related personnel costs | 6,890,630 |
| Energy and utilities | 4,247,469 |
| Chemicals | 3,372,545 |
| Repairs and Maintenance | 1,422,166 |
| Depreciation and Amortization | 8,741,443 |
| Other operating expenses | 1,762,985 |
| Total Operating Expenses | <u>26,437,238</u> |
| | |
| Operating Income | <u>\$ 3,761,667</u> |
| | |
| Nonoperating Revenues (Expense) | |
| Intergovernmental | 341,048 |
| Investment Income | 247,293 |
| Interest Expense | (3,722,204) |
| Net Nonoperating Revenues (Expenses) | <u>(3,133,863)</u> |
| | |
| Income Before Capital Contributions | <u>\$ 627,804</u> |
| | |
| Capital Contributions: | |
| Intergovernmental | 578,284 |
| Total Capital Contributions | <u>578,284</u> |
| | |
| Change in Net Position | 1,206,088 |
| | |
| Net Position, Beginning of Year | <u>22,966,849</u> |
| | |
| Net Position, End of Year | <u>\$ 24,172,937</u> |

(1) Extracted from audited financial statement of the District.

UPPER BLACKSTONE WATER POLLUTION ABATEMENT DISTRICT

Statement of Revenues and Changes in Net Position

For the Year Ended June 30, 2021 (1)

| | |
|--|----------------------|
| Operating Revenues: | |
| Member assessments | \$ 25,299,676 |
| Charges for Services: | |
| Sludge | 1,938,402 |
| Septage | 1,019,362 |
| Other services | 205,085 |
| Energy Credits | 1,238,854 |
| Other operating revenues | 122,474 |
| Total Operating Revenues | <u>\$ 29,823,853</u> |
| | |
| Operating Expenses: | |
| Payroll and related personnel costs | 7,504,349 |
| Energy and utilities | 3,742,391 |
| Chemicals | 2,867,760 |
| Repairs and Maintenance | 969,047 |
| Depreciation and Amortization | 8,647,236 |
| Other operating expenses | 1,641,823 |
| Total Operating Expenses | <u>25,372,606</u> |
| | |
| Operating Income | \$ 4,451,247 |
| | |
| Nonoperating Revenues (Expense) | |
| Intergovernmental | 224,678 |
| Investment Income | 2,313,797 |
| Interest Expense | <u>(3,957,623)</u> |
| Net Nonoperating Revenues (Expenses) | <u>(1,419,148)</u> |
| | |
| Income Before Capital Contributions | \$ 3,032,099 |
| | |
| Capital Contributions: | |
| Intergovernmental | <u>600,127</u> |
| Total Capital Contributions | <u>600,127</u> |
| | |
| Change in Net Position | 3,632,226 |
| | |
| Net Position, Beginning of Year | <u>19,334,623</u> |
| | |
| Net Position, End of Year | <u>\$ 22,966,849</u> |

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

UPPER BLACKSTONE WATER POLLUTION ABATEMENT DISTRICT

Statement of Cash Flows

For Year Ended June 30, 2024 (1)

| | |
|--|---------------------|
| Cash Flows from Operating Activities | |
| Receipts from customers user charges | \$ 30,610,840 |
| Receipts from other operating revenues | 1,717,675 |
| Payments to employees | (8,664,737) |
| Payments to vendors | (12,217,325) |
| Net Cash Provided by Operating Activities | <u>11,446,453</u> |
| Cash Flows from Noncapital and Related Financing Activities | |
| Proceeds from operating grants | <u>532,078</u> |
| Net Cash Provided by Noncapital Financing Activities | 532,078 |
| Cash Flows from Capital and Related Financing Activities | |
| Proceeds from capital grants | 539,417 |
| Proceeds from the issuance of short-term debt | 4,000,000 |
| Acquisition and Construction of Capital Assets | (3,311,976) |
| Principal repayments on long-term debt | (8,269,264) |
| Repayments on short-term debt | (2,000,000) |
| Interest payments | (3,404,599) |
| Net Cash Used by Capital and Related Financing Activities | <u>(12,446,422)</u> |
| Cash Flows from Investing Activities | |
| Investment Income | 1,708,514 |
| Investment of operating cash | (516,053) |
| Net Cash Used by Investing Activities | <u>1,192,461</u> |
| Net Change in Cash and Cash Equivalents | 724,570 |
| Cash and Cash Equivalents: | |
| Beginning of the year | <u>\$ 1,158,606</u> |
| End of the year | <u>\$ 1,883,176</u> |

(1) Extracted from the draft financial statements of the District, subject to revision and change.

UPPER BLACKSTONE WATER POLLUTION ABATEMENT DISTRICT

Statement of Cash Flows

For Year Ended June 30, 2023 (1)

| | |
|--|---------------------|
| Cash Flows from Operating Activities | |
| Receipts from customers user charges | \$ 29,060,077 |
| Receipts from other operating revenues | 1,910,565 |
| Payments to employees | (8,353,437) |
| Payments to vendors | (10,941,951) |
| Net Cash Provided by Operating Activities | <u>11,675,254</u> |
| Cash Flows from Noncapital and Related Financing Activities | |
| Proceeds from operating grants | 477,408 |
| Net Cash Provided by Noncapital Financing Activities | <u>477,408</u> |
| Cash Flows from Capital and Related Financing Activities | |
| Proceeds from capital grants | 558,741 |
| Proceeds from the issuance of short-term debt | 2,000,000 |
| Acquisition and Construction of Capital Assets | (3,005,395) |
| Principal repayments on long-term debt | (8,825,968) |
| Interest payments | (3,552,185) |
| Net Cash Used by Capital and Related Financing Activities | <u>(12,824,807)</u> |
| Cash Flows from Investing Activities | |
| Investment Income | 1,357,168 |
| Investment of operating cash | (1,905,010) |
| Net Cash Used by Investing Activities | <u>(547,842)</u> |
| Net Change in Cash and Cash Equivalents | (1,219,987) |
| Cash and Cash Equivalents: | |
| Beginning of the year | <u>\$ 2,378,593</u> |
| End of the year | <u>\$ 1,158,606</u> |

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

UPPER BLACKSTONE WATER POLLUTION ABATEMENT DISTRICT

Statement of Cash Flows
For Year Ended June 30, 2022 (1)

| | |
|--|---------------------|
| Cash Flows from Operating Activities | |
| Receipts fromn customers user charges | \$ 28,763,476 |
| Receipts from other operating revenues | 1,289,549 |
| Payments to employees | (6,816,382) |
| Payments to vendors | (10,283,275) |
| Net Cash Provided by Oerating Activities | <u>12,953,368</u> |
| Cash Flows from Noncapital and Related Financing Activities | |
| Proceeds from operating grants | 341,048 |
| Net Cash Provided by Noncapital Financing Activities | <u>341,048</u> |
| Cash Flows from Capital and Related Financing Activities | |
| Proceeds from capital grants | 817,766 |
| Acquisition and Construction of Capital Assets | (1,606,670) |
| Principal repayments on long-term debt | (8,868,052) |
| Interest payments | (3,784,599) |
| Net Cash Used by Capital and Related Financing Activities | <u>(13,441,555)</u> |
| Cash Flows from Investing Activities | |
| Invesment Income | 247,293 |
| Investment of operating cash | (720,832) |
| Net Cash Used by Investing Activities | <u>(473,539)</u> |
| Net Change in Cash and Cash Equivalents | (620,678) |
| Cash and Cash Equivalents: | |
| Beginning of the year | <u>\$ 2,999,271</u> |
| End of the year | <u>\$ 2,378,593</u> |

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

UPPER BLACKSTONE WATER POLLUTION ABATEMENT DISTRICT

Statement of Cash Flows

For Year Ended June 30, 2021 (1)

| | |
|--|---------------------|
| Cash Flows from Operating Activities | |
| Receipts from customers user charges | \$ 28,542,145 |
| Receipts from other operating revenues | 1,361,328 |
| Payments to employees | (6,954,417) |
| Payments to vendors | <u>(9,678,744)</u> |
| Net Cash Provided by Operating Activities | <u>13,270,312</u> |
| Cash Flows from Noncapital and Related Financing Activities | |
| Proceeds from operating grants | <u>224,678</u> |
| Net Cash Provided by Noncapital Financing Activities | <u>224,678</u> |
| Cash Flows from Capital and Related Financing Activities | |
| Proceeds from capital grants | 806,052 |
| Acquisition and Construction of Capital Assets | (1,363,010) |
| Principal repayments on long-term debt | (8,483,752) |
| Interest payments | <u>(4,010,332)</u> |
| Net Cash Used by Capital and Related Financing Activities | <u>(13,051,042)</u> |
| Cash Flows from Investing Activities | |
| Investment Income | 2,313,797 |
| Investment of operating cash | <u>(2,918,993)</u> |
| Net Cash Used by Investing Activities | <u>(605,196)</u> |
| Net Change in Cash and Cash Equivalents | (161,248) |
| Cash and Cash Equivalents: | |
| Beginning of the year | <u>\$ 3,160,519</u> |
| End of the year | <u>\$ 2,999,271</u> |

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

UPPER BLACKSTONE WATER POLLUTION ABATEMENT DISTRICT

Statement of Cash Flows

For Year Ended June 30, 2020 (1)

Cash Flows from Operating Activities

| | |
|---|-------------------|
| Receipts from customers user charges | \$ 27,853,373 |
| Receipts from other operating revenues | 1,319,506 |
| Payments to employees | (6,900,793) |
| Payments to vendors | (11,255,825) |
| Net Cash Provided by Operating Activities | <u>11,016,261</u> |

Cash Flows from Noncapital and Related Financing Activities

| | |
|--|----------------|
| Proceeds from operating grants | <u>217,950</u> |
| Net Cash Provided by Noncapital Financing Activities | 217,950 |

Cash Flows from Capital and Related Financing Activities

| | |
|---|---------------------|
| Proceeds from capital grants | 2,298,244 |
| Proceeds from the issuance of long-term debt | 22,405,000 |
| Proceeds from the issuance of short-term debt | 1,806,520 |
| Acquisition and Construction of Capital Assets | (2,658,537) |
| Principal repayments on long-term debt | (8,991,128) |
| Repayments on short-term debt | (21,015,246) |
| Interest payments | (4,251,733) |
| Net Cash Used by Capital and Related Financing Activities | <u>(10,406,880)</u> |

Cash Flows from Investing Activities

| | |
|---------------------------------------|------------------|
| Investment Income | 283,011 |
| Investment of operating cash | (852,437) |
| Net Cash Used by Investing Activities | <u>(569,426)</u> |

Net Change in Cash and Cash Equivalents 257,905

Cash and Cash Equivalents:

| | |
|-----------------------|---------------------|
| Beginning of the year | <u>\$ 2,902,614</u> |
| End of the year | <u>\$ 3,160,519</u> |

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

UPPER BLACKSTONE WATER POLLUTION ABATEMENT DISTRICT

Statement of Cash Flows

For Year Ended June 30, 2019 (1)

| | |
|--|----------------------------|
| Cash Flows from Operating Activities | |
| Cash Received from Customers | \$ 3,497,403 |
| Cash Paid to Vendors | (9,652,902) |
| Cash Paid to Employees | (4,545,075) |
| Net Cash Provided by Operating Activities | <u>(10,700,574)</u> |
| Cash Flows from Noncapital and Related Financing Activities | |
| Member Assessments | 24,056,467 |
| Cash Flows from Capital and Related Financing Activities | |
| Acquisition and Construction of Capital Assets | (21,982,874) |
| Principal Payments on Bonds | (7,804,835) |
| Interest Expense paid | (4,240,048) |
| State Revolving Fund Reimbursements and Loans | 16,973,556 |
| Net Cash Used by Capital and Related Financing Activities | <u>(17,054,201)</u> |
| Cash Flows from Investing Activities | |
| Investment Income | 413,404 |
| Addition to Investments, Net | <u>(2,564,890)</u> |
| Net Cash Used by Investing Activities | <u>(2,151,486)</u> |
| Net Decrease in Cash and Cash Equivalents | (5,849,794) |
| Cash and Cash Equivalents at Beginning of Year | <u>8,752,408</u> |
| Cash and Cash Equivalents at End of Year | <u><u>\$ 2,902,614</u></u> |
| Noncash Operating and Investing Activities | |
| Increase in Fair Value of Investments | <u>\$ 507,500</u> |
| Energy Credits | <u>\$ 1,136,150</u> |
| State Capital Grant | <u>\$ 1,157,921</u> |

(1) Extracted from audited financial statement of the District.

INDEBTEDNESS

Authorization of General Obligation Bonds and Notes

The District, by not less than a two-thirds majority vote of the Board, is authorized to issue general obligation bonds or notes of the District to pay for the costs of capital outlays in connection with the collecting, treating and disposing of sewage and other waterborne wastes to be discharged from the sewage systems of its members, said bonds or notes to be issued in such amount or amounts as the District, acting by and through the Board, may determine, and the District may refund any such bonds or notes. Such bonds or notes may be callable with or without premium and shall contain such terms and conditions, bear such rate or rates of interest, be sold in such manner at public or private sale, and mature at such times and in such amounts as the Board shall determine, provided that each issue of such bonds or notes shall be payable in annual installments, the first of which shall be payable not later than two years after its date and the last of which shall be payable not later than 30 years from said date.

For the purpose of paying expenses of operation, including, without limitation, any principal or interest due or about to become due on any bond or note issued by the District for which funds are not available, the Board, in the name of the District, is authorized to issue, from time to time, general obligation temporary notes of the District in anticipation of assessments levied against the members of said District in the year in which they are issued. Temporary notes for a shorter period than the maximum permitted may be renewed by the issuance of other temporary notes maturing within the required period, provided that the period from the date of issue of the original temporary note to the date of maturity of the renewal note shall not exceed the maximum period for which the original temporary note may have been issued.

Revenue Anticipation Borrowing

The District has never borrowed in anticipation of current revenue.

Direct Debt Summary As of June 30, 2024 (1)

General Obligation Bonds:

| | |
|--------------------------------------|-----------------------------|
| Sewers and Sewer Treatment Plant (2) | \$120,265,578 |
| This Issue | 4,000,000 |
| Total After This Issue: | <u>124,265,578</u> |
| Short Term Debt: | |
| Bond Anticipation Notes (3) | 4,000,000 |
| Less: | |
| To Be Retired with Bond Proceeds | <u>(4,000,000)</u> |
| Total Indebtedness: | <u>\$124,265,578</u> |

(1) Principal only; excludes overlapping debt, lease-purchase obligations and unfunded pension liability.

(2) Does not include subsidy from the Massachusetts Clean Water Trust.

(3) Payable October 17, 2024.

Annual Debt Service as of June 30, 2024

| Fiscal Year | Principal | Interest | MCWT Subsidy | Net Debt Service |
|---------------|-----------------------|----------------------|-----------------------|-----------------------|
| 2025 | \$ 8,379,074 | \$ 3,203,759 | \$ (521,444) | \$ 11,061,389 |
| 2026 | 8,595,374 | 2,876,337 | (511,777) | 10,959,934 |
| 2027 | 8,814,575 | 2,628,063 | (487,832) | 10,954,806 |
| 2028 | 9,046,741 | 2,478,132 | (463,023) | 11,061,849 |
| 2029 | 8,701,941 | 2,103,821 | (437,350) | 10,368,412 |
| 2030 | 8,929,071 | 1,846,109 | (410,754) | 10,364,425 |
| 2031 | 9,168,791 | 1,582,265 | (383,150) | 10,367,907 |
| 2032 | 9,411,173 | 1,310,079 | (354,480) | 10,366,772 |
| 2033 | 9,376,881 | 1,027,887 | (324,715) | 10,080,053 |
| 2034 | 8,379,036 | 818,779 | (350,157) | 8,847,658 |
| 2035 | 8,560,046 | 618,266 | (321,778) | 8,856,534 |
| 2036 | 5,944,737 | 479,202 | - | 6,423,939 |
| 2037 | 5,750,385 | 340,394 | - | 6,090,779 |
| 2038 | 4,653,607 | 222,266 | - | 4,875,874 |
| 2039 | 3,636,805 | 122,359 | - | 3,759,164 |
| 2040 | 1,572,733 | 51,273 | - | 1,624,006 |
| 2041 | 1,344,608 | 16,135 | - | 1,360,744 |
| Totals | \$ 120,265,578 | \$ 21,725,127 | \$ (4,566,460) | \$ 137,424,245 |

Unissued Debt

Following the delivery of the Bonds, the District will have \$18 million of authorized unissued debt for water treatment plant and stand by power system projects.

Contractual Obligations

The District has a limited number of contractual obligations. The District contracts annually for electricity, gas and certain specialized technical support services. The FY24 costs for these services were approximately \$3,605,000 for electricity, \$884,000 for gas, and \$315,000 per month for technical services. For fiscal 2025, the District budgeted \$3,172,000 for electricity, \$1,115,000 for gas and \$278,750 for technical services.

RETIREMENT PLAN

The employees of the District are required to become members of the retirement system of the Commonwealth of Massachusetts. Starting in April 1993, through an agreement with the Commonwealth of Massachusetts, Division of Public Employees Retirement Administration, the District began funding its share of retirement costs on an actuarial basis. The District's contribution is based upon 11.4% of employees' base salaries; 7.8% represents normal cost and 3.6% represents amortization of the unfunded actuarial liability. The following table shows the trend in pension expense.

| <u>Fiscal Year</u> | <u>Pension Expense</u> |
|------------------------|----------------------------|
| 2024 (budgeted) | \$ 630,660 |
| 2023 | 500,620 |
| 2022 | 508,548 |
| 2021 | 502,788 |
| 2020 | 469,114 |
| 2019 | 442,538 |

Other Post-Employment Benefits

The District's former employees who are retirees are covered under The Commonwealth of Massachusetts Group Insurance Commission for health insurance benefits. Currently, the cost for health insurance for the District's retirees is paid by the Commonwealth. The amount of that cost was \$185,977 for fiscal 2020, \$195,521 for fiscal 2021, \$189,220 for fiscal 2022 and \$160,379 for fiscal 2023. The District budgeted \$236,110 for this purpose in fiscal 2024. Accordingly, for Governmental Accounting Standards Board Statement No. 45 "Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions", the District has begun recognizing the potential liability calculated based on the actuarial annual required contribution of the District. The District established an OPEB Trust Fund which had a balance of \$4,498,395 as of June 30, 2024.

EMPLOYEE RELATIONS

The District has approximately 68 full-time and 4 part-time employees as of June 30, 2024, approximately 58 percent of whom belong to unions or other collective bargaining groups as shown below:

| <u>Employee Category</u> | <u>Represented by</u> | <u>Number of Employees</u> | <u>Contract Expires</u> |
|---------------------------|-----------------------|--------------------------------|-----------------------------|
| Administration | (1) | 1 | June 30, 2026 |
| Operations | (1) | 18 | June 30, 2026 |
| Maintenance | (1) | 17 | June 30, 2026 |
| Laboratory & Pretreatment | (1) | <u>6</u> | June 30, 2026 |
| | Total | <u>42</u> | |

(1) All of the employees referred to above are represented by the Massachusetts Laborers' District Council (CIL) in behalf of Local Union 176 of the Laborers International Union of North America AFL-CIO

LITIGATION

Other than the matters described in "Principal Facilities" noted above, no litigation is pending, or to the knowledge of the officers of the District threatened, which is likely to result, either individually or in the aggregate, in final judgments against the District materially adversely affecting its financial position.

UPPER BLACKSTONE WATER POLLUTION ABATEMENT DISTRICT, MA
/s/ Karla H. Sangrey, Engineer-Director/Treasurer

September 11, 2024

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ROSELLI, CLARK & ASSOCIATES
Certified Public Accountants

**UPPER BLACKSTONE WATER
POLLUTION ABATEMENT
DISTRICT**

Basic Financial Statements and
Additional Information

Year Ended June 30, 2023



UPPER BLACKSTONE WATER POLLUTION ABATEMENT DISTRICT

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ROSELLI, CLARK & ASSOCIATES
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Upper Blackstone Water Pollution Abatement District
Millbury, Massachusetts

Opinions

We have audited the accompanying financial statements of the Upper Blackstone Water Pollution Abatement District (the "District") as of and for the year ended June 30, 2023 and the related notes to the financial statements, which collectively comprise the District'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 District as of June 30, 2023, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District 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 District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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, 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 District'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 District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedules listed under the required supplementary information section in the accompanying table of contents be presented to supplement the basic financial statements. Such information 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.



Roselli, Clark & Associates
Certified Public Accountants
Woburn, Massachusetts
August 30, 2023

MANAGEMENT’S DISCUSSION AND ANALYSIS

As the management of the Upper Blackstone Water Pollution Abatement District (the “District”), we offer readers of the financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2023. We encourage readers to consider the information presented here in conjunction with their review of the basic financial statements, notes to the financial statements and required supplementary information as listed in the table of contents.

Financial Highlights

- The assets and deferred outflows of financial resources of the District exceeded its liabilities and deferred inflows of financial resources at the close of the most recent fiscal year by nearly \$25.1 million (*total net position*). Of this amount over \$5.5 million (*total unrestricted net position*) may be used to meet the District’s ongoing operations and financial commitments.
- The District designates approximately \$11.6 million of its unrestricted net position for a variety of future physical plant, general operations and debt service purposes and approximately \$0.2 million in encumbrances.
- The District’s total net position increased over \$0.9 million in fiscal year 2023 as total revenues of approximately \$33.2 million exceeded total expenses of approximately \$32.3 million.
- The District issued \$2.0 million in bond anticipation notes payable in October 2022 to finance various general capital expenditures.
- The District’s long-term debt in the form of general obligation bonds and notes payable decreased over \$8.8 million in fiscal year 2023, which was due entirely to scheduled principal paydowns. The District did not complete any long-term borrowings in fiscal year 2023.

Overview of the Financial Statements

The District is a special purpose government engaged in single business-type activity with a fiduciary fund to account for its other postemployment benefits trust. The District’s financial statements are reported using the accrual basis of accounting.

This report consists of two parts: management’s discussion and analysis and the basic financial statements. The financial statements also include notes that explain information in the financial statements in more detail. The District is a self-supporting entity that follows enterprise fund reporting. Accordingly, the financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Enterprise fund statements offer short-term and long-term financial information about the activities and operations of the District. These statements are presented in a manner similar to a private business.

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

The statement of revenues, expenses and changes in net position presents information showing how the District’s net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash

flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected service charges.)

The statement of cash flows presents information on the District's cash receipts, cash payments and changes in cash resulting from operating, investing and financing activities.

The accompanying notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements.

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's budget to actual results and progress in funding long-term obligations to its employees and retirees.

Statement of Net Position

The condensed comparative statements of net position for the two most recent fiscal years are as follows:

| | June 30, | | Dollar Change | Percent Change |
|----------------------------------|----------------------|----------------------|--------------------|-------------------|
| | 2023 | 2022 | | |
| Assets: | | | | |
| Current and other assets | \$ 21,319,912 | \$ 20,743,471 | \$ 576,441 | 2.8% |
| Capital assets, net | <u>149,818,959</u> | <u>155,833,974</u> | <u>(6,015,015)</u> | -3.9% |
| Total Assets | <u>171,138,871</u> | <u>176,577,445</u> | <u>(5,438,574)</u> | -3.1% |
| Deferred Outflows of Resources | <u>2,122,063</u> | <u>3,043,175</u> | <u>(921,112)</u> | -30.3% |
| Liabilities: | | | | |
| Long-term liabilities | 131,333,070 | 138,809,086 | (7,476,016) | -5.4% |
| Other liabilities | <u>14,398,666</u> | <u>11,995,029</u> | <u>2,403,637</u> | 20.0% |
| Total Liabilities | <u>145,731,736</u> | <u>150,804,115</u> | <u>(5,072,379)</u> | -3.4% |
| Deferred Inflows of Resources | <u>2,437,863</u> | <u>4,643,568</u> | <u>(2,205,705)</u> | -47.5% |
| Net Position: | | | | |
| Net investment in capital assets | 19,563,815 | 20,263,531 | (699,716) | -3.5% |
| Unrestricted | <u>5,527,520</u> | <u>3,909,406</u> | <u>1,618,114</u> | 41.4% |
| Total Net Position | <u>\$ 25,091,335</u> | <u>\$ 24,172,937</u> | <u>\$ 918,398</u> | 3.8% |

As noted earlier, net position may serve over time as a useful indicator of a District's financial position. The District's total net position increased by over \$0.9 million from the prior year.

The largest portion of the District's overall net position reflects its investment in capital assets less related debt and liabilities used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to its member communities and other end customers; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Restricted net position includes amounts restricted by external parties such as creditors, grantors, contributors or through laws or regulations. The District does not report any amounts as restricted net position.

The remaining category represents unrestricted net position, which currently has a positive balance of approximately \$5.5 million. The District has designated approximately \$11.4 million of its unrestricted net position for the following purposes – plant replacement (\$2.4 million), debt service (\$7.3 million) and operations and maintenance (\$1.7 million). An additional approximate \$0.2 million is reserved for encumbrances and nearly \$2.1 million is reserved to balance the fiscal year 2024 budget. As a result, the undesignated portion of the unrestricted net position is a deficit of approximately \$8.4 million at June 30, 2023. This deficit is almost entirely attributable to the District’s recognition of approximately \$10.4 million in net pension and net OPEB liabilities at June 30, 2023.

Statement of Revenues, Expenses and Changes in Net Position

The condensed comparative statements of revenues, expenses and changes in net position for the two most recent fiscal years are as follows:

| | <u>Fiscal Year Ended June 30,</u> | | <u>Dollar</u> | <u>Percent</u> |
|--------------------------------|-----------------------------------|----------------------|-------------------|----------------|
| | <u>2023</u> | <u>2022</u> | <u>Change</u> | <u>Change</u> |
| Revenues: | | | | |
| Operating revenues: | | | | |
| Member assessments | \$ 25,806,526 | \$ 25,300,141 | \$ 506,385 | 2.0% |
| Charges for services and other | 5,053,584 | 4,898,764 | 154,820 | 3.2% |
| Nonoperating revenues: | | | | |
| Investment income | 1,357,168 | 247,293 | 1,109,875 | 448.8% |
| Intergovernmental - noncapital | 477,408 | 341,048 | 136,360 | 40.0% |
| Intergovernmental - capital | <u>558,741</u> | <u>578,284</u> | <u>(19,543)</u> | -3.4% |
| Total Revenues | <u>33,253,427</u> | <u>31,365,530</u> | <u>1,887,897</u> | 6.0% |
| Expenses: | | | | |
| Payroll and personnel related | 7,234,273 | 6,890,630 | 343,643 | 5.0% |
| Energy and utilities | 5,295,287 | 4,247,469 | 1,047,818 | 24.7% |
| Chemicals | 3,937,754 | 3,372,545 | 565,209 | 16.8% |
| Depreciation and amortization | 9,020,410 | 8,741,443 | 278,967 | 3.2% |
| Interest | 3,550,262 | 3,722,204 | (171,942) | -4.6% |
| Other expenses | <u>3,297,043</u> | <u>3,185,151</u> | <u>111,892</u> | 3.5% |
| Total Expenses | <u>32,335,029</u> | <u>30,159,442</u> | <u>2,175,587</u> | 7.2% |
| Change in Net Position | <u>918,398</u> | <u>1,206,088</u> | <u>(287,690)</u> | -23.9% |
| Net Position: | | | | |
| Beginning of year | <u>24,172,937</u> | <u>22,966,849</u> | <u>1,206,088</u> | 5.3% |
| End of year | <u>\$ 25,091,335</u> | <u>\$ 24,172,937</u> | <u>\$ 918,398</u> | 3.8% |

Operating revenues increased nearly \$0.7 million year-over-year and was due primarily to increased member assessments. Nonoperating revenues increased over \$1.2 million year-over-year. This increase was due primarily to a significant increase in investment income year-over-year.

Operating expenses increased approximately \$2.2 million in fiscal year 2023. This increase was due primarily to the following:

- A nearly \$1.0 million increase in energy and utilities expenses. The market prices for energy continue to escalate.
- An approximate \$0.6 million increase in chemicals, which is primarily a function of increased market prices for the chemicals used by the District in its treatment operations.

OPEB Trust

The District accounts for and reports its OPEB trust in a fiduciary fund in these basic financial statements. The District made cash contributions of \$220,500 in fiscal year 2023. The fiduciary net position in the OPEB trust increased nearly \$541,000 in fiscal year 2023 due to a significant improvement in investment returns in fiscal year 2023. Based on the latest actuarial data, the District's OPEB trust is approximately 80% funded at June 30, 2023.

The fiduciary net position of the OPEB trust is not included in the District's statement of net position.

General Fund Budgetary Highlights

There were no differences between the District's original budget and its final budget in fiscal year 2023.

Actual revenues on a budgetary basis exceeded final budget by nearly \$1.6 million, which was due primarily to positive variances in investment income and other revenues. Overall expenditures were nearly \$1.2 million under budget. The District reported a negative budget variance of nearly \$1.8 million in operations, which was due primarily to:

- An approximately \$0.8 million negative variance in chemicals;
- An approximate \$0.8 million negative variance in electricity; and
- An approximate \$0.2 million negative variance in incinerator gas.

Administration expenses were modestly over budget. Temporary personnel replacement services increased approximately \$57,000 year-over-year.

Capital Asset and Debt Administration

Capital Assets – The District's investment in capital assets as of June 30, 2023 totaled approximately \$149.8 million, net of accumulated depreciation. Net capital assets decreased over \$6.0 million year-over-year as depreciation expense exceeded current year capital additions.

The District is currently subject to an Administrative Order on Consent (“AOC”) with the U.S. Environmental Protection Agency (the “EPA”) to complete additional plant upgrades to achieve NPDES permit compliance for nutrients (nitrogen and phosphorus). These modifications are expected to require significant debt-funded capital investment. Modifications to the construction schedule for the next requirement of the AOC, completion of Phase B nutrient upgrades construction, were included as part of the Integrated Water Resources Management Plan completed by the City of Worcester in 2019. The District subsequently submitted a Request for Modification of the AOC schedule to the EPA in September 2020. Negotiations related to the Integrated Plan and the AOC schedule are underway and the EPA has extended the Phase B construction deadline to provide for these negotiations.

The District also invests in a cash-funded capital program to replace existing assets as they reach the end of their useful life.

Additional information on the District's net capital assets can be found in the notes to the basic financial statements.

Temporary or Short-Term Debt – The District issued a one-year \$2.0 million bond anticipation notes payable in October 2022 at a net interest cost of 3.55%. The proceeds of this short-term borrowing were used to finance general capital expenditures.

Long-Term Debt – At June 30, 2023, the District’s total general obligation bond and notes payable debt decreased over \$8.8 million to approximately \$129.0 million. The District did not complete any long-term debt issuances in fiscal year 2023 or 2022.

Moody’s Investors Services assigns the District an Aa3 credit rating on its general obligation bond obligations, which is the fourth highest credit rating it assigns for long-term debt. This credit rating signifies that the District’s long-term debt instruments are of investment grade.

Additional information on the District’s long-term debt can be found in the notes to the basic financial statements.

Economic Factors and Next Year’s Budget and Member Community Assessments

In January 2023, the Board of Directors approved an approximate \$36.4 million operating budget for fiscal year 2024, which is an increase of approximately \$3.3 million from the fiscal year 2023 budget.

Member assessments are budgeted to increase approximately \$1.2 million to over \$27.0 million in fiscal year 2024. The District budgeted the use of \$2,055,000 of free cash to balance the fiscal year 2024 budget.

Requests for Information

This financial report is designed to provide a general overview of the District’s finances for all those with an interest in the District’s finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the Treasurer of the Upper Blackstone Water Pollution Abatement District, 50 Route 20, Millbury, Massachusetts 01527.

UPPER BLACKSTONE WATER POLLUTION ABATEMENT DISTRICT

STATEMENT OF NET POSITION

JUNE 30, 2023

Assets:

| | |
|--------------------------------------|--------------------|
| Current Assets: | |
| Cash and cash equivalents | \$ 1,158,606 |
| Investments | 18,048,548 |
| Receivables, net of allowances: | |
| User charges and other | 664,225 |
| Accrued interest receivable | 43,132 |
| Prepaid items | 1,950 |
| Total Current Assets | <u>19,916,461</u> |
| Noncurrent Assets: | |
| Intergovernmental receivables | 1,403,451 |
| Land and land improvements | 724,863 |
| Construction in-progress | 6,470,405 |
| Depreciable capital assets, net | <u>142,623,691</u> |
| Total Noncurrent Assets | <u>151,222,410</u> |
| Total Assets | <u>171,138,871</u> |
| Deferred Outflows of Resources: | |
| Loss on refunding | 168,061 |
| Other postemployment benefits | 575,752 |
| Pensions | <u>1,378,250</u> |
| Total Deferred Outflows of Resources | <u>2,122,063</u> |

(continued)

UPPER BLACKSTONE WATER POLLUTION ABATEMENT DISTRICT

STATEMENT OF NET POSITION

JUNE 30, 2023

| | |
|---|----------------------|
| Liabilities: | |
| Current Liabilities: | |
| Accounts payable and accrued expenses | \$ 2,336,091 |
| Accrued payroll and related expenses | 141,999 |
| Accrued interest | 1,218,400 |
| Compensated absences | 432,912 |
| Bond anticipation note payable | 2,000,000 |
| Current portion of long-term debt | <u>8,269,266</u> |
| Total Current Liabilities | <u>14,398,668</u> |
| Noncurrent liabilities: | |
| Compensated absences | 180,491 |
| Net other postemployment benefits liability | 946,065 |
| Net pension liability | 9,468,377 |
| Long-term debt | <u>120,738,135</u> |
| Total Noncurrent Liabilities | <u>131,333,068</u> |
| Total Liabilities | <u>145,731,736</u> |
| Deferred Inflows of Resources: | |
| Other postemployment benefits | 1,925,049 |
| Pensions | <u>512,814</u> |
| Total Deferred Inflows of Resources | <u>2,437,863</u> |
| Net Position: | |
| Net investment in capital assets | 19,563,815 |
| Unrestricted | <u>5,527,520</u> |
| Total Net Position | <u>\$ 25,091,335</u> |

(concluded)

See accompanying notes to basic financial statements.

UPPER BLACKSTONE WATER POLLUTION ABATEMENT DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

| | |
|--|----------------------|
| Operating Revenues: | |
| Member assessments | \$ 25,806,526 |
| Charges for services: | |
| Sludge | 2,014,674 |
| Septage | 835,828 |
| Other services | 292,517 |
| Energy credits | 1,829,320 |
| Other operating revenues | <u>81,245</u> |
| Total Operating Revenues | <u>30,860,110</u> |
| Operating Expenses: | |
| Payroll and related personnel costs | 7,234,273 |
| Energy and utilities | 5,295,287 |
| Chemicals | 3,937,754 |
| Repairs and maintenance | 1,178,306 |
| Depreciation and amortization | 9,020,410 |
| Other operating expenses | <u>2,118,737</u> |
| Total Operating Expenses | <u>28,784,767</u> |
| Operating Income | <u>2,075,343</u> |
| Nonoperating Revenues (Expenses): | |
| Intergovernmental | 477,408 |
| Investment income | 1,357,168 |
| Interest expenses | <u>(3,550,262)</u> |
| Total Nonoperating Revenues (Expenses) | <u>(1,715,686)</u> |
| Income Before Capital Contributions | <u>359,657</u> |
| Capital Contributions: | |
| Intergovernmental | <u>558,741</u> |
| Total Capital Contributions | <u>558,741</u> |
| Change in Net Position | 918,398 |
| Net Position: | |
| Beginning of the year | <u>24,172,937</u> |
| End of the year | <u>\$ 25,091,335</u> |

See accompanying notes to basic financial statements.

UPPER BLACKSTONE WATER POLLUTION ABATEMENT DISTRICT

STATEMENT OF CASH FLOWS AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

| | |
|---|---------------------|
| Cash Flows from Operating Activities: | |
| Receipts from customer user charges | \$ 29,060,077 |
| Receipts from other operating revenues | 1,910,565 |
| Payments to employees | (8,353,437) |
| Payments to vendors | <u>(10,941,951)</u> |
| Net Cash Provided By Operating Activities | <u>11,675,254</u> |
| | |
| Cash Flows from Noncapital Financial Activities: | |
| Proceeds from operating grants | <u>477,408</u> |
| Net Cash Provided By Noncapital Financing Activities | <u>477,408</u> |
| | |
| Cash Flows from Capital and Related Financing Activities: | |
| Proceeds from capital grants | 558,741 |
| Proceeds from the issuance of short-term debt | 2,000,000 |
| Acquisition and construction of capital assets | (3,005,395) |
| Principal repayments on long-term debt | (8,825,968) |
| Interest payments | <u>(3,552,185)</u> |
| Net Cash Used In Capital and Related Financing Activities | <u>(12,824,807)</u> |
| | |
| Cash Flow from Investing Activities: | |
| Investment income | 1,357,168 |
| Investment of operating cash | <u>(1,905,010)</u> |
| Net Cash Used In Investing Activities | <u>(547,842)</u> |
| | |
| Change in Cash and Cash Equivalents | (1,219,987) |
| | |
| Cash and Cash Equivalents: | |
| Beginning of the year | <u>2,378,593</u> |
| End of the year | <u>\$ 1,158,606</u> |

(continued)

UPPER BLACKSTONE WATER POLLUTION ABATEMENT DISTRICT

STATEMENT OF CASH FLOWS AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

Reconciliation of Operating Income to Net Cash Provided by Operating Activities:

| | |
|---|----------------------|
| Operating Income | \$ 2,075,343 |
| Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities: | |
| Depreciation expense | 9,020,410 |
| Changes in assets, deferred outflows (inflows) of resources and liabilities: | |
| Receivables and other current assets | 108,582 |
| Accounts payable and other current liabilities | 997,695 |
| Accrued and deferred benefits payable | <u>(526,776)</u> |
| Net Cash Provided By Operating Activities | <u>\$ 11,675,254</u> |
| | <i>(concluded)</i> |

See accompanying notes to basic financial statements.

UPPER BLACKSTONE WATER POLLUTION ABATEMENT DISTRICT

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

| | <u>OPEB Trust</u> |
|---|-----------------------|
| Assets: | |
| Cash equivalents | \$ 274,601 |
| Investments at fair value: | |
| Fixed income securities | 1,085,822 |
| Equity securities | 2,325,548 |
| Mutual funds | <u>10,058</u> |
| Total Assets | <u>\$ 3,696,029</u> |
| Net Position Restricted for Other Postemployment Benefits | <u>\$ 3,696,029</u> |

See accompanying notes to basic financial statements.

UPPER BLACKSTONE WATER POLLUTION ABATEMENT DISTRICT

**FIDUCIARY FUND
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023**

| | <u>OPEB Trust</u> |
|---|-----------------------|
| Additions: | |
| Employer contributions | \$ 416,563 |
| Investment income: | |
| Interest and dividends | 66,449 |
| Net appreciation in fair value of investments | 263,494 |
| Less investment management fees | <u>(9,623)</u> |
| Total net investment income | <u>320,320</u> |
| Total Additions | <u>736,883</u> |
| Deductions: | |
| Benefits to retirees and survivors | <u>196,063</u> |
| Total Deductions | <u>196,063</u> |
| Change in Net Position | 540,820 |
| Net Position: | |
| Beginning of the year | <u>3,155,209</u> |
| End of the year | <u>\$ 3,696,029</u> |

See accompanying notes to basic financial statements.

UPPER BLACKSTONE WATER POLLUTION ABATEMENT DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

I. Summary of Significant Accounting Policies

The basic financial statements of the Upper Blackstone Water Pollution Abatement District (the “District”) have been prepared in conformity with generally accepted accounting principles in the United States of America, or GAAP, as applied to state and local governments. GAAP is prescribed by the Governmental Accounting Standards Board (“GASB”), which is the primary standard-setting body for state and local governmental entities. The following is a summary of the more significant policies and practices used by the District.

A. Reporting Entity

The District was established as a public corporation through Chapter 752 of the Acts of 1968 of the General Court of the Commonwealth of Massachusetts (the “Commonwealth”) for the purpose of abating water pollution through the treatment of sewage collected from local systems. The District is self-funded through assessments to member communities (see below) and charges for services to other end users.

The District’s area of potential service includes the sewer districts in the City of Worcester, the towns of Auburn, Boylston, Holden, Leicester, Millbury, Oxford, Paxton, Rutland, Shrewsbury and West Boylston. The current members of the District include the City of Worcester and towns of Auburn, Holden, Millbury, Rutland, West Boylston and the Cherry Valley Sewer District of Leicester (collectively referred to as the “member communities”).

The District is governed by a Board of Directors (the “Board”) comprised of representatives from each member community. The Board appoints an engineer-director/treasurer to manage the District’s day-to-day operations. The City of Worcester has majority control of the Board of Directors. While legally separate, the District is considered a component unit of the City of Worcester for financial reporting purposes.

B. Basis of Accounting and Financial Statement Presentation

The District is a special purpose government engaged in single business-type activity with a fiduciary fund to account for its other postemployment benefits trust. The District’s financial statements are reported using the accrual basis of accounting. Revenues and expenses are recorded when incurred, regardless of the timing of related cash flows.

The District’s financial statements distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing wastewater treatment services. The principal operating revenues are member assessments and fees for the treatment of septage and sludge. Operating expenses primarily consist of salaries and wages, ordinary maintenance and supplies, noncapitalizable expenses, utilities and depreciation. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. The District is exempt from all federal and state income taxes and local property taxes.

C. Assets, Liabilities, and Deferred Outflows/Inflows of Resources and Net Position

Deposits and Investments – The District’s cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. The District reports its investments at fair value. When actively quoted observable prices are not available, the District generally uses either implied pricing from similar investments or valuation models based on net present values of estimated future cash flows (adjusted as appropriate for liquidity, credit, market and/or other risk factors).

The District categorizes its fair value measurements within the fair value hierarchy established by GAAP. This hierarchy is based on valuation inputs used to measure the fair value of the asset or liability. The three levels of the hierarchy are as follows:

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

The remaining investments not categorized under the fair value hierarchy are shown at net asset value (“NAV”). These are investments for which a readily determinable fair value is not available, such as member units or an ownership interest in partners’ capital to which a proportionate share of net assets is attributed. Investments at NAV are commonly calculated by subtracting the fair value of liabilities from the fair value of assets.

Receivables – Assessments to member communities are established annually by the Board. Receivables consist primarily of unpaid charges for services due from other end users. Receivables are reported net of allowances for uncollectible accounts.

Inventories and Prepaid Items – Inventories are reported at the lower of cost or market and are accounted for on the first-in, first-out basis. Inventories are not material to the District’s financial statements and are therefore expensed at the time of purchase.

Certain payments to vendors reflect costs applicable to future accounting periods and may be recorded as prepaid items in the financial statements.

Capital Assets – Capital assets, which include land, construction in-progress, treatment facilities, vehicles, machinery and equipment, vehicles, software and certain intangible assets, are reported at historical cost. All material purchases and construction costs are capitalized at the date of acquisition or construction, respectively, if expected lives are deemed greater than two years. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

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

| | |
|-------------------------|----------------|
| Treatment facilities | 20 to 50 years |
| Machinery and equipment | 3 to 20 years |
| Intangible assets | 5 to 15 years |

The District has capitalized certain costs related to advanced feasibility studies. These capitalized costs are reported as intangible assets.

Compensated Absences – The District’s personnel policies permit employees to accumulate earned but unused vacation and sick pay benefits. Earned but unpaid amounts related to these benefits are reported as liabilities in the District’s financial statements.

Long-Term Debt – Long-term debt is reported as liabilities in these basic financial statements. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method, if material.

Deferred Outflows/Inflows of Resources – In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The District reports deferred outflows of resources relative to other postemployment benefits (“OPEB”) and pension-related transactions. The District expects to recognize the reported deferred outflows of resources relative to these personnel-related transactions over the next four years.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District reports deferred inflows of resources relative to OPEB and pension-related transactions and expects to recognize these amounts over the next six years against personnel-related transactions.

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 related debt.

Restricted net position includes amounts restricted by external parties such as creditors, grantors, contributors or through laws or regulations. The District does not report any amounts as restricted net position.

Net position that does not meet the definitions above is reported as unrestricted. Included in the District’s unrestricted net position are amounts designated for future debt service (\$7,324,148), plant replacement (\$2,379,356) and general operations and maintenance reserves (\$1,690,000). An additional \$230,860 is designated for encumbrances at year end and \$2,055,000 was designated to balance the fiscal year 2024 budget. Designated amounts are not reported as restricted because designations represent planned actions, not actual commitments. These designated amounts total \$13,679,364 at June 30, 2023.

D. Budgetary Data

An annual budget is adopted by the Board on a basis that differs from GAAP. A budgetary comparison is included as required supplementary information to the District's financial statements. Unspent appropriations are carried over to the next fiscal year.

E. Use of Estimates

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

II. Detailed Notes to All Funds

A. Deposits and Investments

State laws and regulations require the District to invest funds only in preapproved investment instruments which include, but are not necessarily limited to, bank deposits, money markets, certificates of deposit, U.S. treasury bonds, repurchase agreements, and the State Treasurer's investment pool, which is administered by the Massachusetts Municipal Depository Trust, or MMDT. In addition, the statutes impose various limitations on the amount and length of investments and deposits.

Custodial Credit Risk: Deposits – In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District relies on depository insurance coverage at each financial institution to address this risk. At June 30, 2023, \$252,306 in bank deposits were uninsured.

Fair Value Measurements: Investments – The following table presents the District's investments carried at fair value on a recurring basis in the statement of net position at June 30, 2023:

| Investments by Fair Value Level | June 30, 2023 | Fair Value Measurements Using | | |
|---|------------------|-------------------------------|--------------|---------|
| | | Level 1 | Level 2 | Level 3 |
| Debt securities: | | | | |
| U.S. Treasury notes | \$ 6,110,031 | \$ 6,110,031 | \$ - | \$ - |
| U.S. Government agency notes | 1,134,261 | - | 1,134,261 | - |
| Total debt securities | 7,244,292 | 6,110,031 | 1,134,261 | - |
| Equity securities | 13,099,568 | 13,099,568 | | |
| Mutual funds | 10,058 | - | 10,058 | - |
| Total investments by fair value level | 20,353,918 | \$ 19,209,599 | \$ 1,144,319 | \$ - |
| Investments measured at amortized cost: | | | | |
| MMDT | 1,116,058 | | | |
| Total investments | \$ 21,469,976 | | | |

Custodial Credit Risk: Investments – In the case of investments, this is the risk that in the event of an invested party not being able to provide required payments to investors, ceasing to exist, or filing of bankruptcy, the District may not be able to recover the full amount of its principal investment and/or investment earnings. All of the District’s investments are registered in its name and cannot be pledged or assigned. As a result, the District is not exposed to custodial credit risk on its investments.

Interest Rate Risk: Investments – This is the risk that changes in interest rates will adversely affect the market value of an investment. The District manages interest rate risk by managing the duration of its investments in debt securities.

Investment Maturities – At June 30, 2023, the District had the following investments and maturities:

| Investment Type | Fair Value | Time Until Maturity (in years) | | |
|---------------------------------------|---------------|--------------------------------|--------------|---------|
| | | Less than 1 | 1 to 5 | 6 to 10 |
| Debt securities: | | | | |
| U.S. Government obligations and notes | \$ 7,244,292 | \$ 1,985,777 | \$ 5,258,515 | \$ - |
| Other investments: | | | | |
| Equity securities | 13,099,568 | | | |
| Mutual funds | 10,058 | | | |
| MMDT | 1,116,058 | | | |
| Total investments | \$ 21,469,976 | | | |

Credit Risk: Investments – This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District’s investment policy restricts investments in debt securities to Aaa-rated obligations or issues backed by the full faith and credit of the U.S. Treasury. At June 30, 2023, all of the District’s investments in U.S. Treasury notes and other U.S. government agency notes were rated Aaa by Moody’s Investor Services.

Concentration of Credit Risk: Investments – The District’s investment policy is to diversify its investment portfolio, so no single investment (excluding investments in U.S. Treasury Notes) exceeds 5% of the District’s total investments. At June 30, 2023, approximately 28% of the District’s total investments were in the form of U.S. Treasury notes. No other individual investment security exceeded 5% of the District’s total investments at June 30, 2023.

B. Receivables

Receivables as of June 30, 2023, net of applicable allowances for uncollectible accounts, were as follows:

| | Gross Amount | Allowance for Uncollectibles | Net Amount |
|--------------------------------------|--------------|------------------------------|--------------|
| User charges | \$ 664,225 | \$ - | \$ 664,225 |
| MCWT principal subsidies | 1,403,451 | - | 1,403,451 |
| Total receivables, net of allowances | \$ 2,067,676 | \$ - | \$ 2,067,676 |

The District has entered into certain loan agreements with the Massachusetts Clean Water Trust (“MCWT”) whereby it expects to be subsidized by the MCWT in future years for debt service costs until the maturity of these loan agreements. The District is legally obligated for the total amount of the debt; therefore, portions of future debt service subsidies have been recorded as intergovernmental receivables in the accompanying basic financial statements. At June 30, 2023, the total reported intergovernmental receivable related to these future principal subsidies was \$1,403,451. In addition to these principal subsidies, the District expects to receive \$3,702,426 in interest subsidies through June 30, 2035.

C. Capital Assets

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

| | Beginning Balance | Increases | Decreases | Ending Balance |
|---|-----------------------|-----------------------|----------------|-----------------------|
| Capital assets not being depreciated: | | | | |
| Land and land improvements | \$ 724,863 | \$ - | \$ - | \$ 724,863 |
| Construction in-progress | <u>5,732,413</u> | <u>737,992</u> | <u>-</u> | <u>6,470,405</u> |
| Total capital assets not being depreciated | <u>6,457,276</u> | <u>737,992</u> | <u>-</u> | <u>7,195,268</u> |
| Capital assets being depreciated: | | | | |
| Treatment facilities | 280,516,787 | 292,902 | (612,176) | 280,197,513 |
| Machinery and equipment | 14,165,424 | 1,974,500 | 612,176 | 16,752,100 |
| Intangible assets | <u>2,741,725</u> | <u>-</u> | <u>-</u> | <u>2,741,725</u> |
| Total capital assets being depreciated | <u>297,423,936</u> | <u>2,267,402</u> | <u>-</u> | <u>299,691,338</u> |
| Less accumulated depreciation for: | | | | |
| Treatment facilities | (137,923,555) | (7,680,480) | 262,443 | (145,341,592) |
| Machinery and equipment | (8,376,973) | (1,164,945) | (255,743) | (9,797,661) |
| Intangible assets | <u>(1,746,710)</u> | <u>(174,984)</u> | <u>(6,700)</u> | <u>(1,928,394)</u> |
| Total accumulated depreciation | <u>(148,047,238)</u> | <u>(9,020,409)</u> | <u>-</u> | <u>(157,067,647)</u> |
| Total capital assets being depreciated, net | <u>149,376,698</u> | <u>(6,753,007)</u> | <u>-</u> | <u>142,623,691</u> |
| Total capital assets, net | <u>\$ 155,833,974</u> | <u>\$ (6,015,015)</u> | <u>\$ -</u> | <u>\$ 149,818,959</u> |

D. Temporary Debt

The District is authorized to borrow on a temporary or short-term basis. Temporary borrowings are generally used to finance major capital additions, generally through bond anticipation notes (“BANs”). The following summarizes the District’s temporary or short-term borrowings for the fiscal year ended June 30, 2023:

| Type | Interest Rate | Maturity Date | Beginning Balance | Additions | Deductions | Ending Balance |
|------|---------------|---------------|----------------------|---------------------|-------------|---------------------|
| BAN | 4.00% | 10/19/2023 | <u>\$ -</u> | <u>\$ 2,000,000</u> | <u>\$ -</u> | <u>\$ 2,000,000</u> |

The BAN was issued for general capital upgrades.

E. Long-Term Obligations

The District issues general obligation bonds and notes payable to provide funds for the acquisition and construction of major capital facilities. Additionally, the District incurs various other long-term obligations relative to personnel-related costs. The following table reflects the activity in the District's long-term liability accounts in the current fiscal year:

| Description of Issue | Beginning Balance | Increases | Decreases | Ending Balance | Due Within One Year |
|----------------------------------|----------------------|---------------------|------------------------|----------------------|---------------------|
| General obligation bonds | \$ 14,680,000 | \$ - | \$ (1,910,000) | \$ 12,770,000 | \$ 1,205,000 |
| Direct borrowings and placements | 122,449,325 | - | (6,783,732) | 115,665,593 | 6,965,017 |
| Unamortized bond premiums | 704,044 | - | (132,236) | 571,808 | 99,249 |
| Total long-term debt | <u>137,833,369</u> | <u>-</u> | <u>(8,825,968)</u> | <u>129,007,401</u> | <u>8,269,266</u> |
| Compensated absences | 599,680 | 13,723 | - | 613,403 | 432,912 |
| Net OPEB liability | 2,444,159 | 1,951,555 | (3,449,649) | 946,065 | - |
| Net pension liability | 7,179,273 | 5,542,946 | (3,253,842) | 9,468,377 | - |
| Total long-term obligations | <u>\$148,056,481</u> | <u>\$ 7,508,224</u> | <u>\$ (15,529,459)</u> | <u>\$140,035,246</u> | <u>\$ 8,702,178</u> |

General obligation bonds and notes payable outstanding at June 30, 2023 were as follows:

| Description of Issue | Interest Rates | Beginning Balance | Increases | Decreases | Ending Balance |
|-------------------------------|----------------|----------------------|-------------|-----------------------|----------------------|
| General obligation bonds | 2.0% - 5.0% | \$ 14,680,000 | \$ - | \$ (1,910,000) | \$ 12,770,000 |
| MCWT notes payable | 2.0% | 122,449,325 | - | (6,783,732) | 115,665,593 |
| | | 137,129,325 | - | (8,693,732) | 128,435,593 |
| Add: unamortized bond premium | | 704,044 | - | (132,236) | 571,808 |
| | | <u>\$137,833,369</u> | <u>\$ -</u> | <u>\$ (8,825,968)</u> | <u>\$129,007,401</u> |

Debt Service – Debt service requirements on long-term debt at June 30, 2023 are as follows:

| Year Ended June 30, | General Obligation Bonds | | Direct Borrowings and Placements | |
|------------------------|--------------------------|---------------------|----------------------------------|----------------------|
| | Principal | Interest | Principal | Interest |
| 2024 | \$ 1,205,000 | \$ 347,773 | \$ 6,965,017 | \$ 3,091,102 |
| 2025 | 1,230,000 | 318,223 | 7,149,073 | 2,885,536 |
| 2026 | 1,255,000 | 288,073 | 7,340,375 | 2,588,263 |
| 2027 | 1,280,000 | 255,948 | 7,534,575 | 2,372,116 |
| 2028 | 1,315,000 | 216,397 | 7,731,740 | 2,261,734 |
| 2029 - 2033 | 3,735,000 | 648,627 | 41,852,858 | 7,221,534 |
| 2034 - 2038 | 2,230,000 | 198,099 | 31,057,809 | 2,280,808 |
| 2039 - 2041 | 520,000 | 13,000 | 6,034,146 | 176,768 |
| | <u>\$ 12,770,000</u> | <u>\$ 2,286,140</u> | <u>\$ 115,665,593</u> | <u>\$ 22,877,861</u> |

General obligation bonds and notes payable consisted of the following at June 30, 2023:

| <u>Purpose/Type</u> | <u>Interest Rates to Maturity</u> | <u>Final Maturity</u> | <u>Outstanding June 30, 2023</u> |
|--|---------------------------------------|---------------------------|--------------------------------------|
| General Obligation Bond - June 2012 | 2.00 - 4.00% | 2040 | \$ 2,145,000 |
| General Obligation Bond - June 2016 | 2.00 - 3.00% | 2032 | 3,500,000 |
| General Obligation Bond - December 2019 | 2.00 - 3.00% | 2036 | 4,485,000 |
| General Obligation Refunding - June 2016 | 2.00 - 3.00% | 2028 | 2,640,000 |
| MCWT CW-03-14 - December 2006 | 2.00% | 2035 | 24,637,998 |
| MCWT CW-03-14A - December 2006 | 2.35% | 2035 | 3,171,719 |
| MCWT CW-06-17 - March 2007 | 2.00% | 2037 | 14,497,080 |
| MCWT CW-06-17-A - December 2007 | 2.41% | 2038 | 7,087,291 |
| MCWT CW-06-17-B - March 2009 | 2.42% | 2039 | 14,370,620 |
| MCWT CW-06-17-C - June 2012 | 2.40% | 2041 | 14,918,238 |
| MCWT CWS-09-18 - July 2010 | 2.40% | 2041 | 4,972,935 |
| MCWT CWS-09-18-A - May 2014 | 2.00% | 2033 | 11,010,985 |
| MCWT CWP-16-39 - September 2018 | 2.00% | 2038 | 6,974,282 |
| MCWT CWP-16-39-A - October 2019 | 2.00% | 2039 | 12,487,088 |
| MCWT CWP-16-39-B - October 2019 | 2.00% | 2039 | 1,537,357 |
| | | | <u>\$ 128,435,593</u> |

Authorized But Unissued Debt – At June 30, 2023, \$22,000,000 in long-term debt has been authorized but unissued. Of this total, \$20,000,000 pertained to a stand-by power project; the remaining \$2,000,000 pertains to general capital upgrades.

III. Other Information

A. Retirement System

The District contributes to the Massachusetts State Employees' Retirement System (the "Retirement System"), a cost-sharing, multiple-employer defined benefit pension plan. The Retirement System was established under Chapter 32 of Massachusetts General Law ("MGL"). The Retirement System is administered by the Massachusetts State Retirement Board. The Retirement System is a component unit of the Commonwealth and does not issue stand-alone audited financial statements.

Benefit Terms – Membership in the Retirement System is mandatory for all full-time employees and nonseasonal, part-time employees who, in general, regularly work more than twenty hours per week. Members of the Retirement System do not participate in the federal Social Security retirement system.

Massachusetts contributory retirement system benefits are uniform from one public pension system to another. For employees with service dates beginning before April 2, 2012, the System provides for retirement allowance benefits up to a maximum of 80% of a participant's highest consecutive three-year average annual rate of regular compensation. For those employees who began their service after April 2, 2012, the System provides for retirement allowance benefits up to a maximum of 80% of a participant's highest consecutive five-year average annual rate of

regular compensation. Benefit payments are based upon a participant's age, length of creditable service, level of compensation and group classification.

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

- Normal retirement generally occurs at age 65. However, participants may retire after twenty years of service or at any time after attaining age 55, if hired prior to April 2, 2012 or at any time after attaining age 60 if hired on or after April 2, 2012. Participants with hire dates subsequent to January 1, 1978 must have a minimum of ten years' creditable service in order to retire at age 55. Participants become vested after ten years of creditable service. Benefits commencing before age 65 are provided at a reduced rate. Members working in certain occupations may retire with full benefits earlier than age 65.
- Ordinary disability retirement is where a participant is permanently incapacitated from a cause unrelated to employment. Accidental disability retirement is where the disability is the result of an injury or illness received or aggravated in the performance of duty. The amount of benefits to be received in such cases is dependent upon several factors, including the age at which the disability retirement occurs, the years of creditable service, average compensation and veteran status.
- Survivor benefits are extended to eligible beneficiaries of participants whose death occurs prior to or following retirement.

The Retirement System may be amended or terminated in whole or in part at any time by the Massachusetts Legislature, provided that no such modification, amendment or termination shall be made that would deprive a current member of superannuation pension rights or benefits provided under applicable laws of Massachusetts, if such member has paid the stipulated contributions specified in sections or provisions of such laws. There were no significant changes to the Retirement System's benefit terms in fiscal year 2023.

Contributions Requirements – The Retirement System is required to be fully funded by June 30, 2040 under current MGL. Employee contribution rates vary based on when an employee commenced their creditable service. Active members contribute 5%, 7%, 8% or 9% of their gross regular compensation depending on when their creditable service commenced. Employees hired on or after January 1, 1979 contribute an additional 2% of their regular gross compensation over \$30,000.

The District contributed \$500,620 to the Retirement System in fiscal year 2023. The District's contributions as a percentage of covered payroll were approximately 11.4%.

Net Pension Liability – At June 30, 2023, the District reported a liability of \$9,468,377 for its proportionate share of the net pension liability. The net pension liability was determined by an actuarial valuation as of January 1, 2021 rolled forward to June 30, 2023, which is the measurement date used in these basic financial statements. There were no material changes to the Retirement System's benefit terms since the actuarial valuation.

The District's proportion of the net pension liability is based on a projection of the District's long-term share of contributions to the Retirement System relative to the projected contributions of all employers. The District's proportion was approximately 0.068% at June 30, 2023, which was consistent with the prior year.

Pension Expense – The District recognized \$775,562 in pension expense in fiscal year 2023.

Deferred Outflows of Resources and Deferred Inflows of Resources – At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|--|---|--|
| Differences between expected and actual experience | \$ 235,530 | \$ 369,554 |
| Changes of assumptions | 260,680 | - |
| Net difference between projected and actual earnings on pension plan investments | - | 50,477 |
| Changes in proportion and differences between District contributions and proportionate share of contributions | 381,420 | 92,783 |
| Contributions subsequent to measurement date | <u>500,620</u> | <u>-</u> |
| | <u>\$ 1,378,250</u> | <u>\$ 512,814</u> |

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

Year ended June 30,

| | |
|------|-------------------|
| 2024 | \$ 770,499 |
| 2025 | (520,526) |
| 2026 | (1,945,633) |
| 2027 | <u>2,561,096</u> |
| | <u>\$ 865,436</u> |

Actuarial Valuation – The measurement of the Retirement System’s total pension liability is developed by an independent actuary. The significant actuarial assumptions used in the latest actuarial valuation included:

- 7.0% investment rate of return;
- 3.50% interest rate credited to the annuity savings fund;
- 3.00% cost of living increase on the first \$13,000 of benefits each year;
- Mortality rates were as follows:
 - Pre-retirement – reflects RP-2014 Blue Collar Employees Table projected generationally with Scale MP-2020, set forward one year for females;
 - Post-retirement – reflects RP-2014 Blue Collar Healthy Annuitant Table projected generationally with Scale MP-2020, set forward one year for females; and
 - Disability – reflects RP-2014 Blue Collar Healthy Annuitant Table projected generationally with Scale MP-2020, set forward one year.

Experience studies dated February 27, 2014 encompasses the period January 1, 2006 to December 31, 2011, updated to reflect actual experience from 2012 through 2020 for post-retirement mortality.

Long-Term Rate of Return – The Retirement System’s investments are entirely invested with the Commonwealth’s Pension Reserve Investment Management Board. 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 rates of returns 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 rates of return by the target asset allocation percentage. Best estimates of geometric rates of return for each major asset class included in the Retirement System’s target allocation in its latest actuarial valuation are summarized in the following table:

| Asset Class | Target | Long-Term |
|---------------------------------|------------|------------------------------|
| | Allocation | Expected Real Rate of Return |
| Global equity | 38% | 4.2% |
| Core fixed income | 15% | 0.5% |
| Private equity | 15% | 7.3% |
| Portfolio completion strategies | 10% | 2.7% |
| Real estate | 10% | 3.3% |
| Value-added fixed income | 8% | 3.7% |
| Timberland/natural resources | 4% | 3.9% |

Discount Rate – The discount rate used to measure the total pension liability was 7.0%. The projection of cash flows used to determine the discount rate assumed plan member contributions were made at the current contribution rate and the employer contributions will be made at rates equal to the difference between actuarially-determined contribution rates and the member rates. Based on those assumptions, the Retirement System’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity Analysis – The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 7.0% as well as the District’s proportionate share of the net pension liability using a discount rate that is 1% lower and higher than the current rate:

| Current Discount Rate | Net Pension Liability At | | |
|-----------------------|--------------------------|--------------|--------------|
| | 1% Decrease | Current Rate | 1% Increase |
| 7.0% | \$ 13,059,009 | \$ 9,468,377 | \$ 6,429,784 |

B. Other Postemployment Benefits

The District provides health and life insurance benefits to retirement employees and their survivors (the “OPEB Plan”). Health insurance is subscribed through the Commonwealth’s General Insurance Commission, or GIC. Specific benefit provisions and contribution rates are established by collective bargaining agreements and state law. The OPEB Plan does not issue stand-alone financial statements and is presented as a fiduciary fund in the District’s financial statements. OPEB Plan disclosures can be found in this footnote disclosure.

Employees Covered by Benefit Terms – The following participants were covered by the OPEB Plan as of June 30, 2023:

| | |
|--|-----------|
| Inactive employees or beneficiaries receiving benefits | 36 |
| Active employees | <u>63</u> |
| | <u>99</u> |

Contributions – The contribution requirements of OPEB Plan members and the District are established by collective bargaining agreements. Current retiree contribution rates for health and life insurance are as follows:

| | |
|---|-----|
| Retirements on or before July 1, 1994 | 10% |
| Retirements after July 1, 1994 and before October 1, 2009 | 15% |
| Retirements after October 1, 2009 | 20% |

The remainder of the costs as well as the costs of administering the OPEB Plan are paid by the District.

Net OPEB Liability – The District’s net OPEB liability was determined using an actuarial valuation as of June 30, 2023. The components of the net OPEB liability of the District at June 30, 2023 were as follows:

| | |
|---|--------------------|
| Total OPEB liability | \$ 4,642,094 |
| Plan fiduciary net position | <u>(3,696,029)</u> |
| Net OPEB liability | <u>\$ 946,065</u> |
| Plan fiduciary net position as a percentage of the total OPEB liability | 79.6% |

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

| | |
|-----------------------------|---|
| Asset valuation method | Market value of the assets as of the reporting date |
| Actuarial cost method | Entry age normal |
| Investment rate of return | 7.25% per year |
| Healthcare cost trend rates | 4.5% per year |
| Participation | 65% are expected to participate in future retiree medical plans |
| Mortality | Healthy, disabled and beneficiary mortality is based on the Pub-2010 General Healthy Table projected to 2025 using Scale MP18 |

The long-term expected rate of return on OPEB Plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB Plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocations for each major asset class are summarized in the following table:

| Asset Class | Target Allocation |
|-----------------------|-------------------|
| Domestic equity | 30% to 70% |
| Domestic fixed income | 30% to 70% |
| Mutual funds | 0% to 30% |
| Money market funds | 0% to 30% |

Discount Rate – The discount rate used to measure the total OPEB liability was 7.25%.

Changes in the Net OPEB Liability – The following table summarizes the changes in the net OPEB liability for the year ended June 30, 2023:

| | Increase (Decrease) | | |
|---------------------------|----------------------|-----------------------------|--------------------|
| | Total OPEB Liability | Plan Fiduciary Net Position | Net OPEB Liability |
| | <i>(a)</i> | <i>(b)</i> | <i>(a) - (b)</i> |
| Balances at June 30, 2022 | \$ 5,599,368 | \$ 3,155,209 | \$ 2,444,159 |
| Changes for the year: | | | |
| Service cost | 131,778 | - | 131,778 |
| Interest | 407,715 | - | 407,715 |
| Differences in experience | (1,300,704) | - | (1,300,704) |
| Changes in assumptions | - | - | - |
| Employer contributions | - | 416,563 | (416,563) |
| Net investment income | - | 320,320 | (320,320) |
| Benefit payments | (196,063) | (196,063) | - |
| Net changes | (957,274) | 540,820 | (1,498,094) |
| Balances at June 30, 2023 | <u>\$ 4,642,094</u> | <u>\$ 3,696,029</u> | <u>\$ 946,065</u> |

Sensitivity Analyses – The following presents the District’s net OPEB liability calculated using the current discount rate of 7.25% as well as what the District’s net OPEB liability using a discount rate that is 1% lower or higher than the current rate:

| Current Rate | Net OPEB Liability At | | |
|--------------|-----------------------|------------|-------------|
| | 1% Decrease | Current | 1% Increase |
| 7.25% | \$ 1,521,273 | \$ 946,065 | 467,283 |

The following presents the District's net OPEB liability calculated using the current healthcare trend rate assumption of 4.50% as well as what the District's net OPEB liability using a healthcare trend rate that is 1% lower or higher than the current rate:

| Current Rate | Net OPEB Liability At | | |
|--------------|-----------------------|------------|-------------|
| | 1% Decrease | Current | 1% Increase |
| 4.50% | \$ 417,729 | \$ 946,065 | 1,588,598 |

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB – For the year ended June 30, 2023, the District recognized OPEB expense of \$121,369. Deferred outflows of resources and deferred inflows of resources related to OPEB at June 30, 2023 were reported as follows:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience | \$ 362,603 | \$ 1,442,557 |
| Changes of assumptions | 55,026 | 482,492 |
| Net difference between projected and actual earnings on OPEB plan investments | 158,123 | - |
| | <u>\$ 575,752</u> | <u>\$ 1,925,049</u> |

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as a net benefit to OPEB expense as follows:

| <u>Year Ended June 30,</u> | |
|----------------------------|-----------------------|
| 2024 | \$ (192,761) |
| 2025 | (496,152) |
| 2026 | (107,966) |
| 2027 | (212,753) |
| 2028 | (187,659) |
| 2029 | <u>(152,006)</u> |
| | <u>\$ (1,349,297)</u> |

Investment Custody – The District Treasurer is the custodian of the OPEB Plan. OPEB Plan assets may be invested and reinvested by the custodian consistent with the prudent investor rule. OPEB Plan assets must be segregated from other funds and not be subject to the claims of any general creditor of the District.

Investment Policy – The District's investment policy for its OPEB Plan assets seeks to pursue an investment strategy that reduces risk through the prudent diversification of its investment portfolio of assets across a broad selection of distinct investment asset classes. Additionally, the OPEB Plan invests its funds in permissible investments as stipulated by the Commonwealth.

Investment Rate of Return – For the year ended June 30, 2023, the annual money-weighted rate of return on investments, net of investment expense, was approximately 16.7%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

C. Risk Financing

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

D. Commitments and Contingencies

General – The District may be party to certain legal terms that arise during the normal course of operations. These legal claims are subject to many uncertainties, the outcome of which is not always predictable. The District does not believe any such claims currently exist.

Environmental – The District is currently complying with the terms of a May 1, 2014 Administrative Order on Consent (the “AOC”) with the United States Environmental Protection Agency (“EPA”). In August 2016, a proposed modification to the AOC schedule was accepted by the EPA. The AOC is primarily focused on improvements to reduce effluent nitrogen and phosphorous levels and includes a schedule for future Phase B and Phase C projects that extend to 2027. To date, the District has complied with all the deadlines included in this order. The current AOC schedule agreement includes the opportunity to adjust the AOC schedule as part of the overall City of Worcester Integrated Water Resources Management Plan (the “IP”). The IP was completed and submitted to the EPA by the City of Worcester in October 2019. The IP includes a prioritized schedule for environmental projects funded by City of Worcester ratepayers. The IP schedule postpones the Phase B (estimated to approximate \$114 million) and the Phase C (estimated cost is dependent on the National Pollutant Discharge Elimination System permit level for nitrogen) project construction until after 2030. The District submitted a Request for Modification of the AOC schedule, to make it consistent with the IP, to the EPA in September 2020. Negotiations to adopt the IP schedule in a new enforcement order are underway; to accommodate these negotiations, the Phase B construction deadline has been extended several times.

E. Economic Dependence

Assessments to the City of Worcester totaled approximately 82% and 78% of member assessments and total operating revenues, respectively, for the year ended June 30, 2023.

IV. Implementation of New GASB Pronouncements

A. Current Year Implementations

In May 2019, the GASB issued GASB Statement No. 91, *Conduit Debt Obligations*. The objective of this Statement was to standardize the reporting of conduit debt obligations by issuers by clarifying the existing definition of conduit debt obligation, among other matters. As amended, the provisions of this Statement became effective for financial reporting periods beginning after December 15, 2021 (fiscal year 2023). The adoption of this standard did not have a material impact on the District's financial statements.

In March 2020, the GASB issued GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The objective of this Statement was to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements. The provisions of this Statement became effective for financial reporting periods beginning after June 15, 2022 (fiscal year 2023). The adoption of this standard did not have a material impact on the District's financial statements.

In May 2020, the GASB issued GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. The objective of this Statement was to address accounting for subscription-based information technology arrangements to government end users based on the standards established in Statement No. 87, as amended. The provisions of this Statement became effective for financial reporting periods beginning after June 15, 2022 (fiscal year 2023). The adoption of this standard did not have a material impact on the District's financial statements.

B. Future Year Implementations

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

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

* * * * *

UPPER BLACKSTONE WATER POLLUTION ABATEMENT DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

PENSION PLAN

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

(dollar amounts are in thousands)

| Year Ended June 30, | Proportion of the Net Pension Liability | Proportionate Share of the Net Pension Liability | Covered Payroll | Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll | Plan Fiduciary Net Position as a Percentage of the Total Pension Liability |
|------------------------|---|--|--------------------|---|--|
| 2023 | 0.06807% | \$ 9,468 | \$ 4,391 | 215.6% | 71.1% |
| 2022 | 0.06879% | 7,179 | 4,187 | 171.5% | 77.5% |
| 2021 | 0.06548% | 11,235 | 4,245 | 264.7% | 62.5% |
| 2020 | 0.06515% | 9,534 | 3,781 | 252.2% | 66.3% |
| 2019 | 0.06271% | 9,297 | 6,377 | 145.8% | 67.9% |
| 2018 | 0.06445% | 8,265 | 3,678 | 224.7% | 67.2% |
| 2017 | 0.06517% | 8,987 | 3,630 | 247.6% | 63.5% |
| 2016 | 0.06237% | 7,100 | 3,413 | 208.0% | 67.9% |
| 2015 | 0.06291% | 4,670 | 3,246 | 143.9% | 76.3% |

SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS TO THE PENSION PLAN

(dollar amounts are in thousands)

| Year Ended June 30, | Actuarially Determined Contribution | Contributions in Relation to the Actuarially Determined Contribution | Contribution Deficiency (Excess) | Covered Payroll | Contributions as a Percentage of Covered Payroll |
|------------------------|---|--|--|--------------------|--|
| 2023 | \$ 501 | \$ 501 | \$ - | \$ 4,391 | 11.4% |
| 2022 | 477 | 477 | - | 4,187 | 11.4% |
| 2021 | 483 | 483 | - | 4,245 | 11.4% |
| 2020 | 431 | 431 | - | 3,781 | 11.4% |
| 2019 | 419 | 419 | - | 3,677 | 11.4% |
| 2018 | 419 | 419 | - | 3,678 | 11.4% |
| 2017 | 414 | 414 | - | 3,630 | 11.4% |
| 2016 | 389 | 389 | - | 3,413 | 11.4% |
| 2015 | 370 | 370 | - | 3,246 | 11.4% |

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

See accompanying independent auditors' report.

UPPER BLACKSTONE WATER POLLUTION ABATEMENT DISTRICT

**REQUIRED SUPPLEMENTARY INFORMATION
OTHER POSTEMPLOYMENT BENEFITS PLAN**

SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS

(dollar amounts are in thousands)

| | Year Ended June 30, | | | | | |
|--|---------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 |
| Total OPEB Liability: | | | | | | |
| Service cost | \$ 132 | \$ 126 | \$ 131 | \$ 126 | \$ 120 | \$ 224 |
| Interest | 408 | 388 | 377 | 343 | 186 | 193 |
| Experience differences | (1,301) | - | (135) | - | 1,939 | (1,209) |
| Changes in assumptions | - | - | - | - | 294 | (1,982) |
| Benefit payments | (196) | (268) | (195) | (229) | (99) | (81) |
| Net Change in Total OPEB Liability | (957) | 246 | 178 | 240 | 2,440 | (2,855) |
| Total OPEB Liability: | | | | | | |
| Beginning of year | 5,599 | 5,353 | 5,175 | 4,935 | 2,495 | 5,350 |
| End of year (a) | <u>\$ 4,642</u> | <u>\$ 5,599</u> | <u>\$ 5,353</u> | <u>\$ 5,175</u> | <u>\$ 4,935</u> | <u>\$ 2,495</u> |
| Plan Fiduciary Net Position: | | | | | | |
| Contributions | \$ 417 | \$ 478 | \$ 395 | \$ 419 | \$ 627 | \$ 1,668 |
| Net investment income (loss) | 320 | (343) | 715 | 40 | 28 | - |
| Benefit payments | (196) | (268) | (195) | (229) | (99) | (81) |
| Net Change in Plan Fiduciary Net Position | 541 | (133) | 915 | 230 | 556 | 1,587 |
| Plan Fiduciary Net Position: | | | | | | |
| Beginning of year | 3,155 | 3,288 | 2,373 | 2,143 | 1,587 | - |
| End of year (b) | <u>\$ 3,696</u> | <u>\$ 3,155</u> | <u>\$ 3,288</u> | <u>\$ 2,373</u> | <u>\$ 2,143</u> | <u>\$ 1,587</u> |
| Net OPEB Liability — End of Year (a) - (b) | <u>\$ 946</u> | <u>\$ 2,444</u> | <u>\$ 2,065</u> | <u>\$ 2,802</u> | <u>\$ 2,792</u> | <u>\$ 908</u> |
| Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability | 79.6% | 56.3% | 61.4% | 45.9% | 43.4% | 63.6% |
| Covered payroll | \$ 4,904 | \$ 4,423 | \$ 3,995 | \$ 4,274 | \$ 4,129 | \$ 3,707 |
| Net OPEB Liability as a Percentage of Covered Payroll | 19.3% | 55.3% | 51.7% | 65.6% | 67.6% | 24.5% |

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

See accompanying independent auditors' report.

UPPER BLACKSTONE WATER POLLUTION ABATEMENT DISTRICT

**REQUIRED SUPPLEMENTARY INFORMATION
OTHER POSTEMPLOYMENT BENEFITS PLAN**

SCHEDULE OF CONTRIBUTIONS

(dollar amounts are in thousands)

| | Year Ended June 30, | | | | | |
|--|---------------------|----------------|---------------|-----------------|-----------------|-------------------|
| | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> |
| Actuarially determined contribution | \$ 318 | \$ 466 | \$ 390 | \$ 299 | \$ 285 | \$ 307 |
| Contributions in relation to the actuarially-determined contribution | <u>417</u> | <u>478</u> | <u>395</u> | <u>419</u> | <u>627</u> | <u>1,688</u> |
| Contribution deficiency (excess) | <u>\$ (99)</u> | <u>\$ (12)</u> | <u>\$ (5)</u> | <u>\$ (120)</u> | <u>\$ (342)</u> | <u>\$ (1,381)</u> |
| Covered payroll | \$ 4,904 | \$ 4,423 | \$ 3,995 | \$ 4,274 | \$ 4,129 | \$ 3,707 |
| Contribution as a percentage of covered payroll | 8.5% | 10.8% | 9.9% | 9.8% | 15.2% | 45.5% |

Notes to Schedule:

| | |
|-----------------------------|---|
| Asset valuation method | Market value of the assets as of the reporting date |
| Actuarial cost method | Entry age normal |
| Investment rate of return | 7.25% per year |
| Healthcare cost trend rates | 4.5% per year |
| Participation | 65% are expected to participate in future retiree medical plans |
| Mortality | Healthy, disabled and beneficiary mortality is based on the Pub-2010 General Healthy Table projected to 2025 using Scale MP18 |

SCHEDULE OF INVESTMENT RETURNS

| | Year Ended June 30, | | | | | |
|--|---------------------|-------------|-------------|-------------|-------------|-------------|
| | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> |
| Annual money-weighted rate of return, net of investment expenses | 16.67% | -4.46% | 37.40% | 1.87% | 1.72% | 0.00% |

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

See accompanying independent auditors' report.

UPPER BLACKSTONE WATER POLLUTION ABATEMENT DISTRICT

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2023**

| | Budgeted Amounts | | Actual | Encumbrances | Actual | Positive (Negative) Variance |
|---|--------------------|--------------------|-----------------------|-------------------|-----------------------|------------------------------------|
| | Original Budget | Final Budget | Budgetary Amounts | | Budgetary Adjusted | |
| Revenues: | | | | | | |
| Member assessments | \$ 25,806,526 | \$ 25,806,526 | \$ 25,806,526 | | \$ 25,806,526 | \$ - |
| Charges for services | 3,381,307 | 3,381,307 | 3,143,020 | | 3,143,020 | (238,287) |
| Intergovernmental revenues | 558,741 | 558,741 | 558,741 | | 558,741 | - |
| Other revenues | 1,219,000 | 1,219,000 | 1,910,564 | | 1,910,564 | 691,564 |
| Investment income | 245,000 | 245,000 | 1,357,168 | | 1,357,168 | 1,112,168 |
| Total Revenues | 31,210,574 | 31,210,574 | 32,776,019 | | 32,776,019 | 1,565,445 |
| Expenditures: | | | | | | |
| Operations | 10,241,088 | 10,241,088 | 11,954,219 | \$ 61,157 | 12,015,376 | (1,774,288) |
| Maintenance | 5,382,221 | 5,382,221 | 5,212,699 | 130,638 | 5,343,337 | 38,884 |
| Administration | 3,144,494 | 3,144,494 | 3,150,430 | 22,365 | 3,172,795 | (28,301) |
| Laboratory and pretreatment works | 1,316,408 | 1,316,408 | 1,189,057 | 16,700 | 1,205,757 | 110,651 |
| Debt service | 12,908,942 | 12,908,942 | 12,423,415 | - | 12,423,415 | 485,527 |
| Total Expenditures | 32,993,153 | 32,993,153 | 33,929,820 | \$ 230,860 | 34,160,680 | (1,167,527) |
| Other Financing Uses: | | | | | | |
| Transfers out | (500,000) | (500,000) | (500,000) | | (500,000) | - |
| Total Other Financing Uses | (500,000) | (500,000) | (500,000) | | (500,000) | - |
| (Deficiency) Excess of Revenues Over Expenditures and Other Financing Uses | <u>(2,282,579)</u> | <u>(2,282,579)</u> | <u>\$ (1,653,801)</u> | | <u>\$ (1,884,661)</u> | <u>\$ 397,918</u> |
| Other Budgetary Items: | | | | | | |
| Prior year encumbrances | 412,579 | 412,579 | | | | |
| Free cash | 1,870,000 | 1,870,000 | | | | |
| Total Other Budgetary Items | 2,282,579 | 2,282,579 | | | | |
| Net Budget | \$ - | \$ - | | | | |

See notes to required supplementary information.

See accompanying independent auditors' report.

UPPER BLACKSTONE WATER POLLUTION ABATEMENT DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

An annual budget is legally adopted by the District. The District's Engineer-Director/Treasurer oversees the budgeting process, which is presented to the Board of Directors for approval the first calendar quarter of each year for the subsequent fiscal year, which commences on July 1st.

The District's annual budget is prepared on a basis of accounting other than GAAP. The "actual budgetary amounts" column of the Schedule of Revenues, Expenditures and Changes in Fund Equity – Budgetary Basis is presented on a budgetary basis to provide meaningful comparison to the adopted budget. A complete reconciliation is provided below:

| | Basis of Accounting Differences | Fund Perspective Differences | Total |
|--|---------------------------------------|------------------------------------|----------------------|
| Revenues — budgetary basis | | | \$ 32,776,019 |
| On-behalf pension payments | \$ 477,408 | \$ - | 477,408 |
| Operating and Nonoperating Revenues — GAAP basis | <u>\$ 477,408</u> | <u>\$ -</u> | <u>\$ 33,253,427</u> |
| Expenses — budgetary basis | | | \$ 33,929,820 |
| On-behalf pension payments | \$ 477,408 | \$ - | 477,408 |
| Noncash OPEB and pension expenses | (527,303) | - | (527,303) |
| Principal paydowns on long-term debt | (8,693,730) | - | (8,693,730) |
| Capitalized equipment purchases | (1,871,576) | - | (1,871,576) |
| Depreciation and amortization expenses | 9,020,410 | - | 9,020,410 |
| Operating and Nonoperating Expenses — GAAP basis | <u>\$ (1,594,791)</u> | <u>\$ -</u> | <u>\$ 32,335,029</u> |

**CERTAIN INFORMATION RELATING TO
THE MEMBER COMMUNITIES OF THE DISTRICT**

The information contained in this Appendix has been prepared from various public documents and sources, and contains certain information regarding the City of Worcester and the Towns of Auburn, Holden, Millbury, Rutland and West Boylston. The District makes no representation as to the accuracy, completeness and fairness of such information.

We refer you to additional information concerning the member communities of the District which is available in separate filings of the members and is incorporated by reference in this report.

DEFINITION OF CERTAIN TERMS USED IN APPENDIX B

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

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

Overlay Reserve for Abatements – A municipality is authorized by law to increase each tax levy by up to 5 percent (or a larger amount approved by the State Commissioner of Revenue) for an "overlay" reserve against tax abatements. If abatements are granted in excess of the applicable overlay reserve, the excess (overlay deficit) is added to the next tax levy.

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PROPERTY TAXATION

The principal tax 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 Tax Limitation," below.

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

Although an allowance is made in the tax levy for abatements, 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.

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 a city votes by a two-thirds vote to appropriate such increased amount in such subsequent year to the stabilization fund.

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

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

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

Voters may also exclude from the Proposition 2½ limits the amount required to pay specified capital outlay expenditures or for the city or town's apportioned share for certain capital outlay expenditures by a regional governmental unit. In addition, the city council of a city, with the approval of the mayor if required, or the board of selectmen or the town council of a town may vote to exclude from the Proposition 2½ limits taxes raised in lieu of sewer or water charges to pay debt service on bonds or notes issued by the municipality (or by an independent authority, commission or district) for water or sewer purposes, provided that the municipality's sewer or water charges are reduced accordingly.

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

Initiative Petitions - Various 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.

CITY OF WORCESTER, MASSACHUSETTS

General

The City of Worcester, established as a town in 1684 and incorporated as a city in 1848, is located in Worcester County in east-central Massachusetts. The City, an industrial center, is 39 miles from Boston, 52 miles from Springfield and 43 miles from Providence, Rhode Island. Worcester, the second largest city in the state, occupies a land area of 37.6 square miles and, according to the 2020 federal census, has a population of 206,518.

The City operates under the Council-Manager form of government. The City Council is made up of 11 members, six of whom are elected at-large and five of whom are elected from districts. Local legislative decisions are made by the City Council. The City Manager, appointed by the Council, is the chief executive officer, and department heads are generally under his or her supervision. The Mayor is the Councilor who receives the highest number of votes for Mayor provided he or she also is elected as one of the six at-large Councilors. The Mayor serves as presiding officer of the Council and, ex-officio, Chairman of the School Committee. The Vice-Chairman acts for the Mayor only in the function of Chairman of the City Council.

Age, Income and Wealth Levels

The following table compares the median age, median family income and per capita income of the City, the Commonwealth and the United States:

| | <u>Worcester</u> | <u>Massachusetts</u> | <u>U.S.</u> |
|-----------------------------|------------------|----------------------|-------------|
| Median Age | | | |
| 2020 | 34.3 | 39.9 | 38.8 |
| 2010 | 34.3 | 39.1 | 37.2 |
| 2000 | 33.4 | 36.5 | 35.3 |
| 1990 | 31.8 | 33.6 | 32.9 |
| Median Family Income | | | |
| 2020 | \$66,924 | \$106,526 | \$80,069 |
| 2010 | 55,927 | 81,165 | 62,982 |
| 2000 | 42,988 | 61,664 | 50,046 |
| 1990 | 36,261 | 44,367 | 35,225 |
| Per Capita Income | | | |
| 2020 | \$28,945 | \$45,555 | \$35,384 |
| 2010 | 24,544 | 33,966 | 27,334 |
| 2000 | 18,614 | 25,952 | 21,587 |
| 1990 | 13,393 | 17,224 | 14,420 |

Source: U.S. Department of Commerce, Bureau of the Census.

Population Trends

| <u>2020</u> | <u>2010</u> | <u>2000</u> |
|-------------|-------------|-------------|
| 206,518 | 181,045 | 172,648 |

Source: U.S. Census.

Labor Force, Employment and Unemployment Rate

According to the Massachusetts Department of Employment and Training, in July 2024, the City had a total labor force of 96,605, of whom 91,350 were employed and 5,255 or 5.4% were unemployed as compared with 4.6% for the Commonwealth. The following table sets forth the City's average labor force and average annual unemployment rates for calendar years 2019 through 2023 and the unemployment rates for the Commonwealth and the nation for the same period:

| Calendar Year | City of Worcester | | Massachusetts Unemployment Rate | United States Unemployment Rate |
|---------------|-------------------|-------------------|---------------------------------|---------------------------------|
| | Labor Force | Unemployment Rate | | |
| 2023 | 92,065 | 3.8 % | 3.4 % | 3.6 % |
| 2022 | 92,918 | 4.5 | 3.8 | 3.6 |
| 2021 | 93,502 | 7.1 | 5.7 | 5.4 |
| 2020 | 91,756 | 10.4 | 8.9 | 8.1 |
| 2019 | 94,361 | 3.4 | 2.8 | 3.5 |

Source: Massachusetts Department of Employment and Training.

PROPERTY TAXATION

Tax Levy Calculation

The following table illustrates the manner in which the City's tax levy was determined for the following fiscal years:

| | Fiscal Year | | | | |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|
| | 2024 | 2023 | 2022 | 2021 | 2020 |
| GROSS AMOUNT TO BE RAISED: | | | | | |
| Appropriations (1) | \$ 884,481,488 | \$ 848,830,948 | \$ 807,991,508 | \$ 761,924,058 | \$ 744,410,060 |
| State and County Assessments | 48,677,484 | 42,419,792 | 39,337,388 | 35,369,473 | 34,759,662 |
| Other Local Expenditures | 6,027,789 | 1,185,410 | 1,076,118 | 960,549 | 847,858 |
| Overlay Reserve for Abatements | 4,009,322 | 8,699,724 | 5,014,122 | 4,534,850 | 4,417,812 |
| Gross Amount to be Raised | <u>943,196,082</u> | <u>901,135,875</u> | <u>853,419,136</u> | <u>802,788,930</u> | <u>784,435,392</u> |
| LESS ESTIMATED RECEIPTS AND OTHER REVENUE: | | | | | |
| Estimated Receipts - State (2) | 420,219,550 | 373,491,995 | 350,025,811 | 332,339,043 | 330,904,977 |
| Estimated Receipts - Local | 139,593,485 | 133,983,325 | 129,121,985 | 121,431,887 | 122,665,855 |
| Free Cash | - | 20,524,575 | 19,363,912 | 10,254,138 | 5,905,674 |
| Other Available Funds (3) | 1,593,553 | 10,179,585 | 8,275,645 | 7,946,602 | 8,833,021 |
| Available Funds to Reduce Tax Rate | - | - | - | - | - |
| Total Estimated Receipts and Other Revenue | <u>561,406,587</u> | <u>538,179,480</u> | <u>506,787,353</u> | <u>471,971,670</u> | <u>468,309,527</u> |
| NET AMOUNT TO BE RAISED (TAX LEVY) | \$ 381,789,495 | \$ 362,956,395 | \$ 346,631,783 | \$ 330,817,260 | \$ 316,125,865 |
| Property Valuation (000 omitted) | \$ 22,228,700 | \$ 20,313,766 | \$ 17,934,338 | \$ 15,824,756 | \$ 14,646,165 |
| Residential/Open Space | \$ 13.75 | \$ 14.34 | \$ 15.21 | \$ 16.26 | \$ 17.00 |
| Commercial/Industrial | \$ 30.04 | \$ 31.26 | \$ 33.33 | \$ 36.20 | \$ 35.16 |

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

NOTE: Property tax rates may not be set by the local assessors until they have been approved by the Commissioner of Revenue.

Assessed Valuations

| Fiscal Year | Assessed Valuations (1) | | | Equalized Valuation (2) | Total Assessed Valuation as a Percent of Equalized Valuation |
|-------------|-------------------------|-------------------|------------------|-------------------------|--|
| | Real Property | Personal Property | Total | | |
| 2024 | \$21,113,360,612 | \$1,115,339,600 | \$22,228,700,212 | \$18,737,985,800 | 118.6% |
| 2023 | 19,271,701,243 | 1,042,065,400 | 20,313,766,643 | 18,737,985,800 | 108.4 |
| 2022 | 16,998,042,340 | 936,295,900 | 17,934,338,240 | 15,426,121,200 | 116.3 |
| 2021 | 14,942,221,845 | 882,534,900 | 15,824,756,745 | 15,426,121,200 | 102.6 |
| 2020 | 13,769,942,257 | 876,222,800 | 14,646,165,057 | 13,309,480,300 | 110.0 |

(1) Source: Board of Assessors

(2) Source: Massachusetts Department of Revenue - Equalized valuations are established as of January 1 of even numbered years for the next two years.

Classification of Property

The following is a breakdown by classification of the City's real property assessed valuations for the following fiscal years:

| Property Type | 2024 | | 2023 | | 2022 | |
|-------------------|--------------------------|----------------|--------------------------|----------------|--------------------------|----------------|
| | Amount | % of Total | Amount | % of Total | Amount | % of Total |
| Residential | \$ 17,554,368,282 | 79.0 % | \$ 16,078,720,445 | 79.2 % | \$ 13,858,703,672 | 77.3 % |
| Commercial | 2,774,127,113 | 12.5 | 2,525,072,986 | 12.4 | 2,476,423,002 | 13.8 |
| Industrial | 784,865,217 | 3.5 | 667,907,812 | 3.3 | 662,915,666 | 3.7 |
| Personal | 1,115,339,600 | 5.0 | 1,042,065,400 | 5.1 | 936,295,900 | 5.2 |
| Total Real Estate | <u>\$ 22,228,700,212</u> | <u>100.0 %</u> | <u>\$ 20,313,766,643</u> | <u>100.0 %</u> | <u>\$ 17,934,338,240</u> | <u>100.0 %</u> |

Source: Board of Assessors.

Unused Levy Capacity

The following table sets forth the trend in the City's tax levy limits and unused levy capacity:

| | For Fiscal Year | | | | |
|----------------------------------|-----------------------|-----------------------|-----------------------|----------------------|----------------------|
| | 2024 | 2023 | 2022 | 2021 | 2020 |
| Primary Levy Limit (1) | \$ 555,717,505 | \$ 507,844,166 | \$ 448,358,456 | \$ 395,618,919 | \$ 366,154,126 |
| Prior Fiscal Year Levy Limit | 384,220,890 | 367,273,954 | 351,294,265 | 335,601,504 | 321,080,317 |
| Amended FY Growth | 480,246 | 926,365 | 174,448 | - | - |
| 2.5% Levy Growth | 9,617,528 | 9,205,008 | 8,786,718 | 8,390,038 | 8,027,008 |
| New Growth (2) | 11,218,255 | 6,815,563 | 7,018,523 | 7,302,723 | 6,494,179 |
| Overrides | - | - | - | - | - |
| Growth Levy Limit | 405,536,919 | 384,220,890 | 367,273,954 | 351,294,265 | 335,601,504 |
| Other Adjustments | - | - | - | - | - |
| Tax Levy Limit | 405,536,919 | 384,220,890 | 367,273,954 | 351,294,265 | 335,601,504 |
| Tax Levy | 381,789,495 | 362,956,395 | 346,631,783 | 330,817,251 | 316,125,865 |
| Unused Levy Capacity (3) | <u>\$ 23,747,424</u> | <u>\$ 21,264,495</u> | <u>\$ 20,642,171</u> | <u>\$ 20,477,015</u> | <u>\$ 19,475,639</u> |
| Unused Primary Levy Capacity (4) | <u>\$ 173,928,010</u> | <u>\$ 144,887,771</u> | <u>\$ 101,726,673</u> | <u>\$ 64,801,669</u> | <u>\$ 50,028,261</u> |

(1) 2.5% of assessed valuation.

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

(3) Tax Levy Limit less Tax Levy.

(4) Primary Levy Limit Less Growth Levy Limit.

Bonded Debt vs. Population, Valuation and Income

| | 2024 | 2023 | As of June 30, 2022 | 2021 | 2020 |
|--|-------------|-----------|------------------------|-----------|-----------|
| Amount (000 omitted) (1) | \$1,013,187 | \$938,149 | \$923,175 | \$789,101 | \$716,864 |
| Per Capita Debt (2) | \$4,880 | \$4,556 | \$4,483 | \$3,832 | \$3,960 |
| Percent of Assessed Valuation (3) | 4.56% | 4.62% | 5.15% | 4.99% | 4.89% |
| Percent of Equalized Valuation (4) | 5.41% | 5.01% | 5.98% | 5.12% | 5.39% |
| Per Capita as a Percent of Personal Income per Capita (2) | 14.53% | 14.77% | 15.49% | 13.24% | 13.42% |

(1) Excludes temporary loans, lease purchase obligations, overlapping debt and unfunded pension liability.

(2) Source: U.S. Department of Commerce, Bureau of the Census (2020).

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

(4) Source: Massachusetts Department of Revenue. (Equalized valuation in effect for that fiscal year.)

TOWN OF AUBURN, MASSACHUSETTS

General

The Town of Auburn is located in Worcester County, approximately 50 miles west of Boston and approximately 5 miles south of the City of Worcester. It is a residential suburb of Worcester, with a significant amount of industry. Auburn occupies a land area of 15.4 square miles and, according to the 2020 federal census, has a population of 16,889 persons.

Form of Government

Auburn operates under a Representative Town Meeting form of government and is administered by a five-member Board of Selectmen elected for staggered three-year terms.

Age, Income and Wealth Levels

The following table compares the median age, median family income and per capita income of the Town, the Commonwealth and the United States:

| | <u>Auburn</u> | <u>Massachusetts</u> | <u>U.S.</u> |
|-----------------------------|---------------|----------------------|-------------|
| Median Age | | | |
| 2020 | 44.6 | 39.9 | 38.8 |
| 2010 | 43.7 | 39.1 | 37.2 |
| 2000 | 40.9 | 36.5 | 35.3 |
| 1990 | 37.6 | 33.6 | 32.9 |
| Median Family Income | | | |
| 2020 | \$105,156 | \$106,526 | \$80,069 |
| 2010 | 83,385 | 81,165 | 62,982 |
| 2000 | 60,805 | 61,664 | 50,046 |
| 1990 | 45,997 | 44,367 | 35,225 |
| Per Capita Income | | | |
| 2020 | \$41,437 | \$45,555 | \$35,384 |
| 2010 | 32,528 | 33,966 | 27,334 |
| 2000 | 23,802 | 25,952 | 21,587 |
| 1990 | 17,500 | 17,224 | 14,420 |

Source: U.S. Department of Commerce, Bureau of the Census.

Population Trends

| <u>2020</u> | <u>2010</u> | <u>2000</u> |
|-------------|-------------|-------------|
| 16,889 | 16,188 | 15,901 |

On the basis of the 2020 U.S. Census, the Town has a population density of 1,090 persons per square mile.

Source: U.S. Census.

Labor Force, Employment and Unemployment

According to the Massachusetts Department of Employment and Training preliminary data, in July 2024 the Town had a total labor force of 9,892 of whom 9,500 were employed and 392 or 4.0% were unemployed as compared to 4.6% for the Commonwealth.

The following table sets forth the Town's average labor force and unemployment rates for calendar years 2019 through 2023 and the unemployment rates for the Commonwealth and the nation as a whole for the same period:

UNEMPLOYMENT RATES

| Calendar Year | Town of Auburn | | | Massachusetts Unemployment Rate | United States Unemployment Rate |
|---------------|----------------|-------------------|---|---------------------------------|---------------------------------|
| | Labor Force | Unemployment Rate | | | |
| 2023 | 9,514 | 3.2 | % | 3.4 | % |
| 2022 | 9,566 | 3.5 | | 3.8 | |
| 2021 | 9,540 | 5.3 | | 5.7 | |
| 2020 | 9,261 | 7.7 | | 8.9 | |
| 2019 | 9,732 | 2.8 | | 2.8 | |

SOURCE: Mass. Department of Employment and Training. Monthly data for Town are unadjusted.

PROPERTY TAXATION

Tax Levy Calculation

| | Fiscal 2020 | Fiscal 2021 | Fiscal 2022 | Fiscal 2023 | Fiscal 2024 |
|---------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Total Appropriations(1) | \$ 69,428,144 | \$ 69,881,144 | \$ 72,478,308 | \$ 76,750,206 | \$ 80,660,996 |
| Additions: | | | | | |
| State and County Assessments | 601,118 | 593,670 | 677,673 | 747,067 | 649,770 |
| Overlay Reserve | 492,012 | 537,075 | 505,187 | 494,058 | 491,643 |
| Other Additions | 453,148 | 459,704 | 545,602 | 524,704 | 451,546 |
| Total Additions | <u>1,546,278</u> | <u>1,590,449</u> | <u>1,728,462</u> | <u>1,765,829</u> | <u>1,592,959</u> |
| Gross Amount to be Raised | <u>70,974,423</u> | <u>71,471,593</u> | <u>74,206,770</u> | <u>78,516,034</u> | <u>82,253,956</u> |
| Deductions: | | | | | |
| Local Estimated Receipts | 10,621,548 | 10,041,353 | 10,728,673 | 11,468,396 | 12,601,018 |
| State Aid(2): | | | | | |
| Current Year | 14,307,334 | 14,666,676 | 14,932,402 | 16,765,418 | 17,832,823 |
| Available Funds(3): | | | | | |
| Free Cash | 645,000 | 780,000 | 897,236 | 320,000 | 1,252,331 |
| Other | 1,537,258 | 1,611,500 | 1,968,737 | 2,744,457 | 2,416,605 |
| Total Deductions | <u>27,111,140</u> | <u>27,099,529</u> | <u>28,527,048</u> | <u>31,298,271</u> | <u>34,102,778</u> |
| Net Amount to be Raised (Tax Levy) | <u>\$ 43,863,283</u> | <u>\$ 44,372,064</u> | <u>\$ 45,679,722</u> | <u>\$ 47,217,763</u> | <u>\$ 48,151,178</u> |

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

Assessed Valuations

| Fiscal Year | Real Estate Valuation | Personal Property Valuation | Total Assessed Valuation | Tax Rate per \$1,000 of Valuation | | Tax Levy | 2020 US Census Population | Tax Levy Per Capita |
|-------------|-----------------------|-----------------------------|--------------------------|-----------------------------------|-----------|---------------|---------------------------|---------------------|
| | | | | Residential | All Other | | | |
| 2024 | \$ 3,032,932,605 | \$ 103,836,440 | \$ 3,136,769,045 | \$ 14.93 | \$ 16.81 | \$ 48,151,178 | 16,889 | \$ 2,796 |
| 2023 | 2,765,664,271 | 93,562,850 | 2,859,227,121 | 15.88 | 18.50 | 47,217,763 | 16,889 | 2,705 |
| 2022 | 2,484,191,649 | 88,904,240 | 2,573,095,889 | 16.82 | 20.54 | 45,679,722 | 16,889 | 2,627 |
| 2021 | 2,223,164,158 | 84,514,780 | 2,307,678,938 | 18.14 | 22.25 | 44,372,063 | 16,889 | 2,597 |
| 2020 | 2,204,612,707 | 81,972,680 | 2,286,585,387 | 17.98 | 22.37 | 43,863,283 | 16,889 | 2,518 |

Classification of Property

The following is a breakdown of the Town's assessed valuation of real estate in fiscal years 2024, 2023, and 2022.

| Property Type | 2022 | | 2023 | | 2024 | |
|-------------------|-------------------------|-----------------|-------------------------|-----------------|-------------------------|-----------------|
| | Amount | % of Total | Amount | % of Total | Amount | % of Total |
| Residential | \$ 1,905,789,507 | 74.1 % | \$ 2,166,601,901 | 75.8 % | \$ 2,405,269,545 | 76.7 % |
| Commercial | 402,100,442 | 15.6 | 412,051,270 | 14.4 | 420,300,660 | 13.4 |
| Industrial | 176,301,700 | 6.9 | 187,011,100 | 6.5 | 207,362,400 | 6.6 |
| Open | 88,904,240 | 3.5 | 93,562,850 | 3.3 | 103,836,440 | 3.3 |
| Total Real Estate | <u>\$ 2,573,095,889</u> | <u>100.00 %</u> | <u>\$ 2,859,227,121</u> | <u>100.00 %</u> | <u>\$ 3,136,769,045</u> | <u>100.00 %</u> |

Unused Levy Capacity

The following table presents the Town's primary levy limits, its maximum levy limits, and its actual tax levies for the following fiscal years.

| Fiscal Year | Estimated Full Valuation | Primary Levy Limit(1) | Maximum Levy Limit | Actual Tax Levy | Under(Over) Primary Levy Limit(2) | Under(Over) Maximum Levy Limit(3) |
|-------------|--------------------------|-----------------------|--------------------|-----------------|-----------------------------------|-----------------------------------|
| 2024 | \$3,136,769,045 | \$78,419,226 | \$57,457,774 | \$48,151,178 | \$30,268,048 | \$9,306,596 |
| 2023 | 2,859,227,121 | 71,480,678 | 55,468,964 | 47,217,763 | 24,262,915 | 8,251,201 |
| 2022 | 2,573,095,889 | 64,327,397 | 53,556,610 | 45,679,722 | 18,647,675 | 7,876,888 |
| 2021 | 2,307,678,938 | 57,691,973 | 51,618,778 | 44,372,063 | 13,319,910 | 7,246,715 |
| 2020 | 2,286,585,387 | 57,164,635 | 49,810,815 | 43,863,283 | 13,301,351 | 5,947,532 |

- (1) 2.5% of assessed valuation.
- (2) Tax Levy Limit less Tax Levy.
- (3) Primary Levy Limit Less Growth Levy Limit.

Debt Ratios

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

| Fiscal Year | General Obligation Bonds Outstanding | Population (2) | State Equalized Valuation (2) | Per Capita Debt | Debt as a % of Equalized Valuation |
|-------------|--------------------------------------|----------------|-------------------------------|-----------------|------------------------------------|
| 2024 | \$ 20,154,590 | 16,889 | \$ 2,748,972,400 | \$ 1,193 | 0.73 % |
| 2023 | 24,433,340 | 16,889 | 2,748,972,400 | 1,447 | 0.89 |
| 2022 | 28,826,719 | 16,889 | 2,423,368,200 | 1,707 | 1.19 |
| 2021 | 27,504,734 | 16,889 | 2,423,368,200 | 1,629 | 1.13 |
| 2020 | 31,877,393 | 16,889 | 2,175,990,900 | 1,887 | 1.46 |

- (1) 2020 Federal Census.
- (2) 2018 equalized valuation used for fiscal year 2020; 2020 equalized valuation used for fiscal years 2021 and 2022; 2022 equalized valuation used for fiscal years 2023 and 2024.

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 (or, in the Town's case, Unreserved Fund Balance) less uncollected and overdue property taxes from prior years.

The following table sets forth the trend in free cash as certified by the Bureau of Accounts.

| Fiscal Year | Free Cash (July 1) |
|-------------|--------------------|
| 2023 | \$ 21,363,298 |
| 2022 | 18,786,743 |
| 2021 | 17,385,580 |
| 2020 | 15,757,928 |
| 2019 | 13,903,276 |

TOWN OF HOLDEN, MASSACHUSETTS

General

Incorporated as a Town in 1741, Holden is a small suburban community located in central Massachusetts just south of the Wachusett Mountain ski area. It is bordered by Paxton and Rutland on the west, Princeton on the north, and Sterling, West Boylston and Worcester on the east and southeast. Holden is about 46 miles west of Boston and 55 miles northeast of Springfield. Holden occupies a land area of approximately 35 square miles and, according to the 2020 federal census, has a population of 19,905.

Form of Government

The Town is governed by an elected five-member board of selectmen and an appointed town manager.

Age, Income and Wealth Levels

The following table compares the median age, median family income and per capita income of the Town, the Commonwealth and the United States:

| | <u>Holden</u> | <u>Massachusetts</u> | <u>United States</u> |
|------------------------------|---------------|----------------------|----------------------|
| Median Age: | | | |
| 2020 | 42.3 | 39.9 | 38.8 |
| 2010 | 42.2 | 39.1 | 37.2 |
| 2000 | 40.1 | 36.5 | 35.3 |
| Median Family Income: | | | |
| 2020 | \$ 131,744 | \$ 106,526 | \$ 80,069 |
| 2010 | 105,753 | 81,165 | 62,982 |
| 2000 | 73,614 | 61,664 | 50,046 |
| Per Capita Income: | | | |
| 2020 | \$ 49,245 | \$ 45,555 | \$ 35,384 |
| 2010 | 38,639 | 33,966 | 27,334 |
| 2000 | 27,971 | 25,952 | 21,587 |

Population Trends

| <u>2020</u> | <u>2010</u> | <u>2000</u> | <u>1990</u> |
|-------------|-------------|-------------|-------------|
| 19,905 | 17,346 | 15,621 | 14,628 |

On the basis of the 2020 Federal census, the Town has a population density of 567 persons per square mile.

Source: U.S. Census.

Labor Force, Employment and Unemployment

The following table sets forth the Town's average labor force and unemployment rates, as well as the unemployment rates for the Commonwealth for the calendar years indicated. According to the Massachusetts Department of Employment and Training, in July 2024 the Town had a total labor force of 11,196, of whom 10,759 were employed and 437 or 3.9% were unemployed as compared with 4.6% for the Commonwealth.

UNEMPLOYMENT RATES

| Year | <u>Town of Holden</u> | | <u>Massachusetts</u> | <u>United States</u> |
|------|-----------------------|--------------------------|----------------------|----------------------|
| | <u>Labor Force</u> | <u>Unemployment Rate</u> | | |
| 2023 | 10,732 | 2.8 % | 3.4 % | 3.6 % |
| 2022 | 10,766 | 2.9 | 3.8 | 3.6 |
| 2021 | 10,696 | 4.3 | 5.7 | 5.4 |
| 2020 | 10,393 | 7.0 | 8.9 | 8.1 |
| 2019 | 10,884 | 2.6 | 2.9 | 3.7 |
| 2018 | 10,790 | 2.8 | 3.3 | 3.9 |

SOURCE: Massachusetts Division of Employment Security, Federal Reserve Bank of Boston and U.S. Bureau of Labor Statistics. Data based upon place of residence, not place of employment.

PROPERTY TAXATION

Tax Levy Calculation

| | Fiscal 2020 | Fiscal 2021 | Fiscal 2022 | Fiscal 2023 | Fiscal 2024 |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|
| Total Appropriations(1)(2) | \$64,629,085 | \$65,980,574 | \$66,918,721 | \$70,577,183 | \$73,775,638 |
| Additions: | | | | | |
| Other Local Expenditures | 43,024 | 33,502 | 42,717 | 51,941 | 51,630 |
| State and County Assessments | 145,575 | 145,879 | 148,390 | 158,218 | 158,084 |
| Overlay for Current Year | 200,414 | 183,376 | 176,114 | 136,468 | 139,523 |
| Total Additions | <u>389,014</u> | <u>362,757</u> | <u>367,221</u> | <u>346,627</u> | <u>349,237</u> |
| Gross Amount to be Raised | <u>65,018,099</u> | <u>66,343,331</u> | <u>67,285,942</u> | <u>70,923,810</u> | <u>74,124,876</u> |
| Less Estimated Receipts & Other Revenues: | | | | | |
| Estimated Receipts from State(3) | 3,992,228 | 2,255,448 | 2,349,106 | 2,489,948 | 2,571,732 |
| Estimated Receipt - Local | 15,254,358 | 15,285,540 | 15,395,543 | 17,027,776 | 15,983,441 |
| Available Funds Appropriated:(4) | | | | | |
| Free Cash | 2,232,449 | 2,251,408 | 2,371,237 | 2,745,548 | 2,728,082 |
| Other Available Funds | 704,185 | 1,541,378 | 699,041 | 498,699 | 2,169,371 |
| Free Cash & Other Revenue Used to Reduce the Tax Rate | <u>153,108</u> | <u>153,108</u> | <u>154,272</u> | <u>159,293</u> | <u>138,947</u> |
| Total Estimated Receipts & Revenue | <u>22,336,328</u> | <u>21,486,882</u> | <u>20,969,198</u> | <u>22,921,264</u> | <u>23,591,573</u> |
| Net Amount to be Raised | <u>\$42,681,771</u> | <u>\$44,856,449</u> | <u>\$46,316,744</u> | <u>\$48,002,546</u> | <u>\$50,533,302</u> |

- (1) Includes additional appropriations from taxation voted subsequent to adoption of the annual budget but prior to setting of the tax rate. Also includes supplemental appropriations from prior years made subsequent to tax rate setting.
- (2) Does not include water and sewer appropriations or receipts, as these departments became an Enterprise Fund in fiscal 1991.
- (3) Estimated by various state agencies and required by law to be used in setting of the tax rate. Actual state aid payments may vary upward or downward from said estimates, and the State may withhold (generally quarterly) payments pending receipt of State and County assessments. See "TOWN FINANCES - Revenues - State Aid".
- (4) Transfers from available funds, including "Free Cash" generally made as an offset to a particular appropriation item.

Assessed Valuations

| Fiscal Year | Real Estate Valuation | Personal Property Valuation | Total Assessed Valuation | Tax Rate Per \$1,000 Valuation | Gross Tax Levy | Tax Levy Per Capita (1) |
|----------------|--------------------------|-----------------------------------|--------------------------------|--------------------------------------|-------------------|----------------------------|
| 2024 | \$3,533,158,890 | \$38,099,230 | \$3,571,258,120 | \$14.15 | \$50,533,302 | \$2,539 |
| 2023 | 3,164,478,430 | 37,826,160 | 3,202,304,590 | 14.99 | 48,002,546 | 2,412 |
| 2022 | 2,754,906,880 | 41,997,940 | 2,796,904,820 | 16.56 | 46,316,744 | 2,327 |
| 2021 | 2,537,648,290 | 40,308,560 | 2,577,956,850 | 17.40 | 44,856,449 | 2,254 |
| 2020 | 2,470,710,700 | 39,981,690 | 2,510,692,390 | 17.00 | 42,681,771 | 2,144 |

- (1) Based upon 2020 U.S. Census of population of 19,905.

Classification of Property

The following is a breakdown of the Town's assessed valuation of real estate in fiscal years 2022, 2023 and 2024.

| Type of Property | Fiscal 2024 | | Fiscal 2023 | | Fiscal 2022 | |
|------------------|-------------------------|----------------|-------------------------|----------------|-------------------------|----------------|
| | Assessed Valuation | % of Total | Assessed Valuation | % of Total | Assessed Valuation | % of Total |
| Residential | \$ 3,410,182,239 | 95.5 % | \$ 3,047,197,901 | 95.2 % | \$ 2,648,351,584 | 94.7 % |
| Commercial | 85,047,351 | 2.4 | 83,085,229 | 2.6 | 77,265,296 | 2.8 |
| Industrial | 37,929,300 | 1.1 | 34,195,300 | 1.1 | 29,290,000 | 1.0 |
| Personal | 38,099,230 | 1.1 | 37,826,160 | 1.2 | 41,997,940 | 1.5 |
| Total | <u>\$ 3,571,258,120</u> | <u>100.0 %</u> | <u>\$ 3,202,304,590</u> | <u>100.0 %</u> | <u>\$ 2,796,904,820</u> | <u>100.0 %</u> |

Unused Levy Capacity (1)

| | Fiscal Year | | | | |
|----------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2020 | 2021 | 2022 | 2023 | 2024 |
| Primary Levy Limit (2) | \$ 62,767,310 | \$ 64,448,921 | \$ 69,922,621 | \$ 80,057,615 | \$ 89,281,453 |
| Prior Fiscal Year Levy Limit | 38,179,514 | 39,897,093 | 41,342,633 | 42,995,432 | 44,654,524 |
| 2.5% Levy Growth | 954,488 | 997,427 | 1,033,566 | 1,074,886 | 1,116,363 |
| New Growth (3) | 763,091 | 448,113 | 619,233 | 584,206 | 729,367 |
| Overrides | - | - | - | - | - |
| Growth Levy Limit | <u>39,897,093</u> | <u>41,342,633</u> | <u>42,995,432</u> | <u>44,654,524</u> | <u>46,500,254</u> |
| Debt Exclusions | <u>4,200,460</u> | <u>3,658,252</u> | <u>4,025,000</u> | <u>4,403,158</u> | <u>4,957,153</u> |
| Tax Levy Limit | <u>44,097,553</u> | <u>45,000,885</u> | <u>47,020,432</u> | <u>49,057,682</u> | <u>51,457,407</u> |
| Tax Levy | 42,681,771 | 44,856,449 | 46,316,744 | 48,002,546 | 50,533,302 |
| Unused Levy Capacity (4) | <u>1,415,782</u> | <u>144,436</u> | <u>703,688</u> | <u>1,055,136</u> | <u>924,105</u> |
| Unused Primary Levy Capacity (5) | <u>\$ 22,870,217</u> | <u>\$ 23,106,288</u> | <u>\$ 26,927,189</u> | <u>\$ 35,403,091</u> | <u>\$ 42,781,199</u> |

(1) Source: Massachusetts Department of Revenue.

(2) 2.5% of assessed valuation.

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

(4) Tax Levy Limit less Tax Levy.

(5) Primary Levy Limit less Growth Levy Limit.

Bonded Debt vs. Population, Valuation and Income

| Fiscal Year End | General Obligation Bonds Outstanding | Equalized Valuation (1) | Per Capita Debt (2) | Debt as a % of Full Valuation |
|-----------------|--------------------------------------|-------------------------|---------------------|-------------------------------|
| 2024 | \$47,245,129 | \$2,958,213,400 | \$2,374 | 1.60 % |
| 2023 | 51,370,867 | 2,958,213,400 | 2,581 | 1.74 |
| 2022 | 46,437,977 | 2,669,892,800 | 2,333 | 1.74 |
| 2021 | 38,288,040 | 2,669,892,800 | 1,924 | 1.43 |
| 2020 | 32,609,132 | 2,377,246,900 | 1,638 | 1.37 |

(1) 2018 equalized valuation used for fiscal years 2019 and 2020; 2020 equalized valuation used for fiscal years 2021 and 2022; 2022 equalized valuation used for fiscal year 2023.

(2) Based on the 2020 Federal Census of 19,905.

Free Cash

Under the Massachusetts Uniform System of Accounting an amount known as "free cash" is certified as of the beginning of each fiscal year by the Massachusetts Department of Revenue, Bureau of Accounts. This unassigned fund balance (known as "free cash") is generated when actual revenue collections exceed budget estimates and/or unexpended appropriation balances lapse at year end to the general treasury.

| Fiscal Year | Unassigned General Fund Balance (June 30) (1) | Free Cash (July 1) |
|----------------|--|-----------------------|
| 2023 | \$ 12,459,543 | \$ 5,563,176 |
| 2022 | 11,726,107 | 5,093,368 |
| 2021 | 11,731,574 | 5,191,096 |
| 2020 | 10,986,570 | 4,789,668 |
| 2019 | 10,184,796 | 4,490,109 |

(1) Audited financial statements, unless otherwise noted.

TOWN OF MILLBURY, MASSACHUSETTS

General

The Town of Millbury is a small residential community located in Worcester County on the Blackstone River. It is bordered by Worcester on the north, Grafton on the east, Sutton on the south and Oxford and Auburn on the west. It is 43 miles west of Boston and 178 miles from New York City. Millbury occupies a land area of approximately 15.7 square miles and, according to the 2020 federal census, has a population of 13,831.

Form of Government

Millbury operates under an open town meeting form of government and is administered by a 5 member Board of Selectmen elected for staggered three-year terms. The Board of Selectmen is assisted by a Town Administrator who is responsible for day-to-day operations of the Town.

Age, Income and Wealth Levels

The following table compares the median age, median family income and per capita income of the Town, the Commonwealth and the United States:

| | <u>Millbury</u> | <u>Massachusetts</u> | <u>U.S.</u> |
|-----------------------------|-----------------|----------------------|-------------|
| Median Age | | | |
| 2020 | 44.6 | 39.9 | 38.8 |
| 2010 | 41.8 | 39.1 | 37.2 |
| 2000 | 38.7 | 36.5 | 35.3 |
| 1990 | 35.1 | 33.6 | 32.9 |
| Median Family Income | | | |
| 2020 | \$112,409 | \$106,526 | \$80,069 |
| 2010 | 86,855 | 81,165 | 62,982 |
| 2000 | 62,564 | 61,664 | 50,046 |
| 1990 | 45,131 | 44,367 | 35,225 |
| Per Capita Income | | | |
| 2020 | \$42,590 | \$45,555 | \$35,384 |
| 2010 | 33,467 | 33,966 | 27,334 |
| 2000 | 23,531 | 25,952 | 21,587 |
| 1990 | 15,474 | 17,224 | 14,420 |

Source: U.S. Department of Commerce, Bureau of the Census.

Population Trends

| <u>2020</u> | <u>2010</u> | <u>2000</u> |
|-------------|-------------|-------------|
| 13,831 | 13,261 | 12,784 |

On the basis of the 2020 U.S. Census, the Town has a population density of 880 persons per square mile.

Source: U.S. Census.

Labor Force, Employment and Unemployment Rates

According to the Massachusetts Department of Employment and Training, in July 2024, the Town had a total labor force of 8,662 of whom 8,302 were employed and 360 or 4.2% were unemployed as compared 4.6% for the Commonwealth. The following table sets forth the Town's average labor force and average annual unemployment rates for calendar years 2019 through 2023 and the unemployment rates for the Commonwealth and the nation for the same period:

| Year | Town of Milbury | | Massachusetts Unemployment Rate | United States Unemployment Rate |
|------|-----------------|-------------------|------------------------------------|------------------------------------|
| | Labor Force | Unemployment Rate | | |
| 2023 | 8,313 | 3.2 % | 3.4 % | 3.6 % |
| 2022 | 8,357 | 3.5 | 3.8 | 3.6 |
| 2021 | 8,309 | 4.9 | 5.7 | 5.4 |
| 2020 | 8,066 | 7.9 | 8.9 | 8.1 |
| 2019 | 8,394 | 2.8 | 3.0 | 3.5 |

Source: Massachusetts Department of Employment and Training.

PROPERTY TAXATION

Tax Levy Calculation

The following table illustrates the manner in which the Town's tax levy was determined for the following fiscal years:

| | Fiscal Year | | | | |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2024 | 2023 | 2022 | 2021 | 2020 |
| Gross Amount to be Raised | | | | | |
| Appropriations (1) | \$ 59,784,845 | \$ 54,595,321 | \$ 51,384,096 | \$ 50,110,070 | \$ 48,948,949 |
| Other Local Expenditures | 221,001 | 226,966 | 297,256 | 264,649 | 160,551 |
| State & County Charges | 575,963 | 710,029 | 692,726 | 724,824 | 725,284 |
| Overlay Reserve | 309,196 | 297,317 | 337,761 | 855,309 | 491,273 |
| Total Gross Amount to be Raised | 60,891,004 | 55,829,633 | 52,711,839 | 51,954,852 | 50,326,057 |
| Less Estimated Receipts & Other Revenues: | | | | | |
| Estimated Receipts from State (2) | 11,348,498 | 10,528,985 | 10,151,746 | 10,124,561 | 9,854,671 |
| Estimated Receipts - Local | 10,396,352 | 9,812,508 | 9,932,648 | 9,604,889 | 9,714,333 |
| Available Funds Appropriated: (3) | | | | | |
| Free Cash | 3,896,576 | 2,231,098 | 1,964,518 | 1,998,000 | 2,283,000 |
| Other Available Funds | 1,351,314 | 1,350,968 | 503,318 | 1,067,076 | 585,810 |
| Free Cash & Other Revenue Used to reduce the Tax Rate: | - | - | - | - | - |
| Total Estimated Receipts & Revenue | 26,992,740 | 23,923,559 | 22,552,230 | 22,794,526 | 22,437,814 |
| Net Amount to be Raised (Tax Levy) | \$ 33,898,265 | \$ 31,906,074 | \$ 30,159,609 | \$ 29,160,326 | \$ 27,888,243 |
| Property Valuation | \$ 2,562,227,103 | \$ 2,208,032,929 | \$ 2,010,640,575 | \$ 1,889,846,182 | \$ 1,819,193,951 |

NOTE: Property tax rates may not be set by the local assessors until they have been approved by the Commissioner of Revenue.

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

Assessed Valuations

| Fiscal Year | Assessed Valuations (1) | | | Equalized Valuation (2) | Total Assessed Valuation as a Percent of Equalized Valuation |
|-------------|-------------------------|-------------------|-----------------|-------------------------|--|
| | Real Property | Personal Property | Total | | |
| 2024 | \$2,092,567,909 | \$176,419,034 | \$2,562,227,103 | \$2,138,952,900 | 119.8% |
| 2023 | 2,037,588,737 | 170,444,192 | 2,208,032,929 | 2,138,952,900 | 103.2 |
| 2022 | 1,845,412,813 | 165,227,762 | 2,010,640,575 | 1,940,073,800 | 103.6 |
| 2021 | 1,743,505,975 | 146,340,207 | 1,889,846,182 | 1,940,073,800 | 97.4 |
| 2020 | 1,689,213,144 | 129,980,807 | 1,819,193,951 | 1,607,266,000 | 113.2 |

(1) Source: Board of Assessors.

(2) Source: Massachusetts Department of Revenue - Equalized valuations are established as of January 1 of even numbered years for the next two years.

Classification of Property

The following is a breakdown of the Town's real property assessed valuations for fiscal years 2022 through 2024:

| Property Type | 2024 | | 2023 | | 2022 | |
|-------------------|-------------------------|----------------|-------------------------|----------------|-------------------------|----------------|
| | Amount | % of Total | Amount | % of Total | Amount | % of Total |
| Residential | \$ 2,092,567,909 | 81.7 % | \$ 1,741,659,520 | 78.9 % | \$ 1,547,374,572 | 77.0 % |
| Commercial | 213,372,799 | 8.3 | 211,922,456 | 9.6 | 212,090,219 | 10.5 |
| Industrial | 79,867,361 | 3.1 | 84,006,761 | 3.8 | 85,948,022 | 4.3 |
| Personal | 176,419,034 | 6.9 | 170,444,192 | 7.7 | 165,227,762 | 8.2 |
| Total Real Estate | <u>\$ 2,562,227,103</u> | <u>100.0 %</u> | <u>\$ 2,208,032,929</u> | <u>100.0 %</u> | <u>\$ 2,010,640,575</u> | <u>100.0 %</u> |

Source: Board of Assessors.

Unused Levy Capacity

The following table sets forth the trend in the Town's tax levy limits and unused levy capacity:

| | For Fiscal Year | | | | |
|----------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2024 | 2023 | 2022 | 2021 | 2020 |
| Primary Levy Limit (1) | \$ 64,055,678 | \$ 55,200,823 | \$ 50,266,014 | \$ 47,246,155 | \$ 45,479,849 |
| Prior Fiscal Year Levy Limit | 30,647,455 | 29,386,314 | 28,143,416 | 26,788,885 | 25,332,451 |
| 2.5% Levy Growth | 766,186 | 734,658 | 703,585 | 669,722 | 633,311 |
| New Growth (2) | 531,989 | 526,483 | 539,313 | 684,809 | 823,123 |
| Overrides | - | - | - | - | - |
| Growth Levy Limit | <u>31,945,630</u> | <u>30,647,455</u> | <u>29,386,314</u> | <u>28,143,416</u> | <u>26,788,885</u> |
| Debt Exclusions | <u>4,300,194</u> | <u>1,503,959</u> | <u>1,602,968</u> | <u>1,168,835</u> | <u>1,109,384</u> |
| Tax Levy Limit | <u>36,245,824</u> | <u>32,151,414</u> | <u>30,989,282</u> | <u>29,312,251</u> | <u>27,898,269</u> |
| Tax Levy | <u>33,898,265</u> | <u>31,906,076</u> | <u>30,159,609</u> | <u>29,160,327</u> | <u>27,888,243</u> |
| Unused Levy Capacity (3) | <u>\$ 2,347,559</u> | <u>\$ 245,338</u> | <u>\$ 829,673</u> | <u>\$ 151,924</u> | <u>\$ 10,026</u> |
| Unused Primary Levy Capacity (4) | <u>\$ 32,110,048</u> | <u>\$ 24,553,368</u> | <u>\$ 20,879,700</u> | <u>\$ 19,102,739</u> | <u>\$ 18,690,964</u> |

- (1) 2.5% of assessed valuation.
- (2) Allowed increase for new valuations - certified by the Department of Revenue.
- (3) Tax Levy Limit less Tax Levy.
- (4) Primary Levy Limit Less Growth Levy Limit.

Bonded Debt vs. Population, Valuation and Income

| | As of June 30 | | | | |
|---|---------------|----------|----------|----------|----------|
| | 2024 | 2023 | 2022 | 2021 | 2020 |
| Amount (000 omitted) (1) | \$40,492 | \$41,895 | \$17,646 | \$19,454 | \$16,427 |
| Per Capita (2) | \$2,928 | \$3,029 | \$1,276 | \$1,407 | \$1,188 |
| Percent of Assessed Valuation (3) | 1.58% | 1.90% | 0.97% | 1.03% | 0.90% |
| Percent of Equalized Valuation (4) | 1.89% | 1.96% | 1.00% | 1.00% | 1.12% |
| Per Capita as a percent of Personal Income per Capita (2) | 5.92% | 6.65% | 2.98% | 3.29% | 2.76% |

- (1) Outstanding principal on general obligation bonds. Excludes lease and installment purchase obligations, overlapping debt and unfunded pension liability.
- (2) Source: U.S. Department of Commerce, Bureau of the Census - latest applicable actual or estimates.
- (3) The assessed valuation used here is the assessed valuation for that fiscal year.
- (4) The equalized valuation used here is the equalized valuation in effect for that fiscal year.

Free Cash

The following table sets forth the trend in the Town's certified free cash:

| | Certified Free Cash for FY <u>Beginning July 1 (1)</u> |
|------|--|
| 2023 | \$3,591,947 |
| 2022 | 3,756,533 |
| 2021 | 3,642,922 |
| 2020 | 2,104,027 |
| 2019 | 2,019,311 |

(1) Source: State Bureau of Accounts.

TOWN OF RUTLAND, MASSACHUSETTS

General

The Town of Rutland is located in Worcester County, approximately 15 miles northwest of the City of Worcester. Rutland, incorporated as a town in 1713, has a population of 9,049 (2020 federal census) and occupies a land area of approximately 35 square miles.

Population, Income and Wealth Levels

The following table compares the median age, median family income and per capita income of the Town, the Commonwealth and the United States:

| | <u>Rutland</u> | <u>Massachusetts</u> | <u>United States</u> |
|------------------------------|----------------|----------------------|----------------------|
| Median Age: | | | |
| 2020 | 40.1 | 39.9 | 38.8 |
| 2010 | 39.4 | 39.1 | 37.2 |
| 2000 | 34.6 | 36.5 | 35.3 |
| 1990 | 32.1 | 33.6 | 32.9 |
| Median Family Income: | | | |
| 2020 | \$133,588 | \$106,526 | \$80,069 |
| 2010 | 101,486 | 81,165 | 62,982 |
| 2000 | 70,689 | 61,664 | 50,046 |
| 1990 | 48,611 | 44,367 | 35,225 |
| Per Capita Income: | | | |
| 2020 | \$41,802 | \$45,555 | \$35,384 |
| 2010 | 30,961 | 33,966 | 27,334 |
| 2000 | 23,311 | 25,952 | 21,587 |
| 1990 | 16,661 | 17,224 | 14,420 |

POPULATION TRENDS

| <u>2020</u> | <u>2010</u> | <u>2000</u> | <u>1990</u> |
|-------------|-------------|-------------|-------------|
| 9,049 | 7,973 | 6,353 | 4,936 |

On the basis of the 2020 Federal census, the Town has a population density of 257 persons per square mile.

SOURCE: U.S. Census.

Labor Force, Employment and Unemployment Rates

According to the Massachusetts Department of Employment and Training data in July 2024, the Town had a total labor force of 5,133 of which 4,903 were employed and 230 or 4.5% were unemployed as compared with 4.6% for the Commonwealth. The following table sets forth the Town's average labor force and average annual unemployment rates for calendar years 2019 through 2024 and the unemployment rates for the Commonwealth and the nation for the same period:

| <u>Year</u> | <u>Town of Rutland</u> | | <u>Massachusetts</u> | <u>United States</u> |
|-------------|------------------------|--------------------------|--------------------------|--------------------------|
| | <u>Labor Force</u> | <u>Unemployment Rate</u> | <u>Unemployment Rate</u> | <u>Unemployment Rate</u> |
| 2023 | 4,912 | 3.2 % | 3.4 % | 3.6 % |
| 2022 | 4,934 | 3.4 | 3.8 | 3.6 |
| 2021 | 4,665 | 4.9 | 5.7 | 5.4 |
| 2020 | 4,697 | 7.3 | 8.9 | 8.1 |
| 2019 | 4,908 | 3.0 | 3.0 | 3.5 |

Source: Massachusetts Department of Employment and Training.

PROPERTY TAXATION

Tax Levy Calculation

The following table illustrates the manner in which the Town's tax levy was determined for the following fiscal years:

| | Fiscal Year | | | | |
|---|--------------|--------------|--------------|--------------|--------------|
| | 2020 | 2021 | 2022 | 2023 | 2023 |
| Total Appropriations(1) | \$24,819,930 | \$25,456,705 | \$26,784,939 | \$28,046,404 | \$30,894,519 |
| Additions: | | | | | |
| State and County Assessments | 39,902 | 35,173 | 39,198 | 38,216 | 37,722 |
| Overlay Reserve | 99,524 | 87,003 | 104,498 | 90,531 | 101,941 |
| Other Additions | 62,356 | 15,294 | 17,530 | 21,616 | 23,470 |
| Total Additions | 201,782 | 137,470 | 161,226 | 150,363 | 163,133 |
| Gross Amount to be Raised | 25,021,711 | 25,594,175 | 26,946,165 | 28,196,767 | 31,057,652 |
| Offsets: | | | | | |
| Local Estimated Receipts | 5,798,347 | 6,042,889 | 6,438,126 | 7,042,606 | 7,487,623 |
| State Aid (2) | 1,099,772 | 1,093,932 | 1,168,828 | 1,210,529 | 1,272,632 |
| Available Funds (3) | | | | | |
| Free Cash | 1,075,249 | 166,569 | 786,531 | 529,226 | 454,663 |
| Other | 0 | 328,169 | 133,000 | 226,241 | 433,596 |
| Other Revenue sources appropriated to reduce tax rate | 150,000 | 405,000 | 76,736 | 0 | 0 |
| Total Offsets | 8,123,368 | 8,036,558 | 8,603,221 | 9,008,602 | 9,648,514 |
| Net Amount to be Raised | \$16,898,343 | \$17,557,617 | \$18,342,945 | \$19,188,166 | \$21,409,139 |

NOTE: Property tax rates may not be set by the local assessors until they have been approved by the Commissioner of Revenue.

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

Assessed Valuations

| Fiscal Year | Real Estate Valuation | Personal Property Valuation | Total Assessed Valuation | Tax Levy | Tax Rate Per Thousand | Tax Levy Per Capita |
|-------------|-----------------------|-----------------------------|--------------------------|---------------|-----------------------|---------------------|
| 2024 | \$ 1,403,595,601 | \$ 40,041,532 | \$ 1,443,637,133 | \$ 21,409,139 | \$ 13.72 | \$ 2,366 |
| 2023 | 1,361,700,100 | 36,854,231 | 1,398,554,331 | 19,188,164 | 13.72 | 2,407 |
| 2022 | 1,124,576,400 | 37,104,705 | 1,161,681,105 | 18,342,945 | 15.79 | 2,301 |
| 2021 | 1,013,109,900 | 38,244,361 | 1,051,354,261 | 17,557,616 | 16.70 | 2,202 |
| 2020 | 925,992,500 | 33,595,420 | 959,587,920 | 16,898,343 | 17.61 | 2,119 |

(1) Source: Board of Assessors

Classification of Property

The following is a breakdown of the Town's assessed valuation in fiscal years 2022, 2023 and 2024.

| Valuation Class | 2022 | | 2023 | | 2024 | |
|---------------------------------|------------------------|----------------|------------------------|----------------|------------------------|----------------|
| | Assessed Valuation | % of Total | Assessed Valuation | % of Total | Assessed Valuation | % of Total |
| Residential | \$1,095,945,116 | 94.3 % | \$1,329,151,966 | 95.0 % | \$1,370,986,737 | 95.0 % |
| Commercial | 24,340,884 | 2.1 | 28,108,934 | 2.0 | 28,087,264 | 1.9 |
| Industrial | 4,290,400 | 0.4 | 4,439,200 | 0.3 | 4,521,600 | 0.3 |
| Personal Property | 37,104,705 | 3.2 | 36,854,231 | 2.6 | 40,041,532 | 2.8 |
| Total Assessed Valuation | \$1,161,681,105 | 100.0 % | \$1,398,554,331 | 100.0 % | \$1,443,637,133 | 100.0 % |

Source: Board of Assessors.

Unused Levy Capacity

The following table presents the Town's primary levy limits, its maximum levy limits, and its actual tax levies for the following fiscal years.

| Fiscal Year | Estimated Full Valuation | Primary Levy Limit(1) | Maximum Levy Limit | Actual Tax Levy | Under(Over) Primary Levy Limit(2) | Under(Over) Maximum Levy Limit(3) |
|-------------|--------------------------|-----------------------|--------------------|-----------------|-----------------------------------|-----------------------------------|
| 2024 | \$1,443,637,133 | \$36,090,928 | \$21,854,292 | \$21,409,139 | 14,681,789 | 445,153 |
| 2023 | 1,398,554,331 | 34,963,858 | 19,196,545 | 19,188,165 | 15,775,693 | 8,380 |
| 2022 | 1,161,681,105 | 29,042,028 | 18,343,142 | 18,342,945 | 10,699,083 | 197 |
| 2021 | 1,051,354,261 | 26,283,857 | 17,561,368 | 17,557,616 | 8,726,241 | 3,752 |
| 2020 | 959,587,920 | 23,989,698 | 16,902,396 | 16,898,343 | 7,091,355 | 4,053 |

(1) 2.5% of assessed valuation.

(2) Tax Levy Limit less Tax Levy.

(3) Primary Levy Limit Less Growth Levy Limit.

Bonded Debt vs. Population, Valuation and Income

| Fiscal Year End | General Obligation Bonds Outstanding | State Equalized Valuation (1) | Per Capita Debt (2) | Debt as a% of Full Valuation |
|-----------------|--------------------------------------|-------------------------------|---------------------|------------------------------|
| 2024 | \$7,958,538 | \$1,250,864,000 | \$879 | 0.64 % |
| 2023 | 9,190,914 | 1,250,864,000 | 1,016 | 0.73 |
| 2022 | 10,413,290 | 1,039,229,400 | 1,151 | 1.00 |
| 2021 | 8,653,110 | 1,039,229,400 | 956 | 0.83 |
| 2020 | 9,561,954 | 908,839,600 | 1,057 | 1.05 |

(1) 2018 equalized valuation used for fiscal year 2020; 2020 equalized valuation used for fiscal years 2021 and 2022; 2022 equalized valuation used for fiscal years 2023 and 2024.

(2) Based on 2020 Federal Census of 9,049.

Free Cash

The following table sets forth the trend in the Town's certified free cash:

| <u>Year</u> | <u>Certified Free Cash for FY Beginning July 1 (1)</u> |
|-------------|--|
| 2023 | \$ 757,859 |
| 2022 | 843,660 |
| 2021 | 1,016,572 |
| 2020 | 505,783 |
| 2019 | 1,543,000 |

(1) Source: State Bureau of Accounts.

TOWN OF WEST BOYLSTON, MASSACHUSETTS

General

The Town of West Boylston is a residential community with a population of 7,877 (2020 federal census) located approximately 7 miles north of Worcester. It is surrounded by the Towns of Holden, Boylston, Shrewsbury, Sterling and the City of Worcester and occupies a land area of 12.69 square miles. Incorporated as a Town in 1808, West Boylston is governed by an open town meeting and administered by a five member Board of Selectmen, assisted by a Town Administrator.

Population, Income and Wealth Levels

The following table shows the median age, median family income and per capita income for the last three censuses.

| | <u>West Boylston</u> | <u>Massachusetts</u> | <u>United States</u> |
|------------------------------|----------------------|----------------------|----------------------|
| Median Age: | | | |
| 2020 | 45.6 | 39.9 | 38.8 |
| 2010 | 45.6 | 39.1 | 37.2 |
| 2000 | 38.4 | 36.5 | 35.3 |
| Median Family Income: | | | |
| 2020 | \$121,801 | \$106,526 | \$80,069 |
| 2010 | \$88,003 | \$81,165 | \$62,982 |
| 2000 | \$69,100 | \$61,664 | \$50,046 |
| Per Capita Income | | | |
| 2020 | \$38,611 | \$45,555 | \$35,384 |
| 2010 | \$28,867 | \$33,966 | \$27,334 |
| 2000 | \$22,899 | \$25,952 | \$21,587 |

SOURCE: U.S. Bureau of the Census.

Population Trends

| | | |
|----------------------|----------------------|----------------------|
| <u>2020</u> 7,877 | <u>2010</u> 7,669 | <u>2000</u> 7,481 |
|----------------------|----------------------|----------------------|

On the basis of the 2020 U.S. Census, the Town has a population density of 608 persons per square mile.

Source: U.S. Census.

Labor Force, Employment and Unemployment Rate

According to the Massachusetts Department of Employment and Training preliminary data, in July 2024, the Town had a total labor force of 3,380 of which 3,178 were employed and 202 or 6.0% were unemployed as compared with 4.6% for the Commonwealth.

The following table sets forth the Town's average labor force and unemployment rates for each of the following calendar years and the unemployment rate for the Commonwealth and country as a whole for the same period.

UNEMPLOYMENT RATES

| Year | Town of West Boylston | | Massachusetts Unemployment Rate | United States Unemployment Rate |
|------|-----------------------|-------------------|------------------------------------|------------------------------------|
| | Labor Force | Unemployment Rate | | |
| 2023 | 3,202 | 3.8 % | 3.4 % | 3.6 % |
| 2022 | 3,226 | 4.3 | 3.8 | 3.6 |
| 2021 | 3,201 | 5.5 | 5.7 | 5.4 |
| 2020 | 3,130 | 8.6 | 8.9 | 8.1 |
| 2019 | 3,342 | 3.7 | 2.9 | 3.7 |

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

PROPERTY TAXATION

Tax Levy Computation

| | Fiscal 2020 | Fiscal 2021 | Fiscal 2022 | Fiscal 2023 | Fiscal 2024 |
|---------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Total Appropriations(1) | \$ 29,029,806 | \$ 29,762,120 | \$ 31,255,414 | \$ 32,869,010 | \$ 33,001,121 |
| Additions: | | | | | |
| State and County Assessments | 445,920 | 383,736 | 500,549 | 409,136 | 385,455 |
| Overlay Reserve | 104,965 | 167,043 | 116,739 | 322,117 | 288,129 |
| Other Additions | 771,992 | 672,981 | 720,997 | 781,808 | 815,119 |
| Total Additions | <u>1,322,877</u> | <u>1,223,760</u> | <u>1,338,285</u> | <u>1,513,061</u> | <u>1,488,703</u> |
| Gross Amount to be Raised | <u>30,352,683</u> | <u>30,985,880</u> | <u>32,593,699</u> | <u>34,382,071</u> | <u>34,489,823</u> |
| Deductions: | | | | | |
| Local Estimated Receipts | 4,976,546 | 5,602,851 | 4,762,380 | 5,215,684 | 5,858,322 |
| State Aid(2): | | | | | |
| Current Year | 4,766,519 | 4,661,736 | 5,194,332 | 4,902,634 | 4,995,137 |
| Available Funds(3): | | | | | |
| Free Cash | 778,543 | 404,222 | 1,485,139 | 1,792,696 | 753,500 |
| Other | 1,007,824 | 717,544 | 925,342 | 1,486,492 | 1,177,450 |
| Other source | | | 153,171 | 192,192 | 170,377 |
| Total Deductions | <u>11,529,432</u> | <u>11,386,353</u> | <u>12,520,364</u> | <u>13,589,698</u> | <u>12,954,786</u> |
| Net Amount to be Raised (Tax Levy) | <u>\$ 18,823,251</u> | <u>\$ 19,599,527</u> | <u>\$ 20,073,335</u> | <u>\$ 20,792,373</u> | <u>\$ 21,535,037</u> |

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

Assessed Valuations

| Fiscal Year | Real Estate Valuation | Personal Property Valuation | Total Assessed Valuation | Tax Rate Per \$1,000 | Tax Levy | Tax Levy Per Capita(1) |
|----------------|--------------------------|-----------------------------------|--------------------------------|-------------------------|---------------|---------------------------|
| 2024 | \$ 1,348,869,900 | \$ 108,169,171 | \$ 1,457,039,071 | \$ 14.78 | \$ 21,535,037 | \$ 2,734 |
| 2023 | 1,247,766,299 | 86,789,118 | 1,334,555,417 | 15.58 | 20,792,373 | 2,640 |
| 2022 | 1,058,378,955 | 76,990,668 | 1,135,369,623 | 17.68 | 20,073,335 | 2,548 |
| 2021 | 996,465,070 | 65,264,477 | 1,061,729,547 | 18.46 | 19,599,527 | 2,488 |
| 2020 | 948,205,170 | 64,886,901 | 1,013,092,071 | 18.58 | 18,823,251 | 2,390 |

- (1) Based on the 2020 U.S. Bureau of the Census population of 7,877.

Classification of Property

The following is a breakdown of the Town's assessed valuations for fiscal years 2022 through 2024:

ASSESSED VALUATIONS BY CLASS

| Property Type | 2024 | | 2023 | | 2022 | |
|--------------------------|-------------------------|----------------|-------------------------|----------------|-------------------------|----------------|
| | Amount | % of Total | Amount | % of Total | Amount | % of Total |
| Residential | \$ 1,208,082,681 | 83.0 % | \$ 1,114,250,345 | 83.5 % | \$ 936,160,044 | 82.5 % |
| Commercial | 77,503,719 | 5.3 | 72,565,454 | 5.4 | 68,930,011 | 6.1 |
| Industrial | 62,283,500 | 4.3 | 60,950,500 | 4.6 | 53,288,900 | 4.7 |
| Personal | 108,169,171 | 7.4 | 86,789,118 | 6.5 | 76,990,668 | 6.8 |
| Total Real Estate | \$ 1,456,039,071 | 100.0 % | \$ 1,334,555,417 | 100.0 % | \$ 1,135,369,623 | 100.0 % |

Unused Levy Capacity

The following table sets forth the trend in the Town's tax levy limits and unused levy capacity:

| | Fiscal 2020 | Fiscal 2021 | Fiscal 2022 | Fiscal 2023 | Fiscal 2024 |
|--|------------------|------------------|------------------|------------------|------------------|
| Assessed Valuation | \$ 1,013,092,071 | \$ 1,061,729,547 | \$ 1,135,369,623 | \$ 1,334,555,417 | \$ 1,457,039,071 |
| Primary Levy Limit(1) | 25,327,302 | 26,543,239 | 28,384,241 | 33,363,885 | 36,425,977 |
| Prior Year Levy Limit | 17,321,101 | 17,966,588 | 18,723,755 | 19,255,467 | 19,991,869 |
| 2.5% Levy Growth | 433,028 | 449,165 | 468,094 | 481,387 | 499,797 |
| Current Fiscal Year New Growth(2) | 212,459 | 308,002 | 63,618 | 255,015 | 241,711 |
| Current Fiscal Year Override | - | - | - | - | - |
| Growth Levy Limit | 17,966,588 | 18,723,755 | 19,255,467 | 19,991,869 | 20,733,377 |
| Current Fiscal Year Debt Exclusions | 861,042 | 883,745 | 857,930 | 836,903 | 815,502 |
| Current Fiscal Year Capital Expenditure Override | - | - | - | - | - |
| Tax Levy Limit | 18,827,630 | 19,607,500 | 20,113,397 | 20,828,772 | 21,548,879 |
| Tax Levy | 18,823,251 | 19,599,527 | 20,073,335 | 20,792,373 | 21,535,037 |
| Unused Levy Capacity(3) | 4,379 | 7,973 | 40,062 | 36,399 | 13,842 |
| Unused Primary Levy Capacity | 7,360,714 | 7,819,484 | 9,128,774 | 13,372,016 | 15,692,600 |

(1) 2.5% of assessed valuation.

(2) Allowed increase of new valuations.

(3) Tax Levy Limit Less Tax Levy.

Bonded Debt vs. Population, Valuation and Income

| Fiscal Year End | General Obligation Bonds Outstanding | Population(1) | State Equalized Valuation(2) | Per Capita Debt | Ratio Debt To Equalized Valuation |
|-----------------|--------------------------------------|---------------|------------------------------|-----------------|-----------------------------------|
| 2024 | \$ 14,264,549 | 7,877 | \$ 1,203,529,000 | \$ 1,811 | 1.19 % |
| 2023 | 15,672,318 | 7,877 | 1,203,529,000 | 1,990 | 1.30 |
| 2022 | 17,080,919 | 7,877 | 1,080,272,600 | 2,168 | 1.58 |
| 2021 | 18,473,851 | 7,877 | 1,080,272,600 | 2,345 | 1.71 |
| 2020 | 19,889,324 | 7,877 | 974,854,400 | 2,525 | 2.04 |

(1) 2020 U.S. Federal Census.

(2) 2018 equalized valuation is used for fiscal year and 2020; 2020 equalized valuation is used for fiscal years 2021 and 2022; 2022 equalized valuation is used for fiscal years 2023 and 2024.

Unassigned General Fund Balances and Free Cash

Under the Uniform System of Accounting prescribed by The Commonwealth of Massachusetts Department of Revenue, subject to certain adjustments, free cash is defined as surplus revenue less uncollected and overdue property taxes from prior years. The table below sets forth the amount of Free Cash for the following years.

| <u>Fiscal Year</u> | <u>Unassigned Fund Balance</u> | <u>Free Cash (July 1)</u> |
|------------------------|------------------------------------|-------------------------------|
| 2023 | \$ 5,461,901 | \$ 1,842,624 |
| 2022 | 5,316,135 | 1,548,982 |
| 2021 | 4,459,053 | 1,891,976 |
| 2020 | 4,531,124 | 1,610,304 |
| 2019 | 3,838,812 | 1,349,349 |

PROPOSED FORM OF LEGAL OPINION OF BOND COUNSEL

October 16, 2024

[Purchaser of the Bonds]

***Re: Upper Blackstone Water Pollution Abatement District, Massachusetts
\$4,000,000 General Obligation Municipal Purpose Loan of 2024 Bonds
(the “Bonds”)***

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the authorization, sale, issuance and delivery of the General Obligation Municipal Purpose Loan of 2024 Bonds in the aggregate principal amount of \$4,000,000 by the Upper Blackstone Water Pollution Abatement District (the “District”), dated October 16, 2024 (the “Bonds”). In that capacity, we have examined the law, a certified copy of the proceedings, including the General Certificate (the “District’s Certificate”) executed by officials of the District, and other papers relating to the issuance of the Bonds.

The Bonds are immobilized in the custody of The Depository Trust Company and a book entry system is being used to evidence ownership and transfer on the records of The Depository Trust Company and its participants.

We rely upon the representations and agreements of the District, including the certifications and agreements contained in the District’s Certificate, with respect to the accuracy of material factual matters contained therein which were not independently established.

On the basis of this examination we are of opinion, as of the date hereof and under existing law, as follows:

(1) The Bonds are valid general obligations of the District, and except to the extent they are paid from other sources, the principal of and interest on the Bonds are payable from sums which may be annually apportioned and assessed by the District on each of its member cities and towns under Chapter 752 of the Acts of 1968 of The Commonwealth of Massachusetts, as amended, subject only to the limit imposed by Chapter 59, Section 20B, of the General Laws of The Commonwealth of Massachusetts, to the extent applicable. Amounts apportioned to and assessed upon each of the cities and towns which are members of the District on account of such principal and interest, to the extent not paid from other sources, are payable from funds raised by taxes levied on taxable property within the territorial boundaries of each such city or town (or portion thereof included in the territorial limits of the District), subject to the limit imposed by

APPENDIX C

[Purchaser of the Bonds]

Page 2

Chapter 59, Section 21C of the General Laws of The Commonwealth of Massachusetts to the extent applicable to the amounts so apportioned and assessed.

(2) The Bonds are exempt from local property taxes in Massachusetts and the interest thereon is exempt from Massachusetts personal income taxes; although said Bonds and the interest thereon may be included in the measure of Massachusetts estate and inheritance taxes and of certain Massachusetts corporate excise and franchise taxes.

(3) The interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of computing the alternative minimum tax imposed on individuals under the Internal Revenue Code of 1986, as amended (the “Code”); however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022. The opinions set forth in the preceding sentence are subject to the condition that the District comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The District has covenanted to comply with these requirements. Failure to comply with certain of these requirements may cause the inclusion of interest on the Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds.

(4) The Bonds are “qualified tax-exempt obligations” as defined in Section 265(b)(3) of the Code. Any change in the findings, facts and certifications set forth in the District’s Certificate could adversely impact the status of the Bonds as “qualified tax exempt obligations.”

Except as set forth above, we express no opinion regarding any other tax consequences with respect to the Bonds. This opinion is specifically limited to matters as of the date hereof, and we undertake no obligation to update it. We express no opinion on the possible effects of changes in factual or legal matters occurring hereafter.

The rights of the holders of the Bonds and the enforceability thereof 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.

Very truly yours,

BOWDITCH & DEWEY, LLP

UPPER BLACKSTONE WATER POLLUTION ABATEMENT DISTRICT
\$4,000,000 GENERAL OBLIGATION MUNICIPAL PURPOSE LOAN OF 2024 BONDS

PROPOSED FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the Upper Blackstone Water Pollution Abatement District (the “District”) in connection with the issuance of its \$4,000,000 General Obligation Municipal Purpose Loan of 2024 Bonds dated October 16, 2024 (the “Bonds”). The District covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the District 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 District 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 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. Filing information relating to the MSRB is set forth in Exhibit A attached hereto.

“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 District 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

APPENDIX D

provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the District may be submitted when available separately from the balance of the Annual Report.

(b) If the District is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the District shall send notice to the MSRB in a timely manner, in substantially the form attached as Exhibit B.

SECTION 4. Content of Annual Reports. The District'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 District's Official Statement dated _____, 2024 relating to the Bonds regarding (i) the revenues and expenditures of the District relating to its operating budget, (ii) capital expenditures, (iii) fund balances, (iv) property tax information, (v) outstanding indebtedness and overlapping debt of the District, and (vi) pension obligations of the District, and
- (b) the most recently available audited financial statements of the District, 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 District 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 District shall clearly identify each such other document so incorporated by reference.

SECTION 5. Reporting of Significant Events.

(a) The District shall give notice, in accordance with the provisions of this Section 5, of the occurrence of any of the following events ("Listed 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 the rights of registered 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 District*;
13. The consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, 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 District, if material, or agreement to covenants, events of default, remedies, priority rights, or

* 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 District 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 District, 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 District.

APPENDIX D

other similar terms of a financial obligation of the District, any of which affect Owners of the Bonds, if material[†]; and

16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the District, any of which reflect financial difficulties[†].

(b) Upon the occurrence of a Listed Event, the District 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 electronic format as prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

SECTION 7. Termination of Reporting Obligation. The District'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 District 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 District 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 also include bond counsel to the District), 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 District 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.

[†] 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.

SECTION 9. Default. In the event of a failure of the District to comply with any provision of this Disclosure Certificate, any Owner of the Bonds may seek a court order for specific performance by the District 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 District to comply with this Disclosure Certificate shall be an action for specific performance of the District'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: _____, 2024

UPPER BLACKSTONE WATER POLLUTION
ABATEMENT DISTRICT

By _____
District Treasurer

APPENDIX D

EXHIBIT A FILING INFORMATION FOR THE MSRB

Filing information relating to the Municipal Securities Rulemaking Board is as follows:

Municipal Securities Rulemaking Board
<http://emma.msrb.org/>

**EXHIBIT B
NOTICE OF FAILURE TO FILE ANNUAL REPORT**

Name of District: Upper Blackstone Water Pollution Abatement District
Name of Issue: \$4,000,000 General Obligation Municipal Purpose Loan of 2024 Bonds
Date of Issuance: October 16, 2024

NOTICE IS HEREBY GIVEN that the District has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Certificate of the District dated October 16, 2024. The District anticipates that the Annual Report will be filed by _____.

Dated: _____

**UPPER BLACKSTONE WATER POLLUTION
ABATEMENT DISTRICT**

By _____

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PROPOSAL FOR BONDS

Karla H. Sangrey, Treasurer
 Upper Blackstone Water Pollution Abatement District, Massachusetts
 c/o Hilltop Securities Inc.
 54 Canal Street, 3rd Floor
 Boston, Massachusetts 02114

September 18, 2024

Dear Ms. Sangrey:

For \$4,000,000 Upper Blackstone Water Pollution Abatement District, Massachusetts, General Obligation Municipal Purpose Loan of 2024 Bonds, as further described in your Notice of Sale dated September 11, 2024, which Notice of Sale is hereby made a part of this proposal, we bid.....and accrued interest to date of delivery for each \$100 par value of bonds, bearing interest at the rate or rates per annum as follows:

| <u>Year</u> | <u>Rate</u> | <u>Year</u> | <u>Rate</u> |
|-------------|-------------|-------------|-------------|
| 2025 | % | 2035 * |% |
| 2026 | | 2036 * | |
| 2027 | | 2037 * | |
| 2028 | | 2038 * | |
| 2029 | | 2039 * | |
| 2030 | | 2040 * | |
| 2031 | | 2041 * | |
| 2032 | | 2042 * | |
| 2033 | | 2043 * | |
| 2034 * | | 2044 * | |

***TERM BONDS (Optional – No more than three Term Bonds.)**

| <u>First Year of Mandatory Redemption</u> | <u>Year of Maturity</u> | <u>Interest Rate</u> |
|---|-------------------------|----------------------|
| _____ | _____ | _____ |
| _____ | _____ | _____ |
| _____ | _____ | _____ |

The undersigned hereby acknowledges receipt of the Preliminary Official Statement referred to in the aforementioned Notice of Sale.

 Syndicate Manager

 Syndicate Manager Address

Telephone: _____

Fax: _____

The following is our computation of the net interest cost and percent true interest cost calculated in accordance with the Notice of Sale, is for informational purposes only, and is subject to verification prior to award.

| | | |
|----------------------------|-----------------|--|
| Gross Interest Cost | \$ _____ | |
| Underwriters Premium | \$ _____ | |
| Net Interest Cost | _____ | Bids must include a premium of at least \$60,000. |
| Percent True Interest Cost | _____ % | |
| | (four decimals) | |

Hilltop Securities Inc. would be pleased to assist you in entering your bid on these Bonds if you will mail your signed bid form in advance and telephone figures about one-half hour before the time of sale. The District and Hilltop Securities Inc. are not responsible for errors in bids submitted in this manner.

**TELEPHONE (617) 619-4400
 HILLTOP SECURITIES INC.**