

**FINAL OFFICIAL STATEMENT DATED OCTOBER 11, 2017**

**NEW ISSUE**

In the opinion of Locke Lord LLP, Bond Counsel, based upon an analysis of existing law and assuming, among other matters, compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under the Internal Revenue Code of 1986 (the "Code"). Interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. Under existing law, interest on the Bonds is exempt from Massachusetts personal income taxes, and the Bonds are exempt from Massachusetts personal property taxes. The Bonds will be designated as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds. See "Tax Exemption" herein.

**\$4,633,000**

**TOWN OF TOPSFIELD, MASSACHUSETTS  
General Obligation Municipal Purpose Loan of 2017 Bonds  
Book-Entry Only**

**Dated: Date of Delivery**

**Due: (As shown below)**

**MATURITIES, AMOUNTS, RATES, YIELDS AND CUSIP NUMBERS**

Due:	Principal			CUSIP	Due:	Principal			CUSIP
<u>October 15</u>	<u>Amount</u>	<u>Rate</u>	<u>Yield</u>	<u>890788</u>	<u>October 15</u>	<u>Amount</u>	<u>Rate</u>	<u>Yield</u>	<u>890788</u>
2018 .....	\$208,000	3.000%	0.950%	FH0	2024 .....	\$240,000	4.000%	1.800%	FP2
2019 .....	235,000	3.000	1.050	FJ6	2025 .....	205,000	4.000	1.900	FQ0
2020 .....	240,000	3.000	1.140	FK3	2026 .....	210,000	3.000	2.000	FR8
2021 .....	250,000	3.000	1.300	FL1	2027 .....	205,000	3.000	2.100	FS6
2022 .....	240,000	4.000	1.410	FM9	2028 .....	205,000	3.000	2.250	FT4
2023 .....	245,000	4.000	1.540	FN7	2029 .....	200,000	3.000	2.400	FU1

**\$410,000 Coupon 3.00% Term Bond Maturing October 15, 2031 to yield @ 2.65% CUSIP #09005P FW7**

**\$425,000 Coupon 3.00% Term Bond Maturing October 15, 2033 to yield @ 2.90% CUSIP #09005P FY3**

**\$415,000 Coupon 3.00% Term Bond Maturing October 15, 2035 to yield @ 3.10% CUSIP #09005P GA4**

**\$305,000 Coupon 3.125% Term Bond Maturing October 15, 2037 to yield @ 3.20% CUSIP #09005P GC0**

**\$395,000 Coupon 3.25% Term Bond Maturing October 15, 2042 to yield @ 3.35% CUSIP #09005P GH9**

Principal of the Bonds will be payable on October 15 of the years in which the Bonds mature. Interest will be payable on April 15, 2018 and semi-annually thereafter on each October 15 and April 15. The Bonds maturing on and before October 15, 2027 are not subject to redemption prior to their stated dates of maturity. Bonds maturing after October 15, 2027 are subject to redemption in accordance with the terms described herein.

The Bonds will be issued by means of a book-entry system, evidencing ownership of the Bonds in principal amounts of \$5,000 or integral multiples thereof (except for one principal amount of \$1,000\* maturing in 2018), with transfers of ownership effected on the records of The Depository Trust Company, New York, New York ("DTC"), and its participants pursuant to rules and procedures adopted by DTC. No physical distribution of the Bonds will be made to the public. One certificate for each maturity of the Bonds will be issued to DTC, and immobilized in its custody. The winning bidder, as a condition of delivery of the Bonds, shall be required to deposit the Bonds with DTC, registered in the name of Cede & Co.

The Bonds are offered subject to the final approving opinion of Locke Lord LLP, Boston, Massachusetts, Bond Counsel to the Town. It is expected that the Bonds, in definitive form, will be delivered to The Depository Trust Company, or its custodial agent, on or about October 20, 2017 against payment in Federal Reserve funds.

The provisions of the accompanying document entitled "NOTICE OF SALE AND PRELIMINARY OFFICIAL STATEMENT" dated October 3, 2017 as supplemented and modified hereby, are incorporated in and made a part of this Final Official Statement.

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The information and expressions of opinion in this Official Statement are subject to change without notice. Neither the delivery of this Official Statement nor any sale of the Bonds shall, under any circumstances, create any implication that there has been no material change in the affairs of the Town since the date of this Official Statement.

The Financial Advisor to the Town has provided the following sentence for inclusion in this Official Statement. The financial advisor has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to the Town and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the financial advisor does not guarantee the accuracy or completeness of such information.

**TOWN OF TOPSFIELD, MASSACHUSETTS**  
**\$4,766,000\***  
**General Obligation Municipal Purpose Loan of 2017 Bonds**  
**Book-Entry Only**  
**NOTICE OF SALE**

The Town of Topsfield, Massachusetts, will receive proposals until 11:00 a.m. (Eastern Daylight Time) on Wednesday, October 11, 2017, at Eastern Bank, Boston, Massachusetts, for the purchase of the following described Bonds:

**\$4,766,000\* General Obligation Municipal Purpose Loan of 2017 Bonds payable as follows:**

Due:	Principal	Due:	Principal
<u>October 15</u>	<u>Amount*</u>	<u>October 15</u>	<u>Amount*</u>
2018 .....	\$216,000	2031 .....	\$210,000+
2019 .....	240,000	2032 .....	210,000+
2020 .....	240,000	2033 .....	215,000+
2021 .....	250,000	2034 .....	220,000+
2022 .....	250,000	2035 .....	200,000+
2023 .....	255,000	2036 .....	155,000+
2024 .....	255,000	2037 .....	160,000+
2025 .....	215,000	2038 .....	75,000+
2026 .....	215,000	2039 .....	80,000+
2027 .....	225,000	2040 .....	80,000+
2028 .....	215,000+	2041 .....	85,000+
2029 .....	205,000+	2042 .....	85,000+
2030 .....	210,000+		

+Callable Maturities, may be combined into one or more Term Bonds.

The Bonds will be dated October 20, 2017. Principal of the Bonds will be payable on October 15 of the years in which the Bonds mature. Interest will be payable on April 15, 2018 and semi-annually thereafter on each October 15 and April 15 until final maturity. The Bonds maturing on and before October 15, 2027 are not subject to redemption prior to their stated dates of maturity. Bonds maturing after October 15, 2027 are subject to redemption in accordance with the terms described herein.

The Bonds will be issued by means of a book-entry system, evidencing ownership of the Bonds in principal amounts of \$5,000 or integral multiples thereof (except for one principal amount of \$1,000\* maturing in 2018), with transfers of ownership effected on the records of The Depository Trust Company, New York, New York ("DTC"), and its participants pursuant to rules and procedures adopted by DTC participants. No physical distribution of the Bonds will be made to the public. One certificate for each maturity of the Bonds will be issued to DTC, and immobilized in its custody. The winning bidder, as a condition of delivery of the Bonds, shall be required to deposit the Bonds with DTC, registered in the name of Cede & Co.

The original Bonds to be immobilized at DTC will be prepared and their legality approved by Locke Lord LLP, Boston, Massachusetts, whose opinion will be furnished to the purchaser without charge.

Bidder(s) shall state the rate or rates of interest per annum which the Bonds are to bear in a multiple of 1/8<sup>th</sup> or 1/20<sup>th</sup> of 1%, 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%. No bid of less than par **PLUS A PREMIUM OF NOT LESS THAN \$53,000**, plus accrued interest to date of delivery, if any, will be considered.

**The Town reserves the right to change the aggregate principal amount of the Bonds and the maturity schedule after the determination of the winning bid by increasing or decreasing the aggregate principal amount and the principal amount of each maturity in the amount of \$5,000 or an integral multiple thereof (except for**

\*Preliminary, subject to change.

one principal amount of \$1,000 maturing in 2018), by such amounts as may be necessary, (a) to structure the debt service on the Bonds in accordance with the Town's debt service repayment plan, (b) to produce sufficient proceeds for the project after taking into account the coupon rates and any premium to be received by the Town over and above the required \$53,000 minimum and (c) to comply with the Massachusetts General Laws.

Prospective bidders should be advised that bidding with a large premium will likely result in a corresponding reduction in the par amount of the Bonds.

**THE SUCCESSFUL BIDDER MAY NOT WITHDRAW ITS BID OR CHANGE THE INTEREST RATES BID OR THE INITIAL REOFFERING PRICES AS A RESULT OF ANY CHANGES MADE TO THE ANNUAL PRINCIPAL AMOUNTS OR THE AGGREGATE PRINCIPAL AMOUNT.** The dollar amounts bid for the Bonds by the successful bidder will be adjusted, if applicable, to reflect changes in the dollar amount of the amortization schedule. Any price that is adjusted will reflect changes in the dollar amount of the underwriter's discount and original issue premium, if any, but will not change the per-bond underwriter's discount (net of insurance premium, if any) provided in such bid. Nor will it change the interest rate specified for each maturity. Any such adjustments will be communicated to the winning bidder by 2:00 p.m. (local time) on the day of the sale.

As between proposals that comply with this Notice of Sale, the award will be to the bidder who offers to purchase all the Bonds at the lowest net effective interest rate to the Town. Such interest rate shall be determined on a true interest cost (TIC) basis, which shall mean that rate which, as of October 20, 2017, discounts semi-annually all future payments on account of principal and interest on the Bonds to the price bid, not including interest accrued to the date of delivery, if any, which accrued interest shall be paid by the successful bidder. In the event there is more than one proposal specifying the lowest such rate, the Bonds will be awarded to the bidder whose proposal is selected by the Town Treasurer from among all such proposals.

Electronic proposals will be submitted through **PARITY/i-Deal™**. If any provisions in this Notice of Sale conflict with information provided by **PARITY/i-Deal™** this Notice of Sale shall control. Further information about **PARITY**, including any fees charged, may be obtained from **i-Deal** at (212) 404-8102. The Town assumes no responsibility or liability for bids submitted in this manner.

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 Town.

Other bids, should be sealed, marked "Proposal for Bonds" and addressed to Barbara Michalowski, Treasurer, Town of Topsfield, Massachusetts, c/o Eastern Bank, Municipal Finance Department, Third Floor, 265 Franklin Street, Boston, Massachusetts 02110. Proposals delivered as specified will be accepted. Blank bid forms with signature may be faxed to Eastern Bank prior to submitting bids at (617) 235-8110, with actual bids telephoned to (617) 235-8104 or 235-8106, at least one half hour prior to the 11:00 a.m. (Eastern Time) sale and after receipt of the faxed bid form by Eastern Bank which will act as agent for the bidder(s) in submitting the final sealed bids. Neither the Town nor Eastern Bank shall be responsible for bids submitted in this manner. Any bidder who submits a winning bid by telephone in accordance with this Notice of Sale shall be required to provide written confirmation of the terms of the bid by faxing or e-mailing a completed, signed bid form to Eastern Bank by not later than 11:45 a.m. on the date of sale. A good faith deposit is not required.

The award of the Bonds to the winning bidder will not be effective until the bid has been approved by the Treasurer and the majority of the Board of Selectmen of the Town of Topsfield.

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

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

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

**Any bid submitted pursuant to this Notice of Sale shall be considered a firm offer for the purchase of the Bonds, as specified in the bid. Unless a bidder notifies the Town prior to submitting its bid by facsimile or email to the Financial Advisor (617-235-8110, [lombard@easternbank.com](mailto:lombard@easternbank.com)), 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 Town that it will not be an “underwriter” (as defined below) of the Bonds, in submitting a bid, each bidder is deemed to acknowledge that it is an “underwriter” that intends to reoffer the Bonds to the public.**

In the event that the competitive sale requirements are not satisfied, the Town shall so advise the successful bidder. In this case, one of the 3 options described below will apply with respect to determination of the issue price of each maturity of the Bonds.

**Failure to Meet the Competitive Sale Requirements – Option A – The Successful Bidder Intends to Reoffer the Bonds to the Public.** If the competitive sale requirements are not satisfied and the successful bidder intends to reoffer the Bonds to the public, unless the successful bidder elects Option B described below, the Town will 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 Financial Advisor if any maturity of the Bonds satisfies the 10% test as of the date and time of the award of the Bonds. Under this option, the successful bidder will not be required to comply with the “hold-the-offering-price rule” set forth in the applicable Treasury Regulations (and described in Option B below) and therefore does not intend to use the initial offering price to the public as of the Sale Date of any maturity of the Bonds as the issue price of that maturity.

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 Financial 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 Financial Advisor until notified in writing by the Town or the Financial Advisor that it no longer needs to do so.

By submitting a bid and if the competitive sale requirements are not met, each bidder confirms that: (i) any agreement among underwriters, any selling group agreement and each 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 Town (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the public), and
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 profit 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 Financial Advisor in writing, which may be by email (the “Hold the Price Notice”), not later than 4:00 p.m. on the Sale Date, that it has not sold 10% of the maturities of the Bonds listed in the Hold the Price Notice (the “Unsold Maturities”) and that the successful bidder will not offer the Unsold Maturities to any person at a price that is higher than the initial offering price to the public during the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date or (ii) the date on which the successful bidder has sold at least 10% of the applicable Unsold Maturity to the public at a price that is no higher than the initial offering price to the public. If the successful bidder delivers a Hold the Price Notice to the Financial Advisor, the successful bidder must provide to the 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, had agreed in writing to hold the price of the Unsold Maturities in the manner described in the preceding sentence.

Failure to Meet the Competitive Sale Requirements – Option C – The Successful Bidder Does Not Intend to Reoffer the Bonds to the Public. If the competitive sale requirements are not met and the successful bidder does not intend to reoffer the Bonds to the public, the Town shall treat the Bonds as sold in a private placement and shall treat the amount bid as the issue price.

The Town has not contracted for the issuance of any policy of municipal bond insurance for the Bonds. If the Bonds qualify for issuance of any such policy or commitment therefor, any purchase of such insurance or commitment shall be at the sole option and expense of the bidder. Proposals shall not be conditioned upon the issuance of any such policy or commitment. Any failure of the Bonds to be so insured or of any such policy or commitment to be issued shall not in any way relieve the purchaser of 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.

On or prior to the date of delivery of the Bonds, the successful bidder shall furnish to the Town a certificate acceptable to Bond Counsel generally to the effect that (i) as of October 11, 2017 (the “Sale Date”), the successful bidder had offered or reasonably expected to offer all of the Bonds to the general public (excluding bond houses, brokers, or similar persons acting in the capacity of underwriters or wholesalers) in a bona fide public offering at the prices set forth in such certificate, (ii) such prices represent fair market prices of the Bonds as of the Sale Date, and (iii)

as of the date of such certificate, all of the Bonds have been offered to the general public in a bona fide offering at the prices set forth in such certificate, and at least 10% of each maturity of the Bonds actually has been sold to the general public at such prices. To the extent the certifications described in the preceding sentence are not factually accurate with respect to the reoffering of the Bonds, Bond Counsel should be consulted by the bidder as to alternative certifications that will be suitable to establish the "issue price" of the Bonds for federal tax law purposes. If a municipal bond insurance policy or similar credit enhancement is obtained with respect to the Bonds by the successful bidder, such bidder will also be required to certify as to the net present value savings on the Bonds resulting from payment of insurance premiums or other credit enhancement fees.

It shall be a condition of 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 Locke Lord LLP, Boston, Massachusetts, substantially in the form presented in Appendix C to the Preliminary Official Statement, included herein, (b) a certificate in form satisfactory to said firm 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 affecting the validity of the Bonds or the power of the Town to levy and collect taxes to pay them, (c) a certificate of the Town Treasurer to the effect that to the best of the signer's knowledge and belief, as of its date and as of the date of sale, the Preliminary Official Statement did not, and as of its date and as of the date of delivery of the Bonds, the Official Statement, as of its date and as of the date of delivery of the Bonds, 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 described in the Preliminary Official Statement.

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

It is anticipated that CUSIP identification numbers will be printed on the Bonds. All expenses in relation to the printing of CUSIP numbers on the Bonds shall be paid for by the Town; provided, however, that the Town assumes no responsibility for any CUSIP Service Bureau or other charge that may be imposed for the assignment of such numbers.

**The Bonds will be designated as "Qualified Tax-Exempt Obligations" for purposes of Section 265(b)(3) of the Code.**

The Bonds, in definitive form, will be delivered to the purchaser at DTC, or its custodial agent, on or about October 20, 2017, against payment in Federal Reserve funds.

Additional information concerning the Town and the Bonds is contained in the Preliminary Official Statement dated October 3, 2017, to which prospective bidders are directed. The Preliminary Official Statement is provided for informational purposes only and is not deemed a part of this Notice of Sale. Copies of the Preliminary Official Statement and a suggested form of the proposal for the Bonds may be obtained from Eastern Bank, Municipal Finance Department, Third Floor, 265 Franklin Street, Boston, Massachusetts 02110, telephone: (617) 235-8106. The Preliminary Official Statement is deemed final by the Town as of its date for purposes of SEC Rule 15c2-12(b)1 except for the omission of the reoffering prices, interest rates and any other terms of the Bonds depending on such matters and the identity of the purchasers. Within seven (7) business days following the award of the Bonds in accordance herewith, no more than 100 copies of the Final Official Statement will be furnished to the successful bidder. Additional copies may be obtained at the purchaser's expense.

The right is reserved to reject 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 for the Bonds.

Town of Topsfield, Massachusetts

Dated: October 3, 2017

By: /s/ Barbara Michalowski, Town Treasurer

**[Issue Price Certificate for Use If the Competitive Sale Requirements Are Met]****[\$4,766,000]**

**TOWN OF TOPSFIELD, MASSACHUSETTS**  
**GENERAL OBLIGATION MUNICIPAL PURPOSE LOAN OF 2017 BONDS DATED OCTOBER 20, 2017**  
**ISSUE PRICE CERTIFICATE**

The undersigned, on behalf of [NAME OF SUCCESSFUL BIDDER] (the “Successful Bidder”), hereby certifies as set forth below with respect to the sale of the above-captioned obligations (the “Bonds”) of the Town of Topsfield, 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.
- (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.<sup>1</sup>
- (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 October 11, 2017.
- (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 Underwriter’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 Locke Lord 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 Winning Bidder hereby acknowledges receipt from the Issuer of the Bonds of the Issue and further acknowledges receipt of all certificates, opinion and other documents required to be delivered to the Winning Bidder, before or simultaneously with the delivery of such bonds of the Issue, which certificates, opinions and other documents are satisfactory to the Winning Bidder.

Dated: October 20, 2017

[SUCCESSFUL BIDDER]

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

**[MODEL ISSUE PRICE DOCUMENTATION REPORT**  
**SCHEDULE A – EXPECTED OFFERING PRICES (To Be Attached)**  
**SCHEDULE B – COPY OF UNDERWRITER’S BID (To Be Attached)]**



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

**TOWN OF TOPSFIELD, MASSACHUSETTS, [\$4,766,000]  
GENERAL OBLIGATION MUNICIPAL PURPOSE LOAN OF 2017 BONDS DATED OCTOBER 20, 2017**

**ISSUE PRICE CERTIFICATE**

The undersigned, on behalf [NAME OF SUCCESSFUL BIDDER] (the “Successful Bidder”), 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 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 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 Town of Topsfield, Massachusetts’ financial advisor, Eastern Bank (the “Financial Advisor”) the prices at which the unsold Bonds of each Maturity have been sold to the Public, which reporting obligation shall continue after the date hereof until the 10% test has been satisfied for each Maturity of the Bonds or until all the Bonds of a Maturity have been sold. The Successful Bidder shall continue to report each sale of Bonds to the Financial Advisor until notified by email or in writing by the State or the Financial Advisor that it no longer needs to do so.
3. Defined Terms.
  - (a) Issuer means the Town of Topsfield, 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, 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 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 Locke Lord 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 Winning Bidder hereby acknowledges receipt from the Issuer of the Bonds of the Issue and further acknowledges receipt of all certificates, opinion and other documents required to be delivered to the Winning Bidder, before or simultaneously with the delivery of such bonds of the Issue, which certificates, opinions and other documents are satisfactory to the Winning Bidder.

Dated: October 20, 2017

[SUCCESSFUL BIDDER]

By:  
Name:  
Title:

**[SCHEDULE A -SALE PRICES (To Be Attached)]**

**CONTACT INFORMATION:**

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**OFFICIAL STATEMENT**  
**TOWN OF TOPSFIELD, MASSACHUSETTS**  
**\$4,633,000 General Obligation Municipal Purpose Loan of 2017 Bonds**

**INTRODUCTION**

This Official Statement is provided for the purpose of presenting certain information relating to the Town of Topsfield, Massachusetts (the “Town”) in connection with the sale of its \$4,633,000 General Obligation Municipal Purpose Loan of 2017 Bonds (the “Bonds”).

The Bonds will be general obligations of the Town for which its full faith and credit are pledged. They are not guaranteed by The Commonwealth of Massachusetts (the “Commonwealth”) or any other entity. The principal and interest of the Bonds are payable from taxes which may be levied without limit as to rate or amount upon all taxable property in the Town, subject to the limits imposed by Chapter 59, Section 21C of the General Laws except for the those Bonds which are payable from taxes which may be levied upon all taxable property located in the Town, without limitation as to rate or amount except as provided under Chapter 44, Section 20 of the General Laws. See also “*Proposed Form of Legal Opinion*” in Appendix C.

Questions regarding information contained in this Official Statement or other matters should be directed to the following: Barbara Michalowski, Treasurer, Topsfield, Massachusetts (978) 887-1511; Richard A. Manley, Jr., Locke Lord LLP, Boston, Massachusetts (617) 239-0384; and Lori E. Lombard, Eastern Bank, Boston, Massachusetts (617) 235-8106. The information contained herein has been obtained from the sources indicated or from the Town.

**THE BONDS**

**Description of the Bonds**

The Bonds will be dated October 20, 2017, and will bear interest payable on April 15, 2018 and semi-annually thereafter on each October 15 and April 15. Interest will be calculated on the basis of a 30-day month and a 360-day year. Principal on the Bonds will be payable on October 15 of the years and in the amounts shown on the cover of this Official Statement. The Bonds maturing on and before October 15, 2027 are not subject to redemption prior to their stated dates of maturity. Bonds maturing after October 15, 2027 are subject to redemption in accordance with the terms described herein.

Principal and semi-annual interest on the Bonds will be paid by U.S. Bank National Association, Boston, Massachusetts, as Paying Agent (the “Paying Agent”). So long as The Depository Trust Company, New York, New York, (“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 issued by means of a book-entry system, evidencing ownership of the Bonds in principal amounts of \$5,000 or integral multiples thereof (except for one principal amount of \$1,000\* maturing in 2018), with transfers of ownership effected on the records of DTC and its participants pursuant to rules and procedures adopted by DTC participants. No physical distribution of the bond certificates will be made to the public. One certificate for each maturity of the Bonds will be issued to DTC, and immobilized in its custody.

**Record Date**

The record date for each payment of interest on the Bonds is the last business day of the month preceding the interest payment date; provided that, with respect to overdue interest, the Paying Agent may establish a special record date. The special record date may not be more than twenty (20) days before the date set for payment. The Paying Agent will mail notice of a special record date to the Bondholders at least ten (10) days before the special record date.

## **Book-Entry-Only 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 Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

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

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

To facilitate subsequent transfers, all securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as requested by an authorized representative of DTC. The deposit of securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the securities; 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 a maturity is being redeemed, DTC's practice is to determine by lot the amount of the interest of each direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the securities deposited with it 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 as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's

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

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the 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 Town may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, physical certificates will be printed and delivered.

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

### **DTC Practices**

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

### **Optional Redemption**

The Bonds maturing on and before October 15, 2027 are not subject to redemption prior to their stated dates of maturity. Bonds maturing after October 15, 2027 are subject to redemption prior to their stated dates of maturity, at the option of the Town, on and after October 15, 2027, either in whole or in part at any time, and if in part, by lot within a maturity, at the price of par plus accrued interest to the date set for redemption.

Term Bonds, if any, shall be subject to mandatory redemption on October 15 in the year or years immediately prior to the stated maturity of such Term Bonds (the particular Bonds of such maturity to be redeemed to be selected by lot), as indicated on the cover page of the Official Statement at the principal amount therefor plus accrued interest to the redemption date, without premium.

### **Notice of Redemption**

Notice of any redemption of Bonds prior to their dates of maturity, specifying the Bonds (or portion thereof) to be redeemed and the place or places of payment shall be mailed to DTC or sent in such other manner as may be acceptable to DTC (so long as it is the registered owner of the Bonds) not more than 60 days nor less than 30 days prior to the redemption date. Any failure by DTC to notify the DTC Participants of the redemption, or failure on the part of the DTC Participants or a nominee of a Beneficial Owner to notify the Beneficial Owner of the redemption shall not affect the validity of the redemption.

## Authorization and Use of Proceeds

<u>Amount of This Issue*</u>	<u>Purpose</u>	<u>Amount Authorized</u>	<u>Article Number</u>	<u>Date Voted</u>	<u>Statutory Reference</u>	<u>BAN's Outstanding</u>	<u>Paydown</u>
\$1,500,000	Town Hall Remodeling(1)	\$9,859,000	1	5/3/2016	Ch. 44, s. 7(1)	\$1,500,000	-
963,000	Water Mains(2)	1,100,000	35	5/6/2014	Ch. 44, s. 8(5)	1,018,000	\$55,000
981,000	Fire Ladder Truck	1,000,000	31	5/6/2014	Ch. 44, s.7(1)	1,000,000	19,000
648,000	Water Treatment Planning(2)	800,000	34	5/6/2014	Ch. 44, s. 7(7)	800,000	152,000
183,000	Fire Rescue Vehicle	210,000	30	5/6/2014	Ch. 44, s.7(1)	210,000	27,000
177,000	Town Hall Envelope	227,000	5	5/5/2015	Ch. 44, s. 7(1)	177,000	-
115,000	Catch Basin Cleaner	165,000	28	5/5/2015	Ch. 44, s.7(1)	165,000	50,000
110,000	School Remodeling	135,000	29	5/5/2015	Ch. 44, s. 7(1)	110,000	-
49,000	Roof Study Bonds	49,000	34	5/5/2015	Ch. 44, s. 7(7)	49,000	-
20,000	Sidewalk Repair	20,000	30	5/5/2015	Ch. 44, s. 7(1)	20,000	-
20,000	HVAC Planning	20,000	32	5/5/2015	Ch. 44, s. 7(7)	20,000	-
<u>\$4,766,000*</u>						<u>\$5,069,000</u>	<u>\$303,000</u>

(1) The Town has voted to exempt principal and interest payments on bonds and notes issued for this project from the limit imposed by Chapter 59, Section 21C of the General Laws.

(2) The Town expects to raise water rates sufficient to pay the debt service on these Bonds.

## Combined Maturity Table

Year	Fire Ladder Truck	Fire Rescue Vehicle	Town Hall Envelope	Catch Basin Cleaner	School Remodeling	Roof Study	School Sidewalks	HVAC Planning	Town Hall Design/ Remodeling	Water Mains	Water Planning	Total Bonds*
2018	\$41,000	\$23,000	\$2,000	\$10,000	\$10,000	\$4,000	\$5,000	\$5,000	\$40,000	\$43,000	\$33,000	\$216,000
2019	45,000	25,000	5,000	15,000	10,000	5,000	5,000	5,000	40,000	50,000	35,000	240,000
2020	45,000	25,000	5,000	15,000	10,000	5,000	5,000	5,000	40,000	50,000	35,000	240,000
2021	45,000	25,000	5,000	20,000	10,000	5,000	5,000	5,000	45,000	50,000	35,000	250,000
2022	50,000	25,000	10,000	20,000	10,000	5,000			45,000	50,000	35,000	250,000
2023	50,000	30,000	10,000	20,000	10,000	5,000			45,000	50,000	35,000	255,000
2024	50,000	30,000	10,000	15,000	10,000	5,000			50,000	50,000	35,000	255,000
2025	55,000		10,000		10,000	5,000			50,000	50,000	35,000	215,000
2026	55,000		10,000		10,000	5,000			50,000	50,000	35,000	215,000
2027	60,000		10,000		10,000	5,000			55,000	50,000	35,000	225,000
2028	60,000		10,000		10,000				55,000	50,000	30,000	215,000
2029	60,000		10,000						55,000	50,000	30,000	205,000
2030	60,000		10,000						60,000	50,000	30,000	210,000
2031	60,000		10,000						60,000	50,000	30,000	210,000
2032	65,000		10,000						60,000	45,000	30,000	210,000
2033	65,000		10,000						65,000	45,000	30,000	215,000
2034	70,000		10,000						65,000	45,000	30,000	220,000
2035	45,000		10,000						70,000	45,000	30,000	200,000
2036			10,000						70,000	45,000	30,000	155,000
2037			10,000						75,000	45,000	30,000	160,000
2038									75,000			75,000
2039									80,000			80,000
2040									80,000			80,000
2041									85,000			85,000
2042									85,000			85,000
<b>Totals:</b>	<u>\$981,000</u>	<u>\$183,000</u>	<u>\$177,000</u>	<u>\$115,000</u>	<u>\$110,000</u>	<u>\$49,000</u>	<u>\$20,000</u>	<u>\$20,000</u>	<u>\$1,500,000</u>	<u>\$963,000</u>	<u>\$648,000</u>	<u>\$4,766,000</u>

\* Preliminary, subject to change.

## **Tax Exemption**

In the opinion of Locke Lord LLP, Bond Counsel to the Town ("Bond Counsel"), based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code"). Bond Counsel is of the further opinion that interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observes that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. 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 Bonds will be designated 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 Town has covenanted to comply with such requirements to ensure that interest on the Bonds will not be included in federal gross income. The opinion of Bond Counsel assumes compliance with these requirements.

Bond Counsel is also of the opinion that, under existing law, interest on the Bonds is exempt from Massachusetts personal income taxes, and the Bonds are exempt from Massachusetts personal property taxes. Bond Counsel has not opined as to other Massachusetts tax consequences arising with respect to the Bonds. Prospective Bondholders should be aware, however, that the Bonds are included in the measure of Massachusetts estate and inheritance taxes, and the Bonds and the interest thereon are included in the measure of certain Massachusetts corporate excise and franchise taxes. Bond Counsel expresses no opinion as to the taxability of the Bonds or the income therefrom or any other tax consequences arising with respect to the Bonds under the laws of any state other than Massachusetts. A complete copy of the proposed form of opinion of Bond Counsel is set forth in Appendix C 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 the first price at which a substantial amount of such maturity of the Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). 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 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.

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

Although Bond Counsel is of the opinion that interest on the Bonds is excluded from gross income for federal income tax purposes and is exempt from Massachusetts personal income taxes, the ownership or disposition of, or the accrual or receipt of interest on, the Bonds may otherwise affect the federal or state tax liability of a Bondholder. Among other possible consequences of ownership or disposition of, or the accrual or receipt of interest on, the Bonds, the Code requires recipients of certain social security and certain railroad retirement benefits to take into account receipts or accruals of interest on the Bonds in determining the portion of such benefits that are included in gross income. The nature and extent of 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.

## **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 above (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 other money 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 - Debt Limit" 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 "*Property 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 or a regional transit authority) of which it is a member, for costs of the Massachusetts Water Resources Authority if the city or town is within the territory served by the Authority, for any debt service due on obligations issued to the Massachusetts School Building Authority, or for charges necessary to meet obligations under the Commonwealth’s Water Pollution Abatement 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 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, the Commonwealth has enacted

special legislation to permit the appointment of a fiscal overseer, finance control board or, in the most extreme cases, a state receiver. In a limited number of these situations, such special legislation has also authorized the filing of federal bankruptcy proceedings, with the prior approval of the Commonwealth. In each case where such authority was granted, it expired at the termination of the Commonwealth's oversight of the financially distressed city, town or regional school district. To date, no such filings have been approved or made.

### **Bank Qualified**

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

### **Continuing Disclosure**

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

In the past five (5) years the Town believes it has complied, in all material respects, with its previous undertakings to provide annual reports or notices of significant events in accordance with the Rule. Aside from the Town, there are no obligated persons with respect to the Bonds.

The Town Treasurer, or such official's designee from time to time, shall be the contact person on behalf of the Town from whom the foregoing information, data and notices may be obtained. The name, address and telephone number of the initial contact person is: Barbara Michalowski, Treasurer, Town of Topsfield, 461 Boston Street, E-6, Topsfield, MA 01983; (978) 887-1511.

### **Ratings**

S&P Global Ratings will assign their rating of AA+ stable outlook to the Bonds. The rating reflects only the rating agency's views and will be subject to revision or withdrawal, which could affect the market price of the Bonds.

### **Financial Advisor**

Eastern Bank serves as Financial Advisor to the Town with respect to this issue of Bonds.

### **Opinion of Bond Counsel**

The unqualified approving opinion as to the validity of the Bonds will be rendered by Locke Lord LLP of Boston, Massachusetts, Bond Counsel. The opinion will be dated as of the date of original delivery of the Bonds and will speak only as of such date.

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

## THE TOWN

The Town of Topsfield, located in Essex County, was incorporated as a Town in 1650 and is located in Essex County in northeastern Massachusetts. The Town is bordered by the Towns of Ipswich on the north, Hamilton and Wenham on the east, Middleton and Danvers to the south and Boxford on the west. It is located 25 miles north of Boston and is within one mile of Interstate Route 95 and US Route 1. The Town has a population of 6,529 according to the most recent census and covers an area of approximately 13 square miles and includes 60 miles of roadways and 25 miles of sidewalks and bike paths. In addition to a local village shopping center, there are various small businesses located principally along Route 1; however, the Town remains primarily a residential community.

### Services

The Town provides general governmental services for the territory within its boundaries, including police and fire protection, curbside pickup of trash and recycling, composting and recycling drop off, water, street maintenance, parks and recreational facilities, services and programs for the elderly and public education in pre-school through grade six. Middle and high school education (grades 7-12) is provided through participation in the Masconomet Regional School District. The Essex North Shore Agricultural and Technical School provides academic and vocational education for grades 9-12. The Topsfield Housing Authority provides public housing for the elderly, as well as the handicapped.

Public transportation is available through The Coach Company, which operates daily bus service from Topsfield to Boston, as well as through MBTA commuter rail service from Hamilton, Ipswich, Beverly and Salem.

### Governing Bodies and Officers

Local legislative decisions are made by an open town meeting consisting of all the registered voters in the Town. Subject to the legislative decisions made by the town meeting, the affairs of the Town are generally administered by a five-member board of selectmen, assisted by the town administrator. The Town departments are managed and operated by Town employees who are responsible for the day-to-day operations including finance, public safety, public works and other services. Local school affairs are administered by a five-member elected school committee. Local taxes are assessed by a board of three assessors elected for staggered three-year terms. The Water Department is supervised by the Board of Water Commissioners.

### Principal Executive Officers

Below is a list of the principal executive officers in the Town.

<u>Title</u>	<u>Name</u>	<u>Manner of Selection</u>	<u>Length of Term</u>	<u>Expiration of Term</u>
Selectman, Clerk	Laura Powers	Elected	3 Years	2018
Selectman	Boyd R. Jackson	Elected	3 Years	2018
Selectman	Mark B. Lyons	Elected	3 Years	2019
Selectman	A. Richard Gandt	Elected	3 Years	2020
Selectman, Chairman	John K. Spencer	Elected	3 Years	2020
Town Administrator	Kellie A. Hebert	Appointed	3 Years	2019
Treasurer/Collector	Barbara Michalowski	Appointed	3 Years	2020
Town Accountant	Catherine Gabriel	Appointed	3 Years	2019
Assessor	John W. Minnehan	Elected	3 Years	2020
Assessor	Robert E. Kantor	Elected	3 Years	2019
Assessor, Chairman	Lynn A. Conant	Elected	3 Years	2019
Principal Assessor	Toula Guarino	Appointed	4 Years	2019
Superintendent of Elementary Schools	Scott Morrison	Appointed	NA	NA
Superintendent of Masconomet RSD	Dr. Kevin Lyons	Appointed	NA	NA
Superintendent of Water	Gregory Krom	Appointed	3 Year	2019
Superintendent of Highways	David M. Bond	Appointed	3 Year	2019
Town Clerk	M. Beth Willis	Appointed	3 Year	2020
Town Counsel	KP Law	Appointed	1 Year	2018

## Principal Municipal Facilities

The following is a list of the principal municipal facilities within the Town and the recent assessed valuations.

<u>Facility</u>	<u>Date Built (Remodeled)</u>	<u>Assessed Valuation</u>
Steward School	1963/1968/1987/1999/2015/2017	\$3,538,900
Proctor School	1932/1952/1955/1974/1987/1999/2015/2017	3,237,800
Library	1935/1998	2,066,100
Water Department	1950	935,000
Water Department	1960	1,158,400
Fire Station/Highway	1939/1969	970,500
Town Hall	1873/2016/2017(1)	785,100
Police Station	1930/1987	973,400
Public Works Facility	2000	1,481,700
Cemetery	1978	404,600

(1) \$1,500,000 proceeds of these Bonds will be used to remodel the town hall.

## Collective Bargaining

City and town employees (other than managerial or confidential employees) are entitled to join unions and to bargain collectively on questions of wages, hours, and other terms and or conditions of employment. The Town has approximately 289 full and part-time employees of whom approximately 42% belong to unions or other collective bargaining groups.

The following table sets forth the collective bargaining groups.

<u>Union</u>	<u>Department</u>	<u>Members</u>	<u>Contract Expires</u>
AFSCME Council 93 Local 2905 IAFF.....	Highway/Water/Park&Cemetery	9	6/30/2017(1)
Topsfield Teachers Association.....	School	57	8/31/2019
Topsfield Ed Support Professional.....	School	28	8/31/2019
Teamsters.....	Police	10	6/30/2017(1)
Police Reserve Association.....	Police	11	6/30/2019
Call Fire Association.....	Call Fire	21	6/30/2017(1)
Topsfield Fire Fighters Local #3250.....	Fire	4	6/30/2017(1)
<b>Total:</b>		<b>140</b>	

(1) This contract is currently under negotiation.

## Other Data

The following tables set forth population trends, age characteristics, income levels, housing characteristics, trends, and employment figures for the Town of Topsfield, Essex County, and the Commonwealth of Massachusetts.

### Population

<u>Year</u>	<u>Topsfield</u>		<u>Essex County</u>		<u>Massachusetts</u>	
	<u>Number</u>	<u>% Change</u>	<u>Number</u>	<u>% Change</u>	<u>Number</u>	<u>% Change</u>
2015 estimate	6,529	7.3%	776,043	4.4%	6,794,422	3.8%
2010	6,085	-0.9	743,159	2.7	6,547,629	3.1
2000	6,141	6.7	723,419	8.0	6,349,097	5.5
1990	5,754	0.8	670,080	5.8	6,016,425	4.9
1980	5,709		633,632		5,737,037	

Source: U.S. Department of Commerce for actuals and estimates,  
Massachusetts Institute for Social & Economic Research for projections.

## Median Age

	Topsfield		Essex County		Massachusetts	
<u>Age</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Under 5 Years	279	4.4%	43,562	5.7%	365,841	5.5%
5 Years to 19 Years	1,434	22.5	147,356	19.3	1,241,719	18.5
20 Years to 64 Years	3,241	50.8	457,068	59.8	4,112,608	61.3
65 Years and Over	1,425	22.3	115,863	15.2	985,418	14.7
Total	6,379	100.0%	763,849	100.0%	6,705,586	100.0%
Median Age	47		41		39	
Median Age (2000)	41		37.5		36.5	

Source: U.S. Department of Commerce

## Per Capita Income

	Topsfield		Essex County		Massachusetts	
<u>Year</u>	<u>Amount</u>	<u>% Change</u>	<u>Amount</u>	<u>% Change</u>	<u>Amount</u>	<u>% Change</u>
2015 5-year estimates	\$55,726	47.5%	\$36,212	37.4%	\$36,895	42.2%
1999	37,770	38.0	26,358	49.9	25,952	50.7
1989	27,375	155.1	17,586	129.2	17,224	131.0
1979	10,733	0.0	7,673	0.0	7,457	0.0
% Below Poverty Level (2015 5-year estimates)	5.3%		11.4%		11.6%	

Source: U.S. Department of Commerce

## Median Family Income

	Topsfield		Essex County		Massachusetts	
<u>Income for Families</u>	<u>Families</u>	<u>Percent</u>	<u>Families</u>	<u>Percent</u>	<u>Families</u>	<u>Percent</u>
Less than \$10,000	-0-	0.0%	6,572	3.4%	58,643	3.6%
10,000 - 24,999	79	4.5	16,451	8.6	131,129	8.1
25,000 - 49,999	115	6.5	31,262	16.3	258,055	15.9
50,000 - 74,999	170	9.6	29,214	15.2	249,664	15.4
75,000 - 99,999	281	15.9	26,611	13.8	223,266	13.8
100,000 - 149,999	223	12.6	38,052	19.8	332,072	20.5
150,000 or more	898	50.8	44,219	23.0	368,088	22.7
Total	1,766	100.0%	192,381	100.0%	1,620,917	100.0%
Median Income	\$152,083		\$86,793		\$87,085	

Source: U.S. Department of Commerce

## Household Income

	Topsfield		Essex County		Massachusetts	
<u>Income for Households</u>	<u>Households</u>	<u>Percent</u>	<u>Households</u>	<u>Percent</u>	<u>Households</u>	<u>Percent</u>
Less than \$10,000	-0-	0.0%	16,323	5.7%	155,390	6.1%
10,000 - 24,999	254	11.1	39,793	13.8	348,350	13.7
25,000 - 49,999	216	9.5	53,199	18.5	462,242	18.1
50,000 - 74,999	224	9.8	45,257	15.7	402,960	15.8
75,000 - 99,999	332	14.5	35,908	12.5	317,568	12.5
100,000 - 149,999	285	12.5	47,549	16.5	429,874	16.9
150,000 or more	971	42.6	49,883	17.3	433,337	17.0
Total	2,282	100.0%	287,912	100.0%	2,549,721	100.0%
Median Income	\$114,565		\$69,068		\$68,563	

Source: U.S. Department of Commerce

## Median Value Owner – Occupied Housing Units

Units	Topsfield		Essex County		Massachusetts	
	Number	Percent	Number	Percent	Number	Percent
Less than \$100,000	57	2.7%	6,621	3.7%	68,999	4.4%
100,000 - 199,999	29	1.4	17,254	9.5	221,180	14.0
200,000 - 299,999	13	0.6	42,285	23.3	384,150	24.3
300,000 - 499,999	831	39.4	71,995	39.7	563,047	35.6
500,000 - 999,999	1,142	54.1	37,673	20.8	285,504	18.0
1,000,000 or more	<u>39</u>	<u>1.8</u>	<u>5,465</u>	<u>3.0</u>	<u>60,787</u>	<u>3.8</u>
Total	<u>2,111</u>	<u>100.0%</u>	<u>181,293</u>	<u>100.0%</u>	<u>1,583,667</u>	<u>100.0%</u>
Median Value	\$529,700		\$353,100		\$333,100	

Source: U.S. Department of Commerce

## Age of Housing Units

Year Built	Topsfield		Essex County		Massachusetts	
	Number	Percent	Number	Percent	Number	Percent
2000 or later	92	4.0%	23,142	7.5%	240,035	8.5%
1980 to 1999	338	14.6	54,485	17.7	514,947	18.2
1940 to 1979	1,567	67.5	109,837	35.7	1,111,194	39.3
1939 or Earlier	<u>323</u>	<u>13.9</u>	<u>120,430</u>	<u>39.1</u>	<u>961,644</u>	<u>34.0</u>
Total	<u>2,320</u>	<u>100.0%</u>	<u>307,894</u>	<u>100.0%</u>	<u>2,827,820</u>	<u>100.0%</u>

Source: U.S. Department of Commerce

## Building Permits

	For Calendar Year				
	<u>2017(1)</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Residential:					
Number.....	8	4	3	4	5
Value.....	\$2,587,500	\$738,000	\$1,307,700	\$1,475,500	\$1,730,700
Non-Residential:					
Number.....	4	-0-	-0-	1	2
Value.....	13,218,319(2)	-0-	-0-	100,000	470,000

(1) As of September 11, 2017.

(2) Includes \$5,583,319 for town hall remodeling and \$7,246,000 for the water treatment facility.

## Unemployment

Calendar Year(1)	Labor Force	Employment	Unemployment Rate			
			Town	County	State	US
2017 (April)	3,487	3,389	2.8%	3.9%	3.8%	4.1%
2016	3,388	3,300	2.6	3.8	3.7	4.9
2015	3,367	3,259	3.2	5.0	4.9	5.3
2014	3,370	3,235	4.0	6.0	5.8	6.2
2013	3,292	3,141	4.6	7.0	6.7	7.4

Source: Massachusetts Department of Employment & Training

(1) Full year averages except for 2017 which is for the month indicated.

## Employment and Payrolls

<u>Employment by Industry</u>	<u>Calendar Year Average</u>				
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Construction & Natural Resources	254	241	294	269	233
Manufacturing	169	165	164	165	152
Trade, Transportation & Utilities	282	286	245	248	290
Financial Activities	82	96	95	85	84
Professional & Business Services	374	361	325	332	301
Education & Health Services	1,208	1,198	1,132	1,004	940
Leisure & Hospitality	186	185	187	193	180
Information & Other Services	146	127	126	144	138
Public Administration	-0-	-0-	-0-	-0-	-0-
Total Employment	<u>2,808</u>	<u>2,764</u>	<u>2,669</u>	<u>2,549</u>	<u>2,430</u>
Number of Establishments	286	285	276	284	285
Total Annual Wage (000)	\$153,822	\$137,082	\$127,173	\$121,185	\$115,955
Average Weekly Wage	1,053	954	916	914	918

Source: Massachusetts Department of Employment & Training

## Principal Employers

The following table lists the largest employers in the Town of Topsfield and the approximate number of employees of each, exclusive of the Town itself.

<u>Company</u>	<u>Nature of Business</u>	Approximate # of <u>Employees</u>
Essex Agricultural Society (Topsfield Fair)	Topsfield Fair	250-499(1)
Masconomet Health Care	Nursing Care Facility	100-249
Fairview Machine Co.	Machine Shop Precisions Parts	50-99
Harmony Health	Assisted living nursing homes	50-99
Harmony Health Care Intl	Retail	50-99
American Holdco Inc.	Retail	20-49
Carl Zeiss Meditec	Manufacturing - Medical	20-49
Essex County Co-op	Retail	20-49
Evans Industries	Manufacturing	20-49
Exclusive Homes Group	Real Estate	20-49
Hill Engineering Div	Manufacturing	20-49
Keller Williams Realty	Real Estate	20-49
Lawton Welding	Manufacturing	20-49

(1) Seasonal

Source: The Town.

## Public School Facilities

The Town presently operates two elementary schools for grades kindergarten through six and is a member of the Masconomet Regional School District which provides education in grades seven through twelve. The following tables list the public school facilities and current and projected enrollment figures for the Town.

<u>Name</u>	<u>Grade</u>	<u>Date Built</u>	<u>Added to (Remodeled)</u>	<u>Capacity</u>	<u>Current Enrollment(1)</u>
Elementary:					
Steward.....	K-3	1962	1968/1987/1999	530	373
Proctor.....	4-6	1932	1952/55/74/87/99	700	253
Junior/Senior High:					
Masconomet Regional School District.....	7-12	1967	1975/2003	<u>2,400</u>	<u>501(2)</u>
<b>Totals:</b>				<u><u>3,630</u></u>	<u><u>1,127</u></u>

(1) Enrollments as of September 1, 2017.

(2) Represents Topsfield students only. Total enrollment at the school is 1,874. The District consists of the Towns of Topsfield, Boxford and Middleton.

## Public School Enrollment

	<u>Actual(1)</u>						
	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
Elementary.....	647	619	590	563	576	611	626
Junior/Senior(2).....	<u>621</u>	<u>622</u>	<u>624</u>	<u>586</u>	<u>537</u>	<u>521</u>	<u>501</u>
<b>Totals:</b>	<u><u>1,268</u></u>	<u><u>1,241</u></u>	<u><u>1,214</u></u>	<u><u>1,149</u></u>	<u><u>1,113</u></u>	<u><u>1,132</u></u>	<u><u>1,127</u></u>

(1) Source: Town of Topsfield

(2) Topsfield students attending Masconomet Regional School District.

## Educational Attainment

<u>Years of School Completed</u>	<u>Topsfield</u>		<u>Essex County</u>		<u>Massachusetts</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Less than 9th Grade	79	1.8%	28,930	5.5%	220,055	4.8%
9th to 12th Grade, No Diploma	98	2.2	27,055	5.2	251,050	5.4
High School Graduate	778	17.4	136,786	26.2	1,169,375	25.4
Some College, No Degree	597	13.3	90,700	17.3	745,794	16.2
Associate's Degree	285	6.4	43,250	8.3	357,133	7.7
Bachelor's Degree	1,311	29.3	116,780	22.3	1,049,150	22.8
Graduate or Professional Degree	<u>1,330</u>	<u>29.7</u>	<u>79,523</u>	<u>15.2</u>	<u>817,953</u>	<u>17.7</u>
Total	<u>4,478</u>	<u>100.0%</u>	<u>523,024</u>	<u>100.0%</u>	<u>4,610,510</u>	<u>100.0%</u>
High School Graduate or Higher	4,301	96.0%	467,039	89.3%	4,139,405	89.8%
Bachelor's Degree or Higher	2,641	59.0	196,303	37.5	1,867,103	40.5

Source: U.S. Department of Commerce



## INDEBTEDNESS

### Debt Limits

The general debt limit of the Town of Topsfield consists of a normal debt limit and a double debt limit. The normal debt limit is 5.0 percent of the valuation of taxable property as last equalized by the State Department of Revenue. The Town can authorize up to \$67,326,565 without state approval and up to twice this amount (\$134,653,130 – double debt limit) with the approval of the Municipal Finance Oversight Board composed of the State Treasurer, the State Auditor, the Attorney General and the Director of Accounts.

There are many categories of general obligation debt which are exempt from and do not count against the general debt limit. Among others, these exempt categories include revenue anticipation notes and grant anticipation notes, emergency loans, loans exempted by special laws, certain school bonds and sewer bonds, solid waste disposal facility bonds and economic development bonds supported by tax increment financing; and subject to special debt limits, housing and urban renewal and economic development (subject to various debt limits), and electric, gas, community antenna television systems, and telecommunications systems (subject to separate limits). Revenue bonds are not subject to these debt limits. The general debt limit applies at the time the debt is authorized. The other special debt limits generally apply at the time the debt is incurred.

### Authorization of General Obligation Bonds and Notes

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

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

### Types of Obligations

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

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

Serial bonds may be issued as “qualified bonds” with the approval of the state Municipal Finance Oversight Board composed of the State Treasurer, the State Auditor, the Attorney General and the Director of Accounts, subject to such conditions and limitations (including restrictions on future indebtedness) as may be required by the Board. Qualified bonds may mature not less than 10 nor more than 30 years from their dates and are not subject to the amortization requirements described above. The State Treasurer is required to pay the debt service on qualified bonds and thereafter to withhold the amount of the debt service paid by the State from state aid or other state payments; administrative costs and any loss of interest income to the State are to be assessed upon the city or town.

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

**Bond Anticipation Notes.** These generally must mature within two years of their original dates of issuance but may be refunded from time to time for a period not to exceed ten years from their original dates of issuance, provided that for each year that the notes are refunded beyond the second year they must be paid in part from revenue funds in an amount at least equal to the minimum annual payment that would have been required if the bonds had been issued at the end of the second year. For certain school projects, however, notes may be refunded from time to time for a period not to exceed seven years without having to pay any portion of the principal of the notes from revenue funds. The maximum term of bonds issued to refund bond anticipation notes is measured (except for certain school projects) from the date of the original issue of the notes.

**Revenue Anticipation Notes.** These are issued to meet current expenses in anticipation of taxes and other revenues. They must mature within one year but, if payable in less than one year, may be refunded from time to time up to one year from the original date of issue. The Town has not issued revenue anticipation notes in the last five fiscal years.

**Grant Anticipation Notes.** These are issued for temporary financing in anticipation of federal grants and state and county reimbursements. Generally, they must mature within two years but may be refunded from time to time as long as the municipality remains entitled to the grant or reimbursement.

## **Revenue Anticipation Borrowing**

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

## **Bonded Debt vs. Population, Valuations and Income**

	As of June 30				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Amount (1) .....	\$ 2,510,000	\$ 3,085,000	\$ 3,655,000	\$ 4,295,000	\$ 4,930,000
Per Capita (2) .....	384.73	472.87	559.81	660.26	771.76
Percent of Assessed Valuation (3) .....	0.19%	0.24%	0.30%	0.37%	0.43%
Percent of Equalized Valuation (4) .....	0.19	0.25	0.30	0.36	0.41
Per Capita as a percent of					
Personal Income (2) per capita .....	0.69	0.85	1.00	1.18	1.38

(1) Principal amount only. 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 actuals or estimates.

(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  
(equalized valuations are established for January 1 of each even-numbered year).

## Debt Summary

	Outstanding 9/15/2017	Authorized Unissued Bonds 9/15/2017	Outstanding Bonds After This Issue	Authorized Unissued Bonds After This Issue
Long-Term Indebtedness (1)(2)(3)(4)				
Within the General Debt Limit:				
Schools .....	\$ 185,000	\$ 238,000	\$ 315,000	\$ -0-(9)
Other Building .....	415,000	10,086,000(5)	2,092,000	8,409,000(10)
Streets Sidewalks & Parking .....	160,000	20,000	180,000	-0-
Departmental Equipment .....	-0-	1,375,000	1,279,000	-0-(11)
Architectural & Engineering Services ...	-0-	49,000	49,000	-0-
Total Within the General Debt Limit .....	<u>\$ 760,000</u>	<u>\$ 11,768,000</u>	<u>\$ 3,915,000</u>	<u>\$ 8,409,000</u>
Outside the General Debt Limit:				
Schools .....	\$ 815,000	\$ 7,651,757 (6)	\$ 815,000	\$ 7,651,757
Landfill Close-out .....	325,000	-0-	325,000	-0-
Water Treatment Facility .....	-0-	9,250,000(7)	-0-	9,250,000
Water .....	610,000	3,318,000(8)	2,221,000 (8)	1,500,000(12)
Total Outside the General Debt Limit .....	<u>\$ 1,750,000</u>	<u>\$ 20,219,757</u>	<u>\$ 3,361,000</u>	<u>\$ 18,401,757</u>
Total Long-Term Indebtedness .....	<u>\$ 2,510,000</u>	<u>\$ 31,987,757</u>	<u>\$ 7,276,000</u>	<u>\$ 26,810,757</u>
	Outstanding 9/15/2017	Outstanding After This Issue	Maturity	
Short-Term Indebtedness				
Revenue Anticipation Notes .....	\$ -0-	\$ -0-		
Grant Anticipation Notes .....	-0-	-0-		
Bond Anticipation Notes .....	11,177,000(13)	9,500,000(14)	3/9/18, 10/19/18	
Total Short-Term Indebtedness .....	<u>\$ 11,177,000</u>	<u>\$ 9,500,000</u>		

(1) Principal amount only. Excludes lease and installment purchase obligations, overlapping debt and unfunded pension liability.

(2) At the present time the normal General Debt Limit is \$67,326,565 and the Double General Debt Limit is \$134,653,130.

(3) \$1,900,000 has been exempted from the provisions of Proposition 2 1/2.

(4) \$610,000 is self-supporting.

(5) This amount is for remodeling and addition to the town hall. The Town voted to exempt the amounts to pay principal and interest on the bonds and notes for the \$9,859,000 town hall remodeling project from the tax limitations of Chapter 59, Section 21C (Proposition 2 1/2).

(6) The Town voted roof repairs at two elementary schools and voted to exempt the amounts to pay principal and interest on the bonds and notes from the tax limitations of Chapter 59, Section 21C (Proposition 2 1/2). The Town has received approval for a grant from the Massachusetts School Authority (MSBA) for approximately 41.4% of the approved, eligible project costs incurred for the project, which will reduce this authorization accordingly.

(7) The debt service on the water treatment facility will be self-supporting.

(8) The debt service on the water mains and water treatment planning bonds will be self-supporting.

(9) The Town will pay down \$108,000 from available funds to retire outstanding BANs.

(10) This amount will be reduced by a \$50,000 grant for the town hall remodeling project.

(11) The Town will pay down \$96,000 from available funds to retire outstanding BANs.

(12) The Town will pay down \$207,000 from available funds to retire outstanding BANs.

(13) These Bond proceeds, together with \$303,000 in available funds and \$108,000 in unexpended BAN proceeds will retire \$5,177,000 bond anticipation notes maturing October 20, 2017.

(14) \$3,500,000 new BANs are being issued simultaneously with this issue of Bonds.

## Five Years Outstanding Debt

	As of June 30				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Long-Term Indebtedness(1)					
Within the General Debt Limit:					
Schools .....	\$ 185,000	\$ 215,000	\$ 245,000	\$ 275,000	\$ 305,000
Other Building .....	415,000	615,000	815,000	1,005,000	1,195,000
Streets Sidewalks & Parking .....	160,000	200,000	240,000	280,000	320,000
Departmental Equipment .....	-0-	-0-	-0-	85,000	170,000
Total Within the General Debt Limit .....	<u>\$ 760,000</u>	<u>\$ 1,030,000</u>	<u>\$ 1,300,000</u>	<u>\$ 1,645,000</u>	<u>\$ 1,990,000</u>
Outside the General Debt Limit:					
Schools .....	\$ 815,000	\$ 970,000	\$ 1,120,000	\$ 1,265,000	\$ 1,405,000
Other Outside General .....	325,000	405,000	480,000	555,000	630,000
Water .....	610,000	680,000	755,000	830,000	905,000
Total Outside the General Debt Limit .....	<u>\$ 1,750,000</u>	<u>\$ 2,055,000</u>	<u>\$ 2,355,000</u>	<u>\$ 2,650,000</u>	<u>\$ 2,940,000</u>
Total Long-Term Indebtedness .....	<u>\$ 2,510,000</u>	<u>\$ 3,085,000</u>	<u>\$ 3,655,000</u>	<u>\$ 4,295,000</u>	<u>\$ 4,930,000</u>
Short-Term Indebtedness					
Revenue Anticipation Notes .....	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Grant Anticipation Notes .....	-0-	-0-	-0-	-0-	-0-
Bond Anticipation Notes .....	11,177,000	3,316,000	2,236,897	-0-	-0-
Total Short-Term Indebtedness .....	<u>\$ 11,177,000</u>	<u>\$ 3,316,000</u>	<u>\$ 2,236,897</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
Total Outstanding Indebtedness .....	<u>\$ 13,687,000</u>	<u>\$ 6,401,000</u>	<u>\$ 5,891,897</u>	<u>\$ 4,295,000</u>	<u>\$ 4,930,000</u>

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

## Authorized But Unissued Debt

Following the delivery of these Bonds, the Town will have \$26,810,757 authorized but unissued debt of which \$7,651,757 was authorized for new roofing and additional remodeling to the Steward and Proctor Elementary Schools. The Town has received approval for a grant from the Massachusetts School Building Authority (MSBA) for approximately 41.1% of the approved, eligible project costs incurred for the project up to a maximum total facilities grant of \$1,272,609. The Town also voted \$9,859,000 for an addition and remodeling to the town hall building. \$1,500,000 is included in this issue of Bonds, and the Town has issued \$6,000,000 bond anticipation notes to finance the project. The Town expects to permanently finance these projects in June 2019 and June 2020. The Town voted to exempt the amounts to pay principal and interest on the bonds and notes for these projects from the tax limitations of Chapter 59, Section 21C (Proposition 2 ½).

On June 20, 2017, the Town voted \$10,400,000 for the costs of constructing a water treatment facility, \$9,250,000 of which is expected to be issued as bonds. Concurrently with this issue of Bonds, the Town will issue \$3,500,000 bond anticipation notes to begin construction of the project. The Town has also authorized \$1,500,000 for water main construction which is expected to begin in the spring of 2018. The Town expects to raise water rates sufficient to cover the debt service costs of these projects.

The remaining authorized unissued amount of \$50,000 represents a grant received for the town hall remodeling project and will not be issued.

## Principal Repayment Schedule

Outstanding as of 09/15/17					Plus Current Issue(2)						Total	Cumulative
Fiscal	General Fund		Self-supporting		General Fund		Self-Supporting		Total Current Issue		Debt	%Principal
Year	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Service	Retired(3)
2018	\$515,000	\$25,832	\$70,000	\$10,283	-	\$49,844	-	\$25,452	-	\$75,296	\$696,411	8.0 %
2019	430,000	37,790	70,000	18,815	\$140,000	100,263	\$76,000	51,122	\$216,000	151,385	923,990	17.9
2020	435,000	22,790	70,000	16,715	155,000	95,469	85,000	48,506	240,000	143,975	928,480	28.1
2021	320,000	11,840	70,000	14,615	155,000	90,350	85,000	45,744	240,000	136,094	797,549	36.8
2022	200,000	4,000	70,000	12,375	165,000	85,150	85,000	42,981	250,000	128,131	659,506	43.9
2023	-	-	65,000	9,750	165,000	79,869	85,000	40,219	250,000	120,088	444,838	48.3
2024	-	-	65,000	7,313	170,000	74,425	85,000	37,456	255,000	111,881	439,194	52.7
2025	-	-	65,000	4,875	170,000	68,900	85,000	34,694	255,000	103,594	428,469	57.1
2026	-	-	65,000	2,438	130,000	64,025	85,000	31,931	215,000	95,956	378,394	60.9
2027	-	-	-	-	130,000	59,800	85,000	29,169	215,000	88,969	303,969	63.9
2028	-	-	-	-	140,000	55,413	85,000	26,406	225,000	81,819	306,819	66.9
2029	-	-	-	-	135,000	50,944	80,000	23,725	215,000	74,669	289,669	69.9
2030	-	-	-	-	125,000	46,719	80,000	21,125	205,000	67,844	272,844	72.7
2031	-	-	-	-	130,000	42,575	80,000	18,525	210,000	61,100	271,100	75.6
2032	-	-	-	-	130,000	38,350	80,000	15,925	210,000	54,275	264,275	78.5
2033	-	-	-	-	135,000	34,044	75,000	13,406	210,000	47,450	257,450	81.4
2034	-	-	-	-	140,000	29,575	75,000	10,969	215,000	40,544	255,544	84.3
2035	-	-	-	-	145,000	24,944	75,000	8,531	220,000	33,475	253,475	87.4
2036	-	-	-	-	125,000	20,556	75,000	6,094	200,000	26,650	226,650	90.1
2037	-	-	-	-	80,000	17,225	75,000	3,656	155,000	20,881	175,881	92.2
2038	-	-	-	-	85,000	14,544	75,000	1,219	160,000	15,763	175,763	94.4
2039	-	-	-	-	75,000	11,944	-	-	75,000	11,944	86,944	95.5
2040	-	-	-	-	80,000	9,425	-	-	80,000	9,425	89,425	96.6
2041	-	-	-	-	80,000	6,825	-	-	80,000	6,825	86,825	97.7
2042	-	-	-	-	85,000	4,144	-	-	85,000	4,144	89,144	98.8
2043	-	-	-	-	85,000	1,381	-	-	85,000	1,381	86,381	100.0
	\$1,900,000	\$102,252	\$610,000	\$97,178	\$3,155,000	\$1,176,701	\$1,611,000	\$536,855	\$4,766,000	\$1,713,556	\$9,188,986	

(1) Excludes short-term debt lease and installment purchase obligations overlapping debt and unfunded pension liability.

(2) Interest for the current issue is estimated at 3.25%.

(3) Includes the current issue.

## Capital Improvements Program

The Town has a capital improvement program providing for annual financing of capital requests that is updated annually. The following is a list of capital outlay projects by department proposed and committed over the current and next three fiscal years.

Department	2018	2019	2020	2021
Town Hall.....	\$ 58,500	\$ 93,500	\$ 18,500	\$ 18,500
Police.....	132,000	62,500	112,000	60,000
Fire.....	118,000	48,500	448,500	615,000
DPW - Highway.....	426,000	516,800	536,000	341,000
Park & Cemetery.....	20,000	45,000	-0-	40,000
Library.....	62,000	-0-	-0-	-0-
School.....	7,651,757(1)	162,000	230,000	120,000
Water.....	11,600,000(2)	75,000	400,000	60,000
Totals:	\$ 20,068,257	\$ 1,003,300	\$ 1,745,000	\$ 1,254,500

(1) The Town may be eligible for a grant from the Massachusetts School Building Authority (MSBA) for up to 41.10% of eligible, approved project costs. The Town has voted to exempt payments on bonds and notes for this project from the limit imposed by Chapter 59, Section 21C of the General Laws.

(2) The Town voted the construction of a water treatment facility in June 2017.

## Overlapping Debt and Assessments

In addition to direct debt, the Town is indirectly liable for a portion of the debt and other expenses incurred by various overlapping governmental authorities and agencies(1). The following table sets forth the outstanding and authorized but unissued bonded debt of each authority or agency, Topsfield's percentage of this outstanding debt and the Town's fiscal year dollar assessment.

	Outstanding <u>9/15/2017</u>	Authorized Unissued <u>9/15/2017</u>	Assessment for Operations & Debt Service <u>FY 2018</u>
Masconomet Regional School District(2).....	\$ 9,635,000	\$ -0-	\$7,207,466
Essex North Shore Agricultural and Technical School District(3).....	29,710,000(3)	8,133,952(3)	230,942

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

(2) Source: Masconomet Regional School District. Debt is as of September 15, 2017. The operating expenses and debt service of the regional school district are apportioned among the member municipalities according to the District agreement among the members. The shares of the member municipalities vary from year to year according to pupil enrollment. The other District members are the Towns of Middleton and Boxford.

(3) Source: Essex North Shore Agricultural and Technical School District. Debt is as of September 15, 2017. Topsfield's apportioned share of operations and debt service for fiscal year 2018 is 1.3%. The North Shore Regional Vocational Technical High School merged with Essex Agricultural and Technical School in Danvers/Middleton to construct a facility on the agricultural school site in Danvers, MA and commenced operations in the fall of 2014. The District has issued \$31,355,000 bonds to finance the project. The operating expenses and debt service of the regional school district are apportioned among the member municipalities according to the District agreement among the members. The District's budget approved for fiscal year 2018 was \$27,179,130. The shares of the member municipalities vary from year to year according to pupil enrollment. Of the over 1,300 students enrolled for the 2017-18 school year from 54 cities and towns, 11 students are from Topsfield. The other District member communities are Beverly, Boxford, Danvers, Essex, Gloucester, Hamilton, Lynnfield, Manchester-by-the-Sea, Marblehead, Middleton, Nahant, Peabody, Rockport, Salem, Swampscott and Wenham.

## PROPERTY TAXATION

The principal revenue source of the Town is the tax on real and personal property. The amount to be levied in each year is the amount appropriated or required by law to be raised for municipal expenditures less estimated receipts from other sources and less appropriations voted from available funds. The total amount levied is subject to certain limits prescribed by law; for a description of those limits, see “*Property Tax Limitation*” below. As to the inclusion of debt service and judgments, see “THE BONDS – *Securities and Remedies*” above. The estimated receipts for a fiscal year from other sources 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 deducting for appropriations voted from available funds 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 the date. Subject to certain adjustments, free cash is surplus revenue less uncollected overdue property taxes from earlier years. Although an allowance is made in the tax levy for abatements (see “*Overlay*” below) no reserve is generally provided for uncollectible real property taxes. Since some of the levy is inevitably not collected, this creates a cash deficiency which may or may not be offset by other items (see “*Taxation to Meet Deficits*”) below.

### Tax Levy Computation

The following table reflects the calculation of tax levies for the following fiscal years.

	For Fiscal Year				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Gross Amount to be Raised:					
Appropriations .....	\$ 27,771,823	\$ 27,088,609	\$ 25,563,101	\$ 24,445,421	\$ 24,025,795
Other Local Expenditures .....	11,144	11,311	13,838	12,091	17,321
State & County Charges .....	294,285	296,148	283,024	306,842	209,673
Overlay Reserve .....	<u>188,271</u>	<u>178,355</u>	<u>173,105</u>	<u>168,386</u>	<u>146,159</u>
Total Gross Amount to be Raised	28,265,523	27,574,423	26,033,068	24,932,740	24,398,948
Less Estimated Receipts & Other Revenue:					
Estimated Receipts from State...	1,887,064	1,829,084	1,798,149	1,751,296	1,723,117
Estimated Receipts - Local .....	2,776,351	2,717,663	2,700,056	2,792,898	3,018,384
Available Funds Appropriated:					
Free Cash .....	581,560	754,944	798,719	785,503	572,467
Revenue Sharing .....	-0-	-0-	-0-	-0-	-0-
Other Available Funds .....	672,927	956,715	712,064	639,388	754,764
Free Cash & Other Revenue Used to Reduce the Tax Rate .....	<u>358,492</u>	<u>392,690</u>	<u>33,817</u>	<u>165,783</u>	<u>-0-</u>
Total Estimated Receipts & Revenue	<u>6,276,394</u>	<u>6,651,096</u>	<u>6,042,805</u>	<u>6,134,868</u>	<u>6,068,732</u>
Net Amount to be Raised (Tax Levy)	<u>\$ 21,989,129</u>	<u>\$ 20,923,327</u>	<u>\$ 19,990,263</u>	<u>\$ 18,797,872</u>	<u>\$ 18,330,216</u>
Property Valuation .....	<u>\$ 1,298,826,259</u>	<u>\$ 1,266,545,220</u>	<u>\$ 1,215,213,580</u>	<u>\$ 1,163,234,670</u>	<u>\$ 1,149,229,840</u>

Source: Massachusetts Department of Revenue.

### Taxation to Meet Deficits

Overlay deficits, i.e., tax abatements in excess of the overlay included in the tax levy to cover abatements, are required to be added to the next tax levy. It is generally understood that revenue deficits, i.e., those resulting from non-property tax revenues being less than anticipated, are also required to be added to the next tax levy (at least to the extent not covered by surplus revenue). Amounts lawfully expended since the prior tax levy and not included therein are also required to be included in the annual tax levy. The circumstances under which this can arise are limited since municipal departments are generally prohibited from incurring liabilities in excess of appropriations except for major disasters, mandated items, contracts in aid of housing and renewal projects and other long-term contracts. In addition, established utility rates and certain established salaries, e.g., civil service, must legally be paid, for work actually performed, whether or not covered by appropriations.

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

## **Property Tax Limitation**

Chapter 59, Section 21C of the General Laws, known as “Proposition 2 ½”, 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.

## Analysis of Property Tax Levies and Levy Limits

The following table reflects the calculation of levy limits for the following fiscal years:

	For Fiscal Year				
	2017	2016	2015	2014	2013
Primary Levy Limit (1) .....	\$ 32,470,656	\$ 31,663,630	\$ 30,380,340	\$ 29,080,867	\$ 28,730,746
Prior Fiscal Year Levy Limit .....	\$ 20,915,197	\$ 19,882,669	\$ 18,795,345	\$ 17,888,276	\$ 17,281,793
2.5% Levy Growth .....	522,880	497,067	469,884	447,207	432,045
New Growth (2) .....	85,629	342,461	417,940	459,862	174,438
Overrides .....	140,000	193,000	199,500	-0-	-0-
Growth Levy Limit .....	21,663,706	20,915,197	19,882,669	18,795,345	17,888,276
Debt Exclusions .....	791,002	777,721	803,531	825,539	821,575
Capital Expenditure Exclusions ...	-0-	-0-	-0-	-0-	-0-
Other Adjustments .....	-0-	-0-	-0-	-0-	-0-
Tax Levy Limit .....	<u>\$ 22,454,708</u>	<u>\$ 21,692,918</u>	<u>\$ 20,686,200</u>	<u>\$ 19,620,884</u>	<u>\$ 18,709,851</u>
Tax Levy .....	21,989,129	20,923,327	19,990,263	18,797,872	18,330,216
Unused Levy Capacity (3) .....	<u>\$ 465,579</u>	<u>\$ 769,591</u>	<u>\$ 695,937</u>	<u>\$ 823,012</u>	<u>\$ 379,635</u>
Unused Primary Levy Capacity (4) .....	\$ 10,806,950	\$ 10,748,434	\$ 10,497,670	\$ 10,285,522	\$ 10,842,470

Source: Massachusetts Department of Revenue.

(1) 2.5% of assessed valuation.

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

(3) Tax Levy Limit less Tax Levy.

(4) Primary Levy Limit less Growth Levy Limit.

## Pledged Taxes

Taxes on certain property in designated development districts may be pledged for the payment of costs of economic development projects within such districts and may therefore be unavailable for other municipal purposes (see "TAX INCREMENT FINANCING FOR DEVELOPMENT DISTRICTS" below).

## 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.

## Tax Rates and Valuations

Property is classified for the purpose of taxation according to its use. The legislature has in substance created three classes of taxable property: (1) residential real property, (2) open space land, and (3) all other (commercial, industrial and personal property). Within limits, cities and towns are given the option of determining the share of the annual levy to be borne by each of the three categories. The share required to be borne by residential real property is at least 50 per cent of its

share of the total taxable valuation. The effective rate for open space must be at least 75 per cent of the effective rate for residential real property and the share of commercial, industrial and personal property was limited to not more than 175 per cent of their share of the total valuation. A city or town may also exempt up to 20 percent of the valuation of residential real property (where used as the taxpayer's principal residence) and up to 10 percent of the valuation of commercial real property (where occupied by certain small businesses). Property may not be classified in a city or town until the State Commissioner of Revenue certifies that all property in the city or town has been assessed at its fair cash value. Such certification must take place every three years or pursuant to a revised schedule as may be issued by the Commissioner.

Related statutes provide that certain forest land, agricultural or horticultural land (assessed at the value it has for these purposes) and recreational land (assessed on the basis of its use at a maximum of 25 percent of its fair cash value) are all to be taxed at the rate applicable to commercial property. Land classified as forest land is valued for this purpose at five percent of fair cash value but not less than ten dollars per acre.

The following table reflects the breakdown of assessed valuation by classification for the following fiscal years.

Type of Property	Fiscal 2017		Fiscal 2016		Fiscal 2015	
	Assessed	% of Total	Assessed	% of Total	Assessed	% of Total
	<u>Valuation</u>	<u>Valuation</u>	<u>Valuation</u>	<u>Valuation</u>	<u>Valuation</u>	<u>Valuation</u>
Residential .....	\$ 1,200,984,331	92.5%	\$ 1,163,647,377	91.9%	\$ 1,122,500,493	92.4%
Open Space .....	-0-	0.0	-0-	0.0	-0-	0.0
Commercial .....	58,160,626	4.5	59,053,941	4.7	55,354,491	4.6
Industrial .....	17,614,482	1.4	17,609,582	1.4	17,436,976	1.4
Personal .....	22,066,820	1.7	26,234,320	2.1	19,921,620	1.6
Total	<u>\$ 1,298,826,259</u>	<u>100.0%</u>	<u>\$ 1,266,545,220</u>	<u>100.0%</u>	<u>\$ 1,215,213,580</u>	<u>100.0%</u>

Source: Massachusetts Department of Revenue.

The following table reflects the trend in assessed valuations, equalized valuations and percentage of total assessed valuation to equalized for the following fiscal years.

	For Fiscal Year				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Real Property(1) .....	\$ 1,276,759,439	\$ 1,240,310,900	\$ 1,195,291,960	\$ 1,140,994,060	\$ 1,128,064,900
Personal Property(1) .....	22,066,820	26,234,320	19,921,620	22,240,610	21,164,940
Total .....	<u>\$ 1,298,826,259</u>	<u>\$ 1,266,545,220</u>	<u>\$ 1,215,213,580</u>	<u>\$ 1,163,234,670</u>	<u>\$ 1,149,229,840</u>
Equalized Value(2) .....	\$ 1,346,531,300	\$ 1,227,689,500	\$ 1,227,689,500	\$ 1,207,615,900	\$ 1,207,615,900
Percent of Total Assessed to Equalized Valuation .....	96.5%	103.2%	99.0%	96.3%	95.2%

Source: Massachusetts Department of Revenue.

(1) As of the prior January 1st.

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

The following shows the actual rates per \$1,000 of assessed valuation, and the full value rate as follows:

<u>Type of Property</u>	For Fiscal Year				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Residential .....	\$16.93	\$16.52	\$16.45	\$16.16	\$15.95
Open Space .....	16.93	16.52	16.45	16.16	15.95
Commercial .....	16.93	16.52	16.45	16.16	15.95
Industrial .....	16.93	16.52	16.45	16.16	15.95
Personal .....	<u>16.93</u>	<u>16.52</u>	<u>16.45</u>	<u>16.16</u>	<u>15.95</u>
Average Tax Rate .....	<u>\$16.93</u>	<u>\$16.52</u>	<u>\$16.45</u>	<u>\$16.16</u>	<u>\$15.95</u>
Full Value Tax Rate(1) .....	\$16.33	\$17.04	\$16.28	\$15.57	\$15.18

Source: Massachusetts Department of Revenue.

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

## Tax Levies and Collections

The taxes for each fiscal year generally are due in two installments on November 1 (subject to deferral if tax bills are sent out late) and May 1. The Town has accepted a statute providing for quarterly tax payments; under that statute, preliminary tax payments are to be due on April 1, and November 1, with payment of the actual tax bill (after credit is given for the preliminary payments) in installments on October 1 and May 1 if actual tax bills are mailed by December 31. Interest accrues on delinquent taxes currently at the rate of 14 percent per annum from the due date. Real property (land and buildings) is subject to a lien for the taxes assessed upon it (subject to any paramount federal lien and subject to bankruptcy and insolvency laws). If the property has been transferred an unenforced lien expires on the fourth December 31, after the end of the fiscal year to which the tax relates. If the property has not been transferred by the fourth December 31, an unenforced lien expires upon a later transfer of the property. Provision is made, however, for continuation of the lien where it could not be enforced because of legal impediment. The persons against whom real or personal property taxes are assessed are personally liable for the tax (subject to bankruptcy and insolvency laws). In the case of real property, this personal liability is effectively extinguished by sale or taking of the property as described below.

The following table reflects the total tax levy, the reserve for abatements, the net tax levy, and the amount of levy collected during the fiscal year payable.

	For Fiscal Year				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Total Tax Levy .....	\$ 21,989,129	\$ 20,923,327	\$ 19,990,263	\$ 18,797,872	\$ 18,330,216
Overlay Reserve for Abatements .....	<u>188,271</u>	<u>178,355</u>	<u>173,105</u>	<u>168,386</u>	<u>146,159</u>
Net Tax Levy(1) .....	<u>\$ 21,800,858</u>	<u>\$ 20,744,972</u>	<u>\$ 19,817,158</u>	<u>\$ 18,629,486</u>	<u>\$ 18,184,057</u>
Amount Collected					
During Fiscal Year Payable(2) ...	\$ 21,786,768	\$ 20,667,859	\$ 19,762,200	\$ 18,579,817	\$ 18,050,964
Percent of Net Tax Levy .....	99.9%	99.6%	99.7%	99.7%	99.3%

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

(2) Actual collections of levy less refunds and amounts refundable but including proceeds of tax titles and tax possessions attributed to such levy but not including abatements or other credits.

## Taking and Sale

Massachusetts law permits a municipality either to sell by public sale (at which the municipality may become the purchaser) or to take real property for non-payment of taxes thereon. In either case the property owner can redeem the property by paying the unpaid taxes, with interest and other charges, but if the right of redemption is not exercised within six months (which may be extended an additional year in the case of certain installment payments) it can be foreclosed by petition to the land court. Upon foreclosure, a tax title purchased or taken by the municipality becomes a "tax possession" and may be held and disposed of like any land held for municipal purposes. Cities and towns are authorized to sell delinquent property tax receivables by public sale or auction, either individually or in bulk.

## Taxes Outstanding

The following table sets forth the amount of overdue property taxes, tax titles and possessions outstanding at the end of the last five fiscal years.

	For Fiscal Year				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Aggregate(1) .....	\$183,518	\$217,423	\$187,614	\$192,158	\$242,598
For Current Year(1) .....	134,571	177,971	156,700	157,242	231,498
Tax Titles .....	130,375	142,304	118,198	104,569	98,692
Tax Possessions .....	33,939	33,939	33,939	33,939	33,939

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

## Overlay

The Town is authorized by law to increase each tax levy by an amount approved by the State Commissioner of Revenue for an “overlay” to provide for tax abatements. If abatements are granted in excess of the applicable overlay, the resultant “overlay deficit” is required to be added to the next tax levy. Abatements are granted where exempt real or personal property has been assessed or where taxable real or personal property has been overvalued or disproportionately valued. The assessors may also abate uncollectible personal property taxes. They may abate real and personal property taxes on broad grounds (including inability to pay) with the approval of the State Commissioner of Revenue. Uncollectible real property taxes are ordinarily not written off until they become municipal tax titles (either by purchase at the public sale or by taking), at which time the tax is written off in full by reserving the amount of tax and charging surplus. The following table reflects the total tax levy, the reserve for abatements, the amount of abatements granted during the fiscal year of the levy.

	For Fiscal Year				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Tax Levy(1) .....	\$21,989,129	\$20,923,327	\$19,990,263	\$18,797,872	\$18,330,216
Overlay Reserve for Abatements(1) .....	188,271	178,355	173,105	168,386	146,159
Percent of Tax Levy .....	0.9%	0.9%	0.9%	0.9%	0.8%
Abatements Granted:					
During Fiscal Year of Levy .....	77,750	77,497	71,503	60,929	84,063

(1) Source: Massachusetts Department of Revenue.

## Largest Taxpayers

The following is a list of the ten largest taxpayers for fiscal year 2017. All taxpayers are current with payments.

<u>Name</u>	<u>Nature of Business</u>		2017 Assessed <u>Valuation</u>	% of Total Assessed <u>Valuation</u>	Amount of Tax
Great Hill Co-Op Homeowners In	Cooperatives	\$	28,752,600 (1)	2.21 %	\$ 486,782
Massachusetts Electric Co	Utility		9,733,410	0.75	164,787
Kahn Elizabeth A	Residential		5,250,800	0.40	88,896
Verizon New England	Utility		5,122,700	0.39	86,727
Essex Agricultural Society	Cultural		4,327,935	0.33	73,272
Coughlin John T Tr	Ind Condos		4,075,600	0.31	69,000
Coughlin John & Priscilla Trs	Office		4,046,300	0.31	68,504
Tops Associates Limited Partns	Nursing Hm		3,553,800	0.27	60,166
Meredith Farm Llc	Farm		3,327,483	0.26	56,334
Ferncroft Holdings Llc	Golf Course		3,104,800	0.24	52,564
<b>Total:</b>		\$	<u>71,295,428</u>	<u>5.49 %</u>	<u>\$ 1,207,032</u>

(1) This total combines assessments to many individual units.

## **Community Preservation Act**

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

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

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

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

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

The Town has not adopted the provisions of the CPA.

## TOWN FINANCES

### Budget and Appropriation Process

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

Water and sewer department expenditures are generally included in the budgets adopted by city councils and town meetings but electric and gas department funds may be appropriated by the municipal light boards. Under certain legislation any city or town which accepts the legislation may provide that the appropriation for the operating costs of any department may be offset, in whole or in part, by estimated receipts from fees charged for services provided by the department. It is assumed that this general provision does not alter the pre-existing power of an electric or gas department to appropriate its own receipts.

The school budget is limited to the total amount appropriated by the city council or town meeting, but the school committee retains full power to allocate the funds appropriated. State legislation known as the Education Reform Act of 1993, as amended, imposes certain minimum expenditure requirements on municipalities with respect to funding for education. The requirements are determined on the basis of formulas affected by various measures of wealth and income, enrollments, prior levels of local spending and state aid, and other factors. (See "State Distributions" below.)

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

### Operating Budget Trends

The following table sets forth the operating budgets for the following fiscal years as voted by the Town. As such, said budgets reflect neither revenues nor state and county assessments and other mandatory items nor supplemental budget appropriations. See "*Budget and Appropriation Process*" above. The budgets summarized below include expenditures for "non-operating" or capital outlay items authorized under "special" warrant articles at town meetings which are not funded by debt.

	Budgeted <u>Fiscal Year</u> <u>2018</u>	Appropriated <u>Fiscal Year</u> <u>2017</u>	Appropriated <u>Fiscal Year</u> <u>2016</u>	Appropriated <u>Fiscal Year</u> <u>2015</u>	Appropriated <u>Fiscal Year</u> <u>2014</u>
General Government.....	\$ 1,426,424	\$ 1,256,977	\$ 1,219,221	\$ 1,128,773	\$ 1,079,135
Public Safety.....	2,489,201	2,456,239	2,344,822	2,119,289	2,005,455
Education.....	15,265,580	14,341,347	14,271,105	12,800,756	12,278,755
Public Works & Facilities.....	1,637,825	904,639	873,586	818,739	789,031
Human Services.....	255,286	654,199	642,742	625,243	619,100
Culture & Recreation.....	587,582	873,781	846,521	785,156	754,932
Debt Service.....	1,084,204	653,486	644,405	654,469	669,209
Pension/Insurance Retirement.....	3,962,622	3,750,934	3,425,062	3,260,183	3,196,667
Water Enterprise Fund.....	1,322,444	1,196,604	1,055,626	891,842	853,157
Solid Waste Enterprise Fund.....	38,700	38,700	38,700	36,700	36,700
Stabilization Fund.....	25,000	25,000	25,000	100,000	200,000
Capital Stabilization Fund.....	100,000	100,000	100,000	10,000	-0-
<b>Totals:</b>	<u>\$ 28,194,868</u>	<u>\$ 26,251,906</u>	<u>\$ 25,486,790</u>	<u>\$ 23,231,150</u>	<u>\$ 22,482,141</u>

## Water Rates and Services

The Town uses an enterprise fund to account for its water enterprise activities. All revenues and expenditures are accounted for in the fund and any fund balance remains within the fund. Eighty percent of the Town is served by municipal wells and twenty percent of the population is served by private wells. Operating expenses of the water department are fully supported by user charges. Charges for water are based on actual metered consumption using an increasing block rate structure. The majority of residents are billed quarterly and larger users are billed monthly for which the flat fee and tier volumes are divided by three. Each account is billed \$22.50 per year plus water usage fees based on the following structure:

Tier I	1,000 to 12,000	\$10.45 p/thousand gallons
Tier II	12,001 to 24,000	\$12.40 p/thousand gallons
Tier III	24,001 or greater	\$17.45 p/thousand gallons

The Town has authorized \$1,100,000 for the costs of replacing water mains and appurtenances on Washington Street from Colrain Road to River Road and appropriated \$800,000 for project management services, design, preparation of construction documents, testing and permitting of a water treatment plant. The Town has authorized an additional \$1,600,000 for water main projects. On June 20, 2017, the Town voted \$10,400,000 for the costs of constructing a water treatment facility, \$9,250,000 of which is expected to be issued as bonds. The Town expects to raise water rates sufficient to cover the debt service costs of these projects.

## Other Taxes

Three additional sources of revenue for local governments are the room occupancy tax, local meals excise tax and the aviation tax. All the taxes take effect only where accepted by individual municipalities. Under the room occupancy excise tax, local governments may tax the provision of hotel, motel, lodging house and bed and breakfast rooms at a rate not to exceed six percent of the cost of renting such rooms. The tax is paid by the operator of each establishment to the State Commissioner of Revenue, who in turn pays the tax back to the municipality in which the rooms are located. *The Town voted to impose the room occupancy tax at a rate of 6%. The distribution for fiscal year 2017 was \$-0-.*

## Retirement Plan

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

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

If a city or town, or each member city and town of a county retirement system, has accepted the applicable law, it is required to annually appropriate an amount sufficient to pay not only its current pension obligations, but also a portion of its future pension liability. The portion of each such annual payment allocable to future pension obligations is required to be deposited in the pension reserve fund. The amount of the annual city or town appropriation for each such system is

prescribed by a retirement system funding schedule which is periodically reviewed and approved by PERAC. Each system's retirement funding schedule is designed to reduce the unfunded actuarial pension liability of the system to zero by not later than June 30, 2030, with annual increases in the scheduled payment amounts of not more than 4.5 percent. The funding schedule must provide that payment in any year of the schedule is not less than 95 percent of the amount appropriated in the previous fiscal year. City, town and county systems which have an approved retirement funding schedule receive annual pension funding grants from the Commonwealth for the first 16 years of such funding schedule. Pursuant to recent legislation, a system (other than the state employees' retirement system and the teachers' retirement system) which conducts an actuarial valuation as of January 1, 2009, or later, may establish a revised schedule which reduces the unfunded actuarial liability to zero by not later than June 30, 2040, subject to certain conditions. If the schedule is so extended under such provisions and a later updated valuation allows for the development of a revised schedule with reduced payments, the revised schedule shall be adjusted to provide that the appropriation for each year shall not be less than that for such year under the prior schedule, thus providing for a shorter schedule rather than reduced payments.

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

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

The Town provides pension benefits to employees by contributing to the Essex Regional Retirement System (the "System"), a cost sharing multiple-employer defined benefit pension plan administered by the Essex Regional Retirement System. The system provides retirement benefits, cost of living adjustments, disability benefits and death benefits to plan members and beneficiaries. Substantially all employees are members of the System except for public school teachers and certain administrators who are members of the Commonwealth's Teachers Contributory Retirement System to which the Town does not contribute. Pension benefits and administrative expenses paid by the Teachers Retirement Board are the legal responsibility of the Commonwealth. The System is a member of the Massachusetts Contributory System and is governed by Chapter 32 of the Massachusetts General Laws. The Essex Regional Retirement System issues a publicly available financial report in accordance with guidelines established by the Commonwealth's Public Employee Retirement Administration Commission. That report is available to the public at <http://www.mass.gov/perac/docs/forms-pub/reports/valuation-reports/essexval16.pdf> or may be obtained by writing to the Essex Regional Retirement System, 491 Maple Street, Suite 202, Danvers, Massachusetts 01923.

Plan members of the System are required to contribute at rates ranging from 5% to 11% of annual covered compensation. The Town is required to pay into the System its share of the system-wide actuarial determined contribution that is apportioned among the employers based on active current payroll. The Town's contributions to the System for the last five fiscal years are set forth below.

	<b>For Fiscal Year</b>				
	<u>2018(1)</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contributory.....	\$ 1,076,261	\$ 1,057,155	\$ 964,456	\$ 884,541	\$ 796,025

(1) Budgeted.



The foregoing data does not include the retirement system costs or liabilities attributable to employees of the County or the retirement system costs or liabilities of any other entity of which the Town is a constituent part. The Actuarial Accrued Liability (AAL) of the Essex Regional Contributory Retirement System as of January 1, 2016 was estimated at \$745,583,658 using an investment rate of return of 7.75%, the Assets were \$386,739,097 and the Unfunded Actuarial Accrued Liability of the system was estimated at \$358,844,560. The Town's share of the UAAL was approximately 3.44% and was estimated as \$12,512,102. The Essex Regional Retirement System Funding Schedule is provided below.

### ESSEX REGIONAL RETIREMENT SYSTEM

#### FUNDING SCHEDULE with 3(8)(C) - 18 years: Five 7.41% increases, one year of 6.36%, 4% thereafter Generational Mortality, Scale BB; 7.75% Discount Rate, \$14,000 COLA Base

Fiscal Year	Normal Cost	Unfunded Liability*	Funding Amortization of UAAL	Net 3(8)(c) Payments	Schedule Contribution**	Adjusted Payments	% Change
2018	6,446,958	379,186,506	24,081,393	1,081,739	31,610,090	32,199,894	7.41%
2019	6,704,836	382,625,759	26,165,823	1,081,739	33,952,398	34,585,906	7.41%
2020	6,973,030	382,960,554	28,413,502	1,081,739	36,468,271	37,148,722	7.41%
2021	7,251,951	382,024,448	30,836,880	1,081,739	39,170,569	39,901,442	7.41%
2022	7,542,029	387,929,969	33,449,341	1,081,739	42,073,109	42,858,139	7.41%
2023	7,843,710	381,952,877	35,823,509	1,081,739	44,748,958	45,583,917	6.36%
2024	8,157,459	372,954,393	37,299,719	1,081,739	46,538,917	47,407,273	4.00%
2025	8,483,757	361,667,911	38,834,978	1,081,739	48,400,473	49,303,564	4.00%
2026	8,823,107	347,852,486	40,431,646	1,081,739	50,336,492	51,275,707	4.00%
2027	9,176,031	331,245,955	42,092,182	1,081,739	52,349,952	53,326,735	4.00%
2028	9,543,073	311,563,191	43,819,138	1,081,739	54,443,950	55,459,804	4.00%
2029	9,924,796	288,494,217	45,615,173	1,081,739	56,621,708	57,678,197	4.00%
2030	10,321,787	261,702,169	47,483,050	1,081,739	58,886,576	59,985,324	4.00%
2031	10,734,659	230,821,101	49,425,642	1,081,739	61,242,039	62,384,737	4.00%
2032	11,164,045	195,453,607	51,445,937	1,081,739	63,691,721	64,880,127	4.00%
2033	11,610,607	155,168,265	53,547,044	1,081,739	66,239,390	67,475,332	4.00%
2034	12,075,031	109,496,866	55,732,195	1,081,739	68,888,965	70,174,345	4.00%
2035	12,558,033	57,931,433	57,931,433	1,081,739	71,571,205	72,906,632	3.89%
2036	13,060,354	-	-	1,081,739	14,142,093	14,405,966	-80.24%

### Other Post-Employment Benefits

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

The Town adopted the requirements of GASB Statement 45 which required public sector entities to report the future costs of these non-pension, post-employment benefits in their financial statements. The Town's annual other post-employment benefit cost is calculated based on the annual required contribution of the employer ("ARC"), an amount actuarially determined in accordance with the parameters of GASB statement No. 45. The ARC represents a

level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

Using the services of an actuary, the Town finalized its current obligation/liability for other post-employment benefits for active and retired employees following the GASB Statements 43 and 45 (including health care and life insurance) as of July 1, 2015 in the amount of \$18,349,471, its assets were \$342,853 and the Unfunded Actuarial Liability was \$18,006,618. Within this study, an annual required contribution (ARC) of \$1,958,253 for fiscal year 2016 was developed based on actuarial assumptions of 3.5 percent investment rate of return.

Following is the Town's annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan and the net OPEB obligation in recent years:

FY ended 30-Jun	Annual Required Contribution	Percentage ARC Contributed	Net OPEB Obligation
2014	\$2,034,169	24.50%	\$10,128,161
2015	2,055,263	18.20	11,529,047
2016	1,958,253	26.40	12,634,519

Although there is not a current requirement to fund the ARC, a component of the study was a discussion of various funding strategies that move to reduce future benefit costs. The Town made an initial contribution of \$100,000 to the General Fund liability trust and \$30,000 for Water Enterprise liability trust in fiscal year 2013 and an additional \$100,000 to the General Fund liability trust in fiscal years 2014 through 2017. The balance in the General Fund trust and the Water Enterprise trust as of June 30, 2017 was \$563,698 and \$34,949 respectively.

### Contractual Obligations

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

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

Municipal electric departments have statutory power to enter into long-term contracts for joint ownership and operation of generating and transmission facilities and for the purchase or sale of capacity, including contracts requiring payments without regard to the operational status of the facilities.

Pursuant to the Home Rule Amendment to the Massachusetts Constitution, cities and towns may also be empowered to make other contracts and leases. The Town of Topsfield is obligated under the following agreements:

The Town of Topsfield is obligated under the following agreements:

- Solid Waste Collection Agreement – The Town entered into a ten year agreement with JRM Hauling & Recycling of Lynnfield, MA which expires June 2023 for the collection and disposal of solid waste and recyclables collection at the current annual price of \$405,213.
- School Bus Transportation – The Town has a five year contract (September 1, 2015 – June 30, 2020) with North Reading Transportation of Methuen, MA, at an annual cost of \$176,022, \$178,240, 180,457, \$184,338 and \$187,110 for fiscal years 2016 through 2020 respectively.

## State Aid

In addition to grants for specified capital purposes (some of which are payable over the life of the bonds issued for the projects), the Commonwealth provides financial assistance to cities and towns for current purposes. Payments to cities and towns are derived primarily from a percentage of the State's personal income, sales and use, and corporate excise tax receipts, together with the net receipts from the State Lottery. A municipality's state aid entitlement is based on a number of different formulas, of which the "schools" and "lottery" formulas are the most important. Both of the major formulas tend to provide more state aid to poorer communities. The formulas for determining a municipality's state aid entitlement are subject to amendment by the state legislature and, while a formula might indicate that a particular amount of state aid is owed, the amount of state aid actually paid is limited to the amount appropriated by the state legislature. The state annually estimates state aid, but the actual state aid payments may vary from the estimate.

In the fall of 1986, both the State Legislature (by statute, repealed as of July 1, 1999) and the voters (by initiative petition) placed limits on the growth of state tax revenues. Although somewhat different in detail, each measure essentially limited the annual growth in state tax revenues to an average rate of growth in wages and salaries in the Commonwealth over the three previous calendar years. If not amended, the remaining law could restrict the amount of state revenues available for state aid to local communities.

Legislation was enacted in 1991 to help municipalities compensate for additional local aid reductions by the Commonwealth for fiscal year 1992. Under that law, municipalities were allowed to defer budgeting for teacher's summer compensation payable by the end of the fiscal years 1992 and 1993. Municipalities that chose to defer such amounts are required to amortize the resulting budget deficiency by raising at least one fifteenth of the deferred amount in each of the fiscal years 1997 through 2011, or in accordance with a more rapid amortization schedule.

The following table represents state aid estimated receipts, net of estimated charges, for the following fiscal years:

	<b>For Fiscal Year</b>				
	<u>2018(1)</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
School operating aid.....	\$ 1,157,318	\$ 1,140,038	\$ 1,107,808	\$ 1,093,858	\$ 1,062,714
General government aid.....	<u>770,147</u>	<u>747,026</u>	<u>701,552</u>	<u>704,291</u>	<u>688,582</u>
Total Estimated aid.....	<u>1,927,465</u>	<u>1,887,064</u>	<u>1,809,360</u>	<u>1,798,149</u>	<u>1,751,296</u>
Less Estimated charges.....	<u>(300,530)</u>	<u>(294,285)</u>	<u>(296,148)</u>	<u>(281,920)</u>	<u>(306,842)</u>
Net State aid.....	<u>\$ 1,626,935</u>	<u>\$ 1,592,779</u>	<u>\$ 1,513,212</u>	<u>\$ 1,516,229</u>	<u>\$ 1,444,454</u>

(1) Estimated.

## State School Building Assistance Program

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

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

Projects previously approved for grants by the State Board of Education are entitled to receive grant payments from the Authority based on the approved project cost and reimbursement rate applicable under the prior law. The Authority has paid and is expected to continue to pay the remaining amounts of the grants for such projects either in annual installments to reimburse debt service on bonds issued by the municipalities to finance such projects, or as lump sum payments to contribute to the defeasance of such bonds. Projects on the priority waiting list as of July 1, 2004 are also entitled to receive grant payments from the Authority based on the eligible project costs and reimbursement

rates applicable under the prior law. With limited exceptions, the Authority is required to fund the grants for such projects in the order in which they appear on the waiting list. Grants for any such projects that have been completed or substantially completed have been paid and are expected to continue to be paid by the Authority in lump sum payments, thereby eliminating the need for the Authority to reimburse interest expenses that would otherwise be incurred by the municipalities to permanently finance the Authority's share of such project costs. Interest on debt issued by municipalities prior to July 1, 2004 to finance such project costs, and interest on temporary debt until receipt of the grant, is included in the approved costs of such projects. Grants for any such projects that have not yet commenced or that are underway have been and are expected to continue to be paid by the Authority as project costs are incurred by the municipality pursuant to a project funding agreement between the Authority and the municipality, eliminating the need for the municipality to borrow even on a temporary basis to finance the Authority's share of the project costs in most cases.

The range of reimbursement rates for new project grant applications submitted to the Authority on or after July 1, 2007 has been reduced to between 40% and 80% of approved project costs. The Authority promulgated new regulations with respect to the application and approval process for projects submitted after July 1, 2007. The Authority expects to pay grants for such projects as project costs are incurred pursuant to project funding agreements between the Authority and the municipalities. None of the interest expense incurred on debt issued by municipalities to finance their portion of the costs of new projects will be included in the approved project costs eligible for reimbursement.

### **Tax Increment Financing for Development Districts**

Under recent legislation, cities and towns are authorized to establish development districts to encourage increased residential, industrial and commercial activity. All or a portion of the taxes on growth in assessed value in such districts may be pledged and used solely to finance economic development projects pursuant to the city or town's development program for the district. This includes pledging such "tax increments" for the payment of bonds issued to finance such projects. As a result of any such pledge, tax increments raised from new growth properties in development districts are not available for other municipal purposes. Tax increments are taken into account in determining the total taxes assessed for the purpose of calculating the maximum permitted tax levy under Proposition 2½ (see "*Property Tax Limitation*" under "PROPERTY TAXATION" above).

### **Investments**

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

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

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

### **Motor Vehicle Excise**

An excise is imposed on the registration of motor vehicles (subject to exemptions) at the rate of \$25 per \$1,000 of valuation. The excise is collected by and for the benefit of the municipality in which the motor vehicle is customarily kept. Valuations are determined by a statutory formula based on manufacturers' list price and year of manufacture. Bills not paid

when due bear interest at 12 percent per annum. Provision is also made, after notice to the owner, for suspension of the owner's operating license or registration by the registrar of motor vehicles.

The Town collects the motor vehicle excise tax from bills prepared by the Massachusetts Registry of Motor Vehicles. The following table reflects motor vehicle excise receipts for each of the last five fiscal years.

	For Fiscal Year Ending June 30				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Motor Vehicle Excise Taxes .....	\$ 1,277,346	\$1,135,971	\$1,090,920	\$1,023,723	\$863,358

(1) Source: Massachusetts Department of Revenue - Net after refunds. Includes receipts for prior years.

## Free Cash

Under Massachusetts law, an amount known as "free cash" is certified as of the beginning of each fiscal year by the State Bureau of Accounts and this, together with certain subsequent tax receipts, is used as the basis for subsequent appropriations from available funds, which are not required to be included in the annual tax levy. Subject to certain adjustments, free cash is surplus revenue less uncollected and overdue property taxes from prior years. Free cash as of the beginning of the fiscal year, together with collections of prior years' taxes through March 31, is available under current law for appropriation to reduce the following fiscal years' tax levy.

The following table reflects the certified free cash for the following fiscal years.

	For Fiscal Year Beginning July 1				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Free Cash (1).....	\$1,611,000(2)	\$1,611,613	\$1,640,052	\$1,897,634	\$1,582,536

(1) Source: Massachusetts Department of Revenue - Subject to certain adjustments, free cash is surplus revenue less uncollected and overdue property taxes from prior years.

(2) Estimated.

## Unassigned General Fund Balance and Stabilization Fund Balance

Under Section 5B of Chapter 40 of the Massachusetts General Laws, the Town may for the purpose of creating a stabilization fund, appropriate in any year an amount not exceeding ten percent of the amount raised in the preceding year by taxation of real estate and tangible personal property or such larger amount as may be approved by the Emergency Finance Board. The aggregate amount in the fund at any time shall not exceed ten percent of the equalized valuation of the Town and any interest shall be added to and become a part of the fund. The stabilization fund may be appropriated in a town at a town meeting and also at a special town meeting by a two-thirds vote for any lawful purpose.

The following table reflects the Unassigned General Fund Balance and the Stabilization Fund Balance for the following fiscal years.

	For Fiscal Year Ending June 30				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Unassigned General Fund Balance....	\$ NA	\$3,693,552	\$3,183,028	\$3,346,125	\$2,805,621
Stabilization Fund Balance .....	1,183,216	1,147,549	1,128,324	1,015,388	813,503
Capital Stabilization Fund(1).....	228,425	121,614			

(1) The capital stabilization fund was established in fiscal year 2016.

## Financial Statements

Comparative balance sheets and revenues and expenditures have been extracted from the Town's financial statements for the fiscal years ending June 30, 2012 through 2016 prepared by Guisti, Hingston and Company, Certified Public Accountants and are included as Appendix A. The Town's June 30, 2016 Audited Financial Statements are attached.

The attached Appendices A and B speak only as of their 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 Appendices A or B. Except as stated in their report, the auditors have not been engaged to verify the financial information set out in Appendices A or B and are not passing upon and do not assume responsibility for the sufficiency, accuracy or completeness of the financial information presented in those appendices.

### **Litigation**

In the opinion of the Town's management, based on facts currently known to it, there is no litigation pending which, either individually or in the aggregate, is likely to result in final judgments against the Town which would materially affect the Town's financial position or its ability to pay its obligations.

TOWN OF TOPSFIELD,  
MASSACHUSETTS

By: /s/ Barbara Michalowski  
Treasurer

Dated: October 16, 2017

**TOWN OF TOPSFIELD, MASSACHUSETTS  
COMPARATIVE BALANCE SHEETS(1)**

**APPENDIX A**

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Assets:					
Cash/Investments	\$ 5,689,348	\$ 5,641,694	\$ 5,314,108	\$ 4,859,503	\$ 4,634,602
Petty Cash	625	-	-	-	769
Receivables:					
Property Taxes	217,423	187,614	296,727	242,598	191,843
Tax Liens	142,304	118,198	-	-	90,897
Excises	120,819	54,957	-	-	59,331
Intergovernmental		14,558	37,274	10,161	11,595
Other		7,888	70,830	185,207	1,503
Tax Foreclosures	33,939	33,939	33,939	-	33,939
Total Assets	<u>\$ 6,204,458</u>	<u>\$ 6,058,848</u>	<u>\$ 5,752,878</u>	<u>\$ 5,297,469</u>	<u>\$ 5,024,479</u>
Liabilities:					
Warrants Payable	\$ 254,552	\$ 151,213	\$ 147,925	\$ 80,552	\$ 55,943
Accrued Payroll Payable	72,345	253,922	379,797	376,606	128,276
Employee's Withholding Payable	137,301	116,858	-	-	142,568
Unclaimed Checks	5,489	4,382	-	-	4,770
Guaranteed Deposits	-	-	-	-	20,184
Other Liabilities:	-	1,838	4,382	65,356	-
Deferred Revenues	-	-	16,052		
Deferred Revenue:					
Property Taxes	-	-	-	-	125,262
Property Taxes Paid in Advance	-	-	-	-	51,513
Tax Liens	-	-	-	-	90,897
Excises	-	-	-	-	59,331
Other	-	-	-	-	-
Tax Foreclosures	-	-	-	-	33,939
Deferred revenues (deferred inflows) total	399,754	363,302	335,686	308,817	-
Intergovernmental	3,569	-	-	-	-
Total Liabilities	<u>873,010</u>	<u>891,515</u>	<u>883,842</u>	<u>831,331</u>	<u>712,683</u>
Fund Balances(1):					
Committed	1,110,590	1,315,823	424,567	284,905	386,633
Assigned	527,312	668,482	1,098,344	1,375,612	970,818
Unassigned	3,693,552	3,183,028	3,346,125	2,805,621	2,954,345
Total Fund Balances:	<u>5,331,454</u>	<u>5,167,333</u>	<u>4,869,036</u>	<u>4,466,138</u>	<u>4,311,796</u>
Total Liabilities and Fund Equity	<u>\$ 6,204,464</u>	<u>\$ 6,058,848</u>	<u>\$ 5,752,878</u>	<u>\$ 5,297,469</u>	<u>\$ 5,024,479</u>

(1) Extracted from audited financial statements.

**TOWN OF TOPSFIELD, MASSACHUSETTS**  
**COMPARATIVE STATEMENT OF REVENUES AND EXPENDITURES(1)**

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Revenues:					
Property Taxes	\$ 20,851,794	\$ 19,860,443	\$ 18,703,184	\$ 18,231,921	\$ 17,669,730
Tax Liens	33,940	38,149	-	2,771,758	174,479
Excises	1,135,971	1,090,920	1,023,723	863,549	854,143
Penalties and Interest	29,180	37,826	40,261	38,313	69,302
Licenses and Permits	255,951	226,750	367,799	362,283	344,596
Intergovernmental	3,075,276	2,560,727	2,858,180	-	3,148,113
Charges for Services	239,761	269,481	-	-	243,864
Fines and Forfeits	53,468	57,472	68,080	60,842	50,660
Earnings on Investments	99,414	17,704	15,307	15,669	16,272
In Lieu of Taxes	57,724	57,481	-	-	62,378
Miscellaneous	32,035	27,878	241,381	249,427	206,819
Total Revenues	<u>25,864,514</u>	<u>24,244,831</u>	<u>23,317,915</u>	<u>22,593,762</u>	<u>22,840,356</u>
Expenditures:					
General Government	1,327,692	1,198,187	1,326,303	1,386,338	984,567
Public Safety	2,365,713	2,356,222	2,131,896	2,281,538	2,074,375
Education	15,733,396	13,265,561	12,647,438	12,538,482	12,855,059
Highways and Public Works	1,575,477	1,000,691	969,026	924,212	669,288
Human Services	250,510	617,094	636,696	611,013	582,484
Culture and Recreation	557,717	1,667,769	752,645	705,960	684,065
Intergovernmental	288,645	301,348	300,256	206,153	202,038
Employee Benefits	3,202,176	3,165,993	3,656,242	3,504,053	2,700,023
Debt Service					
Principal	486,000	550,000	551,000	537,500	796,700
Interest	77,200	103,469	117,209	131,720	388,532
Total Expenditures	<u>25,864,526</u>	<u>24,226,334</u>	<u>23,088,711</u>	<u>22,826,969</u>	<u>21,937,131</u>
Excess of Revenues Over (Under)					
Expenditures	<u>(12)</u>	<u>18,497</u>	<u>229,204</u>	<u>(233,207)</u>	<u>903,225</u>
Other Financing Sources (Uses):					
Operating Transfers In	235,133	283,720	273,846	227,976	234,036
Operating Transfers (Out)	(71,000)	(3,920)	-	-	(96,122)
Proceeds from capital leases	-	-	-	159,573	-
Proceeds from Refunding Bonds	-	-	-	-	1,946,000
Intergovernmental Rev. - Debt Refunding	-	-	-	-	3,772,390
Payments to Escrow Agent for Ref. Bonds	-	-	-	-	(5,740,000)
Total Other Financing Sources	<u>164,133</u>	<u>279,800</u>	<u>273,846</u>	<u>387,549</u>	<u>116,304</u>
Excess of Revenues And Other Sources Over (Under)Expenditures and Other Uses	164,121	298,297	503,050	154,342	1,019,529
Fund Balance (Deficit), Beginning of Year	<u>5,167,333</u>	<u>4,869,036</u>	<u>4,365,986</u>	<u>4,311,796</u>	<u>3,292,267</u>
Prior Period Adjustment	-	-	-	-	-
Fund Balance, July 1, 2010, as Restated	-	-	-	-	-
Fund Balance (Deficit), End of Year	<u>\$ 5,331,454</u>	<u>\$ 5,167,333</u>	<u>\$ 4,869,036</u>	<u>\$ 4,466,138</u>	<u>\$ 4,311,796</u>

(1) Extracted from audited financial statements.



**FACSIMILE BID FORM**  
**Town of Topsfield, Massachusetts**  
**\$4,766,000\***  
**General Obligation Municipal Purpose Loan of 2017 Bonds**

Sale Date: October 11, 2017  
Dated Date: October 20, 2017

Ms. Barbara Michalowski, Treasurer  
Town of Topsfield, MA  
c/o Eastern Bank  
Municipal Finance Department  
265 Franklin Street  
Boston, Massachusetts 02110

Dear Ms. Michalowski:

For all \$4,766,000\* Town of Topsfield, Massachusetts, General Obligation Municipal Purpose Loan of 2017 Bonds, as further described in the Notice of Sale dated October 3, 2017, we bid \_\_\_\_\_ and accrued interest, if any, for each \$100 face 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>	
2018.....	_____	%	2031.....	_____	%
2019.....	_____		2032.....	_____	
2020.....	_____		2033.....	_____	
2021.....	_____		2034.....	_____	
2022.....	_____		2035.....	_____	
2023.....	_____		2036.....	_____	
2024.....	_____		2037.....	_____	
2025.....	_____		2038.....	_____	
2026.....	_____		2039.....	_____	
2027.....	_____		2040.....	_____	
2028.....	_____		2041.....	_____	
2029.....	_____		2042.....	_____	
2030.....	_____				

The undersigned hereby acknowledges the receipt of and the opportunity to examine the Preliminary Official Statement accompanying the said Notice of Sale.

By: \_\_\_\_\_ Telephone: \_\_\_\_\_  
Address: \_\_\_\_\_ Fax: \_\_\_\_\_  
\_\_\_\_\_

The following is our computation of the true interest cost and percent true interest cost, made as provided in the above-mentioned Notice of Sale, for the purchase of \$4,766,000\* Bonds under the foregoing proposal:

**BID MUST INCLUDE A PREMIUM OF AT LEAST \$53,000**

Gross Interest Cost.....	\$ _____
Underwriter's Premium.....	\$ _____
True Interest Cost.....	\$ _____
Percent True Interest Cost.....	_____ %

(four decimals)

The Municipal Finance Department of Eastern Bank will assist in submitting bids on this issue, if desired. Please sign a blank bid form and mail to the above address or fax in advance of the sale to: (617) 235-8110; or telephone final figures to us at (617) 235-8106 or 235-8104 approximately one-half hour prior to the sale. Bidders are responsible for any error in bids submitted in this manner.

\_\_\_\_\_  
*\*Preliminary, subject to change.*

**Appendix A. Comparative Financial Statements**  
**Appendix B. Audited Financial Statements**  
**Appendix C. Proposed Form of Legal Opinion**  
**Appendix D. Proposed Form of Continuing Disclosure Certificate**  
**Appendix E. Bid Form**