

CITY OF MELROSE, MASSACHUSETTS

ANNUAL COMPREHENSIVE FINANCIAL REPORT



FOR THE YEAR ENDED JUNE 30, 2022

Cover photo: The Gazebo at Ell Pond



Tower at Melrose's Mt. Hood

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YEAR ENDED JUNE 30, 2022

Prepared by:

Patrick D. Dello Russo, Chief Financial Officer / Auditor

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Introductory Section



Melrose Public Library

Introductory Section

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CITY OF MELROSE

AUDITOR'S OFFICE

PATRICK D. DELLORUSSO
CFO/CITY AUDITOR

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Letter of Transmittal

February 22, 2023

To the Honorable Mayor and Citizens of the City of Melrose, Massachusetts:

At the close of each fiscal year, state law requires the City of Melrose to publish a complete set of financial statements in conformity with accounting principle generally accepted in the United States of America (GAAP) that are audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the Annual Comprehensive Financial Report (ACFR) of the City of Melrose, Massachusetts, for the year ending June 30, 2022.

The ACFR is intended to be used by the elected and appointed officials of the City and others who are concerned with its management and progress such as bond analysts, banking institutions and credit raters. Equally important, this report is designed to provide the residents and taxpayers of the City of Melrose with an easily readable and understandable financial report.

This report consists of management's representations concerning the finances of the City of Melrose. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects. In order to provide a reasonable basis for making these financial representations, management continues to review and improve its established comprehensive internal controls. The framework for these controls is designed to protect, to the extent possible, the government's assets from loss, theft, or misuse. The cost of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements for the year ending June 30, 2022, are fairly presented in conformity with GAAP.

The City of Melrose's financial statements have been audited by Powers & Sullivan, LLC, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Melrose for the year ended June 30, 2022 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion of the City of Melrose's financial statement for the year ended June 30, 2022 and that they are, in fact fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City of Melrose was part of a broader, federally mandated “Single Audit” designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government’s internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the City of Melrose’s separately issued Single Audit Report.

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

Profile of the City

The City of Melrose, located in eastern Massachusetts in the Metropolitan Boston area, is bordered by the Towns of Stoneham, Wakefield, and Saugus, and by the Cities of Malden, Medford, and Revere. The City is approximately seven miles north of Boston with a geographical area of 4.76 square miles. Melrose is an economically diverse residential community of approximately 29,000 residents that features a historic downtown and a wide range of local and regional open space and recreation options, cultural activities, community events, and educational opportunities. It is home to many industries including small retail businesses, restaurants, personal care services, professional services and more.

Melrose began as a relatively small rural farming community, with its center in a valley between two parallel ranges of hills. Since its settlement in the mid-18th century, Melrose has offered its residents a balance of both urban and suburban living. The advent of the railroad along the western side of the valley brought with it the development of small industry and a commercial Main Street. Residential development spread north, east, and west up the slopes of the adjacent hills. Several large ponds served as the most vital catalysts for the consolidation and protection of considerable areas of open space.

The general pattern of land use in Melrose has not changed significantly since 1960. The City still consists of a linear core extending along the Main Street axis, as well as the railroad corridor, which also runs north to south and is parallel to Main Street. This core contains most of the commercial, industrial, and high-density residential development. Medium and low-density residential development surrounds the core and is in turn surrounded by a large tract of permanent open space (the greenbelt). This open space provides a distinct boundary between the dense, urban development south toward Boston and the sprawling suburban character of the communities west and north of Melrose.

Maintaining the high desirability of Melrose as a place to live, work, and recreate has been the goal of the City in the 2000s. Continuing a high level of investment in the downtown and neighborhood commercial districts by encouraging and providing methods for property owners to improve their properties is one way the City has been able to maintain its desirability. Providing high-quality public buildings and infrastructure ensures that the City can support the needs of the community.

Melrose is a predominately residential community that has developed in a relatively dense pattern. Residents of the City tend to be economically balanced. According to the 2020 U.S. Census, Melrose has a population of 29,817 and the population density in Melrose averages 5,926 persons per square mile. The population has a median age of 41 years, and approximately 17.2 percent of the population is over the age of 65. The 2020 U.S. Census identifies 11.8 percent of Melrose residents as some other race other than white.

Melrose's population is well educated; 95.9 percent of the population has a high school diploma or higher and 61.6 percent of the population has a bachelor's degree or higher. These figures are higher than the statewide average of 89.1 percent and 45 percent, respectively. The median household income of Melrose is also higher than the statewide median. For the 11,329 households, the median household income is \$106,955 compared to \$85,843 for all Massachusetts households.

The City of Melrose is governed by a Mayor/Council form of government. As of 2007, Melrose mayors are elected to four-year terms. The current mayor is Paul Brodeur (D), who has held this office since 2019. Effective October 1, 2019, the local legislative body of the City changed from a Board of Alderman to a City Council. The City Council consists of 11 persons elected biennially, four at-large and seven by wards. Actions by the Council are generally subject to the Mayor's veto, which may be overridden by a two-thirds vote. The Mayor is the chief executive officer and department heads are generally under his or her supervision. Local school affairs are administered by a seven-member School Committee elected by the citizens of Melrose. The Mayor serves as a voting member of the School Committee.

The legislative body of the City is an eleven-member City Council. The City of Melrose has seven wards and 14 precincts. Voters from the entire city elect the four At-Large City Councilors while voters of individual wards elect the seven Ward Councilors. All city councilors are elected for two-year terms. Elections for both the mayor and city councilors are held in odd-numbered years.

The City provides general government services for the territory within its boundaries, including police and fire protection, animal control services, building inspection, water/sewer system, street maintenance, cemeteries, parks and other recreational facilities including a municipal golf course. The City provides social services and activities for elderly citizens, as well as a public library funded and operated by the City.

The City provides public education in grades kindergarten through 12, and technical education at the high school level is provided through the Northeast Metropolitan Regional Vocational School District. School building facilities include six elementary schools with a combined capacity of 3,143, a middle school with a capacity of 1,050 and a high school with a capacity of 1,560.

Melrose benefits from being part of the MBTA system, which provides transportation to and from Boston via rapid transit and fixed route bus service to neighboring communities. In addition, commuter rail service to North Station in Boston is available from Melrose Highlands, Melrose/Cedar Park, and Wyoming Hill. Logan International Airport, as well as the Boston docks, railroads and bus terminals are within commuting distance, providing land, sea and air carrier service. Principal highways serving the City are State Routes 1 and 28 and Interstate Route 93.

The City of Melrose has been a leader in energy efficiency efforts. As one of the first 35 communities to be designated a Green Community in 2010 and since then, the City has leveraged more than \$1.6 million in state and utility funds to improve energy efficiency and reduce energy use. More efforts can be made in the municipal and school buildings to ensure that energy use reductions are continually achieved over the long-term, which was identified as an important need by community members. Further, the City of Melrose, in coordination with the Melrose Energy Commission, has a strong commitment to outreach and education for residential energy customers. The City has also recently released its Net Zero Action Plan, which will serve as a road map to reducing community-wide greenhouse gas emissions throughout Melrose.

Factors Affecting Economic Condition

Local Economy

The City of Melrose continues to maintain a strong economic condition. The per capita income is higher than the state average and the unemployment rate has historically been well below the state average. Melrose has a primarily residential tax base which has grown through rising home values.

In FY 2023, the average value of a home in Melrose was \$735,134 (based upon calendar 2021 sales data), an increase of approximately 4.5% from the previous year. The current economic environment indicates that property values are continuing to increase, and new growth has been stable. Melrose is an ideal commuter location, and enjoys a good reputation for academics, athletics, open space and offering many amenities throughout the community. Melrose remains a highly desirable location for both its residents and businesses given its density, walkability and variety of commercial districts.

Economic activity within the City is primarily in the areas of services and wholesale and retail trade. In 2020, 701 firms were located in Melrose, with average weekly wages of \$1,068 reported to the Massachusetts Department of Employment and Training.

Economic development

Over the past decade, economic development in Melrose has been centered around the City's efforts to promote Smart Growth and Transit Oriented Development ('TOD') that takes advantage of the City's vast network of transit options and bustling business districts. The development that set the stage for this effort and the City's model TOD project was Oak Grove Village (now Windsor at Oak Grove) which constructed 400 new housing units in Melrose between 2007-2009. Since then, the City has continued to attract developers interested in redeveloping land for multi-family housing and mixed-use developments. Most recently, a mill building at 99 Washington Street, which for decades has housed a furniture store and some smaller commercial businesses, was redeveloped in 2022 as a residential community with 141 one- and two-bedroom units known as Radio Factory Lofts. Like the other properties in the Smart Growth District, this property is located in close proximity to mass transit and is ideally situated to attract new residents and provide opportunities for older residents to downsize and free up their homes for young families. The tax valuation for properties in this District is substantially greater than existed before the zoning and redevelopment initiative. The City's long-standing commitment to smart growth and transit-oriented development has resulted in enhanced economic development opportunities and new vitality in our business districts, and recently helped persuade the MBTA to abandon their plan to temporarily close the Cedar Park commuter rail station.

The City of Melrose continues to attract businesses to its downtown and neighborhood commercial centers. The City recently invested over \$800,000 in streetscape and infrastructure improvements in the Melrose Highlands and Cedar Park neighborhood commercial districts, enhancing pedestrian access to the business establishments in these districts and strengthened the economic development potential of the districts.

Restaurants and other business in Melrose were affected by the economic conditions brought about by the COVID-19 pandemic and the City responded by relaxing regulations around outdoor seating and liquor requirements, pursuing grant funds to help local business that had to close during the pandemic, and enhancing the business districts with parklets, pop-up retail projects, and a first of its kind public art initiative. Commercial vacancies in the downtown and the neighborhood commercial districts continue to be rare, which is remarkable considering the pandemic and current economic climate. Small retail and food businesses continue to be attracted to Melrose and several new establishments have opened even during the pandemic.

It is difficult to assess how the COVID-19 pandemic will continue to impact the national and state economies in the long-term and, accordingly, how it will impact municipalities. Rapid economic changes associated with the pandemic are also likely to affect the most recent employment, income, and related statistics presented herein.

However, given the historical levels of economic disruption caused by the pandemic, the City of Melrose has fared well overall.

Local Receipts

The City of Melrose is very conservative on its approach to utilizing recurring local receipts as part of its budget funding policy. Historically, its objective is to budget no more than 75% of total local receipts realized in the previous completed fiscal year in its Operating Budget. Local receipts have averaged just over \$9.7 million for the past 5 years.

Building Permits

Since 2018, the City of Melrose has averaged approximately 1,200 residential building permits and 80 non-commercial building permits annually.

State Aid

The City of Melrose historically has seen State Aid support an average of 16.42% of its Operating Budgets over the last 5 fiscal years, including Massachusetts School Building Authority (MSBA) reimbursements.

Federal Aid

The City received notice from the Commonwealth of Massachusetts that it is entitled to approximately \$2,485,712 through the federal Coronavirus Aid, Relief and Economic Security Act (the “CARES Act”) and to date has drawn down on all such funds. The CARES Act funds were restricted in their use; these funds could only be used for direct expenses related to COVID-19 and could not be used as “revenue replacement” or other similar, unrestricted purposes. CARES Act funds were required to be spent for approved costs through December 31, 2021.

Another action at the federal level was the American Rescue Plan Act of 2021 (“ARPA”). Among other provisions, ARPA provides \$350 billion to state and local governments to mitigate the fiscal disruptions created by the pandemic. Such funds may be used to replace revenues lost or reduced as a result of the pandemic and fund COVID-related costs, among other purposes. The City of Melrose received \$8,374,174 in ARPA funds. ARPA funds must be spent or committed by December 31, 2024.

Long-Term Financial Planning

The City’s long-term financial planning is focused on addressing the numerous needs of the community, particularly in view of the revenue constraints of Proposition 2 ½. City leadership strives to provide the community with the level of services it has come to expect, including supporting our K-12 schools and providing social services for people of all ages, in a fiscally responsible manner. Management works cooperatively with departments to create annual budgets that are sustainable. Further, management recognizes that in order to continue to provide these services to the community while at the same time maintaining its existing infrastructure, long-range financial planning including capital planning, is necessary. The City is engaged in creating a new, multi-year capital plan that includes a long-term capital investment strategy.

Relevant Financial Policies

The City of Melrose maintains financial policies to provide a framework for financial decision-making regarding the use of stabilization funds, Free Cash (target 20 to 25% used to fund stabilization funds annually), as well as debt service as a percentage of operating budget (not to exceed 5% of the non-exempt annual debt service) and

targets for retiring long-term debt. The City of Melrose works aggressively to enhance its fiscal position and alters its strategy as needed to achieve its financial objectives. Monthly budget reviews are part of this effort and each month the Office of the Auditor reviews budget performance to estimated expenditures and identifies any inconsistencies. The Office of the Auditor also monitors all revenues received by the City on a monthly basis through the use of customized reports.

Reserves/Stabilization Funds & Management

The City of Melrose has established eight (8) financially strategic stabilization funds, with a collective balance exceeding \$8 million dollars. Together, these stabilization funds provide assurance that the City can meet a negative downturn in the economy or unanticipated cost, which could disrupt the delivery of services and negatively impact the City's operating budget at any given time within a fiscal year. There is no greater priority from a financial perspective, and tremendous value in the City's collective decision to safeguard the assets of the community through the establishment of these funds:

- **Foundation Stabilization Fund** is used to provide the foundation needed to enhance stability in the City's financial position. It has a balance just over \$3.8 million dollars. The City's goal is to have the fund equate to 5% of the operating budget. In Fiscal 2022 that amount would be just over \$4.5 million dollars. The Massachusetts Municipal Association "best practice" includes adopting reserve funding targets of 5% or more based on the specifics of the municipal budget and consideration of spending and revenue risks. There is also a standing City Council Ordinance (Section 48-5) that speaks to the funding of the Stabilization Fund annually. It is our regular practice to budget \$50,000 to go into this fund as part of the standard annual operating budget of the City.
- **Contract Stabilization Fund** provides the funding mechanism wage/salary adjustments for both union and non-union employees. It has a balance of \$1.3 million. This fund ensures that the City can fund negotiated collective bargaining agreements when settled, and non-union compensation obligations. This includes any retroactive payments relative to the respective contracts and non-union salary adjustments. The target balance for this fund is \$1.3 million dollars.
- **Capital Stabilization Fund** has a balance of approx. \$537,000. Capital purchases of \$25,000 or more can be funded from this source. This enables the City added flexibility in addressing its' capital needs through pay as you go financing for items that are not advantageous to issue debt for that may be needed at any time during a fiscal year. The targeted balance for this fund is \$550,000.
- **Suits and Claims Stabilization Fund** has a balance of \$493,000. The purpose of this fund is to provide stability and assurance on potential legal claims and judgments. The City uses this fund to address costs associated with legal claims and suits that arise throughout the fiscal year. The target balance for this fund is \$500,000.
- **Special Education Stabilization Fund** is designed to provide financial assistance to the School Department for Special Education services and is used to fund special education costs realized by the School Department that exceed its budgeted funds. It has a balance of \$499,000. The target balance for this fund is \$500,000.
- **OPEB (Other Post- Employment Benefits) Fund** is a statutory fund under Chapter 32b, Section 20 designed to address the long-term liability of funding employee health costs and has a balance of \$992,000. The continued funding of this significant liability plays a key role in the determination of our Bond Rating by Standard and Poor's Rating Agency. It is our regular practice to budget \$50,000 to go into this fund as part of the standard annual operating budget of the City.

- **OSHA (Occupational Safety and Health Administration) Fund** is designed to address the costs associated with providing employees with a safe work environment conducive to meeting OSHA guidelines and has current balance of \$203,000. The City's target amount for this fund is \$250,000.
- **Educational, Public Safety & Substance Abuse Prevention Fund** is designed to support the City's public schools and its administration, the enforcement and training of public safety officials, and substance abuse prevention efforts. The current balance in the fund is \$443,000.

Financial Practices – Standard & Poor's

The City, through its prudent financial planning, saw its bond rating reaffirmed recently and earlier (September 15, 2020) at AA+ status. Standard and Poor's Rating Agency highlighted the:

- **Very strong economy**, with access to a broad and diverse metropolitan statistical area (MSA);
- **Strong management**, with good financial policies and practices under our Financial Management Assessment (FMA) methodology;
- **Adequate budgetary performance**, with operating surpluses in the general fund and at the total government fund level in fiscal 2019;
- **Strong budgetary flexibility**, with an available fund balance in fiscal 2019 of 12.1% of operating expenditures;
- **Very strong liquidity**, with total government available cash at 16.8% of total government expenditures and 3.1x government debt service, and access to external liquidity we consider strong;
- **Strong debt and contingent liability profile**, with debt service carrying charges at 5.5% of expenditures and net direct debt that is 47.0% of total governmental fund revenue, as well as low overall net debt burden at less than 3% of market value and rapid amortization with 79.2% of debt scheduled to be retired in 10 years, but a large pension and OPEB obligation and the lack of a plan to sufficiently address the obligation; and
- **Strong institutional framework score.**

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awards Certificate of Achievement for Excellence in Financial Reporting on Annual Comprehensive Financial Reports (ACFR). In order to be awarded a Certificate of Achievement, the City had to publish an easily readable and efficiently organized ACFR that satisfied both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. This is the first year that Melrose has submitted an ACFR. We believe that our current ACFR meets the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for this certificate.

The preparation of this report would not have been possible without the efficient and dedicated services of the City's financial team. We would like to express our sincere appreciation to all members of the finance team who assisted and contributed in the preparation of this report. Credit should be given to the dedicated City employees,

our elected officials and appointed board and committee members for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Melrose.

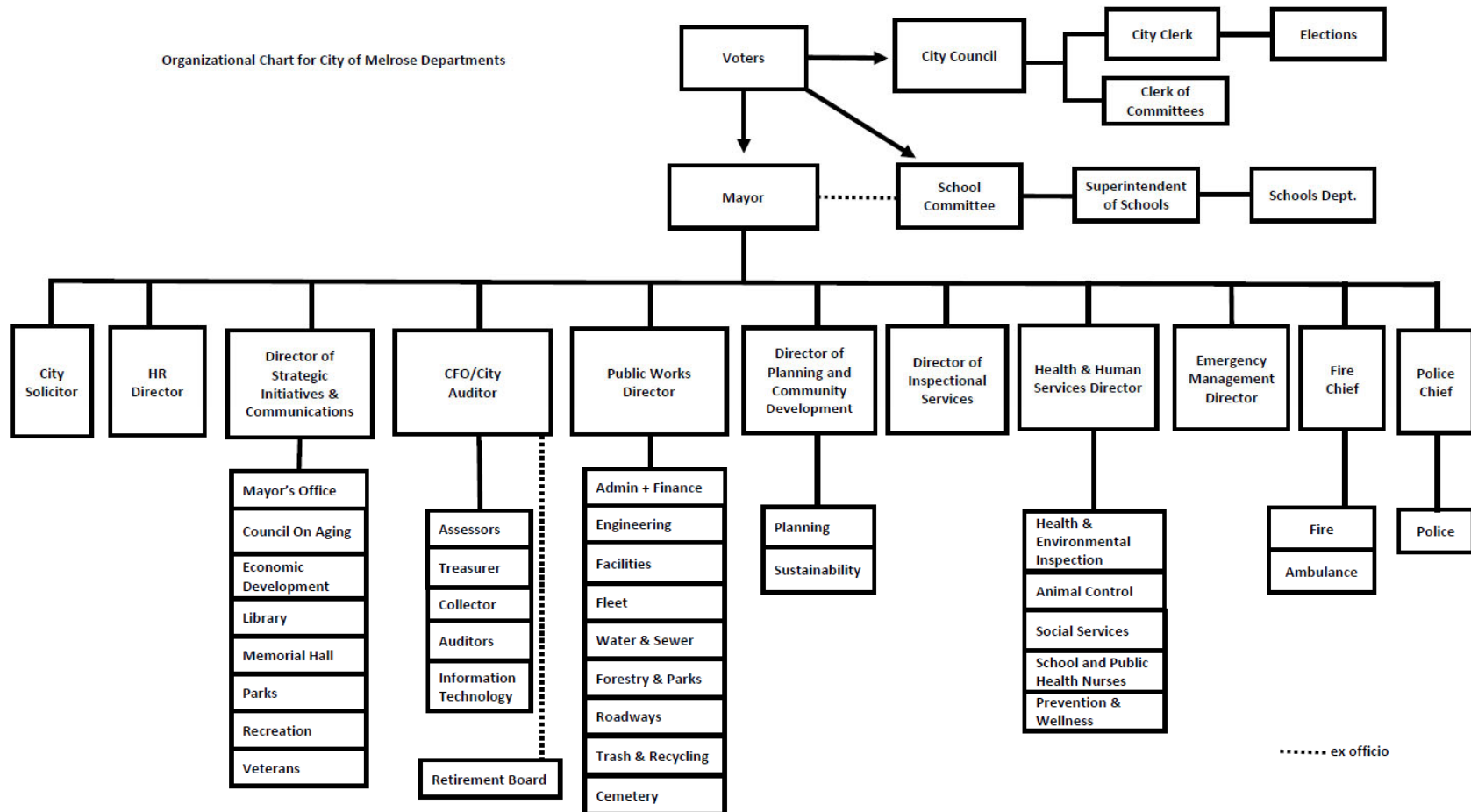
Overall, the City of Melrose is financially stable, and management has continued to strengthen its fiscal policies, enhance its reserves, make responsible financial decisions and is optimistic of the City's financial future. We hope you find this Annual Comprehensive Financial Report helpful.

Sincerely,

Patrick D. Dello Russo

Patrick D. Dello Russo,
Chief Financial Officer / Auditor

Informational City of Melrose Organizational Chart



*This document is for informational purposes only. The City Charter and, to the extent not consistent with the City Charter, the City ordinances control the organization of City government.



Principal Executive Officers – As of June 30, 2022

TITLE	NAME	MANNER OF SELECTION	TERM EXPIRES
Mayor	Paul Brodeur	Elected	1/1/2024
President, At-Large	Christopher C. Cinella	Elected	12/31/2023
At-Large	Jack Eccles	Elected	12/31/2023
At-Large	Maya Jamaledine	Elected	12/31/2023
At-Large	Leila B. Migliorelli	Elected	12/31/2023
Ward One, City Councilor	Manjula Karamcheti	Elected	12/31/2023
Ward Two, City Councilor	John Obrenski	Elected	12/31/2023
Ward Three, City Councilor	Robb Stewart	Elected	12/31/2023
Ward Four, City Councilor	Mark D. Garipay	Elected	12/31/2023
Ward Five, City Councilor	Shawn MacMaster	Elected	12/31/2023
Ward Six, City Councilor	Jen Grigoraitis	Elected	12/31/2023
Ward Seven, City Councilor	Ryan Williams	Elected	12/31/2023
Chief Financial Officer/Auditor	Patrick D. Dello Russo	Appointed	
Treasurer/Collector	Kathryn Armata	Appointed	
City Solicitor	Shannon Phillips	Appointed	
City Clerk	Kristin Foote	Appointed	

Financial Section



Melrose City Hall

Financial Section

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Independent Auditor's Report

To the Honorable Mayor and City Council
City of Melrose, Massachusetts

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Melrose, Massachusetts as of and for the year ended June 30, 2022, (except for the Melrose Contributory Retirement System which is as of and for the year ended December 31, 2021), and the related notes to the financial statements, which collectively comprise the City of Melrose, Massachusetts's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Melrose, Massachusetts, as of June 30, 2022 (except for the Melrose Contributory Retirement System which is as of and for the year ended December 31, 2021), and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Change in Accounting Principal

As discussed in Note 4 and 8 to the financial statements, in the year ending June 30, 2022, the City adopted new accounting guidance, Government Accounting Standards Board (GASB) Statement No. 87, *Leases*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the

required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 22, 2023, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



February 22, 2023

Management's Discussion and Analysis

Management's Discussion and Analysis

As management of the City of Melrose, we offer readers of these financial statements this narrative overview and analysis of the financial activities of the City for the year ended June 30, 2022. We encourage readers to consider the information presented in this report. All amounts, unless otherwise indicated, are expressed in whole dollars.

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

Financial Highlights

- The liabilities and deferred inflows of resources of the City of Melrose exceeded its assets and deferred outflows of resources at the close of the most recent year by \$88.4 million (net position).
- At the end of the current year, the City's general fund reported an ending fund balance of \$23.0 million, an increase of \$2.8 million in comparison with the prior year. Total fund balance represents 23% of total general fund expenditures.
- The net other postemployment benefit (OPEB) liability year-end balance totaled \$164.3 million.
- The net pension liability (NPL) year-end balance totaled \$43.2 million.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. These basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The government-wide financial statements provide both long-term and short-term information about the City as a whole. The fund financial statements focus on the individual parts of the City government, reporting the City's operations in more detail than the government-wide statements. Both presentations (government-wide and fund) allow the user to address relevant questions, broaden the basis of comparison and enhance the City's accountability. An additional part of the basic financial statements are the notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

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

The *statement of activities* presents information showing how the government's net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental

activities include general government, public safety, education, public works, community development, health and human services, culture and recreation and interest. The business-type activities include the activities of the sewer department, water department, Mt. Hood Golf Course, and the ambulance department.

The government-wide financial statements include not only the City of Melrose itself (known as the *primary government*), but also a legally separate public employee retirement system for which the City of Melrose is financially accountable. Financial information for this *component unit* is reported within the fiduciary fund statements.

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

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

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

The City adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

Proprietary funds. The City maintains proprietary funds that provide the same information as the government-wide financial statements, only in more detail. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The proprietary fund financial statements provide separate information for the sewer, water, Mt. Hood Golf, and ambulance service activities.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the City's own programs. The accounting used for fiduciary funds is much like that used for propriety funds.

Notes to the basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City's budgetary basis of accounting.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Melrose, liabilities and deferred inflows exceeded assets and deferred outflows of resources by \$88.4 million at the close of the most recent year. Key components of the City's governmental and business-type activities are presented on the following pages.

The largest single portion of the City's net position, \$93.2 million, reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in its capital assets is reported net of its related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the net position, \$6.2 million, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position has a deficit of \$187.7 million. The primary reason for this deficit balance is the recognition of other postemployment benefit liabilities totaling \$164.3 million and a net pension liability of \$43.2 million.

At the end of the current year, the City is able to report positive balances in two out of three categories of net position, with the exception being that governmental activities unrestricted net position reports a negative balance of \$192.2 million. All business-type activity net position reports positive balances.

The governmental and business-type activities of the City are presented on the following pages.

Governmental-type activities. Governmental-type activities increased the City's net position by \$4.8 million. Key components of the City's governmental-type activities follow.

	2022	2021
Assets:		
Current assets.....	\$ 43,897,704	\$ 39,109,515
Noncurrent assets (excluding capital).....	1,369,961	129,190
Capital assets, nondepreciable.....	11,871,378	12,211,291
Capital assets, net of accumulated depreciation....	97,512,152	96,468,784
Total assets.....	154,651,195	147,918,780
Deferred outflows of resources.....	31,909,821	20,914,493
Liabilities:		
Current liabilities (excluding debt).....	4,807,135	4,493,258
Noncurrent liabilities (excluding debt).....	203,403,695	223,695,332
Current debt.....	5,868,648	4,125,897
Noncurrent debt.....	36,455,906	40,648,718
Total liabilities.....	250,535,384	272,963,205
Deferred inflows of resources.....	50,050,027	14,643,057
Net position:		
Net investment in capital assets.....	72,061,536	65,342,557
Restricted.....	6,151,749	8,847,582
Unrestricted.....	(192,237,680)	(192,963,128)
Total net position.....	\$ (114,024,395)	\$ (118,772,989)

	2022	2021
Program Revenues:		
Charges for services..... \$	10,207,141	\$ 9,563,631
Operating grants and contributions.....	30,096,746	33,839,789
Capital grants and contributions.....	1,843,586	88,500
General Revenues:		
Real estate and personal property taxes, net of tax refunds payable.....	70,666,950	68,247,294
Tax and other liens.....	825,460	375,357
Motor vehicle and other excise taxes.....	4,382,534	4,128,176
Penalties and interest on taxes.....	357,284	670,925
Grants and contributions not restricted to specific programs.....	6,807,550	5,434,855
Unrestricted investment income (loss).....	(47,421)	1,381,440
Total revenues.....	125,139,830	123,729,967
Expenses:		
General government.....	7,277,871	6,579,964
Public safety.....	16,753,599	17,595,233
Education.....	73,982,560	79,507,573
Public works.....	15,362,455	13,734,155
Community development.....	44,837	7,030
Health and human services.....	2,619,930	2,938,025
Culture and recreation.....	3,476,361	3,027,042
Interest.....	1,226,392	1,397,247
Total expenses.....	120,744,005	124,786,269
Excess (Deficiency) before transfers.....	4,395,825	(1,056,302)
Transfers.....	352,769	360,769
Change in net position.....	4,748,594	(695,533)
Net position, beginning of year.....	(118,772,989)	(118,077,456)
Net position, end of year..... \$	(114,024,395)	(118,772,989)

The governmental activities net position increased by \$4.8 million during the current year. This was primarily due to positive budgetary results and to a \$4.0 million decrease from the change in the net pension liability and related deferred outflows/inflows of resources, offset by a \$6.8 million increase in the net OPEB liability and related deferred outflows/inflows of resources and a \$1.8 million increase in operating grants and contributions.

The governmental expenses totaled \$120.7 million of which \$42.1 million (35%) was directly supported by program revenues consisting of charges for services, operating and capital grants and contributions. General revenues totaled \$83.0 million with the most significant revenues being property taxes, motor vehicle and other excise taxes and non-restricted state aid.

Communities in Massachusetts are allowed to increase real estate and personal property taxes up to 2.5%, plus new growth, each year. The community is required to pass a tax override or debt exclusion in order to raise the taxes over 2.5%.

The \$5.5 million decrease in education expense is primarily due to a decrease in state financing for the Massachusetts' Teacher's Retirement System (MTRS) of \$5.6 million.

Business-type activities. Business-type activities increased net position by \$314,000. Key components of the City's business activities follow.

	2022	2021
Assets:		
Current assets..... \$	11,605,295	\$ 12,741,781
Capital assets, nondepreciable.....	944,750	897,712
Capital assets, net of accumulated depreciation....	27,459,553	27,101,813
Total assets.....	40,009,598	40,741,306
Deferred outflows of resources.....	472,298	445,029
Liabilities:		
Current liabilities (excluding debt).....	207,896	121,724
Noncurrent liabilities (excluding debt).....	4,495,652	5,912,671
Current debt.....	1,574,498	1,474,314
Noncurrent debt.....	6,787,905	7,720,566
Total liabilities.....	13,065,951	15,229,275
Deferred inflows of resources.....	1,756,154	611,527
Net position:		
Net investment in capital assets.....	21,157,181	20,085,893
Unrestricted.....	4,502,610	5,259,640
Total net position..... \$	25,659,791	\$ 25,345,533
	2022	2021
Program Revenues:		
Charges for services..... \$	17,921,178	\$ 19,270,969
Operating grants and contributions.....	205,934	37,015
Capital grants and contributions.....	-	24,000
General Revenues:		
Penalties and interest on taxes.....	106,969	93,627
Unrestricted investment income (loss).....	(39,562)	90,055
Total revenues.....	18,194,519	19,515,666
Expenses:		
Water.....	6,238,213	6,327,566
Sewer.....	8,858,649	8,926,900
Mt. Hood Golf.....	1,490,179	1,472,375
Ambulance.....	940,451	1,332,491
Total expenses.....	17,527,492	18,059,332
Excess (Deficiency) before transfers.....	667,027	1,456,334
Transfers.....	(352,769)	(360,769)
Change in net position.....	314,258	1,095,565
Net position, beginning of year.....	25,345,533	24,249,968
Net position, end of year..... \$	25,659,791	\$ 25,345,533

The increase in net position is consistent with prior years and is designed to have direct costs and depreciation covered by current revenues.

Water net position decreased by \$193,000. This was mainly due to a decrease in consumption to pre-pandemic levels. The City budgeted the use of retained earnings to cover the revenue shortfall in FY22. Rates were also increased for FY23 to help offset the decrease in consumption.

Sewer net position increased by \$17,000. This was mainly due to a decrease in consumption to pre-pandemic levels. The City budgeted the use of retained earnings to cover the revenue shortfall in FY22. Rates were also increased for FY23 to help offset the decrease in consumption. This decrease was offset by the net change in the net pension and OPEB liabilities and related deferred inflows/outflows.

Mt. Hood Golf Course net position increased by \$237,000. This is mainly due to the golf course returning to full operating capacity after a decline in prior years due to the COVID-19 pandemic.

Ambulance net position increased by \$252,000. The increase was primarily due to the net change in the net pension and OPEB liabilities and related deferred inflows/outflows.

Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City of Melrose's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the year.

The general fund is the chief operating fund. At the end of the current year, unassigned fund balance was \$7.0 million while total fund balance equaled \$23.0 million. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 7% of total general fund expenditures, while total fund balance represents 23% of that same amount. Fund balance of \$12.6 million is assigned for encumbrances to be carried forward to the next year while \$3.5 million is considered committed because it relates to the stabilization funds voted on by the City Council. The general fund had an increase in fund balance of \$2.8 million in 2022. This was primarily due to positive budgetary results.

The COVID grants fund is used to account for the City's COVID-19 related grant revenues and expenditures. The City spent \$3.9 million on COVID related costs in 2022, which were funded by state and federal grants.

The City capital projects fund is used to account for the acquisition and construction of major capital facilities other than those financed by the proprietary funds and trust funds. The City expended \$3.2 million and received transfers of \$3.5 million from the general fund and library trust fund and received \$1.6 million in state grant funds. This resulted in an ending fund balance of \$2.5 million.

Nonmajor governmental fund is used to account for the City's special revenues, capital projects and permanent funds. This class of funds had a year-end fund balance of \$10.6 million compared to a fund balance of \$12.0 million in the prior year. The decrease is mainly attributed to timing differences between the receipt and expenditure of proceeds from bonds, grants and capital projects.

General Fund Budgetary Highlights

The City adopts an annual budget for the general fund. The original 2022 budget authorized \$102.1 million in appropriations and other amounts to be raised, which includes \$6.5 million of amounts carried forward from the prior year. During 2022, the Council approved supplemental appropriations totaling \$5.8 million, which included \$3.0 million of transfers to the stabilization funds and capital project funds. Total revenue came in over budget by \$4.7 million, mainly due to better than anticipated collections on motor vehicle and other excise taxes and departmental revenues. The total unexpended appropriations were \$2.0 million, net of \$7.2 million of amounts carried forward to the next year. This was mainly due to conservative spending and budgeting.

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business-type activities as of June 30, 2022, amounts to \$137.8 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, system improvements, machinery and equipment, park facilities, roads, highways, and bridges. Assets capitalized in 2022 totaled \$7.9 million. Additions included infrastructure, buildings and improvements, vehicles, and equipment.

Long-term debt. At the end of the current year, the City had total governmental activities long-term debt outstanding of \$40.7 million. The City's bonds are rated AA+ by Standard & Poor's.

In 2022, the City implemented GASB Statement #87, *Leases*. Therefore, the City's agreements to finance energy efficiency upgrades previously reported as leases have been reclassified as capital financing long-term debt in the current year totaling \$1.2 million.

Outstanding long-term debt of the enterprise funds, as of June 30, 2022, totaled \$8.4 million. This debt is fully supported by the rates. Of this total \$2.4 million relates to sewer projects, \$5.9 million relates to water projects, and \$100,000 relates to ambulance services provided by the City.

Please refer to the Notes 5, 7 and 8 for further discussion of the capital and debt activity.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City Auditor, City Hall, 562 Main Street, Melrose, Massachusetts 02176.

Basic Financial Statements

STATEMENT OF NET POSITION

JUNE 30, 2022

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
CURRENT:			
Cash and cash equivalents.....	\$ 27,579,849	\$ 5,342,064	\$ 32,921,913
Investments.....	10,239,338	2,022,345	12,261,683
Receivables, net of allowance for uncollectibles:			
Real estate and personal property taxes.....	747,998	-	747,998
Tax liens.....	603,733	98,974	702,707
Motor vehicle and other excise taxes.....	736,837	-	736,837
User charges.....	51,787	3,894,664	3,946,451
Departmental and other.....	707,613	247,248	954,861
Intergovernmental.....	3,065,971	-	3,065,971
Loans.....	2,205	-	2,205
Lease receivables.....	162,373	-	162,373
Total current assets.....	43,897,704	11,605,295	55,502,999
NONCURRENT:			
Receivables, net of allowance for uncollectibles:			
Loans.....	81,337	-	81,337
Lease receivables.....	1,288,624	-	1,288,624
Capital assets, nondepreciable.....	11,871,378	944,750	12,816,128
Capital assets, net of accumulated depreciation.....	97,512,152	27,459,553	124,971,705
Total noncurrent assets.....	110,753,491	28,404,303	139,157,794
TOTAL ASSETS.....	154,651,195	40,009,598	194,660,793
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows for refunding debt.....	391,181	-	391,181
Deferred outflows related to pensions.....	2,198,208	159,407	2,357,615
Deferred outflows related to other postemployment benefits.....	29,320,432	312,891	29,633,323
TOTAL DEFERRED OUTFLOWS OF RESOURCES.....	31,909,821	472,298	32,382,119
LIABILITIES			
CURRENT:			
Warrants payable.....	381,671	88,790	470,461
Accrued payroll.....	261,051	14,720	275,771
Tax refunds payable.....	102,222	-	102,222
Accrued interest.....	338,123	26,138	364,261
Other liabilities.....	391,432	4,689	396,121
Unearned revenue.....	2,143,644	-	2,143,644
Compensated absences.....	1,188,992	73,559	1,262,551
Notes payable.....	1,670,471	-	1,670,471
Long-term debt.....	4,198,177	1,574,498	5,772,675
Total current liabilities.....	10,675,783	1,782,394	12,458,177
NONCURRENT:			
Workers' compensation.....	474,396	-	474,396
Net pension liability.....	40,249,986	2,918,793	43,168,779
Net other postemployment benefits.....	162,679,313	1,576,859	164,256,172
Long-term debt.....	36,455,906	6,787,905	43,243,811
Total noncurrent liabilities.....	239,859,601	11,283,557	251,143,158
TOTAL LIABILITIES.....	250,535,384	13,065,951	263,601,335
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to lease receivables.....	1,450,997	-	1,450,997
Deferred inflows related to pensions.....	12,631,587	916,000	13,547,587
Deferred inflows related to other postemployment benefits.....	35,967,443	840,154	36,807,597
TOTAL DEFERRED INFLOWS OF RESOURCES.....	50,050,027	1,756,154	51,806,181
NET POSITION			
Net investment in capital assets.....	72,061,536	21,157,181	93,218,717
Restricted for:			
Loans.....	173,961	-	173,961
Permanent funds:			
Expendable.....	1,346,871	-	1,346,871
Nonexpendable.....	3,240,243	-	3,240,243
Gifts and grants.....	1,390,674	-	1,390,674
Unrestricted.....	(192,237,680)	4,502,610	(187,735,070)
TOTAL NET POSITION.....	\$ (114,024,395)	\$ 25,659,791	\$ (88,364,604)

See notes to basic financial statements.

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2022

		Program Revenues				
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue	
Primary Government:						
Governmental Activities:						
General government.....	\$ 7,277,871	\$ 1,924,198	\$ 1,151,231	\$ -	\$ (4,202,442)	
Public safety.....	16,753,599	3,211,696	326,010	-	(13,215,893)	
Education.....	73,982,560	2,162,053	26,398,237	-	(45,422,270)	
Public works.....	15,362,455	2,090,929	1,336,719	244,928	(11,689,879)	
Community development.....	44,837	104	-	-	(44,733)	
Health and human services.....	2,619,930	310,012	691,241	-	(1,618,677)	
Culture and recreation.....	3,476,361	508,149	193,308	1,598,658	(1,176,246)	
Interest.....	1,226,392	-	-	-	(1,226,392)	
Total Governmental Activities.....	120,744,005	10,207,141	30,096,746	1,843,586	(78,596,532)	
Business-Type Activities:						
Water.....	6,238,213	6,005,182	-	-	(233,031)	
Sewer.....	8,858,649	8,630,637	205,934	-	(22,078)	
Mt. Hood Golf.....	1,490,179	2,089,186	-	-	599,007	
Ambulance.....	940,451	1,196,173	-	-	255,722	
Total Business-Type Activities.....	17,527,492	17,921,178	205,934	-	599,620	
Total Primary Government.....	\$ 138,271,497	\$ 28,128,319	\$ 30,302,680	\$ 1,843,586	\$ (77,996,912)	

See notes to basic financial statements.

(Continued)

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2022

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Changes in net position:			
Net (expense) revenue from previous page..... \$	(78,596,532)	\$ 599,620	\$ (77,996,912)
<i>General revenues:</i>			
Real estate and personal property taxes, net of tax refunds payable.....	70,666,950	-	70,666,950
Tax and other liens.....	825,460	-	825,460
Motor vehicle and other excise taxes.....	4,382,534	-	4,382,534
Penalties and interest on taxes.....	357,284	106,969	464,253
Grants and contributions not restricted to specific programs.....	6,807,550	-	6,807,550
Unrestricted investment income (loss).....	(47,421)	(39,562)	(86,983)
<i>Transfers, net</i>	<u>352,769</u>	<u>(352,769)</u>	<u>-</u>
Total general revenues and transfers.....	<u>83,345,126</u>	<u>(285,362)</u>	<u>83,059,764</u>
Change in net position.....	4,748,594	314,258	5,062,852
<i>Net position:</i>			
Beginning of year.....	<u>(118,772,989)</u>	<u>25,345,533</u>	<u>(93,427,456)</u>
End of year..... \$	<u><u>(114,024,395)</u></u>	<u><u>25,659,791</u></u>	<u><u>\$ (88,364,604)</u></u>

(Concluded)

See notes to basic financial statements.

**GOVERNMENTAL FUNDS
BALANCE SHEET**

JUNE 30, 2022

	General	COVID Grants	City Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents.....	\$ 16,389,147	\$ -	\$ 4,345,335	\$ 6,845,367	\$ 27,579,849
Investments.....	6,549,228	-	-	3,690,110	10,239,338
Receivables, net of uncollectibles:					
Real estate and personal property taxes.....	747,998	-	-	-	747,998
Tax liens.....	603,733	-	-	-	603,733
Motor vehicle and other excise taxes.....	736,837	-	-	-	736,837
User charges.....	51,787	-	-	-	51,787
Departmental and other.....	392,552	-	-	315,061	707,613
Intergovernmental.....	484,707	2,550,334	-	30,930	3,065,971
Loans.....	-	-	-	83,542	83,542
Lease receivables.....	1,450,997	-	-	-	1,450,997
Due from other funds.....	403,540	-	-	-	403,540
TOTAL ASSETS.....	\$ 27,810,526	\$ 2,550,334	\$ 4,345,335	\$ 10,965,010	\$ 45,671,205
LIABILITIES					
Warrants payable.....	\$ 130,981	\$ 3,150	\$ 218,854	\$ 28,686	\$ 381,671
Accrued payroll.....	261,051	-	-	-	261,051
Tax refunds payable.....	102,222	-	-	-	102,222
Due to other funds.....	-	403,540	-	-	403,540
Other liabilities.....	391,432	-	-	-	391,432
Unearned revenue.....	-	2,143,644	-	-	2,143,644
Notes payable.....	-	-	1,670,471	-	1,670,471
TOTAL LIABILITIES.....	885,686	2,550,334	1,889,325	28,686	5,354,031
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue.....	2,466,993	-	-	345,991	2,812,984
Deferred inflows related to lease receivables.....	1,450,997	-	-	-	1,450,997
TOTAL DEFERRED INFLOWS OF RESOURCES..	3,917,990	-	-	345,991	4,263,981
FUND BALANCES					
Nonspendable.....	-	-	-	3,235,553	3,235,553
Restricted.....	-	-	2,456,010	7,354,780	9,810,790
Committed.....	3,456,942	-	-	-	3,456,942
Assigned.....	12,577,186	-	-	-	12,577,186
Unassigned.....	6,972,722	-	-	-	6,972,722
TOTAL FUND BALANCES.....	23,006,850	-	2,456,010	10,590,333	36,053,193
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES.....	\$ 27,810,526	\$ 2,550,334	\$ 4,345,335	\$ 10,965,010	\$ 45,671,205

See notes to basic financial statements.

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

JUNE 30, 2022

Total governmental fund balances.....	\$ 36,053,193
Capital assets (net) used in governmental activities are not financial resources and, therefore, are not reported in the funds.....	109,383,530
Accounts receivable are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.....	2,812,984
The statement of net position includes certain deferred inflows of resources and deferred outflows of resources that will be amortized over future periods. In governmental funds, these amounts are not deferred.....	(16,689,209)
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.....	(338,123)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds:	
Long-term debt.....	(40,654,083)
Net pension liability.....	(40,249,986)
Net other postemployment benefits.....	(162,679,313)
Workers' compensation.....	(474,396)
Compensated absences.....	(1,188,992)
Net effect of reporting long-term liabilities.....	<u>(245,246,770)</u>
Net position of governmental activities.....	<u>\$ (114,024,395)</u>

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2022

	General	COVID Grants	City Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:					
Real estate and personal property taxes, net of tax refunds.....	\$ 71,232,810	\$ -	\$ -	\$ -	\$ 71,232,810
Tax liens.....	716,240	-	-	-	716,240
Motor vehicle and other excise taxes.....	4,275,560	-	-	-	4,275,560
Trash disposal.....	1,718,492	-	-	-	1,718,492
Penalties and interest on taxes.....	465,728	-	-	-	465,728
Intergovernmental - Teachers Retirement.....	6,531,294	-	-	-	6,531,294
Intergovernmental - other.....	15,452,176	3,939,545	1,598,658	7,371,016	28,361,395
Departmental and other.....	3,880,260	-	-	8,025,545	11,905,805
Contributions and donations.....	-	-	-	637,647	637,647
Investment income (loss).....	(112,456)	-	199	64,836	(47,421)
TOTAL REVENUES.....	104,160,104	3,939,545	1,598,857	16,099,044	125,797,550
EXPENDITURES:					
Current:					
General government.....	3,103,843	969,270	1,158,778	963,940	6,195,831
Public safety.....	10,814,207	110,104	1,330,769	2,211,287	14,466,367
Education.....	34,261,173	2,288,161	-	9,681,052	46,230,386
Public works.....	10,488,484	407,450	678,742	1,188,557	12,763,233
Community development.....	-	-	-	44,837	44,837
Health and human services.....	1,721,596	42,644	-	375,576	2,139,816
Culture and recreation.....	1,659,827	10,671	-	1,205,729	2,876,227
Pension benefits.....	6,650,843	-	-	-	6,650,843
Pension benefits - Teachers Retirement.....	6,531,294	-	-	-	6,531,294
Employee benefits.....	13,889,108	-	-	-	13,889,108
State and county charges.....	4,174,541	-	-	-	4,174,541
Capital outlay.....	1,504,663	-	-	-	1,504,663
Debt service:					
Principal.....	3,892,594	-	-	-	3,892,594
Interest.....	1,462,729	-	-	-	1,462,729
TOTAL EXPENDITURES.....	100,154,902	3,828,300	3,168,289	15,670,978	122,822,469
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	4,005,202	111,245	(1,569,432)	428,066	2,975,081
OTHER FINANCING SOURCES (USES):					
Transfers in.....	647,492	-	3,500,400	497,611	4,645,503
Transfers out.....	(1,812,083)	(111,245)	-	(2,369,406)	(4,292,734)
TOTAL OTHER FINANCING SOURCES (USES).....	(1,164,591)	(111,245)	3,500,400	(1,871,795)	352,769
NET CHANGE IN FUND BALANCES.....	2,840,611	-	1,930,968	(1,443,729)	3,327,850
FUND BALANCES AT BEGINNING OF YEAR.....	20,166,239	-	525,042	12,034,062	32,725,343
FUND BALANCES AT END OF YEAR.....	\$ 23,006,850	\$ -	\$ 2,456,010	\$ 10,590,333	\$ 36,053,193

See notes to basic financial statements.

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES**

YEAR ENDED JUNE 30, 2022

Net change in fund balances - total governmental funds.....	\$	3,327,850
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>		
Capital outlay.....	6,360,580	
Depreciation expense.....	<u>(5,657,125)</u>	
Net effect of reporting capital assets.....		703,455
<p>Revenues in the Statement of Activities that do not provide current financial resources are unavailable in the Statement of Revenues, Expenditures and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable differ between the two statements. This amount represents the net change in unavailable revenue.....</p>		
		(657,720)
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are unavailable and amortized in the Statement of Activities.</p>		
Net amortization of premium from issuance of bonds.....	227,938	
Net change in deferred charge on refunding.....	(35,976)	
Debt service principal payments.....	<u>3,892,594</u>	
Net effect of reporting long-term debt.....		4,084,556
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.</p>		
Net change in compensated absences accrual.....	(120,890)	
Net change in accrued interest on long-term debt.....	44,375	
Net change in deferred outflow/(inflow) of resources related to pensions.....	(8,949,078)	
Net change in net pension liability.....	12,911,645	
Net change in deferred outflow/(inflow) of resources related to other postemployment benefits.....	(13,975,591)	
Net change in net other postemployment benefits liability.....	7,160,501	
Net change in workers' compensation liability.....	<u>219,491</u>	
Net effect of recording long-term liabilities.....		<u>(2,709,547)</u>
Change in net position of governmental activities.....	\$	<u><u>4,748,594</u></u>

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF NET POSITION

JUNE 30, 2022

	Business-type Activities - Enterprise Funds				
	Water	Sewer	Mt. Hood Golf Course	Ambulance	Total
ASSETS					
CURRENT:					
Cash and cash equivalents.....	\$ 1,918,783	\$ 2,451,540	\$ 623,136	\$ 348,605	\$ 5,342,064
Investments.....	634,172	858,621	393,832	135,720	2,022,345
Receivables, net of allowance for uncollectibles:					
Liens - user charges.....	42,616	56,358	-	-	98,974
User charges.....	1,633,741	2,260,923	-	-	3,894,664
Departmental and other.....	-	-	-	247,248	247,248
Total current assets.....	4,229,312	5,627,442	1,016,968	731,573	11,605,295
NONCURRENT:					
Capital assets, non depreciable.....	-	70,328	874,422	-	944,750
Capital assets, net of accumulated depreciation.....	15,053,097	11,883,532	470,959	51,965	27,459,553
Total noncurrent assets.....	15,053,097	11,953,860	1,345,381	51,965	28,404,303
TOTAL ASSETS.....	19,282,409	17,581,302	2,362,349	783,538	40,009,598
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows related to pensions.....	64,387	38,123	7,214	49,683	159,407
Deferred outflows related to other postemployment benefits.....	156,877	77,047	25,627	53,340	312,891
TOTAL DEFERRED OUTFLOWS OF RESOURCES.....	221,264	115,170	32,841	103,023	472,298
LIABILITIES					
CURRENT:					
Warrants payable.....	22,264	66,526	-	-	88,790
Accrued payroll.....	10,775	3,945	-	-	14,720
Accrued interest.....	13,721	11,584	-	833	26,138
Other liabilities.....	-	-	4,689	-	4,689
Compensated absences.....	36,236	21,455	15,868	-	73,559
Long-term debt.....	1,037,900	506,598	-	30,000	1,574,498
Total current liabilities.....	1,120,896	610,108	20,557	30,833	1,782,394
NONCURRENT:					
Net pension liability.....	1,178,957	698,046	132,084	909,706	2,918,793
Net other postemployment benefits liability.....	755,578	427,066	98,554	295,661	1,576,859
Long-term debt.....	4,850,500	1,867,405	-	70,000	6,787,905
Total noncurrent liabilities.....	6,785,035	2,992,517	230,638	1,275,367	11,283,557
TOTAL LIABILITIES.....	7,905,931	3,602,625	251,195	1,306,200	13,065,951
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows related to pensions.....	369,990	219,067	41,452	285,491	916,000
Deferred inflows related to other postemployment benefits.....	413,431	194,916	49,465	182,342	840,154
TOTAL DEFERRED INFLOWS OF RESOURCES.....	783,421	413,983	90,917	467,833	1,756,154
NET POSITION					
Net investment in capital assets.....	9,528,160	10,283,640	1,345,381	-	21,157,181
Unrestricted.....	1,286,161	3,396,224	707,697	(887,472)	4,502,610
TOTAL NET POSITION.....	\$ 10,814,321	\$ 13,679,864	\$ 2,053,078	\$ (887,472)	\$ 25,659,791

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2022

Business-type Activities - Enterprise Funds					
	Water	Sewer	Mt. Hood Golf Course	Ambulance	Total
OPERATING REVENUES:					
Charges for services.....	\$ 6,054,723	\$ 8,844,359	\$ 2,089,186	\$ 1,196,173	\$ 18,184,441
OPERATING EXPENSES:					
Cost of services and administration.....	1,215,240	923,955	1,284,400	201,662	3,625,257
Salaries and wages.....	910,549	539,125	102,013	702,597	2,254,284
MWRA assessment.....	3,511,330	6,879,283	-	-	10,390,613
Depreciation.....	596,234	462,910	103,766	30,692	1,193,602
TOTAL OPERATING EXPENSES.....	6,233,353	8,805,273	1,490,179	934,951	17,463,756
OPERATING INCOME (LOSS).....	(178,630)	39,086	599,007	261,222	720,685
NONOPERATING REVENUES (EXPENSES):					
Investment income (loss).....	(9,288)	(18,010)	(8,798)	(3,466)	(39,562)
Interest expense.....	(4,860)	(53,376)	-	(5,500)	(63,736)
Intergovernmental.....	-	49,640	-	-	49,640
TOTAL NONOPERATING REVENUES (EXPENSES), NET.....	(14,148)	(21,746)	(8,798)	(8,966)	(53,658)
INCOME (LOSS) BEFORE TRANSFERS.....	(192,778)	17,340	590,209	252,256	667,027
TRANSFERS:					
Transfers out.....	-	-	(352,769)	-	(352,769)
CHANGE IN NET POSITION.....	(192,778)	17,340	237,440	252,256	314,258
NET POSITION AT BEGINNING OF YEAR.....	11,007,099	13,662,524	1,815,638	(1,139,728)	25,345,533
NET POSITION AT END OF YEAR.....	\$ 10,814,321	\$ 13,679,864	\$ 2,053,078	\$ (887,472)	\$ 25,659,791

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2022

Business-type Activities - Enterprise Funds					
	Water	Sewer	Mt. Hood Golf Course	Ambulance	Total
CASH FLOWS FROM OPERATING ACTIVITIES:					
Receipts from customers and users.....	\$ 6,262,760	\$ 9,080,545	\$ 2,089,186	\$ 1,164,750	\$ 18,597,241
Payments to vendors.....	(5,017,893)	(7,887,335)	(1,330,786)	(457,627)	(14,693,641)
Payments to employees.....	(716,041)	(439,337)	(63,106)	(564,060)	(1,782,544)
NET CASH FROM OPERATING ACTIVITIES.....	528,826	753,873	695,294	143,063	2,121,056
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Transfers out.....	-	-	(352,769)	-	(352,769)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Proceeds from the issuance of bonds.....	685,000	-	-	-	685,000
Acquisition and construction of capital assets.....	(1,097,481)	(500,899)	-	-	(1,598,380)
Principal payments on bonds and notes.....	(949,400)	(492,993)	-	(30,000)	(1,472,393)
Interest expense.....	(53,794)	(7,094)	-	(5,750)	(66,638)
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES.....	(1,415,675)	(1,000,986)	-	(35,750)	(2,452,411)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Purchase of investments.....	(18,971)	(35,967)	(21,712)	(3,284)	(79,934)
Investment income (loss).....	(9,288)	(18,010)	(8,798)	(3,466)	(39,562)
NET CASH FROM INVESTING ACTIVITIES.....	(28,259)	(53,977)	(30,510)	(6,750)	(119,496)
NET CHANGE IN CASH AND CASH EQUIVALENTS.....	(915,108)	(301,090)	312,015	100,563	(803,620)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR.....	2,833,891	2,752,630	311,121	248,042	6,145,684
CASH AND CASH EQUIVALENTS AT END OF YEAR.....	\$ 1,918,783	\$ 2,451,540	\$ 623,136	\$ 348,605	\$ 5,342,064
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES:					
Operating income (loss).....	\$ (178,630)	\$ 39,086	\$ 599,007	\$ 261,222	\$ 720,685
Adjustments to reconcile operating income to net cash from operating activities:					
Depreciation.....	596,234	462,910	103,766	30,692	1,193,602
Deferred (outflows)/inflows related to pensions.....	262,859	155,855	29,509	201,853	650,076
Deferred (outflows)/inflows related to other postemployment benefits.....	191,362	96,544	40,839	138,537	467,282
Changes in assets and liabilities:					
Liens - user charges.....	20,600	36,224	-	-	56,824
User charges.....	187,437	199,962	-	-	387,399
Departmental and other.....	-	-	-	(31,423)	(31,423)
Warrants payable.....	22,264	66,526	-	-	88,790
Accrued payroll.....	774	(1,603)	-	-	(829)
Other liabilities.....	-	-	382	-	382
Compensated absences.....	2,372	4,847	(1,932)	-	5,287
Net pension liability.....	(351,981)	(200,537)	(37,281)	(306,442)	(896,241)
Net other postemployment benefits liability.....	(224,465)	(105,941)	(38,996)	(151,376)	(520,778)
Total adjustments.....	707,456	714,787	96,287	(118,159)	1,400,371
NET CASH FROM OPERATING ACTIVITIES.....	\$ 528,826	\$ 753,873	\$ 695,294	\$ 143,063	\$ 2,121,056

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2022

	Pension and Other Employee Benefit Trust Fund (1)	Private Purpose Trust Fund
ASSETS		
Cash and cash equivalents.....	\$ 4,673,094	\$ 46,889
Investments:		
Investments in Pension Reserve Investment Trust.....	116,689,271	-
Real estate.....	2,200	-
Equity securities.....	602,571	50,034
Corporate bonds.....	384,152	133,544
Government sponsored enterprises.....	-	134,953
Fixed income mutual funds.....	-	30,338
TOTAL ASSETS.....	122,351,288	395,758
NET POSITION		
Restricted for pensions.....	121,359,598	-
Restricted for other postemployment benefits.....	991,690	-
Held in trust for other purposes.....	-	395,758
TOTAL NET POSITION.....	\$ 122,351,288	\$ 395,758

(1) The Pension Trust Fund for the year ended December 31, 2021.

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

YEAR ENDED JUNE 30, 2022

	Pension and Other Employee Benefit Trust Fund (1)	Private Purpose Trust Fund
ADDITIONS:		
Contributions:		
Employer contributions.....	\$ 6,934,294	\$ -
Employer contributions for other postemployment benefit payments.....	5,249,984	-
Member contributions.....	2,416,695	-
Transfers from other systems.....	686,618	-
Contributions and donations.....	-	12,777
	<u>15,287,591</u>	<u>12,777</u>
Total contributions.....		
	<u>15,287,591</u>	<u>12,777</u>
Net investment income:		
Investment income (loss).....	22,172,158	(7,860)
Less: investment expense.....	(3,057,076)	-
	<u>19,115,082</u>	<u>(7,860)</u>
Net investment income (loss).....		
	<u>19,115,082</u>	<u>(7,860)</u>
TOTAL ADDITIONS.....	<u>34,402,673</u>	<u>4,917</u>
DEDUCTIONS:		
Administration.....	290,270	-
3(8)c transfer to other systems.....	799,844	-
Retirement benefits and refunds.....	10,357,529	-
Other postemployment benefit payments.....	5,249,984	-
Human service expenses.....	-	10,032
Educational scholarships.....	-	3,450
	<u>16,697,627</u>	<u>13,482</u>
TOTAL DEDUCTIONS.....		
	<u>16,697,627</u>	<u>13,482</u>
NET INCREASE (DECREASE) IN NET POSITION.....	17,705,046	(8,565)
NET POSITION AT BEGINNING OF YEAR.....	104,646,242	404,323
NET POSITION AT END OF YEAR.....	<u>\$ 122,351,288</u>	<u>\$ 395,758</u>

(1) The Pension Trust Fund for the year ended December 31, 2021.

See notes to basic financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The City is a municipal corporation that is governed by an elected Mayor and an 11-member City Council.

For financial reporting purposes, the City has included all funds, organizations, account groups, agencies, boards, commissions and institutions. The City has also considered all potential component units for which it is financially accountable as well as other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the basic financial statements to be misleading or incomplete. As required by GAAP, these basic financial statements present the City (the primary government) and its component units. One entity has been included as a component unit in the reporting entity because of the significance of its operational and/or financial relationship.

Component Unit Presented as a Fiduciary Fund

The following component unit is presented as a fiduciary fund of the primary government due to the nature and significance of relationship between the City and the component unit.

The Melrose Contributory Retirement System (System) was established to provide retirement benefits to City employees, the Melrose Housing Authority employees, and their beneficiaries. The System is governed by the five-member Melrose Contributory Retirement Board (Retirement Board) comprised of the City Auditor (ex-officio), two members elected by the System's participants, one member appointed by the Mayor and one member appointed by the Retirement Board members. The System is presented using the accrual basis of accounting and is reported as a pension trust fund in the fiduciary fund financial statements.

The System did not issue a separate audited financial statement. The System issues a publicly available unaudited financial report in accordance with guidelines established by the Commonwealth of Massachusetts' (Commonwealth) Public Employee Retirement Administration Commission (PERAC). That report may be obtained by contacting the System located at 562 Main Street, Melrose, Massachusetts 02176.

Joint Ventures

The City is a member of the Northeast Metropolitan Regional Vocational School District that serves the members students seeking an education in academic and technical studies. The members share in the operations of the District and each member is responsible for its proportionate share of the operational and capital cost of the District, which are paid in the form of assessments. The City does not have an equity interest in the District and the 2022 assessment was \$898,646. Complete financial information for the District can be obtained by contacting them at 100 Hemlock Road, Wakefield, MA 01880.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

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

Fund Financial Statements

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and displayed in a single column.

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

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

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

Fiduciary funds are reported by fund type.

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

Government-Wide Financial Statements

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

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

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

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

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

For the most part, the effect of interfund activity has been removed from the government-wide financial statements. Exceptions are charges between the general fund and water and sewer enterprise fund. Elimination of these charges would distort the direct costs and program revenues reported for the functions affected.

Fund Financial Statements

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

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

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

The following major governmental funds are reported:

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

The *COVID grants fund* is used to account for and report the proceeds of COVID-19 related grants that are restricted for expenditures related to the COVID-19 pandemic.

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

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

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

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

The *permanent fund* is used to account for and report financial resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the governmental programs.

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

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

The following major proprietary funds are reported:

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

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

The *Mt. Hood Golf enterprise fund* is used to account for the Mt. Hood Golf Course activities.

The *ambulance enterprise fund* is used to account for the City's Ambulance service activities.

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

The following fiduciary fund types are reported:

The *pension and other employee benefit trust fund* is used to account for the activities of the Retirement System and the City's defined benefit healthcare plan, which accumulates resources to provide pension and other postemployment benefits to eligible retirees and their beneficiaries.

The *private-purpose trust fund* is used to account for trust arrangements, other than those properly reported in the pension trust fund or permanent fund, under which principal and investment income exclusively benefit individuals, private organizations, or other governments.

Government-Wide and Fund Financial Statements

For the government-wide financial statements, and proprietary and fiduciary fund accounting, all applicable Financial Accounting Standards Board (FASB) pronouncements issued on or prior to November 30, 1989, are applied, unless those pronouncements conflict with or contradict GASB pronouncements.

D. Cash and Investments

Government-Wide and Fund Financial Statements

Cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with

an original maturity of three months or less from the date of acquisition. Investments are carried at fair value.

E. Fair Value Measurements

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

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

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

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

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

In some instances, the inputs used to measure fair value may fall into different levels of the fair value hierarchy and is based on the lowest level of input that is significant to the fair value measurement.

Market price is affected by a number of factors, including the type of instrument and the characteristics specific to the instrument. Instruments with readily available active quoted prices generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value. It is reasonably possible that change in values of these instruments will occur in the near term and that such changes could materially affect amounts reported in these financial statements. For more information on the fair value of the City's financial instruments, see Note 2 – Cash and Investments – Fair Value Measurements.

F. Accounts Receivable

Government-Wide and Fund Financial Statements

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

Real Estate, Personal Property Taxes and Tax Liens

Real estate and personal property taxes are levied and based on values assessed on January 1st of every year. Assessed values are established by the Board of Assessors for 100% of the estimated fair market value. Taxes are due on August 1st, November 1st, February 1st and May 1st and are subject to penalties and interest if they are

not paid by the respective due date. Real estate and personal property taxes levied are recorded as receivables in the year of the levy.

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

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

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

Motor Vehicle Excise Taxes

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

Motor vehicle excise tax receivables are considered 100% collectible because the registry of motor vehicles will not issue a registration unless all excise tax has been paid. Accordingly, an allowance for uncollectibles is not reported.

Trash Fees

Trash fees are levied semi-annually for each type of property with six units or less. Properties are billed based on a per unit fee. The contract is funded from multi-family residence billings, available funds and the tax levy. Single-family units are not charged a fee for the services provided. Trash fees are recorded receivables in the year of the levy.

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

Water and Sewer User Charges

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

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

Departmental and Other

Departmental and other receivables consist primarily of parking tickets, police details and special betterment and are recorded as receivables in the year accrued.

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

Intergovernmental

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

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

Loans

The Department of Planning and Development administers loan programs that provide housing assistance to residents and capital needs assistance for small businesses. Upon issuance, a receivable is recorded for the principal amount of the loan.

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

Right to Use Leases

Right to use leases are reported at the present value of noncancelable lease payments and is offset by deferred inflows of resources. Lease revenue is reported when earned.

G. Inventories***Government-Wide and Fund Financial Statements***

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

H. Capital Assets***Government-Wide and Proprietary Fund Financial Statements***

Capital assets, which include land, land improvements, buildings, machinery and equipment, and infrastructure (e.g., roads, water mains, sewer mains, and similar items), are reported in the applicable governmental or business-type activity column of the government-wide financial statements, and the proprietary fund financial statements. Capital assets are recorded at historical cost, or at estimated historical cost, if actual historical cost is not available. Donated capital assets are recorded at the estimated fair market value at the date of donation.

All purchases and construction costs in excess of \$15,000 are capitalized at the date of acquisition or construction, respectively, with expected useful lives of greater than one year.

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

Capital assets (excluding land) are depreciated on a straight-line basis. The estimated useful lives of capital assets are as follows:

Capital Asset Type	Estimated Useful Life (in years)
Land improvements.....	20
Buildings and improvements.....	20-50
Machinery and equipment.....	5-20
Books.....	3-7
Infrastructure.....	20-60

Governmental Fund Financial Statements

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

I. Deferred Outflows/Inflows of Resources

Government-Wide and Fund Financial Statements

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City reports deferred outflows of resources related to pensions, other postemployment benefits and refunded debt in this category.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The City reports deferred inflows of resources related to lease receivables, pensions and other postemployment benefits in this category.

Governmental Fund Financial Statements

In addition to liabilities, the governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents assets that have been recorded in the governmental fund financial statements but the revenue is not available and so will *not* be recognized as an inflow of resources (revenue) until it becomes available. The City has recorded unavailable revenue and deferred inflows related to lease receivables as deferred inflows of resources in the governmental funds balance sheet. Unavailable revenue is recognized as revenue in the conversion to the government-wide (full accrual) financial statements.

J. Interfund Receivables and Payables

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

Government-Wide Financial Statements

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

Fund Financial Statements

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

K. Interfund Transfers

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

Government-Wide Financial Statements

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

Fund Financial Statements

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

L. Net Position and Fund Equity*Government-Wide Financial Statements (Net Position)*

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

Net position has been “restricted for” the following:

“Loans” represents community development outstanding loans receivable balances.

“Permanent funds - expendable” represents amounts held in trust for which the expenditures are restricted by various trust agreements.

“Permanent funds - nonexpendable” represents amounts held in trust for which only investment earnings may be expended.

“Gifts and grants” represents restrictions placed on assets from outside parties.

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption

must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Fund Financial Statements (Fund Balances)

Governmental fund equity is classified as fund balance. Fund balance is further classified as follows:

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

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

“Committed” fund balance includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority. The passage of a City Council Order is the highest level of decision-making authority that can commit funds for a specific purpose. Once passed, the limitation imposed by the order remains in place until the funds are used for their intended purpose or a Council Order is passed to rescind the commitment.

“Assigned” fund balance includes amounts that are constrained by the City's intent to be used for specific purposes but are neither restricted nor committed. The Chief Financial Officer has the authority to assign fund balance. Funds are assigned when the City has an obligation to purchase goods or services from the current year's appropriation. Assignments generally only exist temporarily. Additional action does not have to be taken for the removal of an assignment.

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

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

M. Long-term Debt

Government-Wide and Proprietary Fund Financial Statements

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

Governmental Fund Financial Statements

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

N. Pensions

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

O. Investment Income

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

P. Compensated Absences

Employees are granted vacation and sick leave in varying amounts based on collective bargaining agreements, state laws and executive policies.

Government-Wide and Proprietary Fund Financial Statements

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

Governmental Fund Financial Statements

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

Q. Use of Estimates*Government-Wide and Fund Financial Statements*

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

R. Total Column*Government-Wide Financial Statements*

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

Fund Financial Statements

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

NOTE 2 – CASH AND INVESTMENTS

A cash and investment pool is maintained that is available for use by all funds. Each fund type's portion of this pool is displayed on the combined balance sheet as "Cash and Cash Equivalents". The deposits and investments of the trust funds are held separately from those of other funds.

Statutes authorize the investment in obligations of the U.S. Treasury, agencies, instrumentalities, certificates of deposit, repurchase agreements, money market accounts, bank deposits and the State Treasurer's Investment Pool (Pool). In addition, there are various restrictions limiting the amount and length of deposits and investments.

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

Deposits and investments of the Other Postemployment Benefit (OPEB) Fund are held in the custody of the City Treasurer and are included in the City's deposit and investment disclosures below. At June 30, 2022, the OPEB Fund has deposits totaling \$4,967 and investments totaling \$986,723. The investments are comprised of equity mutual funds.

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

Custodial Credit Risk – Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The City's policy allows unlimited deposits in bank accounts or CD's (up to one year maturity) if they are fully collateralized through a third-party agreement. For uncollateralized bank accounts and CD's, the City's policy limits these deposits to no more than 25% of the City's cash. The City's policy also allows unlimited investments in money market funds, which are allowed by statute and are considered to be liquid funds.

At year-end, the carrying amount of deposits totaled \$30,283,340 and the City's bank balance totaled \$32,721,062. Of the bank balance, \$1,130,926 was covered by Federal Depository Insurance, \$771,355 was covered by Depositors Insurance Fund, and \$30,818,781 was exposed to custodial credit risk because it was uninsured and uncollateralized.

At December 31, 2021, the carrying amount of deposits for the System totaled \$484,840, and the bank balance totaled \$624,581. All of the bank balance was covered by Federal Depository Insurance and none of the funds were exposed to custodial credit risk.

Investments

As of December 31, 2021, the System had the following investments:

<u>Other investments:</u>	
Real estate investment trust.....	\$ 2,200
Pension Reserve Investment Trust (PRIT).....	116,689,271
MMDT - Cash portfolio.....	<u>4,183,287</u>
Total investments.....	\$ <u>120,874,758</u>

As of June 30, 2022, the City of Melrose had the following investments:

Investment Type	Fair value	Maturities	
		Under 1 Year	1-5 Years
<u>Debt securities:</u>			
U.S. treasury notes.....	\$ 3,661,821	\$ 1,482,080	\$ 2,179,741
Government sponsored enterprises.....	974,679	-	974,679
Corporate bonds.....	4,588,105	-	4,588,105
Total debt securities.....	9,224,605	\$ 1,482,080	\$ 7,742,525
<u>Other investments:</u>			
Equity securities.....	2,386,995		
Equity mutual funds.....	559,208		
Fixed income mutual funds.....	1,426,467		
MMDT - Cash portfolio.....	2,690,429		
Total investments.....	\$ 16,287,704		

The effective weighted duration rate for PRIT investments ranged from 1.33 to 15.12 years.

Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of a failure by the counterparty, the investor will not be able to recover the value of its investments or collateral security that are in the possession of an outside party.

Of the City's investments in debt and equity securities, the City has a custodial credit risk exposure of \$11,611,600 because the related securities are uninsured, unregistered and held by the counterparty. The City does not have a formal investment policy for custodial credit risk.

Of the System's investments in real estate, as detailed above, the System has a custodial credit risk of \$2,200 because the related securities are uninsured, unregistered and held by the counterparty.

Interest Rate Risk

The City of Melrose matches its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the City will not directly invest in securities maturing more than one year from the date of purchase.

The System does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

The City is empowered by statute to invest in the following types of securities both insured, by the FDIC or other government agency, and uninsured: demand deposit accounts, time deposit accounts, money market accounts, certificates of deposit, repurchase agreements, U.S. Treasury instruments, and U.S. Governmental Agency securities. The City Treasurer shall require collateralization if market conditions or economic conditions warrant the protection of public funds be secured at the cost of return on investment. If an investment is deemed to require collateralization, the collateralization level will not be less than 102% of the market value of principal and accrued interest.

The System's policy is to limit its investments in commercial paper and notes rated P-1 by Moody's Investor Services (Moody's), A1 by Standard & Poor's (S&P) or F1 by Fitch Investor's Services (Fitch); certificate of deposits and bankers acceptances rated A or better by Moody's or equivalent by S&P; marketable corporate debt and asset backed securities rated the equivalent of BBB or better by Moody's, S&P or Fitch.

At June 30, 2022, the City's government sponsored enterprises totaling \$974,679 were rated AAA and the City's corporate bonds were rated as follows:

<u>Quality Rating</u>	<u>Corporate Bonds</u>
A+.....	\$ 1,665,432
A.....	530,688
A-.....	611,298
BBB+.....	611,236
BBB.....	<u>1,169,451</u>
Total.....	\$ <u>4,588,105</u>

Concentration of Credit Risk

The City places no limit on the amount the government may invest in any one issuer. 28.5% of the City's investments are in securities of U.S. Government or its agencies.

The System restricts holdings to no more than 5%, at market value, in any one issuer's fixed income securities other than direct obligations of the U.S. Government or its agencies.

Fair Market Value of Investments

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

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

The City has the following recurring fair value measurements as of June 30, 2022:

Investment Type	June 30, 2022	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments measured at fair value:				
<u>Debt securities:</u>				
U.S. treasury notes.....	\$ 3,661,821	\$ 3,661,821	\$ -	\$ -
Government sponsored enterprises.....	974,679	974,679	-	-
Corporate bonds.....	4,588,105	-	4,588,105	-
Total debt securities.....	9,224,605	4,636,500	4,588,105	-
<u>Other investments:</u>				
Equity securities.....	2,386,995	2,386,995	-	-
Equity mutual funds.....	559,208	559,208	-	-
Fixed income mutual funds.....	1,426,467	1,426,467	-	-
Total other investments.....	4,372,670	4,372,670	-	-
Total investments measured at fair value.....	13,597,275	\$ 9,009,170	\$ 4,588,105	\$ -
Investments measured at amortized cost:				
MMDT - Cash portfolio.....	2,690,429			
Total investments.....	\$ 16,287,704			

Government sponsored enterprises, U.S. treasury notes, equity securities, fixed income mutual fund, and equity mutual funds classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Corporate bonds are classified in Level 2 which are valued using a matrix pricing technique.

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

The retiree pension defined benefit plan holds significant amounts of investments that are measured at fair value on a recurring basis. Because investing is a key part of the plan's activities, the plan shows greater disaggregation in its disclosures. The plan chooses a tabular format for disclosing the levels within the fair value hierarchy.

The System categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles.

The System has the following recurring fair value measurements as of December 31, 2021:

Investment Type	December 31, 2021	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<u>Other investments:</u>				
Real estate investment trust.....	\$ 2,200	\$ -	\$ -	\$ 2,200
Investments measured at amortized cost:				
MMDT - Cash portfolio.....	4,183,287			
Investments measured at net asset value:				
Pension Reserve Investment Trust (PRIT).. <td>116,689,271</td> <td></td> <td></td> <td></td>	116,689,271			
Total investments.....	\$ 120,874,758			

Alternative investments – Real Estate classified in level 3 are valued using either a discounted cash flow or market comparable companies' technique.

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

NOTE 3 – RECEIVABLES

At June 30, 2022, receivables for the individual major governmental funds, nonmajor and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
Real estate and personal property taxes.....	\$ 869,421	\$ (121,423)	\$ 747,998
Tax liens.....	603,733	-	603,733
Motor vehicle and other excise taxes.....	736,837	-	736,837
User charges.....	51,787	-	51,787
Departmental and other.....	707,613	-	707,613
Intergovernmental.....	3,065,971	-	3,065,971
Loans.....	83,542	-	83,542
Lease receivables.....	1,450,997	-	1,450,997
Total.....	\$ 7,569,901	\$ (121,423)	\$ 7,448,478

At June 30, 2022, receivables for the water, sewer and ambulance enterprise funds consist of the following:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
Water liens - user charges.....	\$ 42,616	\$ -	\$ 42,616
Water user charges.....	1,633,741	-	1,633,741
Sewer liens - user charges.....	56,358	-	56,358
Sewer user charges.....	2,260,923	-	2,260,923
Ambulance - other.....	247,248	-	247,248
Total.....	<u>\$ 4,240,886</u>	<u>\$ -</u>	<u>\$ 4,240,886</u>

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

	General Fund	Other Governmental Funds	Total
<u>Receivables:</u>			
Real estate and personal property taxes.....	\$ 682,084	\$ -	\$ 682,084
Tax liens.....	603,733	-	603,733
Motor vehicle and other excise taxes.....	736,837	-	736,837
User charges.....	51,787	-	51,787
Departmental and other.....	392,552	315,061	707,613
Intergovernmental.....	-	30,930	30,930
Total.....	<u>\$ 2,466,993</u>	<u>\$ 345,991</u>	<u>\$ 2,812,984</u>

NOTE 4 – RIGHT-TO-USE LEASE RECEIVABLE

During the year 2022, the City adopted Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. This statement redefines a lease as a right to use another entity's asset over a definitive period of time and required the City to record leases that were previously classified as operating leases where only footnote disclosure was required. No restatement of beginning net position was required.

The City has several right to use lease agreements. The City leases antennas at multiple locations. Under the right-to-use lease agreements, the City is scheduled to receive lease payments through 2030. In 2022, the City received \$229,918 of lease revenues.

Years ending June 30:	Lease Revenues	Interest	Total Lease Payments
2023.....	\$ 162,373	\$ 37,631	\$ 200,004
2024.....	170,679	36,325	207,004
2025.....	183,215	31,034	214,249
2026.....	196,393	25,355	221,748
2027.....	210,234	19,275	229,509
2028.....	224,773	12,769	237,542
2029.....	240,040	5,816	245,856
2030.....	63,289	317	63,606
Total.....	<u>\$ 1,450,997</u>	<u>\$ 168,522</u>	<u>\$ 1,619,519</u>

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2022, is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 11,432,317	\$ -	\$ -	\$ 11,432,317
Construction in progress.....	778,974	439,061	(778,974)	439,061
Total capital assets not being depreciated....	12,211,291	439,061	(778,974)	11,871,378
<u>Capital assets being depreciated:</u>				
Land improvements.....	8,197,190	101,294	-	8,298,484
Buildings and improvements.....	103,353,298	1,198,633	-	104,551,931
Machinery and equipment.....	15,184,697	3,108,175	(2,154,578)	16,138,294
Textbooks.....	2,301,392	-	-	2,301,392
Library books.....	929,659	-	(317,685)	611,974
Infrastructure.....	46,078,157	2,292,391	(507,888)	47,862,660
Total capital assets being depreciated.....	176,044,393	6,700,493	(2,980,151)	179,764,735
<u>Less accumulated depreciation for:</u>				
Land improvements.....	(4,471,016)	(220,564)	-	(4,691,580)
Buildings and improvements.....	(41,696,179)	(2,540,526)	-	(44,236,705)
Machinery and equipment.....	(11,231,057)	(1,348,133)	2,154,578	(10,424,612)
Textbooks.....	(2,301,392)	-	-	(2,301,392)
Library books.....	(929,659)	-	317,685	(611,974)
Infrastructure.....	(18,946,306)	(1,547,902)	507,888	(19,986,320)
Total accumulated depreciation.....	(79,575,609)	(5,657,125)	2,980,151	(82,252,583)
Total capital assets being depreciated, net.....	96,468,784	1,043,368	-	97,512,152
Total governmental activities capital assets, net.....	\$ 108,680,075	\$ 1,482,429	\$ (778,974)	\$ 109,383,530
	Beginning Balance	Increases	Decreases	Ending Balance
Water:				
<u>Capital assets:</u>				
Land improvements.....	\$ 623,923	\$ -	\$ -	\$ 623,923
Machinery and equipment.....	1,948,965	46,500	-	1,995,465
Infrastructure.....	20,842,346	1,050,981	-	21,893,327
Total capital assets being depreciated.....	23,415,234	1,097,481	-	24,512,715
<u>Less accumulated depreciation for:</u>				
Land improvements.....	(405,550)	(31,196)	-	(436,746)
Machinery and equipment.....	(1,156,775)	(173,580)	-	(1,330,355)
Infrastructure.....	(7,301,059)	(391,458)	-	(7,692,517)
Total accumulated depreciation.....	(8,863,384)	(596,234)	-	(9,459,618)
Total water activities capital assets, net.....	\$ 14,551,850	\$ 501,247	\$ -	\$ 15,053,097

	Beginning Balance	Increases	Decreases	Ending Balance
Sewer:				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 23,290	\$ -	\$ -	\$ 23,290
Construction in progress.....	-	47,038	-	47,038
Total capital assets not being depreciated....	23,290	47,038	-	70,328
<u>Capital assets being depreciated:</u>				
Machinery and equipment.....	1,574,476	126,499	-	1,700,975
Infrastructure.....	15,664,001	327,362	-	15,991,363
Total capital assets being depreciated.....	17,238,477	453,861	-	17,692,338
<u>Less accumulated depreciation for:</u>				
Machinery and equipment.....	(916,566)	(162,237)	-	(1,078,803)
Infrastructure.....	(4,429,330)	(300,673)	-	(4,730,003)
Total accumulated depreciation.....	(5,345,896)	(462,910)	-	(5,808,806)
Total capital assets being depreciated, net.....	11,892,581	(9,049)	-	11,883,532
Total sewer activities capital assets, net.....	\$ 11,915,871	\$ 37,989	\$ -	\$ 11,953,860
	Beginning Balance	Increases	Decreases	Ending Balance
Mt. Hood Golf:				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 874,422	\$ -	\$ -	\$ 874,422
<u>Capital assets being depreciated:</u>				
Land improvements.....	1,441,158	-	-	1,441,158
Buildings and improvements.....	738,151	-	-	738,151
Machinery and equipment.....	153,585	-	-	153,585
Total capital assets being depreciated.....	2,332,894	-	-	2,332,894
<u>Less accumulated depreciation for:</u>				
Land improvements.....	(1,188,321)	(73,205)	-	(1,261,526)
Buildings and improvements.....	(435,277)	(26,977)	-	(462,254)
Machinery and equipment.....	(134,571)	(3,584)	-	(138,155)
Total accumulated depreciation.....	(1,758,169)	(103,766)	-	(1,861,935)
Total capital assets being depreciated, net.....	574,725	(103,766)	-	470,959
Total Mt. Hood golf activities capital assets, net.....	\$ 1,449,147	\$ (103,766)	\$ -	\$ 1,345,381

	Beginning Balance	Increases	Decreases	Ending Balance
Ambulance:				
Capital assets:				
Machinery and equipment.....	\$ 489,982	\$ -	\$ -	\$ 489,982
Less accumulated depreciation for:				
Machinery and equipment.....	(407,325)	(30,692)	-	(438,017)
Total ambulance activities capital assets, net.....	\$ 82,657	\$ (30,692)	\$ -	\$ 51,965

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

Governmental Activities:

General government.....	\$ 485,278
Public safety.....	556,478
Education.....	2,687,272
Public works.....	1,804,538
Health and human services.....	9,690
Culture and recreation.....	113,869
Total depreciation expense - governmental activities.....	\$ 5,657,125

Business-Type Activities:

Water.....	\$ 596,234
Sewer.....	462,910
Mt. Hood Golf.....	103,766
Ambulance.....	30,692
Total depreciation expense - business-type activities.....	\$ 1,193,602

NOTE 6 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

As of June 30, 2022, the City has interfund receivables/payables of \$403,540 between the general fund and the COVID grants fund. The purpose of these balances is to cover short-term cash needs that will be funded by future grant proceeds.

Interfund transfers for the year ended June 30, 2022 are summarized as follows:

Transfers Out:	Transfers In:				
	General fund	City Capital Projects	Nonmajor governmental funds	Total	
General fund.....	\$ -	\$ 1,500,000	\$ 312,083	\$ 1,812,083	(1)
COVID grants.....	111,245	-	-	111,245	(2)
Nonmajor governmental funds.....	183,478	2,000,400	185,528	2,369,406	(2)
Mt. Hood Enterprise fund.....	352,769	-	-	352,769	(3)
Total.....	\$ 647,492	\$ 3,500,400	\$ 497,611	\$ 4,645,503	

- (1) Represents budgeted transfers between general fund, City capital projects and nonmajor governmental funds.
- (2) Represents transfers from the COVID grants fund and the nonmajor governmental funds to the general fund, and transfers between various nonmajor governmental funds and the City capital projects fund.
- (3) Represents a budgeted transfer from the Mt. Hood enterprise fund to the general fund for debt service reimbursements.

NOTE 7 – SHORT-TERM FINANCING

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

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

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

As of June 30, 2022, the City had the following short-term debt:

Type	Purpose	Rate (%)	Due Date	Balance at June 30, 2021	Renewed/ Issued	Retired/ Redeemed	Balance at June 30, 2022
Governmental Funds:							
BAN	General Obligation BAN of 2022...	1.25%	09/22/22	\$ -	\$ 1,670,471	\$ -	\$ 1,670,471

On September 22, 2022, the \$1.7 million BAN was renewed with new money into a \$6.2 million BAN with an interest rate of 4.00% due on September 21, 2023.

NOTE 8 – LONG-TERM DEBT

Under the provisions of Chapter 44, Section 10, Municipal Law authorizes indebtedness up to a limit of 2 1/2% of the equalized valuation. Debt issued in accordance with this section of the law is designated as being "inside the debt limit." In addition, however, debt may be authorized in excess of that limit for specific purposes. Such debt, when issued, is designated as being "outside the debt limit".

The City implemented GASB Statement #87, *Leases* in the year ended June 30, 2022. Therefore, the City's agreements to finance the acquisition of energy efficiency improvements previously reported as leases have been reclassified as capital financing long-term debt in the current year.

Details related to the outstanding indebtedness at June 30, 2022, and the debt service requirements are as follows:

Long-term Deb Schedule – Governmental Funds

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2022
Capital Financing:				
Ameresco Capital Financing.....	2028	\$ 2,311,817	2.49	\$ 1,246,062
General Obligation Bonds Payable:				
Municipal Purpose Bonds of 2005.....	2025	3,765,000	3.00-4.70	525,000
Municipal Purpose Bonds of 2008.....	2028	3,398,187	2.00	1,189,371
Municipal Purpose Bonds of 2012.....	2037	5,420,000	2.00-3.25	1,890,000
Municipal Purpose Bonds of 2014.....	2037	6,380,000	2.00-4.13	4,075,000
Municipal Purpose Bonds of 2015.....	2035	3,165,000	2.37-5.00	2,300,000
Municipal Purpose Bonds of 2016.....	2037	4,200,000	2.00-5.00	2,805,000
Municipal Purpose Refunding Bonds of 2016.	2028	18,635,000	2.00-4.00	10,070,000
Municipal Purpose Bonds of 2017.....	2043	8,040,000	2.00-5.00	6,855,000
Municipal Purpose Bonds of 2019.....	2037	6,831,000	2.00-5.00	6,225,000
Municipal Purpose Refunding Bonds of 2020.	2029	2,391,500	4.00-5.00	1,810,000
Total General Obligation Bonds Payable.....				37,744,371
Add: Unamortized premium on bonds.....				1,663,650
Total Long-term Debt, net.....				\$ 40,654,083

Debt service requirements for principal and interest for governmental fund general obligation bonds and capital financing payable in future years are as follows:

Year	Capital Financing Payable:		
	Principal	Interest	Total
2023.....	\$ 175,928	\$ 31,208	\$ 207,136
2024.....	187,660	26,531	214,191
2025.....	199,898	21,559	221,457
2026.....	212,662	16,279	228,941
2027.....	225,972	10,676	236,648
2028.....	243,942	4,740	248,682
Total.....	\$ 1,246,062	\$ 110,993	\$ 1,357,055

General Obligation Bonds Payable:				
Year	Principal	Interest	Total	
2023.....	\$ 3,778,909	\$ 1,288,869	\$ 5,067,778	
2024.....	3,848,409	1,130,802	4,979,211	
2025.....	3,993,409	969,892	4,963,301	
2026.....	3,748,409	812,011	4,560,420	
2027.....	3,628,409	660,200	4,288,609	
2028.....	3,748,409	529,205	4,277,614	
2029.....	1,818,417	438,777	2,257,194	
2030.....	1,445,000	378,104	1,823,104	
2031.....	1,495,000	336,348	1,831,348	
2032.....	1,485,000	293,249	1,778,249	
2033.....	1,535,000	248,536	1,783,536	
2034.....	1,565,000	201,672	1,766,672	
2035.....	1,495,000	154,844	1,649,844	
2036.....	1,285,000	111,078	1,396,078	
2037.....	1,000,000	75,462	1,075,462	
2038.....	340,000	54,838	394,838	
2039.....	290,000	44,994	334,994	
2040.....	295,000	35,669	330,669	
2041.....	305,000	25,919	330,919	
2042.....	315,000	15,844	330,844	
2043.....	330,000	5,363	335,363	
Total.....	\$ 37,744,371	\$ 7,811,676	\$ 45,556,047	

Long-term Debt Schedule – Enterprise Funds

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2022
General Obligation Bonds Payable:				
Sewer Meter Replacement Bonds.....	2025	\$ 1,250,000	3.00-5.00	\$ 375,000
Water Bonds of 2005.....	2026	2,285,000	3.00-4.70	330,000
Meter Replacement Bonds of 2015.....	2025	1,250,000	3.00-5.00	375,000
Municipal Purpose Loan of 2019.....	2034	504,000	2.00-5.00	445,000
Ambulance Bonds of 2016.....	2025	260,000	2.00-5.00	100,000
Refunding Bonds of 2020.....	2029	238,500	4.00-5.00	170,000
Subtotal General Obligation Bonds Payable.....				\$ 1,795,000

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2022
Direct Borrowings Payable:				
MCWT Sewer Bonds of 2004.....	2024	\$ 400,693	2.00-3.75	\$ 55,000
MCWT Sewer Bonds of 2008 (1).....	2027	2,627,046	2.00	759,597
MCWT Sewer Bonds of 2008 (2).....	2028	663,609	2.00	227,956
MWRA Sewer Bonds of 2017.....	2027	270,250	0.00	135,125
MWRA Sewer Bonds of 2018.....	2027	270,250	0.00	162,150
MWRA Sewer Bonds of 2019.....	2029	270,250	0.00	189,175
MWRA Sewer Bonds of 2020.....	2030	375,000	0.00	300,000
MWRA Water Bonds of 2014.....	2024	1,000,000	0.00	200,000
MWRA Water Bonds of 2015.....	2025	1,000,000	0.00	300,000
MWRA Water Bonds of 2016.....	2026	440,000	0.00	176,000
MWRA Water Bonds of 2017.....	2028	954,000	0.00	572,400
MWRA Water Bonds of 2018.....	2029	1,025,000	0.00	717,500
MWRA Water Bonds of 2019.....	2030	1,440,000	0.00	1,300,000
MWRA Water Bonds of 2020.....	2031	875,000	0.00	787,500
MWRA Water Bonds of 2022.....	2032	685,000	0.00	685,000
Subtotal Direct Borrowings Payable.....				<u>6,567,403</u>
Total Long-term Debt, net.....				<u>\$ 8,362,403</u>

Debt service requirements for general obligation bonds and direct borrowing bonds principal and interest for enterprise fund bonds and notes payable in future years are as follows:

Year	General Obligation Bonds Payable:		
	Principal	Interest	Total
2023.....	\$ 501,000	\$ 71,305	\$ 572,305
2024.....	501,500	45,934	547,434
2025.....	351,500	25,750	377,250
2026.....	56,500	16,330	72,830
2027.....	56,500	12,669	69,169
2028.....	56,500	9,269	65,769
2029.....	61,500	6,195	67,695
2030.....	40,000	3,936	43,936
2031.....	40,000	3,135	43,135
2032.....	40,000	2,335	42,335
2033.....	45,000	1,463	46,463
2034.....	45,000	495	45,495
Total.....	<u>\$ 1,795,000</u>	<u>\$ 198,816</u>	<u>\$ 1,993,816</u>

Year	Direct Borrowings:		
	Principal	Interest	Total
2023.....	\$ 1,073,498	\$ 13,732	\$ 1,087,230
2024.....	1,092,175	10,784	1,102,959
2025.....	980,927	7,778	988,705
2026.....	889,753	4,710	894,463
2027.....	849,658	1,580	851,238
2028.....	660,367	-	660,367
2029.....	488,025	-	488,025
2030.....	293,500	-	293,500
2031.....	171,000	-	171,000
2032.....	68,500	-	68,500
Total.....	\$ 6,567,403	\$ 38,584	\$ 6,605,987

The Massachusetts Water Resource Authority (MWRA) operates an Infiltration/Inflow Financial Assistance Program for community owned collection systems. For each community approved for the project, financial assistance received from the MWRA consists of a grant and non-interest-bearing loan. The loan portion is payable in five to ten equal annual installments. At June 30, 2022, the outstanding principal amount of these loans totaled \$5,524,850.

The City is scheduled to be subsidized by the Massachusetts Clean Water Trust (MCWT) on a periodic basis for principal in the amount of \$2,090 and interest costs for \$2,875. Thus, net MCWT loan repayments, including interest, on existing loans are scheduled to be \$50,035. The principal subsidies are guaranteed. The interest subsidies are supported through future investment income and are expected to be made, although not guaranteed. Since the City is legally obligated for the total amount of the debt, such amounts have been reported in the accompanying basic financial statements. The current year interest subsidies totaled \$2,924.

The City is subject to various debt limits by statute and may issue additional general obligation debt under the normal debt limit. The City's authorized and unissued debt at June 30, 2022, is detailed below:

Purpose	Amount
School (Roosevelt).....	\$ 700
Storm Water Management Plan (CW-02-32).....	24,307
Sewer.....	1,154
Water Mains Pipeline.....	2,714
School Remodeling (High School Roof).....	202,852
High School Science Lab Renovations.....	1,858,983
Sewer Improvements (MWRA).....	412,050
School Feasibility Study (Windows and Doors).....	60,000
Window & Door Replacements at Hoover Elementary School.....	683,853
Water Enterprise System.....	106,000
Roadway, Sidewalk, & Public Lot Improvements.....	7,740
Salt Shed Planning & Design.....	100,000
Memorial Hall Building Envelope Repair.....	2,311,205
Parking Lot, Road and Sidewalk.....	1,255,000
Public Library Renovations.....	21,010,000
Salt Shed Construction.....	1,757,000
Total.....	\$ 29,793,558

Changes in Long-term Liabilities

During the year ended June 30, 2022, the following changes occurred in long-term liabilities:

	Beginning Balance	Bonds and Notes Issued	Bonds and Notes Redeemed	Other Increases	Other Decreases	Ending Balance	Due Within One Year
Governmental Activities:							
Long-term bonds payable.....	\$ 41,463,280	\$ -	\$ (3,718,909)	\$ -	\$ -	\$ 37,744,371	\$ 3,787,909
Long-term capital financing.....	1,419,747	-	(173,685)	-	-	1,246,062	175,928
Add: Unamortized premium on bonds.....	1,891,588	-	-	-	(227,938)	1,663,650	234,340
Total long-term debt.....	44,774,615	-	(3,892,594)	-	(227,938)	40,654,083	4,198,177
Compensated absences.....	1,068,102	-	-	1,188,992	(1,068,102)	1,188,992	1,188,992
Workers' compensation.....	693,887	-	-	474,396	(693,887)	474,396	-
Net pension liability.....	53,161,631	-	-	8,507,120	(21,418,765)	40,249,986	-
Net other postemployment benefits.....	169,839,814	-	-	12,135,503	(19,296,004)	162,679,313	-
Total governmental activity long-term liabilities..	\$ 269,538,049	\$ -	\$ (3,892,594)	\$ 22,306,011	\$ (42,704,696)	\$ 245,246,770	\$ 5,387,169
Business-Type Activities:							
Long-term bonds payable.....	\$ 2,281,000	\$ -	\$ (486,000)	\$ -	\$ -	\$ 1,795,000	\$ 501,000
Long-term direct borrowing payable.....	6,868,795	685,000	(986,392)	-	-	6,567,403	1,073,498
Add: Unamortized premium on bonds.....	45,085	-	-	-	(45,085)	-	-
Total long-term debt.....	9,194,880	685,000	(1,472,392)	-	(45,085)	8,362,403	1,574,498
Compensated absences.....	68,272	-	-	73,559	(68,272)	73,559	73,559
Net pension liability.....	3,815,034	-	-	655,026	(1,551,267)	2,918,793	-
Net other postemployment benefits.....	2,097,637	-	-	585,319	(1,106,097)	1,576,859	-
Total business-type activity long-term liabilities..	\$ 15,175,823	\$ 685,000	\$ (1,472,392)	\$ 1,313,904	\$ (2,770,721)	\$ 12,931,614	\$ 1,648,057

The long-term liabilities will be liquidated in the future by the general fund and the applicable enterprise funds.

NOTE 9 – GOVERNMENTAL FUND BALANCE CLASSIFICATIONS

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, establishes a hierarchy for fund balance classifications and the constraints imposed on the uses of those resources. GASB 54 provides for two major types of fund balances, which are nonspendable and spendable. Nonspendable fund balances are balances that cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact. Examples of this classification are prepaid items, inventories, and principal (corpus) of an endowment fund. The City has reported principal portions of endowment funds as nonspendable. In addition to the nonspendable fund balance, GASB 54 has provided a hierarchy of spendable fund balances, based on a hierarchy of spending constraints.

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

The City has classified its fund balances with the following hierarchy:

	General	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Fund Balances:				
Nonspendable:				
Permanent fund principal..... \$	-	\$ -	\$ 3,235,553	\$ 3,235,553
Restricted for:				
City Capital Projects.....	-	2,456,010	-	2,456,010
Grants.....	-	-	150,470	150,470
Revolving Funds.....	-	-	1,252,238	1,252,238
Reserved for Appropriations.....	-	-	668,628	668,628
School Revolving Fund.....	-	-	46,159	46,159
School Grants.....	-	-	1,209,274	1,209,274
School Other Funds.....	-	-	1,281,124	1,281,124
Special Revenue Trust Fund.....	-	-	303,005	303,005
Other Special Revenue.....	-	-	607,423	607,423
School Capital Projects.....	-	-	484,898	484,898
Florence A Connor Library.....	-	-	819,696	819,696
Cemetery Perpetual Care.....	-	-	167,973	167,973
Permanent Trust Fund.....	-	-	363,892	363,892
Committed to:				
Contract Stabilization Fund.....	1,282,482	-	-	1,282,482
Capital Stabilization Fund.....	537,256	-	-	537,256
Suits & Claims Stabilization Fund.....	492,922	-	-	492,922
Special Education Stabilization Fund.....	498,919	-	-	498,919
OSHA Stabilization Fund.....	202,684	-	-	202,684
Marijuana Stabilization Fund.....	442,679	-	-	442,679
Assigned to:				
Mayor.....	35,300	-	-	35,300
Auditor.....	8,120	-	-	8,120
Assessor.....	20,509	-	-	20,509
Treasurer/Collector.....	9,001	-	-	9,001
City Solicitor.....	113,611	-	-	113,611
Human Resources.....	103,470	-	-	103,470
Information Technology.....	174,053	-	-	174,053
City Clerk.....	6,210	-	-	6,210
Election/Registrar.....	3,400	-	-	3,400
Conservation.....	30,395	-	-	30,395
Planning Board.....	62,897	-	-	62,897
Energy Commission.....	321	-	-	321
Police.....	58,116	-	-	58,116
Fire.....	13,411	-	-	13,411
Parking.....	562	-	-	562
School.....	885,263	-	-	885,263
Public Works Administration.....	167,908	-	-	167,908
Facility Maintenance.....	1,158,190	-	-	1,158,190
Highway.....	470,079	-	-	470,079
Sanitation.....	54,531	-	-	54,531
Park & Forestry.....	1,156,626	-	-	1,156,626
Automotive.....	7,159	-	-	7,159
Cemetery.....	62,047	-	-	62,047
Health.....	30,694	-	-	30,694
Council on Aging.....	13,890	-	-	13,890
Veterans.....	4,729	-	-	4,729
Human Rights.....	215	-	-	215
Recreation.....	10,000	-	-	10,000
Pine Banks.....	34,010	-	-	34,010
Memorial & Veterans Community Events...	1,370	-	-	1,370
Memorial Building.....	5,254	-	-	5,254
Unemployment.....	2,297	-	-	2,297
Health Contractual.....	234,556	-	-	234,556
Departmental Equipment.....	643,916	-	-	643,916
Capital Outlay.....	1,592,852	-	-	1,592,852
Free cash used for subsequent year budget...	5,402,224	-	-	5,402,224
Unassigned.....	6,972,722	-	-	6,972,722
Total Fund Balances..... \$	23,006,850	\$ 2,456,010	\$ 10,590,333	\$ 36,053,193

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

Massachusetts General Law Ch. 40 §5B allows for the establishment of Stabilization funds for one or more different purposes. The creation of a fund requires a two-thirds vote of the legislative body and must clearly define the purpose of the fund. Any change to the purpose of the fund along with any additions to or appropriations from the fund requires a two-thirds vote of the legislative body. The City has established stabilization funds for general stabilization, contracts, capital, suits and claims, special education, OSHA and marijuana, the balances of which totaled \$3,818,792, \$1,282,482, \$537,256, \$492,922, \$498,919, \$202,684 and \$442,679 at year end, respectively. The general stabilization is included in unassigned fund balance, and all others are reported as committed fund balance within the general fund.

NOTE 10 – RISK FINANCING

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the City carries commercial insurance. The amount of claim settlements has not exceeded insurance coverage in any of the previous three years. The City participates in a premium based health care plan for health insurance through the Group Insurance Commission. Claims have not exceeded insurance coverage.

The City is self-insured for its workers' compensation activities. These activities are accounted for in the General Fund. Workers' compensation claims are administered by a third-party administrator and are funded on a pay-as-you-go basis from annual appropriations. The estimated future workers' compensation liability is based on history and injury type. At June 30, 2022, the amount of the liability for workers' compensation claims totaled \$474,000.

Changes in the reported liability since July 1, 2020, are as follows:

	Balance at Beginning of Year	Current Year Claims and Changes in Estimate	Claims Payments	Balance at Year-End
2021.....	\$ 548,632	\$ 463,017	\$ (317,762)	\$ 693,887
2022.....	693,887	113,623	(333,114)	474,396

NOTE 11 – PENSION PLAN

Plan Descriptions

The City is a member of the Melrose Contributory Retirement System (MCRS), a cost-sharing multiple-employer defined benefit pension plan covering eligible employees of the 2 member units. The system is administered by a five board members (Board) on behalf of all current employees and retirees except for current teachers and retired teachers. Chapter 32 of the MGL assigns authority to establish and amend benefit provisions of the plan. The System is a component unit and is reported as a pension trust fund in the fiduciary fund financial statements.

The City is a member of the Massachusetts Teachers' Retirement System (MTRS), a cost-sharing multi-employer defined benefit plan. MTRS is managed by the Commonwealth of Massachusetts (Commonwealth) on behalf of

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

Special Funding Situation

The Commonwealth is a nonemployer contributor and is required by statute to make 100% of all actuarially determined employer contributions on behalf of the City to the MTRS. Therefore, the City is considered to be in a special funding situation as defined by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and the Commonwealth is a nonemployer contributor in MTRS. Since the City does not contribute directly to MTRS, there is no net pension liability to recognize. The total of the Commonwealth provided contributions have been allocated based on each employer's covered payroll to the total covered payroll of employers in MTRS as of the measurement date of June 30, 2021. The City's portion of the collective pension expense, contributed by the Commonwealth, of \$6,531,294 is reported in the general fund as intergovernmental revenue and employee benefits in the current fiscal year. The portion of the Commonwealth's collective net pension liability associated with the City is \$81,391,063 as of the measurement date.

Benefits Provided

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

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

Cost-of-living adjustments granted between 1981 and 1997 and any increase in other benefits imposed by the Commonwealth's state law during those years are borne by the Commonwealth and are deposited into the pension fund. Cost-of-living adjustments granted after 1997 must be approved by the Board and are borne by the MCRS. At December 31, 2021, the System's membership consists of the following:

Active members.....	406
Retirees and beneficiaries currently receiving benefits.....	683
Total.....	<u>1,089</u>

Contributions

Chapter 32 of the MGL governs the contributions of plan members and member units. Active plan members are required to contribute to the System at rates ranging from 5% to 9% of gross regular compensation with an additional 2% contribution required for compensation exceeding \$30,000. The percentage rate is keyed to the

date upon which an employee's membership commences. The member units are required to pay into the MCRS a legislatively mandated actuarial determined contribution that is apportioned among the employers based on active current payroll. The total member units' contribution for the year ended December 31, 2021 was \$6,812,294 or 28.00% of covered payroll, actuarially determined as an amount that, when combined with plan member contributions, is expected to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. The City's proportionate share of the required contribution was 97.63%, which equaled its actual contribution.

Pension Liabilities

The components of the net pension liability of the participating member units at June 30, 2022 were as follows:

Total pension liability.....	\$	165,576,313
Total pension plan's fiduciary net position.....		<u>(121,359,598)</u>
Total net pension liability.....	\$	<u>44,216,715</u>
The pension plan's fiduciary net position as		
a percentage of the total pension liability.....		73.30%

At June 30, 2022, the City reported a liability of \$43,168,779 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2021. Accordingly, update procedures were used to roll forward the total pension liability to the measurement date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating members. At December 31, 2021, the City's proportion was 97.63%, which decreased from its proportion of 97.72% measured at December 31, 2020.

Pension Expense

For the year ended June 30, 2022, the City recognized a pension expense of \$2,442,111. At June 30, 2022, the City reported deferred outflows of resources related to pensions of \$2,357,615 and deferred inflow of resources related to pensions of \$13,547,587. The composition of these amounts is as follows:

Deferred Category	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Differences between expected and actual experience.....	\$ 288,273	\$ (1,803,330)	\$ (1,515,057)
Difference between projected and actual earnings, net.....	-	(11,610,670)	(11,610,670)
Changes in assumptions.....	2,018,135	-	2,018,135
Changes in proportion and proportionate share of contributions...	<u>51,207</u>	<u>(133,587)</u>	<u>(82,380)</u>
Total deferred outflows/(inflows) of resources.....	\$ <u>2,357,615</u>	\$ <u>(13,547,587)</u>	\$ <u>(11,189,972)</u>

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

Year ended June 30:	
2023.....	\$ (1,629,597)
2024.....	(4,121,631)
2025.....	(3,182,544)
2026.....	<u>(2,256,200)</u>
Total.....	\$ <u>(11,189,972)</u>

Actuarial Assumptions

The total pension liability in the January 1, 2021, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation date.....	January 1, 2021
Actuarial cost method.....	Individual Entry Age Normal Cost Method.
Amortization method - UAAL.....	Increasing dollar amount at 4.00% to reduce the Unfunded Actuarial Accrued Liability to zero over 15 years.
Investment rate of return.....	7.25% per year net of investment expenses.
Discount rate.....	7.25%
Projected salary increases.....	Groups 1 & 2 Union: 5.50% increases for years 1-8, 5.75% in years 9-13, 3.75% increases in all other years. Groups 1 & 2 Non-Union: 4.50% increases for years 1-8, 4.75% in years 9-13, 3.75% increases in all other years. Police: 7.90% increases in year 1, 7.60% in year 2, 5.30% in year 3, 5.75% in years 10, 15, and 20, 3.75% in all other years. Fire: 7.80% increases in year 1, 7.50% in year 2, 8.50% in year 3, 3.75% in all other years.
Payroll growth.....	4.50% per year.
Cost of living adjustments.....	3% of the first \$12,000 of a member's retirement allowance.
Mortality rates.....	RP-2014 Mortality Table adjusted to 2006 and projected generationally with MP-2020 (sex-distinct). During employment the healthy employee mortality table is used. Post-employment the healthy annuitant table is used. The prior valuation used the same mortality table, projected using MP-2016. Mortality for disabled retirees follows the same tables as non-disabled retirees, set forward 2 years. Death is assumed to be due to the same cause as the disability 40% of the time.

Investment Policy

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of December 31, 2021, are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equity:	33-43%	
US equity.....		3.61%
International equities.....		3.70%
Emerging equities.....		5.95%
Hedged equities.....		3.02%
Core Fixed Income:	12-18%	
Core bonds.....		0.49%
Short-term fixed income.....		-0.19%
Long duration treasuries.....		-0.49%
Inflation-linked bonds.....		-0.29%
Value added fixed income.....	5-11%	3.70%
Private equity.....	12-18%	7.31%
Real estate.....	7-13%	3.31%
Timberland.....	1-7%	3.90%
Portfolio completion (PCS).....	7-13%	2.73%

Rate of Return

For the year ended December 31, 2021, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 18.70%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount Rate

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that contributions will be made at rates equal to the actuarially determined contribution rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate

The following presents the net pension liability, calculated using the discount rate of 7.25%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount (7.25%)	1% Increase (8.25%)
December 31, 2021 Measurement Date			
The City's proportionate share of the net pension liability.....	\$ 59,980,922	\$ 43,168,779	\$ 28,898,695
MCRS total net pension liability.....	\$ 61,436,978	\$ 44,216,715	\$ 29,600,220

Changes of Assumptions

The 2021 valuation included an update of the mortality assumption and a reduction of the discount rate from 7.50% to 7.25%.

Changes in Plan Provisions – None.

NOTE 12 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS*Summary of Significant Accounting Policies*

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms.

Plan Description

The City of Melrose administers a single-employer defined benefit healthcare plan (Plan). The plan provides lifetime healthcare and life insurance for eligible retirees and their spouses through the City's group health and life insurance plans, which covers both active and retired members. Chapter 32B of the MGL assigns authority to establish and amend benefit provisions of the plan. Benefit provisions are negotiated between the City and the unions representing City employees and are renegotiated each bargaining period. The Plan does not issue a publicly available financial report.

Funding Policy

Contribution requirements are also negotiated between the City and union representatives. The required contribution is based on a pay-as-you-go financing requirement. The City contributes 50 to 87 percent of the cost of current-year premiums for eligible retired plan members and their spouses. Plan members receiving benefits contribute the remaining 13 to 50 percent of their premium costs. For the year ended June 30, 2022, the City contributed \$5,371,984.

The Commonwealth of Massachusetts passed special legislation that has allowed the City to establish the other postemployment benefit trust fund to begin pre-funding its OPEB liabilities. During 2022, the City pre-funded future OPEB liabilities totaling \$122,000 by contributing funds to the OPEB trust fund in excess of the pay-as-you-go required contribution. These funds are reported within the Fiduciary Fund financial statements. As of June 30, 2022, the net position of the OPEB trust fund totaled \$991,690.

Investment policy

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

Employees Covered by Benefit Terms

The following table represents the Plan's membership at June 30, 2022:

Active members.....	514
Inactive members currently receiving benefits.....	803
Total.....	<u>1,317</u>

Components of OPEB Liability

The following table represents the components of the Plan's OPEB liability as of June 30, 2022:

Total OPEB liability.....	\$ 165,247,862
Less: OPEB plan's fiduciary net position.....	<u>(991,690)</u>
Net OPEB liability.....	<u>\$ 164,256,172</u>
The OPEB plan's fiduciary net position as a percentage of the total OPEB liability.....	0.60%

Significant Actuarial Methods and Assumptions

The total OPEB liability in the January 1, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation date.....	January 1, 2022
Actuarial cost method.....	Entry Age Normal Cost Method.
Asset valuation method.....	Fair value of assets with payables and receivables.

Interest Rate / Discount rate.....	3.56% per year net of investment expenses as of 06/30/2022. In the calculation of the discount rate, the 20-year Municipal General Obligation bonds as shown in the Bond Buyer 20 Bond Index (3.54%) and a long-term rate of return of 6.50% were used.
Projected salary increases.....	Groups 1 and 2: 5.00% step increases for years 1-7, 3.75% ultimate. Teachers: 7.50% for year 1, 4.00% ultimate. Group 4: 7.85% step increase for year 1, 3.75% ultimate.
Payroll growth.....	3.00% per year and 2.50% CPI-U.
Mortality rates.....	Active Non-Teachers: The RPH-2014 Headcount-weighted Mortality Table adjusted to 2006, sex-distinct, for Employees projected using generational mortality and scale MP-2021. Active Teachers: The PubT.H-2010 Headcount-weighted Teachers Mortality Table adjusted to 2006, sex-distinct, for Employees projected using generational mortality and scale MP-2021. Retired Non-Teachers and Survivors: The RPH-2014 Headcount-weighted Mortality Tables adjusted to 2006, sex-distinct, for Healthy Annuitants projected using generational mortality and scale MP-2021. Retired Teachers: The PubT.H-2010 Headcount-weighted Teachers Mortality Tables adjusted to 2006, sex-distinct, for Healthy Retirees projected using generational mortality and scale MP-2021. Set forward 2 years.

Discount rate

The discount rate used to measure the total OPEB liability was 3.56% as of June 30, 2022 and 2.20% as of June 30, 2021. The projection of cash flows used to determine the discount rate assumed that contributions will be made in accordance with the Plan's funding policy. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be insufficient to make all projected benefit payments to current plan members. Therefore, the long-term expected rate of return on the OPEB plan assets was applied to the first 4 periods of projected future benefits payments and a yield or index rate for 20-year, tax exempt general obligation municipal bonds with an average rate of AA/Aa or higher, which was based on the S&P Municipal Bond 20 – Year High Grade Index as of June 30, 2022, was applied to all periods thereafter.

Rate of return

For the year ended June 30, 2022, the annual money-weighted rate of return on investments, net of investment expense, was -14.21%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

The long-term expected real rate of return reflects the expected rate of return on plan assets adjusted for the expected rate of inflation. Note that the discount rate includes the effect of inflation. The long-term real rate of return removes the effect of inflation on the return amounts. It is a long-term assumption and is meant to reflect a best estimate of future experience, based on the expected asset allocation. The allocation percentages are based on information provided by the City of Melrose and the Massachusetts PRIT (Pension Reserves Investment Trust). The real rates of return below are based on long-term return estimates provided by PRIT, adjusted for a

2.00% inflation assumption. Best estimates of geometric real rates of return for each major asset class included in the OPEB plan's target asset allocation as of June 30, 2022 are summarized in the following table:

Asset Class	Long-Term Expected Asset Allocation	Long-Term Expected Real Rate of Return
Domestic Equity.....	34.00%	4.20%
Domestic Bond.....	20.00%	1.00%
International Equity.....	22.00%	4.90%
International Bond.....	4.00%	1.40%
Alternatives.....	12.00%	3.00%
Private Equity.....	5.00%	7.20%
Real Estate.....	3.00%	3.50%
Total.....	100.00%	

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at June 30, 2021.....	\$ 172,961,147	\$ 1,023,696	\$ 171,937,451
Changes for the year:			
Service cost.....	8,015,557	-	8,015,557
Interest.....	3,923,738	-	3,923,738
Differences between expected and actual experience...	20,792,070	-	20,792,070
Changes in assumptions and other inputs.....	(35,194,666)	-	(35,194,666)
Contributions - employer.....	-	5,371,984	(5,371,984)
Net investment income.....	-	(154,006)	154,006
Benefit payments.....	(5,249,984)	(5,249,984)	-
Net change.....	(7,713,285)	(32,006)	(7,681,279)
Balances at June 30, 2022.....	\$ 165,247,862	\$ 991,690	\$ 164,256,172

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

The following table presents the net other postemployment benefit liability and service cost, calculated using the discount rate of 3.56%, as well as what the net other postemployment benefit liability and service cost would be if it were calculated using a discount rate that is 1-percentage-point lower (2.56%) or 1-percentage-point higher (4.56%) than the current rate.

	1% Decrease (2.56%)	Current Discount Rate (3.56%)	1% Increase (4.56%)
Net OPEB liability.....	\$ 190,986,837	\$ 164,256,172	\$ 142,922,878

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Trend

The following table presents the net other postemployment benefit liability and service cost, calculated using the current healthcare trend rate, as well as what the net other postemployment benefit liability and service cost would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher.

	1% Decrease	Current Trend	1% Increase
Net OPEB liability.....	\$ 139,775,488	\$ 164,256,172	\$ 195,899,634

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2022, the City recognized OPEB expense of \$12,133,578. At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Deferred Category	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Differences between expected and actual experience.....	\$ 17,285,819	\$ (7,547,950)	\$ 9,737,869
Difference between projected and actual earnings, net.....	45,416	-	45,416
Changes in assumptions.....	12,302,088	(29,259,647)	(16,957,559)
Total deferred outflows/(inflows) of resources.....	\$ 29,633,323	\$ (36,807,597)	\$ (7,174,274)

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

Measurement date year ended June 30:	
2023.....	\$ 220,305
2024.....	(918,119)
2025.....	(1,891,970)
2026.....	(2,325,736)
2027.....	(2,258,754)
Total deferred outflows/(inflows) of resources.....	\$ (7,174,274)

Changes of Assumptions

The discount rate was changed to 3.56%, previously 2.20%. The mortality rates were updated to a more current scale.

Changes in Plan Provisions – None.

NOTE 13 – FINANCIAL STATEMENTS FOR INDIVIDUAL PENSION AND OTHER POSTEMPLOYMENT BENEFIT TRUST FUNDS

GAAP requires that all Pension and Other Postemployment Trust Funds be combined and presented in one column in the Fiduciary Funds financial statements and that the individual financial statements for each trust fund plan are reported in the notes to the financial statements. The individual financial statements for the Pension and OPEB plans that are included in the Fiduciary Funds as Pension and Other Postemployment Benefit Trust Funds follow.

	Pension Trust Fund (as of December 31, 2021)	Other Postemployment Benefit Trust Fund	Total Pension and Other Postemployment Benefit Trust Funds
ASSETS			
Cash and cash equivalents.....	\$ 4,668,127	\$ 4,967	\$ 4,673,094
Investments:			
Investments in Pension Reserve Investment Trust.....	116,689,271	-	116,689,271
Corporate bonds.....	-	384,152	384,152
Equity securities.....	-	602,571	602,571
Other investments.....	2,200	-	2,200
TOTAL ASSETS.....	121,359,598	991,690	122,351,288
NET POSITION			
Restricted for pensions.....	121,359,598	-	121,359,598
Restricted for other postemployment benefits.....	-	991,690	991,690
TOTAL NET POSITION.....	\$ 121,359,598	\$ 991,690	\$ 122,351,288
ADDITIONS:			
Contributions:			
Employer contributions.....	\$ 6,812,294	\$ 122,000	\$ 6,934,294
Employer contributions for other postemployment benefit payments	-	5,249,984	5,249,984
Member contributions.....	2,416,695	-	2,416,695
Retirement benefits - transfers from other systems.....	686,618	-	686,618
Total contributions.....	9,915,607	5,371,984	15,287,591
Net investment income:			
Investment income (loss).....	22,326,164	(154,006)	22,172,158
Less: investment expense.....	(3,057,076)	-	(3,057,076)
Net investment income (loss).....	19,269,088	(154,006)	19,115,082
TOTAL ADDITIONS.....	29,184,695	5,217,978	34,402,673
DEDUCTIONS:			
Administration.....	290,270	-	290,270
Retirement benefits - 3(8)c transfer to other systems.....	799,844	-	799,844
Retirement benefits and refunds.....	10,357,529	-	10,357,529
Other postemployment benefit payments.....	-	5,249,984	5,249,984
TOTAL DEDUCTIONS.....	11,447,643	5,249,984	16,697,627
NET INCREASE (DECREASE) IN NET POSITION.....	17,737,052	(32,006)	17,705,046
NET POSITION AT BEGINNING OF YEAR.....	103,622,546	1,023,696	104,646,242
NET POSITION AT END OF YEAR.....	\$ 121,359,598	\$ 991,690	\$ 122,351,288

NOTE 14 – COMMITMENTS

In 2014, the City entered into an agreement with the City of Malden and the Pine Banks Park to share costs to fund capital improvements to the Park.

The general fund has various commitments for goods and services related to encumbrances totaling \$7.2 million.

NOTE 15 – CONTINGENCIES

The City participates in a number of federal award programs. Although the grant programs have been audited in accordance with the provisions of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* through June 30, 2022, these programs are still subject to financial and compliance audits. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although it is expected such amounts, if any, to be immaterial.

Various legal actions and claims are pending. Litigation is subject to many uncertainties, and the outcome of individual litigated matters is not always predictable. Although the amount of liability, if any, at June 30, 2022, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2022.

NOTE 16 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through February 22, 2023, which is the date the financial statements were available to be issued.

Fair Value Decline on Investments

The Retirement System carries its investments at fair (market) value in accordance with Generally Accepted Accounting Principles (GAAP). Market value adjustments are recorded monthly. Subsequent to year end, the System's investments had declined in value. The market value decline is consistent with recent trends in the overall financial securities market.

In accordance with GAAP, the System has not recorded the losses in its financial statements as the impairments were not known as of December 31, 2021. The System has recorded the losses associated with the change in fair value in 2022.

NOTE 17 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

During 2022, the following GASB pronouncements were implemented:

- GASB Statement #87, *Leases*. The Annual Comprehensive Financial Report and related notes were updated to be in compliance with this pronouncement.
- GASB Statement #89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. This pronouncement did not impact the Annual Comprehensive Financial Report.

- GASB Statement #92, *Omnibus 2020*. This pronouncement did not impact the Annual Comprehensive Financial Report.
- GASB Statement #93, *Replacement of Interbank Offered Rates*. This pronouncement did not impact the Annual Comprehensive Financial Report.
- GASB Statement #97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. This pronouncement did not impact the Annual Comprehensive Financial Report.

The following GASB pronouncements will be implemented in the future:

- The GASB issued Statement #91, *Conduit Debt Obligations*, which is required to be implemented in 2023.
- The GASB issued Statement #94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, which is required to be implemented in 2023.
- The GASB issued Statement #96, *Subscription-Based Information Technology Arrangements*, which is required to be implemented in 2023.
- The GASB issued Statement #99, *Omnibus 2022*, which is required to be implemented in 2023.
- The GASB issued Statement #100, *Accounting Changes and Error Corrections*, which is required to be implemented in 2024.
- The GASB issued Statement #101, *Compensated Absences*, which is required to be implemented in 2025.

Management is currently assessing the impact the implementation of these pronouncements will have on the basic financial statements.

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Required Supplementary Information

General Fund Budgetary Schedule

The General Fund is the general operating fund of the City. It is used to account for all the financial resources, except those required to be accounted for in another fund.

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2022

	Budgeted Amounts							
	Amounts Carried Forward From Prior Year	Current Year Initial Budget	Original Budget	Final Budget	Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget	
REVENUES:								
Real estate and personal property taxes, net of tax refunds.....	\$ -	\$ 70,921,656	\$ 70,921,656	\$ 70,921,656	\$ 71,375,198	\$ -	\$ 453,542	
Tax liens.....	-	-	-	-	716,240	-	716,240	
Motor vehicle and other excise taxes.....	-	3,268,878	3,268,878	3,268,878	4,275,560	-	1,006,682	
Trash Disposal.....	-	1,575,000	1,575,000	1,575,000	1,718,492	-	143,492	
Penalties and interest on taxes.....	-	330,000	330,000	330,000	465,728	-	135,728	
Intergovernmental.....	-	15,207,901	15,207,901	15,207,901	15,452,176	-	244,275	
Departmental and other.....	-	1,615,892	1,615,892	1,615,892	3,580,199	-	1,964,307	
Investment income (loss).....	-	20,000	20,000	20,000	10,012	-	(9,988)	
TOTAL REVENUES.....	-	92,939,327	92,939,327	92,939,327	97,593,605	-	4,654,278	
EXPENDITURES:								
Current:								
General government:								
City Council.....	-	133,627	133,627	133,627	125,316	-	8,311	
Mayor.....	8,433	322,424	330,857	360,857	315,588	35,300	9,969	
Auditor.....	140	430,707	430,847	430,847	421,866	8,120	861	
Assessor.....	49,301	385,078	434,379	434,379	346,886	20,509	66,984	
Treasurer/Collector.....	34,617	453,039	487,656	487,656	452,014	9,001	26,641	
City Solicitor.....	19,220	909,562	928,782	1,108,782	985,525	113,611	9,646	
Human Resources.....	176,597	161,651	338,248	338,248	224,995	103,470	9,783	
Information Technology.....	83,346	773,634	856,980	876,978	675,776	174,053	27,149	
City Clerk.....	1,133	305,145	306,278	316,278	269,094	6,210	40,974	
Election/Registrar.....	4,500	86,641	91,141	94,541	83,633	3,400	7,508	
Liquor Commission.....	-	2,000	2,000	2,000	-	-	2,000	
Conservation.....	31,835	20,825	52,660	52,660	22,255	30,395	10	
Planning Board.....	57,066	329,344	386,410	386,410	322,641	62,897	872	
Energy Commission.....	1,520	2,500	4,020	4,021	3,581	321	119	
Total General government.....	467,708	4,316,177	4,783,885	5,027,284	4,249,170	567,287	210,827	
Public safety:								
Police.....	23,322	5,244,957	5,268,279	5,419,480	5,298,826	58,116	62,538	
Fire.....	17,874	5,029,854	5,047,728	5,375,421	5,174,427	13,411	187,583	
Inspectional Services.....	-	325,416	325,416	325,416	311,805	-	13,611	
Emergency Management.....	-	32,455	32,455	32,455	30,823	-	1,632	
Parking.....	1,890	71,869	73,759	73,759	57,694	562	15,503	
Total Public safety.....	43,086	10,704,551	10,747,637	11,226,531	10,873,575	72,089	280,867	
Education:								
School.....	153,974	34,085,441	34,239,415	34,239,412	33,352,598	885,263	1,551	
Regional School.....	-	898,646	898,646	898,646	898,646	-	-	
Total Education.....	153,974	34,984,087	35,138,061	35,138,058	34,251,244	885,263	1,551	
Public works:								
Public Works Administration.....	28,983	887,017	916,000	1,066,001	856,352	167,908	41,741	
Facility Maintenance.....	1,400,499	4,302,805	5,703,304	6,003,555	4,748,450	1,158,190	96,915	
Highway.....	498,290	683,360	1,181,650	1,300,056	785,366	470,079	44,611	
Snow.....	855	700,000	700,855	1,042,476	1,042,476	-	-	
Sanitation.....	148,414	1,626,685	1,775,099	1,775,098	1,691,880	54,531	28,687	
Park & Forestry.....	675,139	831,864	1,507,003	2,177,002	936,970	1,156,626	83,406	
Automotive.....	39,942	496,276	536,218	536,218	390,137	7,159	138,922	
Cemetery.....	56,418	279,876	336,294	346,915	254,572	62,047	30,296	
Total Public works.....	2,848,540	9,807,883	12,656,423	14,247,321	10,706,203	3,076,540	464,578	
Health and human services:								
Health.....	4,185	1,158,500	1,162,685	1,190,685	1,106,528	30,694	53,463	
Beebe Estate.....	-	7,900	7,900	7,900	7,455	-	445	
Council on Aging.....	-	227,769	227,769	241,659	215,354	13,890	12,415	
Women's Commission.....	-	2,000	2,000	2,000	245	-	1,755	
Veterans.....	32,944	429,730	462,674	482,674	388,520	4,729	89,425	
Human Rights.....	266	3,000	3,266	3,266	3,051	215	-	
Disability Commission.....	-	2,500	2,500	2,500	437	-	2,063	
Total Health and human services.....	37,395	1,831,399	1,868,794	1,930,684	1,721,590	49,528	159,566	
Culture and recreation:								
Library.....	-	1,139,999	1,139,999	1,139,999	1,139,999	-	-	
Recreation.....	-	64,030	64,030	74,030	64,028	10,000	2	
Pine Banks.....	-	320,092	320,092	354,102	253,766	34,010	66,326	
Memorial & Veterans Community Events.....	-	8,000	8,000	8,000	4,660	1,370	1,970	
Memorial Building.....	5,569	211,570	217,139	222,140	191,236	5,254	25,650	
Total Culture and recreation.....	5,569	1,743,691	1,749,260	1,798,271	1,653,689	50,634	93,948	

(Continued)

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2022

	Budgeted Amounts				Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Amounts Carried Forward From Prior Year	Current Year Initial Budget	Original Budget	Final Budget			
Pension benefits.....	-	6,650,843	6,650,843	6,650,843	6,650,843	-	-
Employee benefits:							
Worker's Compensation.....	-	420,000	420,000	420,000	333,114	-	86,886
Unemployment.....	39,094	100,000	139,094	139,094	34,459	2,297	102,338
Health Contractual.....	-	13,832,175	13,832,175	13,751,175	13,383,968	234,556	132,651
Medicare.....	-	877,000	877,000	877,000	869,789	-	7,211
Total Employee benefits.....	39,094	15,229,175	15,268,269	15,187,269	14,621,330	236,853	329,086
State and county charges.....	-	4,633,937	4,633,937	4,633,937	4,174,541	-	459,396
Capital outlay:							
Departmental Equipment.....	1,757,986	152,507	1,910,493	1,620,243	962,412	643,916	13,915
Capital Outlay.....	1,101,908	249,892	1,351,800	2,130,877	533,235	1,592,852	4,790
Stabilization Funds.....	-	100,000	100,000	100,000	100,000	-	-
Total Capital outlay.....	2,859,894	502,399	3,362,293	3,851,120	1,595,647	2,236,768	18,705
Debt service:							
Principal.....	-	3,718,909	3,718,909	3,718,909	3,718,909	-	-
Interest.....	-	1,427,126	1,427,126	1,427,126	1,427,126	-	-
Projected Debt and Tempory Interest.....	-	84,283	84,283	283	-	-	283
Total Debt service.....	-	5,230,318	5,230,318	5,146,318	5,146,035	-	283
TOTAL EXPENDITURES.....	6,455,260	95,634,460	102,089,720	104,837,636	95,643,867	7,174,962	2,018,807
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	(6,455,260)	(2,695,133)	(9,150,393)	(11,898,309)	1,949,738	(7,174,962)	6,673,085
OTHER FINANCING SOURCES (USES):							
Use of prior year reserves.....	6,455,260	-	6,455,260	6,455,260	-	-	(6,455,260)
Use of Free Cash.....	-	-	-	5,402,224	-	-	(5,402,224)
Use of overlay surplus.....	-	143,148	143,148	143,148	-	-	(143,148)
Transfers in.....	-	2,551,985	2,551,985	2,934,760	2,962,734	-	27,974
Transfers out.....	-	-	-	(3,037,083)	(3,037,083)	-	-
TOTAL OTHER FINANCING SOURCES (USES).....	6,455,260	2,695,133	9,150,393	11,898,309	(74,349)	-	(11,972,658)
NET CHANGE IN FUND BALANCE.....	-	-	-	-	1,875,389	(7,174,962)	(5,299,573)
BUDGETARY FUND BALANCE, Beginning of year.....	-	13,971,191	13,971,191	13,971,191	13,971,191	-	-
BUDGETARY FUND BALANCE, End of year.....	\$ -	\$ 13,971,191	\$ 13,971,191	\$ 13,971,191	\$ 15,846,580	\$ (7,174,962)	\$ (5,299,573)

(Concluded)

See notes to required supplementary information.

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Pension Plan Schedules – Retirement System

The Pension Plan's Schedule of Changes in Net Pension Liability and Related Ratios presents multi-year trend information on the Plan's net pension liability and related ratios.

The Pension Plan's Schedule of Contributions presents multi-year trend information on the required and actual contributions to the pension plan and related ratios.

The Pension Plan's Schedule of Investment Returns presents multi-year trend information on the money-weighted investment return on retirement assets, net of investment expense.

These schedules are intended to present information for ten years. Until a ten-year trend is compiled, information is presented for those years for which information is available.

**SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY
AND RELATED RATIOS
MELROSE CONTRIBUTORY RETIREMENT SYSTEM**

	December 31, 2014	December 31, 2015	December 31, 2016
Total pension liability:			
Service cost.....	\$ 2,370,000	\$ 2,678,000	\$ 2,798,000
Interest.....	9,398,000	9,534,000	10,620,000
Differences between expected and actual experience.....	-	2,548,000	-
Changes in assumptions.....	-	7,402,000	-
Benefit payments.....	(8,769,000)	(8,211,000)	(8,766,000)
Net change in total pension liability.....	2,999,000	13,951,000	4,652,000
Total pension liability - beginning.....	119,490,000	122,489,000	136,440,000
Total pension liability - ending (a).....	\$ 122,489,000	\$ 136,440,000	\$ 141,092,000
Plan fiduciary net position:			
Employer contributions.....	\$ 5,519,000	\$ 5,665,000	\$ 5,814,000
Member contributions.....	2,080,000	1,962,000	2,030,000
Net investment income (loss).....	5,002,000	144,000	4,849,000
Administrative expenses.....	(292,000)	(232,000)	(249,000)
Retirement benefits and refunds.....	(8,769,000)	(8,211,000)	(8,766,000)
Net increase (decrease) in fiduciary net position.....	3,540,000	(672,000)	3,678,000
Fiduciary net position - beginning of year.....	69,986,000	73,526,000	72,854,000
Fiduciary net position - end of year (b).....	\$ 73,526,000	\$ 72,854,000	\$ 76,532,000
Net pension liability - ending (a)-(b).....	\$ 48,963,000	\$ 63,586,000	\$ 64,560,000
Plan fiduciary net position as a percentage of the total pension liability.....	60.03%	53.40%	54.24%
Covered-employee payroll.....	\$ 19,298,000	\$ 20,268,000	\$ 21,221,000
Net pension liability as a percentage of covered-employee payroll.....	253.72%	313.73%	304.23%

Note: this schedule is intended to present information for 10 years.
Until a 10-year trend is compiled, information is presented for those years for which information is available.

See notes to required supplementary information.

	December 31, 2017	December 31, 2018	December 31, 2019	December 31, 2020	December 31, 2021
\$	2,711,000	\$ 2,833,000	\$ 2,960,000	\$ 3,266,000	\$ 3,412,000
	10,789,000	10,981,000	11,317,000	11,662,000	12,008,000
	(3,406,000)	-	977,000	-	(2,484,000)
	1,643,000	-	3,930,000	-	1,182,000
	<u>(9,170,000)</u>	<u>(9,608,000)</u>	<u>(9,591,000)</u>	<u>(10,457,000)</u>	<u>(10,471,000)</u>
	2,567,000	4,206,000	9,593,000	4,471,000	3,647,000
	<u>141,092,000</u>	<u>143,659,000</u>	<u>147,865,000</u>	<u>157,458,000</u>	<u>161,929,000</u>
\$	<u><u>143,659,000</u></u>	<u><u>147,865,000</u></u>	<u><u>157,458,000</u></u>	<u><u>161,929,000</u></u>	<u><u>165,576,000</u></u>
\$	6,032,000	\$ 6,028,000	\$ 6,112,000	\$ 6,546,000	\$ 6,812,000
	2,204,000	2,204,000	2,271,000	2,366,000	2,417,000
	12,199,000	(1,966,000)	12,728,000	10,197,000	19,269,000
	(249,000)	(254,000)	(273,000)	(228,000)	(290,000)
	<u>(9,170,000)</u>	<u>(9,608,000)</u>	<u>(9,591,000)</u>	<u>(10,457,000)</u>	<u>(10,471,000)</u>
	11,016,000	(3,596,000)	11,247,000	8,424,000	17,737,000
	<u>76,532,000</u>	<u>87,548,000</u>	<u>83,952,000</u>	<u>95,199,000</u>	<u>103,623,000</u>
\$	<u><u>87,548,000</u></u>	<u><u>83,952,000</u></u>	<u><u>95,199,000</u></u>	<u><u>103,623,000</u></u>	<u><u>121,360,000</u></u>
\$	<u><u>56,111,000</u></u>	<u><u>63,913,000</u></u>	<u><u>62,259,000</u></u>	<u><u>58,306,000</u></u>	<u><u>44,216,000</u></u>
	60.94%	56.78%	60.46%	63.99%	73.30%
\$	21,353,000	\$ 22,191,000	\$ 22,575,000	\$ 23,570,000	\$ 23,795,000
	262.78%	288.01%	275.79%	247.37%	185.82%

SCHEDULE OF CONTRIBUTIONS
MELROSE CONTRIBUTORY RETIREMENT SYSTEM

Year	Actuarially determined contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered- employee payroll	Contributions as a percentage of covered- employee payroll
December 31, 2021.....	\$ 6,812,000	\$ (6,812,000)	\$ -	\$ 23,795,000	28.63%
December 31, 2020.....	6,546,000	(6,546,000)	-	23,570,000	27.77%
December 31, 2019.....	6,112,000	(6,112,000)	-	22,575,000	27.07%
December 31, 2018.....	6,028,000	(6,028,000)	-	22,191,000	27.16%
December 31, 2017.....	6,027,000	(6,032,000)	(5,000)	21,353,000	28.25%
December 31, 2016.....	5,809,000	(5,814,000)	(5,000)	21,221,000	27.40%
December 31, 2015.....	5,660,000	(5,665,000)	(5,000)	20,268,000	27.95%
December 31, 2014.....	5,519,000	(5,519,000)	-	19,298,000	28.60%

Note: this schedule is intended to present information for 10 years.

Until a 10-year trend is compiled, information is presented for those years for which information is available.

See notes to required supplementary information.

SCHEDULE OF INVESTMENT RETURNS
MELROSE CONTRIBUTORY RETIREMENT SYSTEM

<u>Year</u>	<u>Annual money-weighted rate of return, net of investment expense</u>
December 31, 2021.....	18.70%
December 31, 2020.....	11.05%
December 31, 2019.....	15.45%
December 31, 2018.....	-2.23%
December 31, 2017.....	16.14%
December 31, 2016.....	6.49%
December 31, 2015.....	0.56%
December 31, 2014.....	7.39%

Note: this schedule is intended to present information for 10 years.
Until a 10-year trend is compiled, information is presented for those
years for which information is available.

See notes to required supplementary information.

Pension Plan Schedules – City

The Schedule of the City's Proportionate Share of the Net Pension Liability presents multi-year trend information on the City's net pension liability and related ratios.

The Schedule of the City's Contributions presents multi-year trend information on the City's required and actual contributions to the pension plan and related ratios.

The Schedule of the Special Funding Amounts of the Net Pension Liability for the Massachusetts Teachers Contributory Retirement System presents multi-year trend information on the liability and expense assumed by the Commonwealth of Massachusetts on behalf of the City along with related ratios.

These schedules are intended to present information for ten years. Until a ten-year trend is compiled, information is presented for those years for which information is available.

**SCHEDULE OF THE CITY'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
MELROSE CONTRIBUTORY RETIREMENT SYSTEM**

Year	Proportion of the net pension liability (asset)	Proportionate share of the net pension liability (asset)	Covered- employee payroll	Net pension liability as a percentage of covered- employee payroll	Plan fiduciary net position as a percentage of the total pension liability
December 31, 2021.....	97.63%	\$ 43,168,779	\$ 23,204,687	186.03%	73.30%
December 31, 2020.....	97.72%	56,976,665	23,031,469	247.39%	63.99%
December 31, 2019.....	97.97%	60,994,819	22,059,188	276.51%	60.46%
December 31, 2018.....	97.68%	62,429,475	21,661,725	288.20%	56.78%
December 31, 2017.....	97.98%	54,963,419	20,842,233	263.71%	60.94%
December 31, 2016.....	97.85%	63,132,469	21,221,300	297.50%	54.24%
December 31, 2015.....	97.74%	62,149,726	19,760,250	314.52%	53.40%
December 31, 2014.....	97.59%	47,782,553	18,823,161	253.85%	60.03%

Note: this schedule is intended to present information for 10 years.

Until a 10-year trend is compiled, information is presented for those years for which information is available.

See notes to required supplementary information.

SCHEDULE OF THE CITY'S CONTRIBUTIONS
MELROSE CONTRIBUTORY RETIREMENT SYSTEM

Year	Actuarially determined contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered- employee payroll	Contributions as a percentage of covered- employee payroll
June 30, 2022.....	\$ 6,650,843	\$ (6,650,843)	\$ -	\$ 23,668,781	28.10%
June 30, 2021.....	6,396,652	(6,396,652)	-	23,492,098	27.23%
June 30, 2020.....	5,987,547	(5,987,547)	-	22,500,372	26.61%
June 30, 2019.....	5,874,402	(5,874,402)	-	22,094,960	26.59%
June 30, 2018.....	5,877,522	(5,882,421)	(4,899)	21,259,078	27.67%
June 30, 2017.....	5,657,138	(5,662,031)	(4,893)	21,645,726	26.16%
June 30, 2016.....	5,510,958	(5,515,850)	(4,892)	20,155,455	27.37%
June 30, 2015.....	5,368,133	(5,368,133)	-	19,199,624	27.96%

Note: this schedule is intended to present information for 10 years.

Until a 10-year trend is compiled, information is presented for those years for which information is available.

See notes to required supplementary information.

**SCHEDULE OF THE SPECIAL FUNDING AMOUNTS
OF THE NET PENSION LIABILITY
MASSACHUSETTS TEACHERS' RETIREMENT SYSTEM**

The Commonwealth of Massachusetts is a nonemployer contributor and is required by statute to make all actuarially determined employer contributions on behalf of the member employers which creates a special funding situation. Therefore, there is no net pension liability to recognize. This schedule discloses the Commonwealth's 100% share of the associated collective net pension liability; the portion of the collective pension expense as both a revenue and pension expense recognized; and the Plan's fiduciary net position as a percentage of the total liability.

Year	Commonwealth's 100% Share of the Associated Net Pension Liability	Expense and Revenue Recognized for the Commonwealth's Support	Plan Fiduciary Net Position as a Percentage of the Total Liability
2022.....	\$ 81,391,063	\$ 6,531,294	62.03%
2021.....	98,704,791	12,191,456	50.67%
2020.....	83,244,186	10,094,802	53.95%
2019.....	76,908,935	7,793,607	54.84%
2018.....	72,944,524	7,613,432	54.25%
2017.....	70,683,576	7,210,188	52.73%
2016.....	64,556,761	5,236,128	55.38%
2015.....	50,466,709	3,506,164	61.64%

Note: this schedule is intended to present information for 10 years.

Until a 10-year trend is compiled, information is presented for those years for which information is available.

See notes to required supplementary information.

Other Postemployment Benefit Plan Schedules

The Schedule of Changes in the City's Net Other Postemployment Benefit Liability and Related Ratios presents multi-year trend information on changes in the Plan's total OPEB liability, changes in the Plan's net position, and ending net OPEB liability. It also demonstrates the Plan's net position as a percentage of the total liability and the Plan's net other postemployment benefit liability as a percentage of covered-employee payroll.

The Schedule of the City's Contributions presents multi-year trend information on the City's actual contributions to the other postemployment benefit plan and related ratios.

The Schedule of Investment Returns presents multi-year trend information on the money-weighted investment return on the Plan's other postemployment assets, net of investment expense.

These schedules are intended to present information for ten years. Until a ten-year trend is compiled, information is presented for those years for which information is available.

**SCHEDULE OF CHANGES IN THE
CITY'S NET OPEB LIABILITY AND RELATED RATIOS
OTHER POSTEMPLOYMENT BENEFIT PLAN**

	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022
Total OPEB Liability						
Service cost.....	\$ 6,401,978	\$ 6,658,057	\$ 4,897,981	\$ 5,561,672	\$ 7,693,970	\$ 8,015,557
Interest.....	5,701,415	5,972,623	5,502,180	5,504,926	3,815,636	3,923,738
Differences between expected and actual experience....	-	(31,015,924)	-	(17,183,631)	-	20,792,070
Changes of assumptions.....	-	(365,029)	7,744,781	22,390,279	1,031,153	(35,194,666)
Benefit payments.....	(4,498,759)	(5,029,414)	(3,998,445)	(4,456,372)	(4,452,974)	(5,249,984)
Net change in total OPEB liability.....	7,604,634	(23,779,687)	14,146,497	11,816,874	8,087,785	(7,713,285)
Total OPEB liability - beginning.....	155,085,044	162,689,678	138,909,991	153,056,488	164,873,362	172,961,147
Total OPEB liability - ending (a).....	<u>\$ 162,689,678</u>	<u>\$ 138,909,991</u>	<u>\$ 153,056,488</u>	<u>\$ 164,873,362</u>	<u>\$ 172,961,147</u>	<u>\$ 165,247,862</u>
Plan fiduciary net position						
Employer contributions.....	\$ 72,000	\$ 72,000	\$ 72,000	\$ 172,000	\$ 172,000	\$ 122,000
Employer contributions for OPEB payments.....	4,498,759	5,029,414	3,998,445	4,456,372	4,452,974	5,249,984
Net investment income (loss).....	19,457	18,309	25,545	16,735	177,704	(154,006)
Benefit payments.....	(4,498,759)	(5,029,414)	(3,998,445)	(4,456,372)	(4,452,974)	(5,249,984)
Net change in plan fiduciary net position.....	91,457	90,309	97,545	188,735	349,704	(32,006)
Plan fiduciary net position - beginning of year.....	205,946	297,403	387,712	485,257	673,992	1,023,696
Plan fiduciary net position - end of year (b).....	<u>\$ 297,403</u>	<u>\$ 387,712</u>	<u>\$ 485,257</u>	<u>\$ 673,992</u>	<u>\$ 1,023,696</u>	<u>\$ 991,690</u>
Net OPEB liability - ending (a)-(b).....	<u>\$ 162,392,275</u>	<u>\$ 138,522,279</u>	<u>\$ 152,571,231</u>	<u>\$ 164,199,370</u>	<u>\$ 171,937,451</u>	<u>\$ 164,256,172</u>
Plan fiduciary net position as a percentage of the total OPEB liability.....	0.18%	0.28%	0.32%	0.41%	0.59%	0.60%
Covered-employee payroll.....	\$ 38,148,337	\$ 42,881,892	\$ 42,881,892	\$ 46,375,131	\$ 50,494,945	\$ 53,540,555
Net OPEB liability as a percentage of covered-employee payroll.....	425.69%	323.03%	355.79%	354.07%	340.50%	306.79%

Note: this schedule is intended to present information for 10 years.
Until a 10-year trend is compiled, information is presented for those years for which information is available.

See notes to required supplementary information.

**SCHEDULE OF THE CITY'S CONTRIBUTIONS
OTHER POSTEMPLOYMENT BENEFIT PLAN**

<u>Year</u>	<u>Actual Contribution Made</u>	<u>Covered- employee payroll</u>	<u>Contributions as a percentage of covered- employee payroll</u>
June 30, 2022.....	\$ 5,249,984	\$ 53,540,555	9.81%
June 30, 2021.....	4,624,974	50,494,945	9.16%
June 30, 2020.....	4,628,372	46,375,131	9.98%
June 30, 2019.....	4,070,445	42,881,892	9.49%
June 30, 2018.....	5,101,414	42,881,892	11.90%
June 30, 2017.....	4,570,759	38,148,337	11.98%

Note: this schedule is intended to present information for 10 years.

Until a 10-year trend is compiled, information is presented for those years for which information is available.

There is no requirement to calculate or fund an actuarial determined contribution and Melrose is not funding on an actuarial basis. Therefore this schedule only presents the actual contribution made.

SCHEDULE OF INVESTMENT RETURNS
OTHER POSTEMPLOYMENT BENEFIT PLAN

<u>Year</u>	<u>Annual money-weighted rate of return, net of investment expense</u>
June 30, 2022.....	-14.21%
June 30, 2021.....	24.31%
June 30, 2020.....	3.07%
June 30, 2019.....	5.87%
June 30, 2018.....	2.65%
June 30, 2017.....	8.59%

Note: this schedule is intended to present information for 10 years.
Until a 10-year trend is compiled, information is presented for those
years for which information is available.

See notes to required supplementary information.

NOTE A – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITYBudgetary Information

Municipal Law requires the City to adopt a balanced budget that is approved by the Mayor and the City Council. The Mayor presents an annual budget to the Council, which includes estimates of revenues and other financing sources and recommendations of expenditures and other financing uses. The Council, which has full authority to amend and/or reject the budget or any line item, adopts the expenditure budget by majority vote.

Increases or transfers between and within departments subsequent to the approval of the annual budget, requires majority Council approval via a supplemental appropriation or Council order.

The majority of appropriations are non-continuing which lapse at the end of each year. Others are continuing appropriations for which the governing body has authorized that an unspent balance from a prior year be carried forward and made available for spending in the current year. These carry forwards are included as part of the subsequent year's original budget.

Generally, expenditures may not exceed the legal level of spending (salaries, expenses and capital) authorized for an appropriation account. However, the payment of debt service is statutorily required, regardless of whether such amounts are appropriated. Additionally, expenditures for disasters, natural or otherwise, and final judgments may exceed the level of spending authorized by two-thirds majority vote of the City Council.

An annual budget is adopted for the general fund in conformity with the guidelines described above. The original 2022 approved budget includes \$95.6 million in current year appropriations and other amounts to be raised and \$6.5 million in prior year articles and encumbrances carried forward. During 2022, the Council also approved supplemental appropriations and transfers totaling approximately \$5.8 million.

The City Auditor's office has the responsibility to ensure that budgetary control is maintained. Budgetary control is exercised through the accounting system.

Budgetary - GAAP Reconciliation

For budgetary financial reporting purposes, the Uniform Municipal Accounting System basis of accounting (established by the Commonwealth) is followed, which differs from the GAAP basis of accounting. A reconciliation of budgetary-basis to GAAP-basis results for the general fund for the year ended June 30, 2022, is presented below:

Net change in fund balance - budgetary basis.....	\$ 1,875,389
<u>Perspective differences:</u>	
Activity of the stabilization fund recorded in the general fund for GAAP.....	1,246,056
<u>Basis of accounting differences:</u>	
Net change in recording tax refunds payable.....	(1,462)
Net change in recording 60 day receipts.....	(140,926)
Net change in recording accrued payroll.....	42,710
Net change in recording investment market value.....	(181,156)
Recognition of revenue for on-behalf payments.....	6,531,294
Recognition of expenditures for on-behalf payments.....	<u>(6,531,294)</u>
Net change in fund balance - GAAP basis.....	\$ <u>2,840,611</u>

NOTE B – PENSION PLAN***Pension Plan Schedules – Retirement System***Schedule of Changes in the Net Pension Liability and Related Ratios

The Schedule of Changes in the Net Pension Liability and Related Ratios includes the detailed changes in the systems total pension liability, changes in the systems net position, and the ending net pension liability. It also demonstrates the plan's net position as a percentage of the total pension liability and the net pension liability as a percentage of covered payroll.

Schedule of Contributions

Governmental employers are required to pay an annual appropriation as established by PERAC. The total appropriation includes the amounts to pay the pension portion of each member's retirement allowance, an amount to amortize the actuarially determined unfunded liability to zero in accordance with the system's funding schedule, and additional appropriations in accordance with adopted early retirement incentive programs. The total appropriations are payable on July 1 and January 1. Employers may choose to pay the entire appropriation in July at a discounted rate. Accordingly, actual employer contributions may be less than the "total appropriation." The pension fund appropriations are allocated amongst employers based on covered payroll.

Schedule of Investment Returns

The money weighted rate of return is calculated as the internal rate of return on pension plan investments, net of pension plan investment expense. A money weighted rate of return expresses investment performance, net of pension plan investment expense, adjusted for the changing amounts actually invested. Inputs to the money weighted rate of return calculation are determined.

Pension Plan Schedules – CitySchedule of the City's Proportionate Share of the Net Pension Liability

The Schedule of the City's Proportionate Share of the Net Pension Liability details the allocated percentage of the net pension liability (asset), the proportionate share of the net pension liability, and the covered employee payroll. It also demonstrates the net position as a percentage of the pension liability and the net pension liability as a percentage of covered payroll.

Schedule of the City's Contributions

Governmental employers are required to pay an annual appropriation as established by PERAC. The appropriation includes the amounts to pay the pension portion of each member's retirement allowance, an amount to amortize the actuarially determined unfunded liability to zero in accordance with the system's funding schedule, and additional appropriations in accordance with adopted early retirement incentive programs. The appropriations are payable on July 1 and January 1. The City may choose to pay the entire appropriation in July at a discounted rate. Accordingly, actual contributions may be less than the "total appropriation". The pension fund appropriation is allocated to the City based on covered payroll.

Schedule of the Special Funding Amounts of the Net Pension Liabilities

The Commonwealth of Massachusetts is a nonemployer contributor and is required by statute to make all actuarially determined employer contributions on behalf of the member employers which creates a special funding situation. Since the City does not contribute directly to MTRS, there is no net pension liability to recognize. This schedule discloses the Commonwealth's 100% share of the collective net pension liability that is associated with the City; the portion of the collective pension expense as both revenue and pension expense recognized by the City; and the Plan's fiduciary net position as a percentage of the total liability.

Changes in Assumptions

The 2021 valuation included an update of the mortality assumption and a reduction of the discount rate from 7.50% to 7.25%.

Changes in Plan Provisions – None.

NOTE C – OTHER POSTEMPLOYMENT BENEFITS

The City administers a single-employer defined benefit healthcare plan ("The Retiree Health Plan"). The plan provides lifetime healthcare, dental and life insurance for eligible retirees and their spouses through the City's group health insurance plan, which covers both active and retired members, including teachers.

The Other Postemployment Benefit PlanThe Schedule of Changes in the City's Net Other Postemployment Benefit Liability and Related Ratios

The Schedule of Changes in the City's Net Other Postemployment Benefit Liability and Related Ratios presents multi-year trend information on changes in the Plan's total OPEB liability, changes in the Plan's net position, and ending net OPEB liability. It also demonstrates the Plan's net position as a percentage of the total liability and the Plan's net other postemployment benefit liability as a percentage of covered-employee payroll.

Schedule of the City's Contributions

The Schedule of the City's Contributions includes the City's actual pre-funding contribution to the Plan, along with the contribution made for the actual OPEB benefits paid and the covered-employee payroll. The City is not required to fully fund this contribution. It also demonstrates the contributions as a percentage of covered-employee payroll. Actuarially contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported. Methods and assumptions used to determine contribution rates are on the following page.

Valuation date.....	January 1, 2022
Actuarial cost method.....	Entry Age Normal Cost Method.
Asset valuation method.....	Fair value of assets with payables and receivables.
Interest Rate / Discount rate.....	3.56% per year net of investment expenses as of 06/30/2022. In the calculation of the discount rate, the 20-year Municipal General Obligation bonds as shown in the Bond Buyer 20 Bond Index (3.54%) and a long-term rate of return of 6.50% were used.
Projected salary increases.....	Groups 1 and 2: 5.00% step increases for years 1-7, 3.75% ultimate. Teachers: 7.50% for year 1, 4.00% ultimate. Group 4: 7.85% step increase for year 1, 3.75% ultimate.
Payroll growth.....	3.00% per year and 2.50% CPI-U.
Mortality rates.....	Active Non-Teachers: The RPH-2014 Headcount-weighted Mortality Table adjusted to 2006, sex-distinct, for Employees projected using generational mortality and scale MP-2021. Active Teachers: The PubT.H-2010 Headcount-weighted Teachers Mortality Table adjusted to 2006, sex-distinct, for Employees projected using generational mortality and scale MP-2021. Retired Non-Teachers and Survivors: The RPH-2014 Headcount-weighted Mortality Tables adjusted to 2006, sex-distinct, for Healthy Annuitants projected using generational mortality and scale MP-2021. Retired Teachers: The PubT.H-2010 Headcount-weighted Teachers Mortality Tables adjusted to 2006, sex-distinct, for Healthy Retirees projected using generational mortality and scale MP-2021. Set forward 2 years.

Schedule of Investment Returns

The Schedule of Investment Returns includes the money-weighted investment return on the Plan's other postemployment assets, net of investment expense.

Changes of Assumptions

The discount rate was changed to 3.56%, previously 2.20%. The mortality rates were updated to a more current scale.

Changes in Provisions – None.

Combining Fund Statements

Nonmajor Governmental Funds

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

City Federal & State Grants Fund – This fund is used to account for non-school related activity specifically financed by federal and state grants which are designated for specific programs.

Revolving Fund – This fund is used to account for revolving funds specifically allowed by the laws of the Commonwealth of Massachusetts. These funds are expended for purposes specified by the enabling statutes.

Receipts Reserved for Appropriation Fund – This fund is used to account for receipts reserved for appropriation.

School Revolving Fund – This fund is used to account for revolving funds specifically allowed by the laws of the Commonwealth of Massachusetts for the City's School department. These funds are expended for purposes specified by the enabling statutes.

School Federal & State Grants Fund – This fund is used to account for the educational programs specifically financed by federal and state grants which are designated for specific programs.

Other School Grants & Gifts Revenue Fund – This fund is used to account for the educational programs specifically financed by other grants and gifts which are designated for specific programs.

Special Revenue Trust Fund – This fund is used to account for City and School expendable trust funds.

Other Special Revenue Fund – This fund is used to account for contractor performance bonds, contractor bid deposits, student activity accounts, fire private details and landfill monitoring.

Capital Project Funds

Capital project funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

School Capital Projects Fund – The school capital projects fund is used to account for school capital projects as identified in the City's capital plan, which includes yearly expenditures for infrastructure and other activities.

Permanent Funds

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support governmental programs.

Cemetery Perpetual Care Fund – This fund is used to account for funds in which the principal is legally restricted and only the earnings can be used to support cemetery care and maintenance.

Library Trust Fund – This fund is used to account for nonspendable principal and expendable Library funds.

Other Permanent Fund – This fund is used to account for funds in which the principal is legally restricted and only the earnings can be used to support other City and School activities.

**NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET**

JUNE 30, 2022

	Special Revenue Funds					
	City Federal and State Grants	Revolving Funds	School Revolving Funds	Receipts Reserved for Appropriations	School Federal and State Grants	Other School Grants and Gifts Revenue Fund
ASSETS						
Cash and cash equivalents.....	\$ 66,981	\$ 1,252,863	\$ 46,400	\$ 455,543	\$ 1,209,274	\$ 1,282,175
Investments.....	-	-	-	216,526	-	-
Receivables, net of uncollectibles:						
Departmental and other.....	-	-	-	-	-	-
Intergovernmental - other.....	30,930	-	-	-	-	-
Loans.....	83,542	-	-	-	-	-
TOTAL ASSETS.....	\$ 181,453	\$ 1,252,863	\$ 46,400	\$ 672,069	\$ 1,209,274	\$ 1,282,175
LIABILITIES						
Warrants payable.....	\$ 53	\$ 625	\$ 241	\$ 3,441	-	\$ 1,051
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue.....	30,930	-	-	-	-	-
FUND BALANCES						
Nonspendable.....	-	-	-	-	-	-
Restricted.....	150,470	1,252,238	46,159	668,628	1,209,274	1,281,124
TOTAL FUND BALANCES.....	150,470	1,252,238	46,159	668,628	1,209,274	1,281,124
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES.....	\$ 181,453	\$ 1,252,863	\$ 46,400	\$ 672,069	\$ 1,209,274	\$ 1,282,175

(Continued)

Special Revenue Funds			Capital Project Funds	Permanent Funds				Total Nonmajor Governmental Funds
Special Revenue Trust Funds	Other Special Revenue	Subtotal	School Capital Projects	Cemetery Perpetual Care	Library	Other Permanent Funds	Subtotal	
\$ 303,005	\$ 630,698	\$ 5,246,939	\$ 484,898	\$ 249,730	\$ 845,604	\$ 18,196	\$ 1,113,530	\$ 6,845,367
-	-	216,526	-	2,465,215	624,623	383,746	3,473,584	3,690,110
-	315,061	315,061	-	-	-	-	-	315,061
-	-	30,930	-	-	-	-	-	30,930
-	-	83,542	-	-	-	-	-	83,542
<u>\$ 303,005</u>	<u>\$ 945,759</u>	<u>\$ 5,892,998</u>	<u>\$ 484,898</u>	<u>\$ 2,714,945</u>	<u>\$ 1,470,227</u>	<u>\$ 401,942</u>	<u>\$ 4,587,114</u>	<u>\$ 10,965,010</u>
\$ -	\$ 23,275	\$ 28,686	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 28,686
-	315,061	345,991	-	-	-	-	-	345,991
-	-	-	-	2,546,972	650,531	38,050	3,235,553	3,235,553
303,005	607,423	5,518,321	484,898	167,973	819,696	363,892	1,351,561	7,354,780
303,005	607,423	5,518,321	484,898	2,714,945	1,470,227	401,942	4,587,114	10,590,333
<u>\$ 303,005</u>	<u>\$ 945,759</u>	<u>\$ 5,892,998</u>	<u>\$ 484,898</u>	<u>\$ 2,714,945</u>	<u>\$ 1,470,227</u>	<u>\$ 401,942</u>	<u>\$ 4,587,114</u>	<u>\$ 10,965,010</u>

(Concluded)

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

YEAR ENDED JUNE 30, 2022

	Special Revenue Funds					
	City Federal and State Grants	Revolving Funds	School Revolving Funds	Receipts Reserved for Appropriations	School Federal and State Grants	Other School Grants and Gifts Revenue Fund
REVENUES:						
Intergovernmental - other.....	\$ 1,615,367	\$ -	\$ -	\$ 46,079	\$ 5,119,860	\$ 391,930
Departmental and other.....	-	862,387	1,838,177	425,417	-	2,353,074
Contributions and donations.....	-	126,293	21,735	-	-	39,485
Investment income (loss).....	11	-	-	(4,837)	-	-
TOTAL REVENUES.....	1,615,378	988,680	1,859,912	466,659	5,119,860	2,784,489
EXPENDITURES:						
Current:						
General government.....	148,026	153,579	-	1,288	-	-
Public safety.....	304,818	6,432	-	73,275	-	-
Education.....	-	-	1,478,701	327,202	5,092,944	2,782,205
Public works.....	979,664	83,366	-	-	-	-
Community development.....	44,837	-	-	-	-	-
Health and human services.....	230,847	93,677	-	-	-	-
Culture and recreation.....	8,722	416,559	-	34,804	-	-
TOTAL EXPENDITURES.....	1,716,914	753,613	1,478,701	436,569	5,092,944	2,782,205
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	(101,536)	235,067	381,211	30,090	26,916	2,284
OTHER FINANCING SOURCES (USES):						
Transfers in.....	-	15,503	217,758	65,115	-	192,000
Transfers out.....	-	(121,479)	-	(115,115)	-	-
TOTAL OTHER FINANCING SOURCES (USES).....	-	(105,976)	217,758	(50,000)	-	192,000
NET CHANGE IN FUND BALANCES.....	(101,536)	129,091	598,969	(19,910)	26,916	194,284
FUND BALANCES AT BEGINNING OF YEAR.....	252,006	1,123,147	(552,810)	688,538	1,182,358	1,086,840
FUND BALANCES AT END OF YEAR.....	\$ 150,470	\$ 1,252,238	\$ 46,159	\$ 668,628	\$ 1,209,274	\$ 1,281,124

(Continued)

Special Revenue Funds			Capital Project Funds	Permanent Funds				Total Nonmajor Governmental Funds
Special Revenue Trust Funds	Other Special Revenue	Subtotal	School Capital Projects	Cemetery Perpetual Care	Library	Other Permanent Funds	Subtotal	
\$ -	\$ 197,780	\$ 7,371,016	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,371,016
-	2,546,490	8,025,545	-	-	-	-	-	8,025,545
35	342,731	530,279	-	28,280	79,088	-	107,368	637,647
628	8,332	4,134	-	(68,284)	124,840	4,146	60,702	64,836
663	3,095,333	15,930,974	-	(40,004)	203,928	4,146	168,070	16,099,044
-	661,047	963,940	-	-	-	-	-	963,940
-	1,826,762	2,211,287	-	-	-	-	-	2,211,287
-	-	9,681,052	-	-	-	-	-	9,681,052
-	125,527	1,188,557	-	-	-	-	-	1,188,557
-	-	44,837	-	-	-	-	-	44,837
-	51,052	375,576	-	-	-	-	-	375,576
-	194,585	654,670	-	-	551,059	-	551,059	1,205,729
-	2,858,973	15,119,919	-	-	551,059	-	551,059	15,670,978
663	236,360	811,055	-	(40,004)	(347,131)	4,146	(382,989)	428,066
-	-	490,376	-	7,235	-	-	7,235	497,611
-	(113,177)	(349,771)	-	(19,235)	(2,000,400)	-	(2,019,635)	(2,369,406)
-	(113,177)	140,605	-	(12,000)	(2,000,400)	-	(2,012,400)	(1,871,795)
663	123,183	951,660	-	(52,004)	(2,347,531)	4,146	(2,395,389)	(1,443,729)
302,342	484,240	4,566,661	484,898	2,766,949	3,817,758	397,796	6,982,503	12,034,062
\$ 303,005	\$ 607,423	\$ 5,518,321	\$ 484,898	\$ 2,714,945	\$ 1,470,227	\$ 401,942	\$ 4,587,114	\$ 10,590,333

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Statistical Section

Statistical tables differ from financial statements since they usually cover more than one fiscal year and may present non-accounting data. The following tables reflect social and economic data, financial trends, and fiscal capacity.



Melrose World War II, Korean War, and Vietnam War Honor Roll

Statistical Section

This part of the annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Financial Trends

- These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity

- These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.

Debt Capacity

- These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information

- These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information

- These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

SOURCES: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports for the relevant year.

Net Position By Component

Last Ten Years

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Governmental activities										
Net investment in capital assets.....	\$ 57,042,472	\$ 57,531,254	\$ 57,356,339	\$ 55,550,954	\$ 61,969,112	\$ 58,213,976	\$ 59,042,959	\$ 62,159,071	\$ 65,342,557	\$ 72,061,536
Restricted.....	5,462,225	5,668,960	5,656,230	5,542,278	5,984,575	6,916,991	6,879,201	7,034,686	8,847,582	6,151,749
Unrestricted.....	(20,902,082)	(28,269,432)	(79,566,634)	(82,258,390)	(96,330,454)	(188,335,372)	(178,252,700)	(187,271,213)	(192,963,128)	(192,237,680)
Total governmental activities net position.....	\$ 41,602,615	\$ 34,930,782	\$ (16,554,065)	\$ (21,165,158)	\$ (28,376,767)	\$ (123,204,405)	\$ (112,330,540)	\$ (118,077,456)	\$ (118,772,989)	\$ (114,024,395)
Business-type activities										
Net investment in capital assets.....	\$ 11,990,035	\$ 12,980,496	\$ 10,371,855	\$ 13,233,903	\$ 14,521,425	\$ 15,460,284	\$ 15,989,643	\$ 20,225,837	\$ 20,085,893	\$ 21,157,181
Unrestricted.....	6,640,863	4,784,704	5,888,327	4,152,913	4,587,082	4,967,008	6,456,250	4,024,131	5,259,640	4,502,610
Total business-type activities net position.....	\$ 18,630,898	\$ 17,765,200	\$ 16,260,182	\$ 17,386,816	\$ 19,108,507	\$ 20,427,292	\$ 22,445,893	\$ 24,249,968	\$ 25,345,533	\$ 25,659,791
Primary government										
Net investment in capital assets.....	\$ 69,032,507	\$ 70,511,750	\$ 67,728,194	\$ 68,784,857	\$ 76,490,537	\$ 73,674,260	\$ 75,032,602	\$ 82,384,908	\$ 85,428,450	\$ 93,218,717
Restricted.....	5,462,225	5,668,960	5,656,230	5,542,278	5,984,575	6,916,991	6,879,201	7,034,686	8,847,582	6,151,749
Unrestricted.....	(14,261,219)	(23,484,728)	(73,678,307)	(78,105,477)	(91,743,372)	(183,368,364)	(171,796,450)	(183,247,082)	(187,703,488)	(187,735,070)
Total primary government net position.....	\$ 60,233,513	\$ 52,695,982	\$ (293,883)	\$ (3,778,342)	\$ (9,268,260)	\$ (102,777,113)	\$ (89,884,647)	\$ (93,827,488)	\$ (93,427,456)	\$ (88,364,604)

(A) 2015 and subsequent years reflect the implementation of GASB 68

(B) 2018 and subsequent years reflect the implementation of GASB 75

Changes in Net Position

Last Ten Years

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Expenses										
Governmental activities:										
General government.....	\$ 6,352,643	\$ 6,281,307	\$ 7,486,450	\$ 8,046,426	\$ 8,721,564	\$ 7,989,864	\$ 7,070,776	\$ 6,456,957	\$ 6,579,964	\$ 7,277,871
Public safety.....	15,065,160	15,834,909	16,803,331	17,192,653	18,532,513	18,273,269	18,637,547	18,541,404	17,595,233	16,753,599
Education.....	59,706,693	61,090,172	53,892,172	59,666,214	63,413,558	59,899,245	72,094,371	75,856,039	79,507,573	73,982,560
Public works.....	9,728,991	10,829,939	12,190,758	10,328,338	12,868,291	17,260,782	13,074,578	13,383,175	13,734,155	15,362,455
Community development.....	90,598	95,590	85,981	54,780	61,647	53,529	73,945	48,620	7,030	44,837
Health and human services.....	2,291,496	2,429,446	2,439,710	2,581,627	2,668,386	2,782,442	2,788,152	2,915,235	2,938,025	2,619,930
Culture and recreation.....	2,918,803	2,972,876	2,948,432	3,171,888	3,019,837	3,419,233	3,492,185	3,544,717	3,027,042	3,476,361
Interest.....	1,744,725	1,778,523	1,822,566	1,411,063	1,641,979	1,720,776	1,623,107	1,745,629	1,397,247	1,226,392
Total government activities expenses.....	97,899,109	101,312,762	97,669,400	102,452,989	110,927,775	111,399,140	118,854,661	122,491,776	124,786,269	120,744,005
Business-type activities:										
Water.....	\$ 3,893,280	\$ 4,318,080	\$ 4,392,986	\$ 4,815,455	\$ 4,803,473	\$ 4,938,387	\$ 5,918,285	\$ 6,031,496	\$ 6,327,566	\$ 6,238,213
Sewer.....	6,324,304	6,676,722	7,166,543	7,198,756	7,483,415	7,623,824	8,403,130	8,855,292	8,926,900	8,858,649
Mt. Hood Golf.....	1,227,029	1,199,260	1,166,380	1,248,019	1,284,327	1,216,061	1,444,249	1,391,088	1,472,375	1,490,179
Ambulance.....	1,186,509	828,425	823,952	907,917	1,047,368	934,023	1,304,504	904,440	1,332,491	940,451
Total business type activities expenses.....	12,631,122	13,022,487	13,549,861	14,170,147	14,618,583	14,712,295	17,070,168	17,182,316	18,059,332	17,527,492
Total primary government expenses.....	\$ 110,530,231	\$ 114,335,249	\$ 111,219,261	\$ 116,623,136	\$ 125,546,358	\$ 126,111,435	\$ 135,924,829	\$ 139,674,092	\$ 142,845,601	\$ 138,271,497
Program Revenues										
Governmental activities:										
General government charges for services.....	\$ 1,318,209	\$ 1,312,208	\$ 1,717,695	\$ 1,253,892	\$ 1,401,528	\$ 1,512,696	\$ 1,359,761	\$ 3,012,524	\$ 1,659,165	\$ 1,924,198
Public safety charges for services.....	1,850,563	2,319,916	2,662,954	2,895,265	2,696,105	3,106,996	3,113,929	3,522,290	4,124,642	3,211,696
Education charges for services.....	1,358,598	1,475,630	1,645,020	1,840,097	1,830,142	3,665,596	3,468,919	2,290,622	1,036,522	2,162,053
Public works charges for services.....	2,041,055	1,995,057	2,077,100	1,963,156	2,043,026	1,983,688	1,924,623	2,036,869	2,072,078	2,090,929
Community Development charges for services.....	80,935	56,918	60,652	86,185	96,583	6,383	3,243	3,610	3,635	104
Health and human services charges for services.....	164,218	188,806	190,486	221,979	246,207	238,358	261,281	256,678	251,434	310,012
Culture and recreation charges for services.....	379,039	446,627	434,601	477,490	498,780	503,190	489,662	381,978	416,155	508,149
Education operating grants and contributions.....	22,765,008	23,486,670	17,997,392	20,679,522	22,729,509	21,803,158	22,755,085	24,690,175	27,875,073	26,398,237
Public safety operating grants and contributions.....	853,834	1,058,311	393,886	542,658	414,142	319,389	204,879	189,727	444,292	326,010
General government operating grants and contributions.....	77,362	265,705	378,872	161,068	222,448	290,611	362,169	597,209	2,561,049	1,151,231
Public works operating grants and contributions.....	937,718	921,732	185,536	2,395,926	610,569	818,398	747,108	1,190,201	1,598,671	1,336,719
Health and human services operating grants and contributions.....	605,092	579,708	760,931	773,251	672,127	685,960	585,086	783,840	791,693	691,241
Culture and recreation operating grants and contributions.....	250,292	481,535	161,226	117,774	256,347	160,453	245,604	156,652	180,031	193,308
Interest operating grants and contributions.....	388,980	388,980	388,980	388,980	388,980	388,980	388,980	388,980	388,980	-
Education capital grants and contributions.....	542,801	1,856,009	25,809	112,908	422,180	49,117	-	-	-	-
Public works capital grants and contributions.....	-	-	-	-	1,960,466	225,914	165,071	216,970	88,500	244,928
Culture and recreation capital grants and contributions.....	-	-	-	-	-	-	-	-	-	1,598,658
Total government activities program revenues.....	33,613,704	36,833,812	29,081,140	33,910,151	36,489,139	35,758,887	36,075,400	39,718,325	43,491,920	42,147,473

(Continued)

Changes in Net Position

Last Ten Years

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Business-type activities:										
Water charges for services.....	5,410,143	4,664,329	5,885,174	6,249,188	6,127,738	5,982,151	6,302,143	6,379,707	6,771,523	6,005,182
Sewer charges for services.....	8,457,295	5,985,783	8,217,982	8,277,436	8,553,410	8,229,112	8,909,999	9,082,337	9,419,261	8,630,637
Mt. Hood Golf charges for services.....	1,528,943	1,485,932	1,425,148	1,704,412	1,603,471	1,641,379	1,725,768	1,437,525	1,924,486	2,089,186
Ambulance charges for services.....	904,243	988,896	1,022,983	1,060,275	1,029,379	1,036,759	1,075,204	1,087,316	1,155,699	1,196,173
Sewer operating grants and contributions.....	1,281,761	133,206	17,251	33,647	83,895	138,219	19,673	54,743	37,015	205,934
Water operating grants and contributions.....	-	-	45,000	-	-	-	-	-	-	-
Water capital grants and contributions.....	-	-	-	-	-	-	-	-	24,000	-
Sewer capital grants and contributions.....	-	481,050	-	-	1,081,000	810,750	810,750	1,125,000	-	-
Total business-type activities program revenues.....	17,582,385	13,739,196	16,613,538	17,324,958	18,478,893	17,838,370	18,843,537	19,166,628	19,331,984	18,127,112
Total primary government program revenues.....	\$ 51,196,089	\$ 50,573,008	\$ 45,694,678	\$ 51,235,109	\$ 54,968,032	\$ 53,597,257	\$ 54,918,937	\$ 58,884,953	\$ 62,823,904	\$ 60,274,585
Net (Expense)/Revenue										
Governmental activities.....	\$ (64,285,405)	\$ (64,478,950)	\$ (68,588,260)	\$ (68,542,838)	\$ (74,438,636)	\$ (75,640,253)	\$ (82,779,261)	\$ (82,773,451)	\$ (81,294,349)	\$ (78,596,532)
Business-type activities.....	4,951,263	716,709	3,063,677	3,154,811	3,860,310	3,126,075	1,773,369	1,984,312	1,272,652	599,620
Total primary government net expense.....	\$ (59,334,142)	\$ (63,762,241)	\$ (65,524,583)	\$ (65,388,027)	\$ (70,578,326)	\$ (72,514,178)	\$ (81,005,892)	\$ (80,789,139)	\$ (80,021,697)	\$ (77,996,912)
General Revenues and other Changes in Net Position										
Governmental activities:										
Real estate and personal property taxes, net of tax refunds payable.....	\$ 47,605,719	\$ 48,479,018	\$ 51,591,787	\$ 53,518,131	\$ 54,853,333	\$ 56,766,942	\$ 58,752,665	\$ 66,432,905	\$ 68,247,294	\$ 70,666,950
Tax liens.....	287,506	504,208	338,369	93,088	384,973	381,319	514,906	337,570	375,357	825,460
Motor vehicle and other excise taxes.....	3,132,554	3,317,598	3,552,741	3,848,764	4,101,441	4,105,168	4,135,884	4,106,613	4,128,176	4,382,534
Penalties and interest on taxes.....	224,844	297,847	240,593	317,701	261,857	378,179	433,940	159,198	670,925	357,284
specific programs.....	5,225,172	2,790,949	4,433,452	3,828,170	5,006,032	4,164,184	5,384,074	5,117,607	5,434,855	6,807,550
Unrestricted investment income (loss).....	561,686	551,922	421,052	51,947	244,506	368,666	599,552	514,093	1,381,440	(47,421)
Transfers, net.....	1,362,603	1,865,575	2,221,315	2,273,934	2,374,885	2,320,275	356,170	358,549	360,769	352,769
Total governmental activities	58,400,084	57,807,117	62,799,309	63,931,745	67,227,027	68,484,733	70,177,191	77,026,535	80,598,816	83,345,126
Business-type activities:										
Unrestricted investment income (loss).....	1,901	2,864	9,221	10,830	18,196	51,949	89,511	78,970	90,055	(39,562)
Penalties and interest on taxes.....	189,585	280,304	230,760	234,927	218,070	192,686	118,039	99,342	93,627	106,969
Transfers, net.....	(1,362,603)	(1,865,575)	(2,221,615)	(2,273,934)	(2,374,885)	(2,320,275)	(356,170)	(358,549)	(360,769)	(352,769)
Total business-type activities	(1,171,117)	(1,582,407)	(1,981,634)	(2,028,177)	(2,138,619)	(2,075,640)	(148,620)	(180,237)	(177,087)	(285,362)
Total primary government.....	\$ 57,228,967	\$ 56,224,710	\$ 60,817,675	\$ 61,903,568	\$ 65,088,408	\$ 66,409,093	\$ 70,028,571	\$ 76,846,298	\$ 80,421,729	\$ 83,059,764
Changes in Net Position										
Governmental activities.....	\$ (5,885,321)	\$ (6,671,833)	\$ (5,788,951)	\$ (4,611,093)	\$ (7,211,609)	\$ (7,155,520)	\$ (12,602,070)	\$ (5,746,916)	\$ (695,533)	\$ 4,748,594
Business-type activities.....	3,780,146	(865,698)	1,082,043	1,126,634	1,721,691	1,050,435	1,624,749	1,804,075	1,095,565	314,258
Total primary government.....	\$ (2,105,175)	\$ (7,537,531)	\$ (4,706,908)	\$ (3,484,459)	\$ (5,489,918)	\$ (6,105,085)	\$ (10,977,321)	\$ (3,942,841)	\$ 400,032	\$ 5,062,852

(Concluded)

Fund Balances, Governmental Funds

Last Ten Years

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
General Fund										
Committed.....	\$ -	\$ 149,168	\$ 573,342	\$ 512,249	\$ 1,022,676	\$ 1,148,875	1,026,144	\$ 1,763,755	\$ 2,428,010	\$ 3,456,942
Assigned.....	1,874,235	2,046,370	1,927,662	2,158,576	2,680,457	2,572,246	2,687,977	3,995,778	6,455,260	12,577,186
Unassigned.....	<u>4,659,791</u>	<u>5,048,553</u>	<u>4,499,910</u>	<u>6,793,060</u>	<u>5,344,070</u>	<u>6,062,252</u>	<u>8,670,518</u>	<u>10,486,840</u>	<u>11,282,969</u>	<u>6,972,722</u>
Total general fund.....	<u>\$ 6,534,026</u>	<u>\$ 7,244,091</u>	<u>\$ 7,000,914</u>	<u>\$ 9,463,885</u>	<u>\$ 9,047,203</u>	<u>\$ 9,783,373</u>	<u>\$ 12,384,639</u>	<u>\$ 16,246,373</u>	<u>\$ 20,166,239</u>	<u>\$ 23,006,850</u>
All Other Governmental Funds										
Nonspendable.....	\$ 3,111,163	\$ 3,130,853	\$ 3,154,313	\$ 3,168,303	\$ 3,190,418	\$ 3,205,814	\$ 3,214,311	\$ 3,218,638	\$ 3,238,313	\$ 3,235,553
Restricted.....	10,041,605	8,729,394	7,554,977	9,642,756	8,980,989	10,034,199	9,456,956	9,765,954	10,123,226	9,810,790
Unassigned.....	<u>(9,086,328)</u>	<u>(4,449,779)</u>	<u>(4,247,368)</u>	<u>(6,828,563)</u>	<u>(7,449,365)</u>	<u>(6,345,745)</u>	<u>(6,590,249)</u>	<u>-</u>	<u>(802,435)</u>	<u>-</u>
Total all other governmental funds.....	<u>\$ 4,066,440</u>	<u>\$ 7,410,468</u>	<u>\$ 6,461,922</u>	<u>\$ 5,982,496</u>	<u>\$ 4,722,042</u>	<u>\$ 6,894,268</u>	<u>\$ 6,081,018</u>	<u>\$ 12,984,592</u>	<u>\$ 12,559,104</u>	<u>\$ 13,046,343</u>

Changes in Fund Balances, Governmental Funds
Last Ten Years

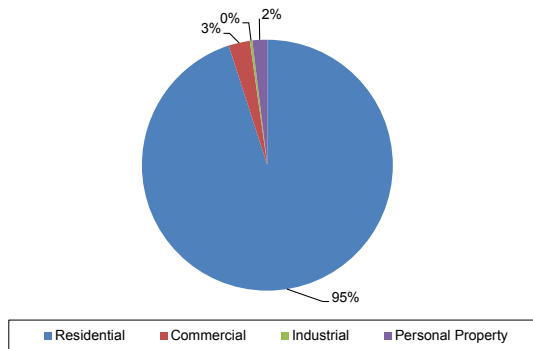
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Revenues:										
Real estate and personal property taxes, net of tax refunds.....	\$ 47,706,249	\$ 48,792,578	\$ 51,519,430	\$ 53,406,621	\$ 54,925,811	\$ 56,486,859	\$ 59,086,033	\$ 65,685,481	\$ 68,511,604	\$ 71,232,810
Tax liens.....	419,593	276,940	335,726	392,006	367,315	378,582	313,175	307,838	375,357	716,240
Motor vehicle and other excise taxes.....	3,042,926	3,401,631	3,431,662	3,893,988	4,077,196	4,017,297	4,161,213	3,910,659	4,249,062	4,275,560
Trash Disposal.....	1,595,419	1,625,009	1,621,325	1,630,093	1,621,960	1,630,595	1,625,388	1,666,710	1,677,653	1,718,492
Penalties and interest on taxes.....	451,975	549,039	474,481	580,092	467,930	263,156	226,960	289,487	428,861	465,728
Intergovernmental.....	18,098,252	20,018,947	17,822,875	20,192,952	18,669,226	18,933,295	19,541,123	20,404,298	25,949,139	28,361,395
Intergovernmental - teachers retirement.....	9,010,000	9,008,000	3,506,000	5,236,000	7,210,000	7,613,000	7,794,000	10,095,000	12,191,456	6,531,294
Departmental and other.....	8,842,432	9,801,458	10,532,914	11,102,863	11,098,811	12,048,271	12,508,944	12,698,984	9,600,218	11,905,805
Contributions and donations.....	309,835	518,579	540,060	275,310	2,758,978	710,891	673,673	576,528	420,057	637,647
Investment income (loss).....	561,686	551,922	421,052	51,947	244,506	368,666	599,554	514,098	1,381,440	(47,421)
Total Revenue.....	90,038,367	94,544,103	90,205,525	96,761,872	101,441,733	102,450,612	106,530,063	116,149,083	124,784,847	125,797,550
Expenditures:										
General government.....	3,778,982	5,204,802	4,796,299	4,919,236	4,378,437	4,510,261	3,554,174	3,963,735	5,350,804	6,195,831
Public safety.....	10,112,358	9,471,896	10,591,072	10,404,322	11,779,273	11,744,401	11,952,462	12,758,526	13,283,683	14,466,367
Education.....	35,380,437	35,987,795	35,174,315	39,717,566	38,311,502	44,772,803	46,771,500	41,205,580	44,261,818	46,230,386
Public works.....	8,039,384	9,903,125	12,462,356	10,769,715	11,661,815	15,204,465	10,706,426	11,031,173	11,372,267	12,763,233
Community development.....	90,598	95,590	85,981	54,780	61,647	53,529	73,945	48,620	7,030	44,837
Health and human services.....	1,653,765	1,779,223	1,822,291	1,798,967	1,848,552	1,995,985	1,942,216	2,125,410	2,364,367	2,139,816
Culture and recreation.....	1,968,565	2,091,874	2,121,664	2,167,502	2,167,557	2,381,669	2,443,392	2,598,179	2,232,673	2,876,227
Pension benefits.....	5,301,106	5,284,779	5,393,788	5,539,002	5,690,394	5,882,522	5,874,402	5,987,547	6,396,652	6,650,843
Pension benefits - Teachers Retirement.....	9,010,000	9,008,000	3,506,000	5,236,000	7,210,000	7,613,000	7,794,000	10,095,000	12,191,456	6,531,294
Employee benefits.....	11,142,870	11,677,917	11,631,818	11,772,928	12,112,862	12,323,257	11,561,211	12,466,677	13,210,008	13,889,108
State and county charges.....	3,054,881	3,096,151	3,257,963	3,339,624	3,384,580	3,498,222	3,631,893	3,750,166	4,146,976	4,174,541
Capital outlay.....	590,606	256,034	668,029	2,139,572	1,796,693	852,006	891,155	1,276,962	944,290	1,504,663
Debt service										
Principal.....	3,008,358	3,314,534	3,624,909	3,594,909	3,659,909	3,734,909	3,909,909	4,029,909	4,348,409	3,892,594
Interest.....	1,766,381	1,815,865	1,833,325	1,514,404	1,859,137	1,790,396	1,785,532	1,822,975	1,540,805	1,462,729
Total Expenditures.....	94,898,291	98,987,585	96,969,810	102,968,527	105,922,358	116,357,425	112,892,217	113,160,459	121,651,238	122,822,469
Excess of revenues over (under) expenditures.....	(4,859,924)	(4,443,482)	(6,764,285)	(6,206,655)	(4,480,625)	(13,906,813)	(6,362,154)	2,988,624	3,133,609	2,975,081
Other Financing Sources (Uses)										
Issuance of bonds and notes.....	5,190,000	6,380,000	3,165,000	4,200,000	-	8,040,000	-	6,831,000	-	-
Issuance of refunding bonds.....	-	-	-	18,635,000	-	-	-	-	2,391,500	-
Premium from issuance of bonds.....	-	-	-	100,332	92,357	491,934	-	587,135	-	-
Premium from issuance of refunding bonds.....	-	-	-	2,459,099	-	-	-	-	308,500	-
Payment to refunding escrow agent - current refunding.....	-	-	-	(20,978,165)	-	-	-	-	(2,700,000)	-
Capital lease financing.....	2,524,733	-	186,484	1,500,000	336,247	-	-	-	-	-
Transfers in.....	8,377,287	6,115,755	7,398,083	7,555,975	8,175,321	7,562,529	5,473,731	1,475,486	2,397,674	4,645,503
Transfers out.....	(6,922,659)	(3,998,180)	(5,176,468)	(5,282,041)	(5,800,436)	(5,242,254)	(5,117,561)	(1,116,937)	(2,036,905)	(4,292,734)
Total other financing sources (uses).....	9,169,361	8,497,575	5,573,099	8,190,200	2,803,489	10,852,209	356,170	7,776,684	360,769	352,769
Net change in fund balance.....	\$ 4,309,437	\$ 4,054,093	\$ (1,191,186)	\$ 1,983,545	\$ (1,677,136)	\$ (3,054,604)	\$ (6,005,984)	\$ 10,765,308	\$ 3,494,378	\$ 3,327,850
Debt service as a percentage of noncapital expenditures.....	5.53%	5.35%	6.17%	5.53%	6.34%	7.91%	9.16%	3.89%	5.60%	4.60%

Assessed Value and Actual Value of Taxable Property by Classification and Tax Rates

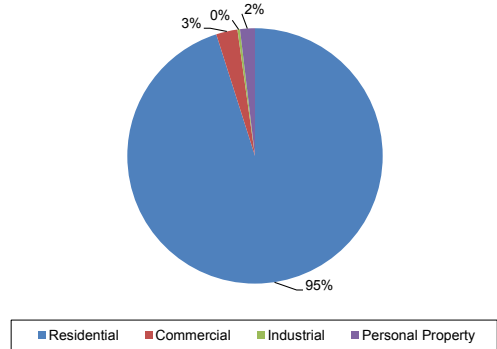
Last Ten Years

Year	Assessed and Actual Values and Tax Rates									Total City Value
	Residential/ Open Space Value	Residential/ Open Space Tax Rate	Commercial Value	Industrial Value	Personal Property	Total Commercial Value	Commercial Tax Rate	Total Direct Rate (1)		
2013	\$ 3,357,036,514	\$ 13.03	\$ 128,510,893	\$ 17,964,071	\$ 68,155,840	\$ 214,630,804	\$ 19.90	\$ 13.44	\$ 3,571,667,318	
2014	3,425,752,406	13.28	139,460,529	21,982,020	67,905,810	229,348,359	18.51	13.61	3,655,100,765	
2015	3,638,834,369	12.96	139,901,691	20,516,820	69,033,850	229,452,361	18.90	13.31	3,868,286,730	
2016	3,975,762,922	12.33	140,374,718	21,074,540	71,957,650	233,406,908	18.78	12.69	4,209,169,830	
2017	4,308,990,899	11.80	142,491,016	19,794,260	77,165,930	239,451,206	18.54	12.15	4,548,442,105	
2018	4,632,636,869	11.33	145,494,921	19,953,290	79,820,680	245,268,891	19.36	11.73	4,877,905,760	
2019	5,047,600,790	10.81	148,985,650	20,460,310	86,304,890	255,750,850	18.81	11.20	5,303,351,640	
2020	5,568,634,892	11.05	163,471,358	22,018,570	88,669,960	274,159,888	18.58	11.40	5,842,794,780	
2021	5,775,296,917	10.95	165,821,713	20,057,570	115,803,030	301,682,313	18.69	11.33	6,076,979,230	
2022	6,190,050,331	10.57	174,343,349	20,820,720	123,350,850	318,514,919	18.03	10.94	6,508,565,250	

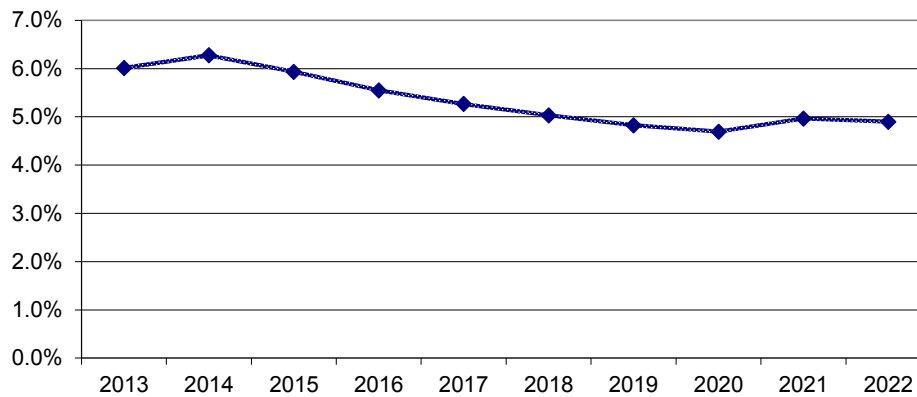
Total Assessed Value by Classification Year Ended June 30, 2021



Total Assessed Value by Classification Year Ended June 30, 2022



Commercial Value as % of Total Value



(1) The direct rate is the weighted average of the residential and commercial tax rates.

Source: Assessor's Department

All property in the Commonwealth of Massachusetts is assessed at 100% of fair cash value.

Note: Chapter 59, Section 21C of the Massachusetts General Laws, known as "Proposition 2 1/2", imposes 2 separate limits on the annual tax levy of the City. The primary limitation is that the tax levy cannot exceed 2 1/2 percent of the full and fair cash value. The secondary limitation is that the tax levy cannot exceed the maximum levy limit for the preceding fiscal year as determined by the State Commissioner of Revenue by more than 2 1/2 percent, subject to an exception for property added to the tax rolls and for certain substantial valuation increases other than as part of a general revaluation. The secondary limit may be exceeded in any year by a majority vote of the voters, however it cannot exceed the primary limitation.

Principal Taxpayers
Current Year and Nine Years Ago

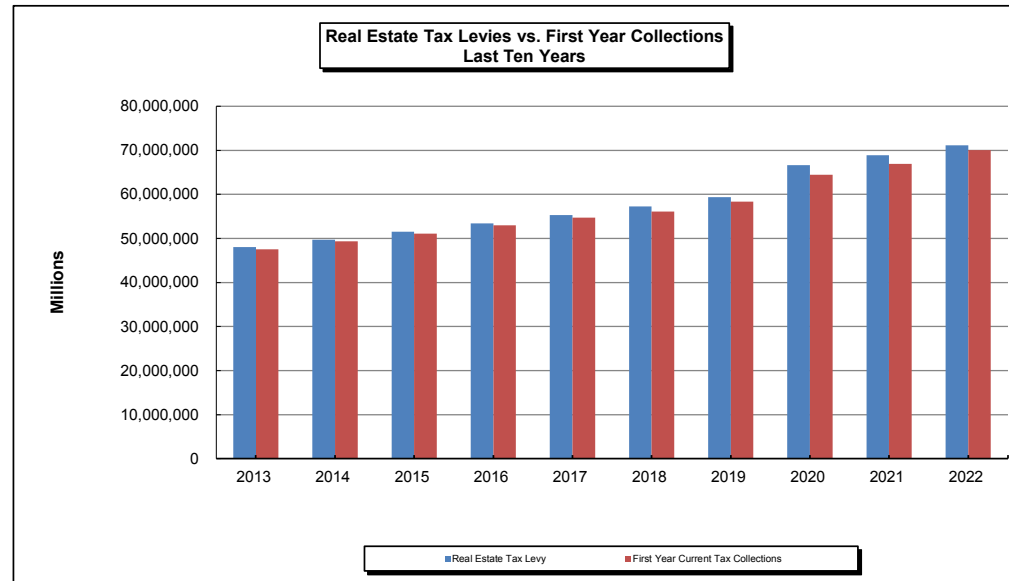
Name	Nature of Business	2022			2013		
		Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value	Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value
W/M Oak Grove Village, LLC	Apartments	\$ 135,503,900	1	2.1%	\$ 84,721,900	1	2.4%
IMP Jack Flats, LLC	Apartments	\$ 74,372,800	2	1.1%			
Monogram Residential	Apartments	\$ 63,755,200	3	1.0%			
Boston Gas Company	Utility	\$ 41,745,290	4	0.6%	\$ 15,850,470	4	0.4%
DePasulumi Town Estates LLC	Real Estate	\$ 38,856,200	5	0.6%	\$ 24,021,500	2	0.7%
Massachusetts Electric Co.	Utility	\$ 37,730,060	6	0.6%	\$ 17,836,410	3	0.5%
BC Melrose LLC	Real Estate	\$ 28,357,300	7	0.4%			
Congregational Retirement Homes	Apartments	\$ 22,337,100	8	0.3%	\$ 15,715,300	5	0.4%
New England Power Company	Utility	\$ 16,934,120	9	0.3%	\$ 7,694,700	7	0.2%
Charter Melrose LLC	Commercial	\$ 9,722,800	10	0.1%	\$ 6,277,100	9	0.2%
SP5Wood Alta Stone Place	Apartments				\$ 11,129,200	6	0.3%
Verizon	Telephone				\$ 6,883,800	8	0.2%
NSTAR/Boston Edison Co.	Utility				\$ 5,582,090	10	0.2%
Totals		<u>\$ 469,314,770</u>		<u>7.2%</u>	<u>\$ 195,712,470</u>		<u>5.5%</u>

Source: Official Statement, Assessor's Department Database

Property Tax Levies and Collections

Last Ten Years

Year	(1) Total Tax Levy	Less Abatements & Exemptions	(1) Net Tax Levy	Current Tax Collections	Percent of Net Levy Collected	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections to Net Tax Levy
2013	\$ 48,013,339	\$ 343,288	\$ 47,670,051	\$ 47,524,139	99.7%	\$ 145,912	\$ 47,670,051	100.0%
2014	49,739,230	342,626	49,396,604	49,347,085	99.9%	49,519	49,396,604	100.0%
2015	51,495,943	295,172	51,200,771	51,079,447	99.8%	121,324	51,200,771	100.0%
2016	53,404,539	249,886	53,154,653	52,984,336	99.7%	170,317	53,154,653	100.0%
2017	55,285,518	536,571	54,748,947	54,716,599	99.9%	32,348	54,748,947	100.0%
2018	57,236,181	388,904	56,847,277	56,084,896	98.7%	762,381	56,847,277	100.0%
2019	59,375,238	438,206	58,937,032	58,320,208	99.0%	616,824	58,937,032	100.0%
2020	66,627,306	677,332	65,949,974	64,460,398	97.7%	1,489,576	65,949,974	100.0%
2021	68,877,944	571,237	68,306,707	66,906,169	97.9%	1,400,538	68,306,707	100.0%
2022	71,171,656	250,000	70,921,656	70,063,170	98.8%	-	70,063,170	98.8%



(1) Includes tax liens.

Source: Massachusetts Department of Revenue; Board of Assessors

Ratios of Outstanding Debt by Type

Last Ten Years

Year	Governmental Activities		Business-type Activities			Total Debt Outstanding	Percentage of Personal Income	U. S. Census Population	Debt Per Capita
	General Obligation Bonds (1)	Capital Leases (2)	General Obligation Bonds (1)	Direct Borrowings	Capital Leases (2)				
2013	\$ 44,278,177	\$ 2,482,150	\$ 2,837,854	\$ 4,836,115	\$ -	\$ 54,434,296	3.93%	27,239	\$ 1,998
2014	47,343,643	2,439,567	2,587,314	5,614,235	-	57,984,759	4.17%	27,509	2,108
2015	46,883,734	2,426,649	4,290,000	6,228,270	-	59,828,653	4.31%	27,681	2,161
2016	48,358,464	3,423,819	4,135,000	5,751,961	316,242	61,985,486	4.39%	27,787	2,231
2017	44,408,008	3,160,287	3,685,000	5,057,925	256,114	56,567,334	3.82%	28,132	2,011
2018	48,950,724	2,646,039	3,225,000	5,511,262	194,465	60,527,490	3.61%	28,116	2,153
2019	44,782,737	2,120,320	2,770,000	5,935,947	131,256	55,740,260	3.19%	28,113	1,983
2020	47,934,173	1,582,660	2,595,000	7,130,052	66,448	59,308,333	2.95%	29,817	1,989
2021	43,354,868	1,419,747	2,326,085	6,868,795	-	53,969,495	3.07%	29,860	1,807
2022	40,654,083	-	1,795,000	6,567,403	-	49,016,486	2.84%	29,312	1,672

(1) This is the general bonded debt of both governmental and business-type activities, net of original issuance discounts and premiums.

Source: Audited Financial Statements, U. S. Census

(2) 2022 and subsequent years reflect the implementation of GASB 87.

Ratios of Outstanding Debt and General Bonded Debt

Last Ten Years

Year	General Obligation Bonds (1)	Percentage of Estimated Actual Taxable Value of Property	Per Capita
-------------	---	---	-----------------------

2013	\$ 47,116,031	1.32%	\$ 1,730
2014	49,930,957	1.37%	1,815
2015	51,173,734	1.32%	1,849
2016	52,493,464	1.25%	1,889
2017	48,093,008	1.06%	1,710
2018	52,175,724	1.07%	1,856
2019	47,552,737	0.90%	1,691
2020	50,529,173	0.86%	1,695
2021	45,680,953	0.75%	1,530
2022	42,449,083	0.65%	1,448

(1) This is the general bonded debt of both governmental and business-type activities, net of original issuance discounts and premiums.

Source: Audited Financial Statements, U. S. Census

Direct and Overlapping Governmental Activities Debt

As of June 30, 2022

	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
<u>City of Melrose, Massachusetts</u>			
Debt repaid with property taxes:			
Northeast Metropolitan Regional Vocational School District.....	\$ 30,955,000	3.39%	\$ 1,050,138
Massachusetts Bay Transportation Authority.....	5,149,356,000	0.01%	634,513
MWRA Water.....	1,960,227,000	0.10%	2,051,074
MWRA Sewer.....	3,153,683,000	0.14%	<u>4,293,771</u>
Subtotal, overlapping debt.....			<u>8,029,496</u>
Direct debt:			
City direct debt.....			<u>40,654,083</u>
Total direct and overlapping debt.....			<u>\$ 48,683,579</u>

Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of the overlapping governments that is borne by the taxpayers of the City. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the property taxpayers should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

The percentage applicable for the Massachusetts Bay Transportation Authority is based on total assessments issued on services.

Source: Official Statement for Sale of Bonds

Computation of Legal Debt Margin

Last Ten Years

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Equalized Valuation.....	\$ 3,745,708,200	\$ 3,745,708,200	\$ 3,876,434,900	\$ 3,876,434,900	\$ 4,523,617,700	\$ 4,523,617,700	\$ 5,244,113,700	\$ 5,244,113,700	\$ 6,208,754,700	\$ 6,208,754,700
Debt Limit -5% of Equalized Valuation.....	\$ 187,285,410	\$ 187,285,410	\$ 193,821,745	\$ 193,821,745	\$ 226,180,885	\$ 226,180,885	\$ 262,205,685	\$ 262,205,685	\$ 310,437,735	\$ 310,437,735
Less:										
Outstanding debt applicable to limit.....	41,205,086	45,184,526	43,271,937	43,535,552	40,410,435	45,475,370	41,715,303	45,274,431	40,790,096	36,812,228
Authorized and unissued debt.....	14,764,337	431,727	13,397,760	7,896,613	11,076,863	6,882,863	11,483,613	3,360,353	7,197,029	29,793,558
Legal debt margin.....	\$ 131,315,987	\$ 141,669,157	\$ 137,152,048	\$ 142,389,580	\$ 174,693,587	\$ 173,822,652	\$ 209,006,769	\$ 213,570,901	\$ 262,450,610	\$ 243,831,949
Total debt applicable to the limit as a percentage of debt limit.....	29.88%	24.36%	29.24%	26.54%	22.76%	23.15%	20.29%	18.55%	15.46%	21.46%

Source: Audited Financial Statements; Statement of Indebtedness; and the Massachusetts Department of Revenue, Bureau of Local Assessment.

Demographic and Economic Statistics

Last Ten Years

Year	Population Estimates	Personal Income	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
2013	27,239	\$ 1,386,165,471	\$ 50,889	41	3,694	5.5%
2014	27,509	1,390,607,459	50,551	41	3,724	4.4%
2015	27,681	1,387,371,720	50,120	42	3,725	3.8%
2016	27,787	1,412,024,192	50,816	41	3,800	2.7%
2017	28,132	1,479,236,824	52,582	41	3,906	2.9%
2018	28,116	1,678,019,112	59,682	40	3,922	2.6%
2019	28,113	1,744,636,554	62,058	41	3,977	2.4%
2020	29,817	2,012,438,781	67,493	42	3,998	7.2%
2021	29,860	1,755,499,260	58,791	42	3,674	7.0%
2022	29,312	1,723,281,792	58,791	42	3,743	4.0%

Source: Massachusetts Department of Revenue, Division of Local Services; U.S. Census Bureau

Principal Employers (excluding City)

Current Year and Nine Years Ago

Employer	Nature of Business	2022			2013		
		Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Melrose-Wakefield Hospital	Hospital	1,197	1	7.3%	1,260	1	8.2%
Whole Foods	Supermarket	160	2	1.0%	137	2	0.9%
YMCA	Community Center	150	3	0.9%	120	3	0.8%
Shaw's	Supermarket	95	4	0.6%	120	4	0.8%
W.B. Hunt & Co., Inc.	Wholesale/Retail	65	5	0.4%	61	5	0.4%
	Totals	<u>1,667</u>		<u>10.2%</u>	<u>1,698</u>		<u>11.1%</u>

Source: Official Statement for Sale of Bonds

Full-time Equivalent City Employees by Function

Last Ten Years

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Function										
General government.....	33	34	33	33	34	34	34	34	37	37
Public safety.....	110	110	110	109	111	111	111	111	113	113
Education.....	516	512	520	520	520	522	534	559	561	563
Public works.....	61	63	60	61	63	65	66	66	66	66
Human services.....	18	19	19	19	19	19	19	20	21	22
Culture and recreation.....	24	24	25	26	26	26	26	26	26	26
Total	<u>761</u>	<u>761</u>	<u>766</u>	<u>767</u>	<u>773</u>	<u>777</u>	<u>789</u>	<u>816</u>	<u>823</u>	<u>827</u>

Source: Various City Departments

Operating Indicators by Function/Program

Last Ten Years

Function/Program	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Police										
Physical arrests.....	114	109	107	79	59	93	99	51	77	39
Motor vehicle violations.....	752	525	1,050	2,019	1,298	1,370	965	256	351	271
Police personnel and officers.....	45	45	45	45	49	52	53	52	52	55
Fire										
Inspections.....	1,008	926	951	1,050	919	1,139	1,095	1,111	1,161	956
Emergency responses.....	3,693	3,892	4,095	4,179	4,178	4,374	4,334	4,156	4,420	3,631
Fire personnel and officers.....	58	60	60	59	60	56	60	56	59	57
Education										
Number of students.....	3,694	3,724	3,725	3,800	3,906	3,922	3,977	3,998	3,674	3,743
Number of graduates.....	229	227	222	239	242	228	255	280	238	240
Number of teachers.....	321	321	317	321	329	319	323	344	335	340
Water										
Service connections.....	8,475	8,266	8,240	8,341	8,341	8,557	8,573	8,573	8,547	8,558
Consumption in gallons.....	621	624	627	632	589	600	582	649	600	606
Daily consumption (MG).....	1.70	1.71	1.72	1.73	1.61	1.64	1.59	1.78	1.64	1.66
Human services										
Number of rides provided by COA transportation....	4,350	6,115	7,281	8,174	8,327	7,933	6,887	n/a	n/a	n/a
Libraries										
Volumes in circulation.....	114,632	116,156	120,219	109,028	106,634	109,799	113,317	115,664	129,960	106,515
Total volumes borrowed.....	288,480	295,482	289,926	293,285	299,669	305,934	311,551	256,150	192,407	322,640

Source: Various City Departments

n/a - not available

Capital Asset Statistics by Function/Program

Function/Program	Last Ten Years									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General government										
Number of buildings.....	4	4	4	4	4	4	4	4	4	4
Police										
Number of stations.....	1	1	1	1	1	1	1	1	1	1
Fire										
Number of stations.....	3	3	3	3	3	3	3	3	3	3
Education										
Number of elementary schools.....	5	5	5	5	5	5	5	5	5	5
Number of middle schools.....	1	1	1	1	1	1	1	1	1	1
Number of high schools.....	1	1	1	1	1	1	1	1	1	1
Public Works										
Water mains (miles).....	84	84	84	84	84	84	84	84	84	84
Fire hydrants.....	703	703	703	703	707	710	716	720	720	721
Sanitary sewers (miles).....	75	75	75	75	75	75	75	75	75	75
Storm sewers (miles).....	53	53	53	53	53	53	53	53	53	53
Cemeteries.....	1	1	1	1	1	1	1	1	1	1
Culture and recreation										
Parks and playgrounds.....	33	33	33	33	33	33	33	33	33	33
Park and playground (acreage).....	439	439	439	439	439	439	439	439	439	439
Conservation land (acreage).....	99	99	99	99	99	99	99	99	99	99
Railroad right of way (acreage).....	21	21	21	21	21	21	21	21	21	21

Source: Various City Departments, Manual of the City Government

Free Cash and Stabilization Fund Balances

Last Ten Years

<u>Year</u>	<u>Free Cash</u>	<u>Stabilization Fund</u>
2022.....	\$ 5,020,783	\$ 7,275,734
2021.....	4,961,081	8,248,092
2020.....	3,591,881	7,633,762
2019.....	2,278,282	5,879,190
2018.....	4,316,919	4,979,915
2017.....	3,398,353	2,868,818
2016.....	3,183,025	2,773,500
2015.....	2,195,074	2,195,233
2014.....	1,966,044	2,186,904
2013.....	1,463,399	1,686,530

Source: City Records & Annual Report from Hilltop Securities.